AMERIVEST PROPERTIES INC
Form PREM14A
March 21, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

AMERIVEST PROPERTIES INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o	No fee required.	
x	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies: common stock, par value $0.001 per share
	(2)	Aggregate number of securities to which transaction applies: 24,124,306 shares of common stock, par value $0.001 per share
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $4.50
	(4)	Proposed maximum aggregate value of transaction: $108,559,337
	(5)	Total fee paid: $11,615.85
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

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AMERIVEST PROPERTIES INC.
1780 South Bellaire Street, Suite 100
Denver, CO 80222
(303) 297-1800

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held , 2006

The 2006 annual meeting of stockholders of AmeriVest Properties Inc., a Maryland Corporation, will be held at 1550 Seventeenth Street, Suite 500, Denver, Colorado 80202 on , 2006 at 2:00 p.m. (Denver time), for the following purposes:

1. To consider and vote upon the plan of liquidation and dissolution of our company;

2. To elect members of our board of directors, whose terms are described in the proxy statement; and

3. To transact any other business that properly may come before the meeting and any adjournment or postponement thereof.

Only the stockholders of record as shown on our transfer books at the close of business on , 2006 are entitled to notice of, and to vote at, the stockholders meeting and any adjournment or postponement of the meeting.

Your vote is important. Regardless of whether you expect to attend the meeting in person, please authorize a proxy to vote your shares in one of the following ways:

- Use the toll-free telephone number shown on the proxy card;
- Go to the Internet website address shown on the proxy card; or
- Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope.

Any proxy may be revoked at any time prior to its exercise by notifying our secretary in writing of the revocation, delivery of a later-dated proxy, using the toll-free telephone number or Internet website address or by voting in person at the meeting.

ALL STOCKHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THE STOCKHOLDER MEETING.

This notice and proxy statement was first mailed to stockholders on or about , 2006.

By our board of directors

Kathryn H. Hale
Secretary

, 2006
Denver, Colorado

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AMERIVEST PROPERTIES INC.
1780 South Bellaire Street, Suite 100
Denver, CO 80222
(303) 297-1800

PROXY STATEMENT

, 2006
2006 Annual Meeting of Stockholders

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the board of directors of AmeriVest Properties Inc., a Maryland corporation, of proxies from the holders of our company s issued and outstanding shares of common stock, par value $0.001 per share, to be exercised at the 2006 annual meeting of stockholders to be held on , 2006, at 1550 Seventeenth Street, Suite 500, Denver Colorado 80202, at 2:00 p.m. (Denver time), and at any adjournment(s) or postponement(s) of such meeting, for the purposes set forth in the accompanying notice of annual meeting of stockholders.

This Proxy Statement and enclosed proxy card are being mailed to the stockholders on or about , 2006.

Among the matters to be considered at the annual meeting are:

- A proposal to dissolve our company, pursuant to a plan of liquidation, which would authorize our board of directors to liquidate all of our company s assets and, after making the necessary and appropriate reserves against liabilities, make distributions of the proceeds of the liquidation to our company s stockholders and dissolve our company; and

- The election of members of our board of directors.

The Summary of Proposed Plan of Liquidation that follows provides a summary of the material terms of the plan of liquidation and the transactions contemplated in connection with the plan of liquidation. The Proxy Statement contains a more detailed description and background of each of the proposals, and we encourage you to read the entire Proxy Statement and each of the documents that we have attached as appendices.

Summary of Proposed Plan of Liquidation

The following is a summary of the steps to be undertaken (assuming the plan of liquidation is approved by our stockholders) in connection with, and the material terms of, the proposed plan of liquidation, which is attached as Appendix A to this Proxy Statement, and the other transactions contemplated in connection with the plan of liquidation. We encourage you to read carefully the entire Proxy Statement and Appendix A for a more detailed description of the terms of the proposed plan of liquidation.

- *General*. Under the plan of liquidation, we intend to effectuate the orderly sale of each of our company s remaining assets, which may take place in connection with the dissolution of substantially all of our company s subsidiaries, the collection of all outstanding loans and receivables, the discharge of all outstanding liabilities to third parties, and, after the provision of appropriate reserves, the distribution of all remaining cash to our stockholders and the dissolution of our company. If the plan of liquidation is approved, our board of directors may determine to sell our company s remaining assets in a single transaction or series of related transactions or may sell those assets in several distinct transactions. See also the information under the caption Proposal 1 What the Plan of Liquidation Contemplates.

- *Total Distributions*. Through the execution of the plan of liquidation, we currently expect that stockholders will receive aggregate cash distributions of between $4.20 and $4.80 per share of common stock. At December 31, 2005, our book value per share of common stock was $3.46. On March 20, 2006 the closing price of a share of common stock was $4.47. Our average closing trading price per share of common stock for the 30 days from January 10, 2006 to February 8, 2006, which is the day preceding the announcement of our board of directors adoption of the plan of liquidation, was $4.45. The amount and timing of distributions will depend on when each of our properties is sold. As properties are sold and cash proceeds are accumulated, our board of directors will determine the amount and timing of the initial distribution to stockholders. The cash to be received by stockholders is anticipated to be distributed in one or more installments, over a six to 24 month period after adoption of the plan of liquidation, as our assets are sold and we wind up our operations and dissolve our company. See the information under the caption Proposal 1 Key Provisions of the Plan of Liquidation and Proposal 1 Dissolution.

- *Distribution to a Liquidating Trust*. Upon a determination made by our board of directors at any time prior to the dissolution of our company, our board of directors may transfer and assign to a liquidating trust our company s remaining cash and property to pay (or adequately provide for) all the remaining debts and liabilities of our company. Any remaining assets of the liquidating trust would be distributed to the holders of our shares of common stock. See the information under the caption Proposal 1 Key Provisions of the Plan of Liquidation and Proposal 1 Liquidating Trust.

- *Amending or Abandoning the Plan of Liquidation*. Our board of directors may amend or abandon the plan of liquidation for any reason prior to it being approved by our stockholders. See the information under the caption Proposal 1 Key Provisions of the Plan of Liquidation and Proposal 1 Modification or Termination of Plan of Liquidation.

- *No Appraisal Rights*. No appraisal rights are available under Maryland law to our stockholders in connection with the approval of the plan of liquidation.

- *Required Vote*. The proposal to approve the plan of liquidation requires the affirmative vote of holders of at least a majority of our outstanding shares of common stock entitled to vote at the annual meeting.

A full description of assumptions made, procedures followed, matters considered, and the qualifications and limitations on the scope of the review undertaken by our board of directors in connection with its determination of the range of liquidation values is set forth under the caption Proposal 1 Expected Distributions in this Proxy Statement.

Risk Factors

Risks Related to Plan of Liquidation

We do not know the exact amount or timing of liquidation distributions.

We cannot assure you of the precise nature and amount of any distributions to our stockholders pursuant to the plan of liquidation. Furthermore, the timing of our distributions will be affected, in large part, by our ability to sell our remaining assets in a timely and orderly manner.

The methods used by management in estimating the values of our assets (other than cash and cash equivalents) and liabilities are based on estimates which are inexact and may not approximate values actually realized or the actual costs incurred. Our board of directors assessment assumes that the estimates of our assets, liabilities, construction and operating costs, and sale prices of our remaining assets are accurate, but those estimates are subject to numerous uncertainties beyond our control, including any new contingent liabilities that may materialize and other matters discussed below. In addition, our board of directors has relied on (i) estimates as to the value of our company s properties, other assets, costs and operating expenses, and (ii) mathematical compilations and computations of such estimates and has not obtained or sought an appraisal of any of the properties that it proposes to liquidate. For all of these reasons, the actual net proceeds distributed to stockholders in liquidation may be more or less than the estimated amounts.

We have estimated the range of distributions based upon management s estimates of the values of the assets after considering, among other factors, internally prepared budgets, projections and models, comparable sales figures, and values ascribed to certain assets during discussions with bidders and brokers for our company. There can be no assurance that we will be able to find buyers for all the remaining assets, and if we are able to sell such assets, there can be no guaranty that the value received upon such sale will be consistent with management s estimates.

If our stockholders approve the plan of liquidation, potential purchasers of our assets may try to take advantage of our liquidation process and offer less-than-optimal prices for our assets. We intend to seek and obtain the highest sales prices reasonably available for our assets, and believe that we can out-wait bargain-hunters; however, we cannot predict how changes in local real estate markets or in the national economy may affect the prices that we can obtain in the liquidation process. Therefore, there can be no assurance that the announcement and approval of our plan of liquidation will not hinder management s ability to obtain the best price possible in the liquidation of our assets.

We currently estimate that an aggregate of between approximately $101 million and $116 million may be available for distribution to holders of our shares of common stock under the plan of liquidation, which would result in a total distribution of between approximately $4.20 and $4.80 per share of common stock. The actual amount available for distribution could be more or less or could be delayed, depending on a number of other factors including (i) unknown liabilities or claims, (ii) unexpected or greater or lesser than expected expenses, and (iii) greater or lesser than anticipated net proceeds of asset sales.

Although we anticipate making an initial distribution of substantially all of the net proceeds from the sale of our properties, interim and final distributions will depend on the amount of proceeds we receive, when we receive them, and the extent to which we must establish reserves for current or future liabilities. In addition, although we expect that a distribution of substantially all of the remaining amount will be made to stockholders within two years following the adoption of the plan of liquidation by our stockholders, the actual time of distribution may be longer in the event that we have difficulties disposing of our assets or if a creditor seeks the intervention of the Maryland courts to enjoin dissolution.

We are currently unable to predict the precise timing of any distributions pursuant to the plan of liquidation. The timing of any distribution will depend upon and could be delayed by, among other things, the timing of the sale of our company s assets. Additionally, a creditor could seek an injunction against our making distributions to our stockholders on the ground that the amounts to be distributed were needed for the payment of the liabilities and expenses. Any action of this type could delay or substantially diminish the amount, if any, available for distribution to our stockholders.

Valuations of our real estate assets are subject to general risks associated with real estate assets and within the real estate industry.

The value of our real estate assets and consequently the value of your investment, is subject to certain risks applicable to our assets and inherent in the real estate industry. The following factors, among others, may adversely affect the value of our real estate assets:

- downturns in the national, regional and local economic climate where our properties are located;
- downturn in general economic conditions well as a downturn in specific regional and local market conditions;
- competition from other commercial real estate entities;
- local real estate market conditions, such as oversupply of, or reduction in demand for, leasing of commercial real estate;
- decreases in rent and/or occupancy rates due to competition, economic or other factors;
- increases in operating costs such as real estate taxes, insurance premiums, site maintenance and utilities;
- changes in interest rates and the availability of financing; and
- changes in laws and governmental regulations, including those governing real estate usage, zoning and taxes.

We face potential risks with asset sales.

Risks associated with the sale of properties which, if they materialize, may have a material adverse effect on amounts you may receive, include:

- lack of demand by prospective buyers;
- inability to find qualified buyers;
- inability of buyers to obtain satisfactory financing;
- lower than anticipated sale prices; and
- the inability to close on sales of properties under contract.

Our stockholders could vote against the plan of liquidation.

If our stockholders do not approve the plan of liquidation, we would have to continue our business operations from a difficult position, in light of the announced intent to liquidate and dissolve. Employees, customers and other third parties may refuse to continue to conduct business with us if they are uncertain as to our future, particularly with respect to long-term relationships that would be advantageous to the

conduct of our business as a going concern. In addition, our company will have to continue operations while being faced with the same strategic issues it considered in determining to adopt the plan of liquidation.

If we are unable to satisfy all of our obligations to creditors, or if we have underestimated our future expenses, the amount of liquidation proceeds will be reduced.

We have current and future obligations to creditors. Claims, liabilities and expenses from operations (such as operating costs, salaries, directors and officers insurance, payroll and local taxes, legal, accounting and consulting fees and miscellaneous office expenses) will continue to be incurred through the liquidation process. As part of this process, we will attempt to satisfy any obligations with creditors remaining after the sale of our assets. These expenses will reduce the amount of assets available for ultimate distribution to our stockholders. To the extent our liabilities exceed the estimates that we have made, the amount of liquidation proceeds will be reduced.

Stockholders may be liable to our creditors for amounts received from us if our reserves are inadequate.

If the plan of liquidation is approved by the stockholders, we intend to file Articles of Dissolution with the State Department of Assessments and Taxation of Maryland promptly after the sale of all our remaining assets or at such time as our directors have transferred our company s remaining assets, subject to its liabilities, into a liquidating trust. Pursuant to Maryland law, our company will continue to exist for the purpose of discharging any debts or obligations, collecting and distributing its assets, and doing all other acts required to liquidate and wind up its business and affairs. We intend to pay for all liabilities and distribute all of our remaining assets , which may be accomplished by the formation of a liquidating trust, before we file our Articles of Dissolution.

Under Maryland law, certain obligations or liabilities imposed by law on our stockholders, directors, or officers cannot be avoided by the dissolution. For example, if we make distributions to our stockholders without making adequate provisions for payment of creditors claims, our stockholders could be liable to the creditors to the extent of the distributions in excess of the amount of any payments due to creditors. The liability of any stockholder is, however, limited to the amounts previously received by such stockholder from us (and from any liquidating trust). Accordingly, in such event, a stockholder could be required to return all liquidating distributions previously made to such stockholder and a stockholder could receive nothing from us under the plan of liquidation. Moreover, in the event a stockholder has paid taxes on amounts previously received as a liquidation distribution, a repayment of all or a portion of such amount could result in a stockholder incurring a net tax cost if the stockholder s repayment of an amount previously distributed does not cause a commensurate reduction in taxes payable. Therefore, to the extent that we have underestimated the size of our contingency reserve and distributions to our stockholders have already been made, our stockholders may be required to return some or all of such distributions.

You will not be able to buy or sell our shares of common stock after we file our Articles of Dissolution.

If the stockholders approve our plan of liquidation, we intend to close our transfer books as of the close of business on the date on which we file Articles of Dissolution with the State Department of Assessments and Taxation of Maryland (the Final Record Date). We anticipate that the Final Record Date will be shortly after the sale of all of our assets or such earlier time as our board of directors transfers all of our remaining assets into a liquidating trust. The Final Record Date is likely to be six to 24 months after the approval of the plan of liquidation by our stockholders. Your interests in a liquidating trust are likely to be non-transferable except in certain limited circumstances. After the Final Record Date, we will not record any further transfers of our shares of common stock except pursuant to the provisions of a deceased stockholder s will, intestate succession or operation of law and we will not issue any new stock certificates other than replacement certificates or certificates representing your interest in a liquidating

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$
17,830

Net income per share:

Basic
$
0.91

$
0.75

$
2.43

$
2.02

Diluted
$
0.89

$
0.74

$
2.38

$
1.98

Weighted average shares outstanding:

Basic
8,903,742

8,857,449

8,881,822

8,852,822

Diluted
9,064,900

9,016,585

9,040,146

9,015,536

See accompanying Notes to Consolidated Financial Statements

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

	Nine Months Ended December 26, 2015	December 27, 2014
OPERATING ACTIVITIES		
Net income	$21,553	$17,864
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,917	2,830
Provision for credit losses	435	(74)
Deferred income taxes	(887)	3,545
Stock-based compensation expense	1,512	1,408
Non-cash interest income, net	(1,404)	(788)
Incremental tax benefits from option exercises	(751)	(3,658)
Gain (loss) on sale of property, plant and equipment including assets held for sale, net	(17)	(1,557)
Gain on sale of loans and investments, net	(4,726)	(4,378)
Changes in operating assets and liabilities:		
Restricted cash	1,322	234
Accounts receivable	2,477	(1,991)
Consumer loans receivable originated	(77,012)	(79,400)
Principal payments on consumer loans receivable	7,698	10,389
Proceeds from sales of consumer loans	79,304	71,562
Inventories	(1,072)	(2,105)
Prepaid expenses and other current assets	(1,698)	3
Commercial loans receivable	(5,707)	522
Accounts payable and accrued liabilities	11,128	3,232
Net cash provided by operating activities	35,072	17,638
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(2,447)	(1,683)
Purchase of certain assets and liabilities of Fairmont Homes and Chariot Eagle	(28,121)	—
Proceeds from sale of property, plant and equipment including assets held for sale	54	6,029
Purchases of investments	(9,956)	(10,156)
Proceeds from sale of investments	7,737	6,751
Net cash (used in) provided by investing activities	(32,733)	941
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	951	441
Incremental tax benefits from exercise of stock options	751	3,658
Proceeds from secured financings and other	1,093	3,267
Payments on securitized financings	(5,567)	(6,653)
Net cash (used in) provided by financing activities	(2,772)	713
Net (decrease) increase in cash and cash equivalents	(433)	19,292
Cash and cash equivalents at beginning of the period	96,597	72,949
Cash and cash equivalents at end of the period	$96,164	$92,241
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	$10,553	$6,004
Cash paid during the year for interest	$2,845	$3,113

See accompanying Notes to Consolidated Financial Statements

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CAVCO INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
1. Basis of Presentation
The accompanying unaudited Consolidated Financial Statements of Cavco Industries, Inc., and its subsidiaries (collectively, the "Company" or "Cavco"), have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for Quarterly Reports on Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations.
In the opinion of management, these statements include all of the normal recurring adjustments necessary to fairly state the Company's Consolidated Financial Statements. Certain prior period amounts have been reclassified to conform to current period classification. The Company has evaluated subsequent events after the balance sheet date through the date of the filing of this report with the SEC; there were no disclosable subsequent events. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended March 28, 2015, filed with the SEC on June 10, 2015, as amended via a Form 10-K/A filed with the SEC on July 24, 2015 ("Form 10-K").
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying Notes. Actual results could differ from those estimates. The Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the interim periods are not necessarily indicative of the results or cash flows for the full year. The Company operates on a 52-53 week fiscal year ending on the Saturday nearest to March 31 of each year. Each fiscal quarter consists of 13 weeks, with an occasional fourth quarter extending to 14 weeks, if necessary, for the fiscal year to end on the Saturday nearest to March 31. The Company's current fiscal year will end on April 2, 2016.
The Company operates principally in two segments: (1) factory-built housing, which includes wholesale and retail systems-built housing operations, and (2) financial services, which includes manufactured housing consumer finance and insurance. The Company builds a wide variety of affordable modular homes, manufactured homes and park model RVs in 19 factories located throughout the United States, primarily distributed through a network of independent and Company-owned retailers. The Company operates 45 Company-owned retail stores in the United States. The Company's mortgage subsidiary ("CountryPlace") is an approved Fannie Mae and Ginnie Mae seller/servicer and offers conforming mortgages to purchasers of factory-built and site-built homes. The Company's insurance subsidiary ("Standard Casualty") provides property and casualty insurance to owners of manufactured homes.
On March 30, 2015, the Company purchased certain manufactured housing assets and liabilities of Chariot Eagle, LLC, which produces park model RVs and manufactured homes distributed in the southeastern United States. On May 1, 2015, the Company also purchased certain manufactured housing assets and liabilities of Fairmont Homes, a premier builder of manufactured and modular homes and park model RVs serving the Midwest, western Great Plains states, the Northeast and several provinces in Canada. These operations include manufactured housing production facilities in Ocala, Florida; Nappanee, Indiana; and two factories in Montevideo, Minnesota, and provide for further operating capacity, increased home production capabilities and distribution into new markets. Both of these acquisitions were accounted for as business combinations and the results of operations have been included since the date of their respective acquisitions. Our purchase price allocations are preliminary and subject to revision as more detailed analyses are completed and additional information about fair value of assets and liabilities becomes available, including additional information relating to tax matters and finalization of our valuation of identified intangible assets. Pro forma results of operations for these acquisitions have not been presented because the effects of these business combinations, individually and in aggregate, were not material to our consolidated results of operations.

Recent Accounting Pronouncements. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The standard requires entities to 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. The new guidance also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with customers. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effective date of the new revenue standard. Accordingly, the updated standard is effective for us beginning with the first quarter of the Company's fiscal year 2019, with early application permitted in fiscal year 2018. The standard allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company is currently evaluating the effect ASU 2014-09 will have on the Company's Consolidated Financial Statements and disclosures.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"). ASU 2015-17 will be effective beginning with the Company's fiscal year 2019 annual report and interim periods thereafter, with early adoption permitted. In this update, entities are required to present all deferred tax liabilities and assets as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. The standard can be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. As this standard impacts presentation only, the adoption of ASU 2015-17 is not expected to have an impact on the Company's financial condition, results of operations or cash flows.
In January 2016, the FASB issued ASU 2016-01, Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 will be effective beginning with the first quarter of the Company's fiscal year 2019. The amendments require certain equity investments to be measured at fair value with changes in the fair value recognized through net income. The Company is currently evaluating the effect ASU 2016-01 will have on the Company's Consolidated Financial Statements and disclosures.
From time to time, new accounting pronouncements are issued by the FASB and other regulatory bodies that are adopted by the Company as of the specified effective dates. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's Consolidated Financial Statements upon adoption.
For a description of other significant accounting policies used by the Company in the preparation of its Consolidated Financial Statements, please refer to Note 1 of the Notes to Consolidated Financial Statements in the Form 10-K.
2. Restricted Cash
Restricted cash consists of the following (in thousands):

	December 26, 2015	March 28, 2015
Cash related to CountryPlace customer payments to be remitted to third parties	$7,189	$8,471
Cash related to CountryPlace customer payments on securitized loans to be remitted to bondholders	1,569	1,425
Cash related to workers' compensation insurance held in trust	727	727
Other restricted cash	415	455
	$9,900	$11,078

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Corresponding amounts are recorded in accounts payable and accrued liabilities for customer payments, deposits and other restricted cash.

3. Investments

Investments consist of the following (in thousands):

	December 26, 2015	March 28, 2015
Available-for-sale investment securities	$22,436	$21,283
Non-marketable equity investments	10,398	10,636
	$32,834	$31,919

The following tables summarize the Company's available-for-sale investment securities, gross unrealized gains and losses and fair value, aggregated by investment category (in thousands):

	December 26, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government debt securities	$1,002	$—	$(10)	$992
Residential mortgage-backed securities	6,289	3	(78)	6,214
State and political subdivision debt securities	7,504	199	(56)	7,647
Corporate debt securities	1,171	—	(9)	1,162
Marketable equity securities	5,854	423	(856)	5,421
Certificates of deposit	1,000	—	—	1,000
	$22,820	$625	$(1,009)	$22,436

	March 28, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government debt securities	$1,952	$1	$(5)	$1,948
Residential mortgage-backed securities	4,342	23	(27)	4,338
State and political subdivision debt securities	7,190	245	(12)	7,423
Corporate debt securities	1,060	2	(4)	1,058
Marketable equity securities	4,962	642	(88)	5,516
Certificates of deposit	1,000	—	—	1,000
	$20,506	$913	$(136)	$21,283

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The following tables show the gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	December 26, 2015					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and government debt securities	$298	$(1)	$694	$(9)	$992	$(10)
Residential mortgage-backed securities	5,292	(44)	612	(34)	5,904	(78)
State and political subdivision debt securities	3,577	(37)	716	(19)	4,293	(56)
Corporate debt securities	911	(9)	—	—	911	(9)
Marketable equity securities	3,068	(750)	294	(106)	3,362	(856)
	$13,146	$(841)	$2,316	$(168)	$15,462	$(1,009)

	March 28, 2015					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and government debt securities	$499	$—	$698	$(5)	$1,197	$(5)
Residential mortgage-backed securities	438	(2)	330	(25)	768	(27)
State and political subdivision debt securities	1,099	(6)	256	(6)	1,355	(12)
Corporate debt securities	247	(4)	—	—	247	(4)
Marketable equity securities	1,067	(85)	100	(3)	1,167	(88)
	$3,350	$(97)	$1,384	$(39)	$4,734	$(136)

Based on the Company's ability and intent to hold the investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider any investments to be other-than-temporarily impaired at December 26, 2015.

As of December 26, 2015, the Company's investments in marketable equity securities consist of investments in common stock of industrial and other companies ($5.3 million of the total fair value and $853,000 of the total unrealized losses) and bank trust, insurance and public utility companies ($100,000 of the total fair value and $3,000 of the total unrealized losses).

As of March 28, 2015, the Company's investments in marketable equity securities consisted of investments in common stock of industrial and other companies ($5.4 million of the total fair value and $85,000 of the total unrealized losses) and bank trust, insurance and public utility companies ($100,000 of the total fair value and $3,000 of the total unrealized losses).

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

	December 26, 2015		March 28, 2015	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$924	$921	$1,804	$1,821
Due after one year through five years	3,712	3,699	2,834	2,844
Due after five years through ten years	4,494	4,418	2,467	2,452
Due after ten years	6,836	6,977	7,439	7,650
	$15,966	$16,015	$14,544	$14,767

Realized gains and losses from the sale of securities are determined using the specific identification method. Gross gains realized on the sales of investment securities for the three and nine months ended December 26, 2015 were approximately $74,000 and $305,000, respectively. Gross losses realized were approximately $51,000 and $163,000 for the three and nine months ended December 26, 2015, respectively. Gross gains realized on the sales of investment securities for the three and nine months ended December 27, 2014 were approximately $309,000 and $735,000, respectively. Gross losses realized were approximately $41,000 and $120,000 for the three and nine months ended December 27, 2014, respectively.

4. Inventories

Inventories consist of the following (in thousands):

	December 26, 2015	March 28, 2015
Raw materials	$27,578	$24,373
Work in process	10,357	7,271
Finished goods and other	53,743	43,690
	$91,678	$75,334

5. Consumer Loans Receivable

The Company acquired consumer loans receivable during the first quarter of fiscal 2012 as part of the Palm Harbor transaction. Acquired consumer loans receivable held for investment were acquired at fair value and subsequently are accounted for in a manner similar to Accounting Standards Codification ("ASC") 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality ("ASC 310-30"). Consumer loans receivable held for sale are carried at the lower of cost or market and construction advances are carried at the amount advanced less a valuation allowance. The following table summarizes consumer loans receivable (in thousands):

	December 26, 2015	March 28, 2015
Loans held for investment (acquired on Palm Harbor Acquisition Date)	$71,559	$77,670
Loans held for investment (originated after Palm Harbor Acquisition Date)	6,909	5,005
Loans held for sale	8,365	11,903
Construction advances	6,413	4,076
Consumer loans receivable	93,246	98,654
Deferred financing fees and other, net	(949)	(496)
Consumer loans receivable, net	$92,297	$98,158

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As of the date of the Palm Harbor acquisition, management evaluated consumer loans receivable held for investment by CountryPlace to determine whether there was evidence of deterioration of credit quality and if it was probable that CountryPlace would be unable to collect all amounts due according to the loans' contractual terms. The Company also considered expected prepayments and estimated the amount and timing of undiscounted expected principal, interest and other cash flows. The Company determined the excess of the loan pool's scheduled contractual principal and contractual interest payments over all cash flows expected as of the date of the Palm Harbor transaction as an amount that cannot be accreted into interest income (the non-accretable difference). The cash flow expected to be collected in excess of the carrying value of the acquired loans is accreted into interest income over the remaining life of the loans (referred to as accretable yield). Interest income on consumer loans receivable is recognized as net revenue.

	December 26, 2015	March 28, 2015
	(in thousands)	
Consumer loans receivable held for investment – contractual amount	$173,942	$192,523
Purchase discount		
Accretable	(67,624)	(73,202)
Non-accretable	(34,418)	(41,305)
Less consumer loans receivable reclassified as other assets	(341)	(346)
Total acquired consumer loans receivable held for investment, net	$71,559	$77,670

Over the life of the acquired loans, the Company continues to estimate cash flows expected to be collected by CountryPlace. As of the balance sheet date, the Company evaluates whether the present value of expected cash flows, determined using the effective interest rate, has decreased from the value at acquisition and, if so, recognizes an allowance for loan loss. The present value of any subsequent increase in the loan pool's actual cash flows expected to be collected is used first to reverse any existing allowance for loan loss. Any remaining increase in cash flows expected to be collected adjusts the amount of accretable yield recognized on a prospective basis over the loan pool's remaining life. The weighted averages of assumptions used in the calculation of expected cash flows to be collected are as follows:

	December 26, 2015	March 28, 2015
Prepayment rate	13.3%	12.6%
Default rate	1.3%	1.7%

Assuming there were a 1% unfavorable variation from the expected level, for each key assumption, the expected cash flows, as of December 26, 2015, would decrease by approximately $2.2 million and $5.8 million for the expected prepayment rate and expected default rate, respectively.

The changes in accretable yield on acquired consumer loans receivable held for investment were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Balance at the beginning of the period	$70,450	$75,301	$73,202	$77,737
Accretion	(2,692)	(2,806)	(8,128)	(8,550)
Reclassifications from non-accretable discount	(134)	422	2,550	3,730
Balance at the end of the period	$67,624	$72,917	$67,624	$72,917

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The consumer loans held for investment have the following characteristics:

	December 26, 2015	March 28, 2015
Weighted average contractual interest rate	9.02 %	9.10 %
Weighted average effective interest rate	9.33 %	9.27 %
Weighted average months to maturity	173	178

The Company's consumer loans receivable balance consists of fixed-rate, fixed-term and fully-amortizing single-family home loans. These loans are either secured by a manufactured home, excluding the land upon which the home is located (chattel property loans and retail installment sale contracts), or by a combination of the home and the land upon which the home is located (real property mortgage loans). The real property mortgage loans are primarily for manufactured homes. Combined land and home loans are further disaggregated by the type of loan documentation: those conforming to the requirements of Government-Sponsored Enterprises ("GSEs"), and those that are non-conforming. In most instances, CountryPlace's loans are secured by a first-lien position and are provided for the consumer purchase of a home. In rare instances, CountryPlace may provide other types of loans in second-lien or unsecured positions. Accordingly, CountryPlace classifies its loans receivable as follows: chattel loans, conforming mortgages, non-conforming mortgages and other loans.

In measuring credit quality within each segment and class, CountryPlace uses commercially available credit scores (such as FICO®). At the time of each loan's origination, CountryPlace obtains credit scores from each of the three primary credit bureaus, if available. To evaluate credit quality of individual loans, CountryPlace uses the mid-point of the available credit scores or, if only two scores are available, the Company uses the lower of the two. CountryPlace does not update credit bureau scores after the time of origination.

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The following table disaggregates CountryPlace's gross consumer loans receivable as of December 26, 2015, for each class by portfolio segment and credit quality indicator as of the time of origination (in thousands):

	Consumer Loans Held for Investment					
	Securitized 2005	Securitized 2007	Unsecuritized	Construction Advances	Consumer Loans Held For Sale	Total
Asset Class						
Credit Quality Indicator						
Chattel loans						
0-619	$797	$557	$348	$—	$—	$1,702
620-719	13,688	9,444	3,453	—	88	26,673
720+	15,320	9,979	2,515	—	—	27,814
Other	59	—	453	—	—	512
Subtotal	29,864	19,980	6,769	—	88	56,701
Conforming mortgages						
0-619	—	—	165	93	286	544
620-719	—	—	2,332	3,368	5,999	11,699
720+	—	—	322	2,952	1,992	5,266
Other	—	—	—	—	—	—
Subtotal	—	—	2,819	6,413	8,277	17,509
Non-conforming mortgages						
0-619	89	593	1,413	—	—	2,095
620-719	1,398	5,426	3,825	—	—	10,649
720+	1,702	3,430	832	—	—	5,964
Other	—	—	314	—	—	314
Subtotal	3,189	9,449	6,384	—	—	19,022
Other loans						
Subtotal	—	—	14	—	—	14
	$33,053	$29,429	$15,986	$6,413	$8,365	$93,246

Loan contracts secured by collateral that is geographically concentrated could experience higher rates of delinquencies, default and foreclosure losses than loan contracts secured by collateral that is more geographically dispersed. Thirty-nine percent of the outstanding principal balance of consumer loans receivable portfolio is concentrated in Texas. Other than Texas, no other state had concentrations in excess of 10% of the principal balance of the consumer loans receivable as of December 26, 2015.

Collateral for repossessed loans is acquired through foreclosure or similar proceedings and is recorded at the lesser of the related loan balance or the estimated fair value of the home, less the costs to sell. At repossession, the fair value of the collateral is computed based on the historical recovery rates of previously charged-off loans; the loan is charged off and the loss is charged to the allowance for loan losses. On a monthly basis, the fair value of the collateral is adjusted to the lower of cost or estimated sales price less estimated costs to sell, based on current information. Repossessed homes totaled approximately $379,000 and $582,000 as of December 26, 2015 and March 28, 2015, respectively, and are included in prepaid and other assets in the consolidated balance sheet. Foreclosure or similar proceedings in progress totaled approximately $705,000 and $650,000 as of December 26, 2015 and March 28, 2015, respectively.

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6. Commercial Loans Receivable and Allowance for Loan Loss

The Company's commercial loans receivable balance consists of two classes: (i) direct financing arrangements for the home product needs of our independent retailers, communities and developers; and (ii) amounts loaned by the Company under participation financing programs.

Under the terms of the direct programs, the Company provides funds for the independent retailers, communities and developer's financed home purchases. The notes are secured by the home as collateral and, in some instances, other security depending on the circumstances. The other terms of direct arrangements vary depending on the needs of the borrower and the opportunity for the Company.

Under the terms of the participation programs, the Company provides loans to independent floor plan lenders, representing a significant portion of the funds that such financiers then lend to retailers to finance their inventory purchases. The participation commercial loan receivables are unsecured general obligations of the independent floor plan lenders.

Commercial loans receivables, net, consist of the following by class of financing notes receivable (in thousands):

	December 26, 2015	March 28, 2015
Direct loans receivable	$22,492	$15,802
Participation loans receivable	1,369	2,352
Allowance for loan loss	(116)	(73)
	$23,745	$18,081

The commercial loans receivable balance has the following characteristics:

	December 26, 2015	March 28, 2015
Weighted average contractual interest rate	6.9%	6.5%
Weighted average months to maturity	9	6

The Company evaluates the potential for loss from its participation loan programs based on the independent lender's overall financial stability, as well as historical experience, and has determined that an applicable allowance for loan loss was not needed at either December 26, 2015 or March 28, 2015.

With respect to direct programs with communities and developers, borrower activity is monitored on a regular basis and contractual arrangements are in place to provide adequate loss mitigation in the event of a default. For direct programs with independent retailers, the risk of loss is spread over numerous borrowers. Borrower activity is monitored in conjunction with third-party service providers, where applicable, to estimate the potential for loss on the related notes receivable, considering potential exposures including repossession costs, remarketing expenses, impairment of value and the risk of collateral loss. The Company has historically been able to resell repossessed unused homes, thereby mitigating loss experience. If a default occurs and collateral is lost, the Company is exposed to loss of the full value of the home loan. If the Company determines that it is probable that a borrower will default, a specific reserve is determined and recorded within the estimated allowance for loan loss. The Company recorded an allowance for loan loss of $116,000 and $117,000 at December 26, 2015 and December 27, 2014, respectively.

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

	Three Months Ended		Nine Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Balance at beginning of period	$110	$134	$73	$139
Provision for inventory finance credit losses	6	(17)	43	(22)
Loans charged off, net of recoveries	—	—	—	—
Balance at end of period	$116	$117	$116	$117

The following table disaggregates commercial loans receivable and the estimated allowance for loan loss for each class of financing receivable by evaluation methodology (in thousands):

	Direct Commercial Loans		Participation Commercial Loans	
	December 26, 2015	March 28, 2015	December 26, 2015	March 28, 2015
Inventory finance notes receivable:				
Collectively evaluated for impairment	$11,567	$7,229	$—	$—
Individually evaluated for impairment	10,925	8,573	1,369	2,352
	$22,492	$15,802	$1,369	$2,352
Allowance for loan loss:				
Collectively evaluated for impairment	$(116)	$(73)	$—	$—
Individually evaluated for impairment	—	—	—	—
	$(116)	$(73)	$—	$—

Loans are subject to regular review and are given management's attention whenever a problem situation appears to be developing. Loans with indicators of potential performance problems are placed on watch list status and are subject to additional monitoring and scrutiny. Nonperforming status includes loans accounted for on a non-accrual basis and accruing loans with principal payments past due 90 days or more. The Company's policy is to place loans on nonaccrual status when interest is past due and remains unpaid 90 days or more or when there is a clear indication that the borrower has the inability or unwillingness to meet payments as they become due. The Company will resume accrual of interest once these factors have been remedied. At December 26, 2015, there are no commercial loans that are 90 days or more past due that are still accruing interest. Payments received on nonaccrual loans are recorded on a cash basis, first to interest and then to principal. At December 26, 2015, the Company was not aware of any potential problem loans that would have a material effect on the commercial receivables balance. Charge-offs occur when it becomes probable that outstanding amounts will not be recovered.

The following table disaggregates the Company's inventory finance receivables by class and credit quality indicator (in thousands):

	Direct Commercial Loans		Participation Commercial Loans	
	December 26, 2015	March 28, 2015	December 26, 2015	March 28, 2015
Risk profile based on payment activity:				
Performing	$22,492	$15,728	$1,369	$2,352
Watch list	—	—	—	—
Nonperforming	—	74	—	—
	$22,492	$15,802	$1,369	$2,352

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The Company has concentrations of commercial loans receivable related to factory-built homes located in the following states, measured as a percentage of commercial loans receivables principal balance outstanding:

	December 26, 2015	March 28, 2015
Texas	34.5 %	42.4 %
Arizona	10.9 %	10.4 %

The risks created by these concentrations have been considered in the determination of the adequacy of the allowance for loan losses. The Company did not have concentrations in excess of 10% of the principal balance of the commercial loans receivables in any other states as of December 26, 2015 or March 28, 2015, respectively. As of December 26, 2015 the Company had concentrations of commercial loans receivable with one independent third-party that equaled 35.4% of the principal balance outstanding, all of which was secured. As of March 28, 2015, the Company did not have concentrations in excess of 10% of the principal balance of commercial loans receivable with any one borrower.

7. Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for significant classes of assets are as follows: (i) buildings and improvements, 10 to 39 years, and (ii) machinery and equipment, 3 to 25 years. Repairs and maintenance charges are expensed as incurred. Property, plant and equipment consist of the following (in thousands):

	December 26, 2015	March 28, 2015
Property, plant and equipment, at cost:		
Land	$22,571	$21,197
Buildings and improvements	30,936	24,288
Machinery and equipment	20,322	16,772
	73,829	62,257
Accumulated depreciation	(19,894)	(17,545)
Property, plant and equipment, net	$53,935	$44,712

Included in the amounts above are certain assets under a capital lease. See Note 8 for additional information.

8. Capital Leases

On May 1, 2015, in connection with the purchase of Fairmont Homes, the Company entered into a five-year lease covering the manufacturing facilities and land in Montevideo, Minnesota, which is accounted for as a capital lease. At the end of the lease term, the landlord has the option to require the Company to purchase the leased premises at a specified price. If the landlord does not exercise this option, the Company may purchase the facilities at the termination of the lease for that price. The following amounts were recorded for the leased assets as of December 26, 2015 (in thousands):

	December 26, 2015
Land	$92
Buildings and improvements	2,033
	2,125
Accumulated amortization	(45)
Leased assets, net	$2,080

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The minimum payments in future fiscal years under the lease as of December 26, 2015 are as follows (in thousands):

2016	$75
2017	289
2018	277
2019	265
2020	253
Thereafter	1,721
Total remaining lease payments	2,880
Less: Amount representing interest	(815)
Present value of future minimum lease payments	$2,065

9. Goodwill and Other Intangibles

Intangible assets principally consist of goodwill, trademarks and trade names, state insurance licenses, customer relationships, and other, which includes technology, insurance policies and renewal rights. Goodwill, trademarks and trade names and state insurance licenses are indefinite-lived intangible assets and are evaluated for impairment annually and whenever events or circumstances indicate that more likely than not impairment has occurred. During the nine months ended December 26, 2015 and December 27, 2014, no impairment expense was recorded. Finite-lived intangibles are amortized over their estimated useful lives on a straight-line basis and are reviewed for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. The value of customer relationships is amortized over 4 to 15 years and other intangibles over 3 to 15 years.

Goodwill and other intangibles consist of the following (in thousands):

	December 26, 2015			March 28, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite lived:						
Goodwill	$69,014	$—	$69,014	$67,346	$—	$67,346
Trademarks and trade names	7,100	—	7,100	6,250	—	6,250
State insurance licenses	1,100	—	1,100	1,100	—	1,100
Total indefinite-lived intangible assets	77,214	—	77,214	74,696	—	74,696
Finite lived:						
Customer relationships	8,100	(5,331)	2,769	6,200	(5,027)	1,173
Other	1,384	(580)	804	1,274	(467)	807
Total goodwill and other intangible assets	$86,698	$(5,911)	$80,787	$82,170	$(5,494)	$76,676

Amortization expense recognized on intangible assets was $112,000 and $417,000 during the three and nine months ended December 26, 2015, respectively. Amortization expense of $345,000 and $1,034,000 was recognized during the three and nine months ended December 27, 2014, respectively.

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During the nine months ended December 26, 2015, the Company acquired certain manufactured housing assets and liabilities of two companies, both of which were accounted for as business combinations. The purchase price for the assets and liabilities assumed was allocated based on their estimated fair values and is preliminary. The measurement periods for the valuation of assets acquired and liabilities assumed end as soon as information on the facts and circumstances that existed as of the acquisition dates becomes available, but do not exceed 12 months. Adjustments in purchase price allocations may require adjustments of the amounts allocated to goodwill.

10. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	December 26, 2015	March 28, 2015
Salaries, wages and benefits	$18,374	$16,186
Unearned insurance premiums	13,906	13,556
Customer deposits	13,644	13,435
Estimated warranties	13,403	9,953
Accrued volume rebates	8,423	3,266
Insurance loss reserves	5,853	1,774
Company repurchase option on certain loans sold	4,252	2,063
Accrued insurance	3,934	3,068
Deferred margin	2,340	2,398
Capital lease obligation	2,065	—
Reserve for repurchase commitments	1,667	2,240
Accrued taxes	917	1,089
Other	9,248	8,048
	$98,026	$77,076

11. Warranties

Homes are generally warranted against manufacturing defects for a period of one year commencing at the time of sale to the retail customer. Estimated costs relating to home warranties are recorded at the date of sale. The Company has recorded a liability for estimated future warranty costs relating to homes sold based upon management's assessment of historical experience factors, an estimate of the amount of homes in the distribution channel and current industry trends. Activity in the liability for estimated warranties was as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Balance at beginning of period	$12,805	$9,393	$9,953	$9,262
Purchase accounting additions	—	—	1,111	—
Charged to costs and expenses	4,830	3,014	15,065	9,264
Payments and deductions	(4,232)	(2,991)	(12,726)	(9,110)
Balance at end of period	$13,403	$9,416	$13,403	$9,416

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12. Debt Obligations

Debt obligations consist of amounts related to loans sold that did not qualify for loan sale accounting treatment. The following table summarizes debt obligations (in thousands):

	December 26, 2015	March 28, 2015
Acquired securitized financings (acquired as part of the Palm Harbor transaction)		
Securitized financing 2005-1	$27,893	$29,469
Securitized financing 2007-1	29,867	33,461
Other secured financings	4,720	4,030
Total securitized financings and other, net	$62,480	$66,960

The Company acquired CountryPlace's securitized financings during the first quarter of fiscal year 2012 as a part of the Palm Harbor acquisition. Acquired securitized financings were recorded at fair value at the time of acquisition, which resulted in a discount, and subsequently are accounted for in a manner similar to ASC 310-30 to accrete the discount.

The Company considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for securitized consumer loans receivable held for investment to determine the expected cash flows on securitized financings and the contractual payments. The amount of contractual principal and contractual interest payments due on the securitized financings in excess of all cash flows expected as of the date of the Palm Harbor acquisition cannot be accreted into interest expense (the non-accretable difference). The remaining amount is accreted into interest expense over the remaining life of the obligation (referred to as accretable yield). The following table summarizes acquired securitized financings (in thousands):

	December 26, 2015	March 28, 2015
Securitized financings – contractual amount	$70,727	$75,058
Purchase discount		
Accretable	(12,967)	(12,128)
Non-accretable (1)	—	—
Total acquired securitized financings, net	$57,760	$62,930

(1) There is no non-accretable difference, as the contractual payments on acquired securitized financing are determined by the cash collections from the underlying loans.

Over the life of the loans, the Company continues to estimate cash flows expected to be paid on securitized financings. The Company evaluates at the balance sheet date whether the present value of its securitized financings, determined using the effective interest rate, has increased or decreased. The present value of any subsequent change in cash flows expected to be paid adjusts the amount of accretable yield recognized on a prospective basis over the securitized financing's remaining life.

The changes in accretable yield on securitized financings were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Balance at the beginning of the period	$13,993	$15,142	$12,128	$15,199
Accretion	(1,022)	(944)	(2,575)	(3,039)
Adjustment to cash flows	(4)	(51)	3,414	1,987
Balance at the end of the period	$12,967	$14,147	$12,967	$14,147

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On July 12, 2005, prior to Fleetwood's acquisition of Palm Harbor and CountryPlace, CountryPlace completed its initial securitization (2005-1) for approximately $141.0 million of loans, which was funded by issuing bonds totaling approximately $118.4 million. The bonds were issued in four different classes: Class A-1 totaling $36.3 million with a coupon rate of 4.23%; Class A-2 totaling $27.4 million with a coupon rate of 4.42%; Class A-3 totaling $27.3 million with a coupon rate of 4.80%; and Class A-4 totaling $27.4 million with a coupon rate of 5.20%. The bonds mature at varying dates and at issuance had an expected weighted average maturity of 4.66 years. For accounting purposes, this transaction was structured as a securitized borrowing. As of December 26, 2015, the Class A-1 and Class A-2 bonds have been retired.

On March 22, 2007, prior to Fleetwood's acquisition of Palm Harbor and CountryPlace, CountryPlace completed its second securitization (2007-1) for approximately $116.5 million of loans, which was funded by issuing bonds totaling approximately $101.9 million. The bonds were issued in four classes: Class A-1 totaling $28.9 million with a coupon rate of 5.484%; Class A-2 totaling $23.4 million with a coupon rate of 5.232%; Class A-3 totaling $24.5 million with a coupon rate of 5.593%; and Class A-4 totaling $25.1 million with a coupon rate of 5.846%. The bonds mature at varying dates and at issuance had an expected expected weighted average maturity of 4.86 years. For accounting purposes, this transaction was also structured as a securitized borrowing. As of December 26, 2015, the Class A-1 and Class A-2 bonds have been retired.

CountryPlace's securitized debt is subject to provisions that require certain levels of overcollateralization. Overcollateralization is equal to CountryPlace's equity in the bonds. Failure to satisfy these provisions could cause cash, which would normally be distributed to CountryPlace, to be used for repayment of the principal of the related Class A bonds until the required overcollateralization level is reached. During periods when the overcollateralization is below the specified level, cash collections from the securitized loans in excess of servicing fees payable to CountryPlace and amounts owed to the Class A bondholders, trustee and surety, are applied to reduce the Class A debt until such time the overcollateralization level reaches the specified level. Therefore, failure to meet the overcollateralization requirement could adversely affect the timing of cash flows received by CountryPlace. However, principal payments of the securitized debt, including accelerated amounts, is payable only from cash collections from the securitized loans and no additional sources of repayment are required or permitted. As of December 26, 2015, the 2005-1 and 2007-1 securitized portfolios were within the required overcollateralization level.

13. Reinsurance

Standard Casualty is primarily a specialty writer of manufactured home physical damage insurance. Certain of Standard Casualty's premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide Standard Casualty with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. Standard Casualty remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations. Substantially all of Standard Casualty's assumed reinsurance is with one entity.

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

	Three Months Ended			
	December 26, 2015		December 27, 2014	
	Written	Earned	Written	Earned
Direct premiums	$3,559	$3,714	$3,162	$3,287
Assumed premiums—nonaffiliate	4,855	5,391	4,463	4,823
Ceded premiums—nonaffiliate	(2,699)	(2,699)	(2,518)	(2,518)
Net premiums	$5,715	$6,406	$5,107	$5,592

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	Nine Months Ended			
	December 26, 2015		December 27, 2014	
	Written	Earned	Written	Earned
Direct premiums	$11,219	$10,971	$9,926	$9,551
Assumed premiums—nonaffiliate	16,120	15,769	14,713	13,835
Ceded premiums—nonaffiliate	(8,135)	(8,135)	(7,275)	(7,275)
Net premiums	$19,204	$18,605	$17,364	$16,111

Typical insurance policies written or assumed by Standard Casualty have a maximum coverage of $300,000 per claim, of which Standard cedes $200,000 of the risk of loss per reinsurance. Therefore, Standard Casualty maintains risk of loss limited to $100,000 per claim on typical policies. Amounts are recoverable by Standard Casualty through reinsurance for catastrophic losses in excess of $1.0 million per occurrence up to a maximum of $24.0 million in the aggregate.

Purchasing reinsurance contracts protects Standard Casualty from frequency and/or severity of losses incurred on insurance policies issued, such as in the case of a catastrophe that generates a large number of serious claims on multiple policies at the same time.

14. Income Taxes

The Company's deferred tax assets primarily result from financial statement accruals not currently deductible for tax purposes and differences in the acquired basis of certain assets, and its deferred tax liabilities primarily result from tax amortization of goodwill and other intangible assets.

The Company complies with the provisions of ASC 740, Income Taxes ("ASC 740"), which clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 also provides guidance on derecognizing, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The amount of unrecognized tax benefits recorded by the Company is insignificant and the impact on the effective tax rate if all unrecognized tax benefits were recognized would be insignificant. The Company classifies interest and penalties related to unrecognized tax benefits in tax expense.

Income tax returns are filed in the U.S. federal jurisdiction and in several state jurisdictions. The Company is no longer subject to examination by the IRS for years before fiscal year 2013. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material change to the Company's financial position. The total amount of unrecognized tax benefit related to any particular tax position is not anticipated to change significantly within the next 12 months. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year.

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15. Commitments and Contingencies

Repurchase Contingencies. The Company is contingently liable under terms of repurchase agreements with financial institutions providing inventory financing for independent retailers of its products. These arrangements, which are customary in the industry, provide for the repurchase of products sold to retailers in the event of default by the retailer. The risk of loss under these agreements is spread over numerous retailers. The price the Company is obligated to pay generally declines over the period of the agreement (generally 18 to 36 months, calculated from the date of sale to the retailer) and the risk of loss is further reduced by the resale value of the repurchased homes. The maximum amount for which the Company was contingently liable under such agreements approximated $46.7 million at December 26, 2015, without reduction for the resale value of the homes. The Company applies ASC 460, Guarantees ("ASC 460"), and ASC 450-20, Loss Contingencies ("ASC 450-20"), to account for its liability for repurchase commitments. Under the provisions of ASC 460, the Company records the greater of the estimated value of the non-contingent obligation or a contingent liability for each repurchase arrangement under the provisions of ASC 450-20. The Company recorded an estimated liability of $1.7 million and $2.2 million at December 26, 2015 and March 28, 2015, respectively, related to the commitments pertaining to these agreements.

Letters of Credit. To secure certain reinsurance contracts, Standard Casualty maintains an irrevocable letter of credit of $7.0 million to provide assurance that Standard Casualty will fulfill its reinsurance obligations. This letter of credit is secured by certain of the Company's investments.

Construction-Period Mortgages. CountryPlace funds construction-period mortgages through periodic advances during the period of home construction. At the time of initial funding, CountryPlace commits to fully fund the loan contract in accordance with a predetermined schedule. Subsequent advances are contingent upon the performance of contractual obligations by the seller of the home and the borrower. Cumulative advances on construction-period mortgages are carried in the consolidated balance sheet at the lower of cost or market, which are included in consumer loans receivable. The total loan contract amount, less cumulative advances, represents an off-balance sheet contingent commitment of CountryPlace to fund future advances.

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

	December 26, 2015	March 28, 2015
Construction loan contract amount	$17,884	$9,591
Cumulative advances	(6,413)	(4,076)
Remaining construction contingent commitment	$11,471	$5,515

Representations and Warranties of Mortgages Sold. CountryPlace sells loans to GSEs and whole-loan purchasers. In connection with these activities, CountryPlace provides to the GSEs and whole-loan purchasers representations and warranties related to the loans sold. These representations and warranties generally relate to the ownership of the loan, the validity of the lien securing the loan, the loan's compliance with the criteria for inclusion in the sale transactions, including compliance with underwriting standards or loan criteria established by the buyer, and CountryPlace's ability to deliver documentation in compliance with applicable laws. Generally, representations and warranties may be enforced at any time over the life of the loan. Upon a breach of a representation, CountryPlace may be required to repurchase the loan or to indemnify a party for incurred losses. Repurchase demands and claims for indemnification payments are reviewed on a loan-by-loan basis to validate if there has been a breach requiring repurchase. CountryPlace manages the risk of repurchase through underwriting and quality assurance practices and by servicing the mortgage loans to investor standards. CountryPlace maintains a reserve for these contingent repurchase and indemnification obligations. This reserve of $821,000 and $867,000 as of December 26, 2015 and March 28, 2015, respectively, included in accrued liabilities, reflects management's estimate of probable loss. CountryPlace considers a variety of assumptions, including borrower performance (both actual and estimated future defaults), historical repurchase demands and loan defect rates to estimate the liability for loan repurchases and indemnifications.

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Interest Rate Lock Commitments. In originating loans for sale, CountryPlace issues interest rate lock commitments ("IRLCs") to prospective borrowers and third-party originators. These IRLCs represent an agreement to extend credit to a loan applicant, or an agreement to purchase a loan from a third-party originator, whereby the interest rate on the loan is set prior to loan closing or sale. These IRLCs bind CountryPlace to fund the approved loan at the specified rate regardless of whether interest rates or market prices for similar loans have changed between the commitment date and the closing date. As such, outstanding IRLCs are subject to interest rate risk and related loan sale price risk during the period from the date of the IRLC through the earlier of the loan sale date or IRLC expiration date. The loan commitments generally range between 30 and 180 days; however, borrowers are not obligated to close the related loans. As a result, CountryPlace is subject to fallout risk related to IRLCs, which is realized if approved borrowers choose not to close on the loans within the terms of the IRLCs unless the commitment is successfully paired with another loan that may mitigate losses from fallout.

As of December 26, 2015, CountryPlace had outstanding IRLCs with a notional amount of $4.5 million and are recorded at fair value in accordance with ASC 815, Derivatives and Hedging ("ASC 815"). ASC 815 clarifies that the expected net future cash flows related to the associated servicing of a loan should be included in the measurement of all written loan commitments that are accounted for at fair value through earnings. The estimated fair values of IRLCs are based on quoted market values and are recorded in other assets in the consolidated balance sheets. The fair value of IRLCs is based on the value of the underlying mortgage loan adjusted for: (i) estimated cost to complete and originate the loan and (ii) the estimated percentage of IRLCs that will result in closed mortgage loans. The initial and subsequent changes in the value of IRLCs are a component of gain (loss) on mortgage loans held for sale. During the three and nine months ended December 26, 2015, CountryPlace recognized losses of $1,000 and $6,000, respectively, on the outstanding IRLCs. During the three and nine months ended December 27, 2014, CountryPlace recognized gains of $11,000 and $38,000, respectively, on the outstanding IRLCs.

Forward Sales Commitments. CountryPlace manages the risk profiles of a portion of its outstanding IRLCs and mortgage loans held for sale by entering into forward sales of mortgage backed securities ("MBS") and whole loan sale commitments. Commitments to forward sales of whole loans are typically in an amount proportionate with the amount of IRLCs expected to close in particular time frames, assuming no change in mortgage interest rates, for the respective loan products intended for whole loan sale.

The estimated fair values of forward sales of MBS and forward sale commitments are based on quoted market values and are recorded within other current assets in the consolidated balance sheets. During the three and nine months ended December 26, 2015, CountryPlace recognized gains of $42,000 and $27,000, respectively, on forward sales and whole loan sale commitments. During the three and nine months ended December 27, 2014, CountryPlace recognized losses of $31,000 and $67,000, respectively, on forward sales and whole loan sale commitments.

Community-based Lending Initiative Investment Commitment. As of December 26, 2015, the Company had an unfunded commitment of $5.0 million in its community-based lending initiative, all of which was subsequently funded.

Legal Matters. The Company is party to certain legal proceedings that arise in the ordinary course and are incidental to its business. Certain of the claims pending against the Company in these proceedings allege, among other things, breach of contract and warranty, product liability and personal injury. Although litigation is inherently uncertain, based on past experience and the information currently available, management does not believe that the currently pending and threatened litigation or claims will have a material adverse effect on the Company's consolidated financial position, liquidity or results of operations. However, future events or circumstances currently unknown to management will determine whether the resolution of pending or threatened litigation or claims will ultimately have a material effect on the Company's consolidated financial position, liquidity or results of operations in any future reporting periods.

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16. Stockholders' Equity

The following table represents changes in stockholders' equity for the nine months ended December 26, 2015 (dollars in thousands):

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
	Shares	Amount				
Balance, March 28, 2015	8,859,199	$89	$237,916	$81,645	$504	$320,154
Stock option exercises, including incremental tax benefits	52,934	—	1,702	—	—	1,702
Share-based compensation	—	—	1,512	—	—	1,512
Net income	—	—	—	21,553	—	21,553
Unrealized gain (loss) on Available-for-sale securities	—	—	—	—	(742)	(742)
Balance, December 26, 2015	8,912,133	$89	$241,130	$103,198	$(238)	$344,179

Other comprehensive income is comprised of unrealized gains and losses on available-for-sale investments.

(1) Unrealized losses before tax effect on available-for-sale securities were $1.2 million for the nine months ended December 26, 2015.

17. Stock-Based Compensation

The Company maintains stock incentive plans whereby stock option grants or awards of restricted stock may be made to certain officers, directors and key employees. As of December 26, 2015, the plans, which are shareholder approved, permit the award of up to 1,650,000 shares of the Company's common stock, of which 375,987 shares were still available for grant. When options are exercised, new shares of the Company's common stock are issued. Stock options may not be granted below 100% of the fair market value of the Company's common stock at the date of grant and generally expire seven years from the date of grant. Stock options and awards of restricted stock typically vest over a one to five year period as determined by the plan administrator (the Compensation Committee of the Board of Directors, which consists of independent directors). The stock incentive plans provide for accelerated vesting of stock options upon a change in control (as defined in the plans).

Stock-based compensation cost charged against income for the three and nine months ended December 26, 2015 was $395,000 and $1.5 million, respectively. The Company recorded stock-based compensation expense of $294,000 and $1.4 million for the three and nine months ended December 27, 2014, respectively.

As of December 26, 2015, total unrecognized compensation cost related to stock options was approximately $2.5 million and the related weighted-average period over which it is expected to be recognized is approximately 2.98 years.

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The following table summarizes the option activity within the Company's stock-based compensation plans for the nine months ended December 26, 2015:

	Number of Shares
Outstanding at March 28, 2015	506,980
Granted	90,500
Exercised	(78,500)
Canceled or expired	(1,000)
Outstanding at December 26, 2015	517,980
Exercisable at December 26, 2015	346,975

18. Earnings Per Share

Basic earnings per common share is computed based on the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per common share is computed based on the combination of dilutive common share equivalents, comprised of shares issuable under the Company's stock-based compensation plans and the weighted-average number of common shares outstanding during the reporting period. Dilutive common share equivalents include the dilutive effect of in-the-money options to purchase shares, which is calculated based on the average share price for each period using the treasury stock method. The following table sets forth the computation of basic and diluted earnings per share (dollars in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Net income	$8,098	$6,638	$21,553	$17,864