NOBILITY HOMES INC
Form 10-Q
March 16, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)

of the Securities Exchange Act of 1934

For the quarterly period ended January 31, 2015

Commission File number 000-06506

NOBILITY HOMES, INC.

(Exact name of registrant as specified in its charter)

Florida	**59-1166102**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

3741 S.W. 7th Street

Ocala, Florida **34474**
(Address of principal executive offices) **(Zip Code)**
(352) 732-5157

(Registrant s telephone number, including area code)

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 x; No ¨.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x; No ¨.

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

Large accelerated filer ¨ Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company x

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

Indicate 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 March 16, 2015
Common Stock	4,061,869

Table of Contents

NOBILITY HOMES, INC.

INDEX

		Page Number
PART I.	Financial Information	
Item 1.	Financial Statements (Unaudited)	
	Consolidated Balance Sheets as of January 31, 2015 (Unaudited) and November 1, 2014	3
	Consolidated Statements of Comprehensive Income for the three months ended January 31, 2015 and February 1, 2014 (Unaudited)	4
	Consolidated Statements of Cash Flows for the three months ended January 31, 2015 and February 1, 2014 (Unaudited)	5
	Notes to Consolidated Financial Statements	6
Item 2.	Management s Discussion and Analysis of Financial Condition and Results of Operations	11
Item 4.	Controls and Procedures	14
PART II.	Other Information	
Item 6.	Exhibits	15
Signatures		16

Table of Contents

NOBILITY HOMES, INC.

Consolidated Balance Sheets

	January 31, 2015 (Unaudited)	November 1, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 14,730,850	$ 14,116,412
Short-term investments	425,459	496,444
Accounts receivable - trade	1,260,874	2,141,468
Mortgage notes receivable, current	7,832	7,126
Income tax receivable	4,757	5,964
Inventories	5,604,695	5,516,540
Pre-owned homes, current	2,401,834	2,839,203
Prepaid expenses and other current assets	674,795	286,990
Deferred income taxes	531,826	508,633
Total current assets	25,642,922	25,918,780
Property, plant and equipment, net	3,954,558	3,957,071
Pre-owned homes	2,275,696	1,711,000
Mortgage notes receivable, long term	180,031	180,800
Other investments	2,779,548	2,751,663
Deferred income taxes	1,464,174	1,487,367
Other assets	2,952,924	2,921,424
Total assets	$ 39,249,853	$ 38,928,105
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 405,079	$ 502,259
Accrued compensation	307,843	320,502
Accrued expenses and other current liabilities	644,135	526,296
Customer deposits	957,462	1,029,088
Total current liabilities	2,314,519	2,378,145
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	536,491	536,491
Additional paid in capital	10,646,157	10,643,866
Retained earnings	35,057,470	34,577,682

Accumulated other comprehensive income	210,605	281,590
Less treasury stock at cost, 1,303,038 shares in 2015 and 1,301,038 shares in 2014	(9,515,389)	(9,489,669)
Total stockholders equity	36,935,334	36,549,960
Total liabilities and stockholders equity	$ 39,249,853	$ 38,928,105

The accompanying notes are an integral part of these financial statements

Table of Contents

NOBILITY HOMES, INC.

Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended January 31, 2015	Three Months Ended February 1, 2014
Net sales	$ 5,576,800	$ 4,137,438
Cost of goods sold	(4,404,031)	(3,391,908)
Gross profit	1,172,769	745,530
Selling, general and administrative expenses	(747,949)	(661,344)
Operating income	424,820	84,186
Other income (loss):		
Interest income	13,120	9,832
Undistributed earnings in joint venture - Majestic 21	33,578	32,331
Losses from investments in retirement community limited partnerships	(5,693)	(39,401)
Miscellaneous	15,170	16,454
Total other income	56,175	19,216
Income before provision for income taxes	480,995	103,402
Income tax expense	(1,207)	
Net income	479,788	103,402
Other comprehensive income (loss)		
Unrealized investment gain (loss)	(70,985)	17,943
Comprehensive income	$ 408,803	$ 121,345
Weighed average number of shares outstanding:		
Basic	4,063,913	4,057,944
Diluted	4,064,254	4,059,316
Net income per share		
Basic	$ 0.12	$ 0.03
Diluted	$ 0.12	$ 0.03

The accompanying notes are an integral part of these financial statements

Table of Contents

NOBILITY HOMES, INC.

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended January 31, 2015	Three Months Ended February 1, 2014
Cash flows from operating activities:		
Net income	$ 479,788	$ 103,402
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	23,502	26,913
Undistributed earnings in joint venture - Majestic 21	(33,578)	(32,331)
Losses from investments in retirement community limited partnerships	5,693	39,401
Stock-based compensation	1,071	2,023
Other		12,500
Decrease (increase) in:		
Accounts receivable	880,594	1,776,747
Inventories	(88,155)	(473,784)
Pre-owned homes	(127,327)	464,253
Income tax receivable	1,207	(10,000)
Prepaid expenses and other current assets	(387,805)	(140,055)
(Decrease) increase in:		
Accounts payable	(97,180)	(198,082)
Accrued compensation	(12,659)	(89,575)
Accrued expenses and other current liabilities	117,839	(177,077)
Customer deposits	(71,626)	(57,477)
Net cash provided by operating activities	691,364	1,246,858
Cash flows from investing activities:		
Purchase of property, plant and equipment	(20,989)	(58,157)
Collections on mortgage notes receivable	63	106
Increase in cash surrender value of life insurance	(31,500)	(29,235)
Net cash used in investing activities	(52,426)	(87,286)
Cash flows from financing activities:		
Proceeds from exercise of employee stock options	15,820	
Purchase of treasury stock	(40,320)	
Net cash used in financing activities	(24,500)	

Increase in cash and cash equivalents	614,438	1,159,572
Cash and cash equivalents at beginning of year	14,116,412	10,468,453
Cash and cash equivalents at end of quarter	$ 14,730,850	$ 11,628,025
Supplemental disclosure of cash flows information:		
Income taxes paid	$	$ 10,000

The accompanying notes are an integral part of these financial statements

Nobility Homes, Inc.

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 Basis of Presentation and Accounting Policies

The accompanying unaudited consolidated financial statements for the three months ended January 31, 2015 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The unaudited financial information included in this report includes all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods. The results of operations for the three months ended January 31, 2015 are not necessarily indicative of the results of the full fiscal year.

The condensed consolidated financial statements included in this report should be read in conjunction with the financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended November 1, 2014.

In May 2014, the FASB issued ASU 2014-09 (Revenue from Contracts with Customers (Topic 606)), 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. 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 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption is not permitted. We believe that our implementation of this guidance will have no material impact on our consolidated financial statements.

Reclassifications Certain amounts in the fiscal year 2014 consolidated financial statements have been reclassified to conform to the fiscal year 2015 presentation. Such reclassifications had no effect on net income (loss) or equity.

Note 2 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 market value.

Pre-owned inventory is valued at the lower of the Company s cost to acquire the inventory plus refurbishment costs incurred to date to bring the inventory to a more saleable state, or market value.

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

Table of Contents

Inventories were as follows:

	January 31, 2015	November 1, 2014
Raw materials	$ 699,990	$ 622,831
Work-in-process	95,836	114,368
Finished homes	4,753,607	4,722,923
Model home furniture and others	55,262	56,418
Inventories, net	$ 5,604,695	$ 5,516,540
Pre-owned homes	$ 6,328,436	$ 6,322,483
Inventory impairment reserve	(1,650,906)	(1,772,280)
	4,677,530	4,550,203
Less homes expected to sell in 12 months	(2,401,834)	(2,839,203)
Pre-owned homes, long-term	$ 2,275,696	$ 1,711,000

Note 3 Short-term Investments

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

	January 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities in a public company	$ 167,930	$ 257,529	$	$ 425,459

	November 1, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Equity securities in a public company	$ 167,930	$ 328,514	$	$ 496,444

The fair values were estimated based on quoted market prices in active markets at each respective period end.

Note 4 Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments. Short-term investments (available for sale) are carried at fair value.

FASB ASC No. 820 Fair Value Measurements 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 No. 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 No. 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.

Table of Contents

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 tables present the Company s assets and liabilities measured at fair value on a recurring basis at January 31, 2015 and November 1, 2014.

	January 31, 2015		
	Level 1	Level 2	Level 3
Short-term investments			
Equity securities in a public company	$ 425,459	$	$

	November 1, 2014		
	Level 1	Level 2	Level 3
Short-term investments			
Equity securities in a public company	$ 496,444	$	$

Note 5 Investments in Retirement Community Limited Partnerships

The Company s investment in retirement community limited partnerships includes a 31.3% interest in Walden Woods South LLC (Walden Woods) and a 48.5% interest in CRF III, Ltd. (Cypress Creek). The Cypress Creek investment is $140,710 and $146,403 at January 31, 2015 and November 1, 2014, respectively. The Walden Woods investment is zero at both January 31, 2015 and November 1, 2014.

The following is summarized financial information of Walden Woods and Cypress Creek*:

	December 31, 2014	September 30, 2014
Total Assets	$ 13,194,790	$ 13,477,599
Total Liabilities	$ 16,213,647	$ 16,271,729
Total Equity	$ (3,018,857)	$ (2,794,130)

* Due to Walden Woods and Cypress Creek having a calendar year-end, the summarized financial information provided is from their most recent quarter prior to the period covered by this report.

Table of Contents

Note 6 Warranty Costs

The Company provides for a limited warranty as the manufactured homes are sold. Amounts related to these warranties are as follows:

	Three Months Ended	
	January 31, 2015	February 1, 2014
Beginning accrued warranty expense	$ 75,000	$ 75,000
Less: reduction for payments	(40,888)	(43,005)
Plus: additions to accrual	40,888	43,005
Ending accrued warranty expense	$ 75,000	$ 75,000

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.

Note 7 Earnings Per Share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding. Diluted net income per share is computed similarly to basic net income per share except that the denominator is increased to include the number of additional shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. For the three months ended January 31, 2015 and February 1, 2014, options to purchase 2,500 and 18,750 shares of common stock, respectively, have been excluded from the computation of potentially dilutive securities as the effect on earnings per share is antidilutive.

Table of Contents

Note 8 Revenues by Products and Service

Revenues by net sales from manufactured housing, insurance agent commissions and construction lending operations are as follows:

	Three Months Ended	
	January 31, 2015	February 1, 2014
Manufactured housing	$ 5,192,168	$ 2,612,867
Pre-owned homes-FRSA	$ 218,140	$ 690,338
Trade-in and other pre-owned homes	114,746	787,021
Insurance agent commissions	47,469	44,125
Construction lending operations	4,277	3,087
Total net sales	$ 5,576,800	$ 4,137,438

Note 9 Commitments and Contingent Liabilities

Majestic 21 The Company is 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 which matures on the earlier of May 31, 2019 or when the principal balance is less than $750,000. 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 January 31, 2015, the outstanding principal balance of the note was $1,545,700 and the amount of collateral held by our joint venture partner for the Majestic 21 note payable was $2,347,838. 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.

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
Results of Operations

The following table summarizes certain key sales statistics and percent of gross profit for the three months ended January 31, 2015 and February 1, 2014.

	Three Months Ended January 31, 2015	Three Months Ended February 1, 2014
Homes sold through Company owned sales centers:		
New homes	43	25
Pre-owned homes-FRSA	3	7
Trade-in and other pre-owned homes	5	4
Homes sold to independent dealers	62	44
Total new factory built homes produced	112	86
Average new manufactured home price - retail	$ 71,250	$ 59,326
Average new manufactured home price - wholesale	$ 33,550	$ 31,565
As a percent of net sales:		
Gross profit from the Company owned retail sales centers	16%	14%
Gross profit from the manufacturing facilities - including intercompany sales	14%	12%

Total revenues in the first quarter of 2015 were $5,576,800, up 35% compared to $4,137,438 in the first quarter of 2014. Sales to two publicly traded REITs and other companies which own multiple retirement communities in our market area accounted for approximately 22% and 21% of our sales for the three months ended January 31, 2015 and February 1, 2014, respectively. Accounts receivable due from these customers were approximately $957,361 at January 31, 2015.

The demand for affordable manufactured housing in Florida and the U.S. is improving; however, our sales and earnings continue to be adversely affected by the challenging housing environment, the uncertainty of the U.S. and world economy, employment levels, consumer confidence and, in particular, the lack of available retail and wholesale financing. Constrained consumer credit and the lack of lenders in the industry, partly as a result of an increase in government regulations, have limited many affordable manufactured housing buyers from purchasing homes.

For the Company to significantly improve their sales and earnings, our country must experience a growing and more stable economy with less uncertainty. Continued improved sales of the existing home market, declining unemployment, increased consumer confidence, and, most importantly, more manufactured housing retail financing and a greater number of lenders with less stringent underwriting requirements for our affordable home buyers, would help improve our operations. Our 47 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.

Table of Contents

We understand that during an uncertain economic environment, maintaining our strong financial position is vital for future growth and success. Because of the recent years of very challenging business conditions in our market area, management will continue to evaluate all expenses and react in a manner consistent with maintaining our strong financial position.

We have specialized for 47 years in the design and production of quality, affordable manufactured homes at our plant located in central Florida. With our multiple retail sales centers, an insurance subsidiary, and investments in retirement manufactured home communities, we are the only vertically integrated manufactured home company headquartered in Florida.

Insurance agent commission revenues in the first quarter of 2015 were $47,469 compared to $44,125 in the first quarter of 2014. The increase in insurance agent commission s resulted from an increase in new policies written and renewals as the result of increased home sales. The Company establishes 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 January 31, 2015 and November 1, 2014.

Revenues from construction lending operations in first quarter of 2015 were $4,277 compared to $3,087 in the first quarter of 2014. The increase in revenues was due to interest earned on mortgage notes receivable.

Gross profit as a percentage of net sales was 21% in first quarter of 2015 compared to 18% in first quarter of 2014. The increase in gross profit is primarily due to the increase in new home sales, increase in the average retail and wholesale selling price and increase in the average gross profit on each retail home sold.

Selling, general and administrative expenses as a percent of net sales was 13% in first quarter of 2015 compared to 16% in the first quarter 2014. The selling, general and administrative expenses in the first quarter of 2015 were $747,949 compared to $661,344 in the first quarter of 2014. The increase resulted from the increase in compensation expenses directly related to our increased sales.

Our earnings from Majestic 21 in the first quarter of 2015 were $33,578, compared to $32,331 for the first quarter of 2014. The earnings from Majestic 21 represent the allocation of profit and losses which are owned 50% by 21st Mortgage and 50% by the Company.

We earned interest on cash and cash equivalents in the amount of $13,120 for the first quarter of 2015 compared to $9,832 for the first quarter of 2014. Interest income is dependent on our cash balance and available rates of return.

We reported non-cash losses from our investment in retirement community limited partnerships of $5,693 for the first quarter of 2015 compared to $39,401 for the first quarter of 2014. We expect losses for the remainder of 2015 as the community continue to see slow but, improving growth in new home sales.

We reported net income of $479,788 for the first quarter of 2015, or $0.12 per share, compared to a net income of $103,402, or $0.03 per share, for the first quarter of 2014.

Liquidity and Capital Resources

Cash and cash equivalents were $14,730,850 at January 31, 2015 compared to $14,116,412 at November 1, 2014. Short-term investments were $425,459 at January 31, 2015 compared to $496,444 at November 1, 2014.

Working capital was $23,328,403 at January 31, 2015 as compared to $23,540,635 at November 1, 2014. 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.

We view our liquidity as our total cash and short term investments. We currently have no line of credit facility and we do not believe that such a facility is currently necessary for our operations. We have no debt. We also have approximately $2.8 million of cash surrender value of life insurance which we could access as an additional source of liquidity though we have not currently viewed this to be necessary. As of January 31, 2015, the Company continued to report a strong balance sheet which included total assets of approximately $39 million which was funded primarily by stockholders equity of approximately $37 million.

Critical Accounting Policies and Estimates

In Item 7 of our Form 10-K, under the heading Critical Accounting Policies and Estimates, we have provided a discussion of the critical accounting policies and estimates that management believes affect its more significant judgments and estimates used in the preparation of our Consolidated Financial Statements. No significant changes have occurred since that time.

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, continued excess retail inventory, increase in repossessions, 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, impact of labor shortage, impact of materials shortage, increasing labor cost, cyclical nature of the manufactured housing industry, impact of rising 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, market disruptions resulting from terrorist or other attack and any armed conflict involving the United States and the impact of inflation.

Table of Contents

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. The Company s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company s disclosure controls and procedures (as such term is defined in Rules 13a 15e and 15d 15e 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 as of the Evaluation Date, our Chief Executive Officer and Chief Financial Officer have concluded that the Company s disclosure controls and procedures were effective as of January 31, 2015.

Changes in Internal Control over Financial Reporting. As noted in our Annual Report on Form 10-K for the year ended November 1, 2014, the Company identified and reported a material weakness relating to an agreement with a lender for the Company to sell inventory repossessed by the lender. The Company developed and implemented a remediation plan that addressed this material weakness. Specifically, the Company now requires all such agreements and contracts to be provided to its consultant accountant, who is a Certified Public Accountant, in a timely manner for his review of the appropriate accounting treatment.

The Company believes that the measure described above has remediated the material weakness identified and strengthened our internal control over financial reporting. The Company is committed to improving its internal control processes. As it continues to evaluate and improve its internal control over the financial reporting process, additional measures to address the material weakness or modifications to the remediation procedure described above may be identified.

We made no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f)) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal controls that occurred during our last fiscal quarter that has materially affected, or which is reasonably likely to materially affect, our internal controls over financial reporting.

Table of Contents

Part II. OTHER INFORMATION AND SIGNATURES

There were no reportable events for Item 1 through Item 5.

Item 6. Exhibits

31.	(a)	Certification 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)	Certification 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

Table of Contents

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	NOBILITY HOMES, INC.
DATE: March 16, 2015	By: /s/ Terry E. Trexler Terry E. Trexler, Chairman, President and Chief Executive Officer
DATE: March 16, 2015	By: /s/ Thomas W. Trexler Thomas W. Trexler, Executive Vice President, and Chief Financial Officer
DATE: March 16, 2015	By: /s/ Lynn J. Cramer, Jr. Lynn J. Cramer, Jr., Treasurer and Principal Accounting Officer