



Review of Financial Results First Quarter Fiscal 2013

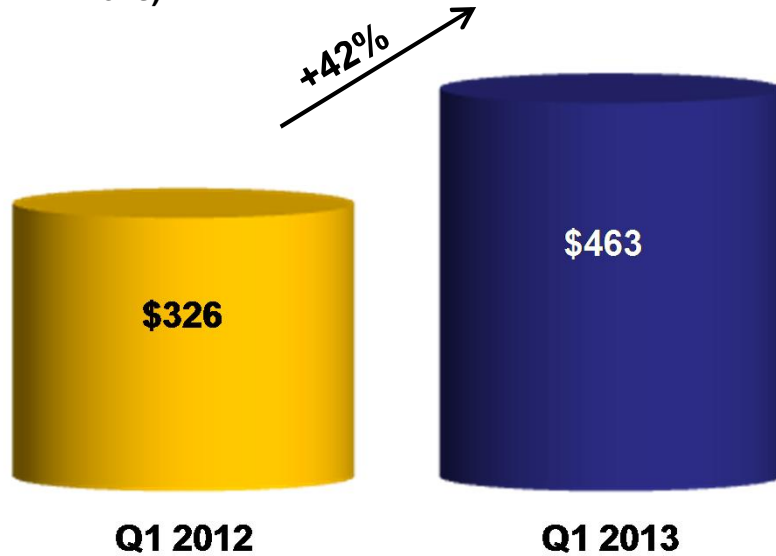


Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward looking statements are reasonable, we can give no assurance that such plans, intentions, or expectations will be achieved. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic and industry and business conditions and impacts of the sustained homebuilding downturn, (2) adverse weather and other environmental conditions and natural disasters, (3) changes in market conditions and seasonality of the Company’s business, (4) changes in home prices and sales activity in the markets where the Company builds homes, (5) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws, and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in, and price fluctuations of, raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) levels of indebtedness and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness, (13) the Company’s sources of liquidity, (14) changes in credit ratings, (15) availability of net operating loss carryforwards, (16) operations through joint ventures with third parties, (17) product liability litigation, warranty claims and claims by mortgage investors, (18) successful identification and integration of acquisitions, (19) significant influence of the Company’s controlling stockholders, (20) changes in tax laws affecting the after-tax costs of owning a home, (21) geopolitical risks, terrorist acts and other acts of war, and (22) other factors described in detail in the Company’s Annual Report on Form 10-K for the year ended October 31, 2012. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

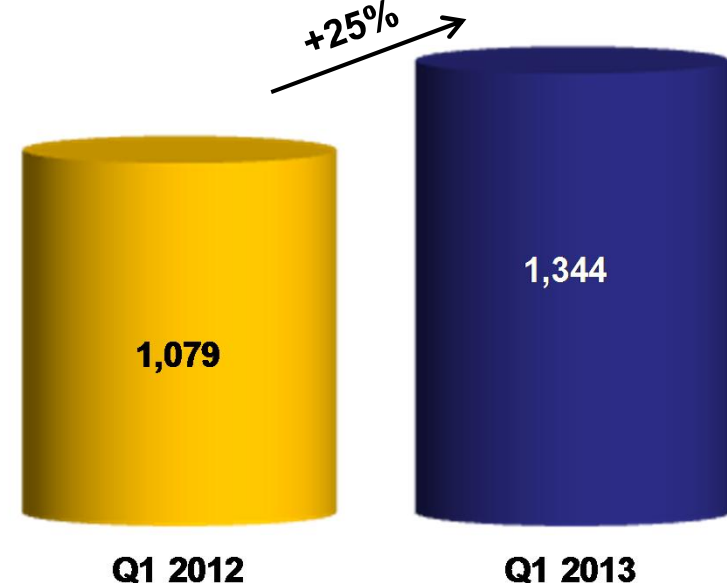
Continued Improvement in First Quarter Sales

Net Contract \$

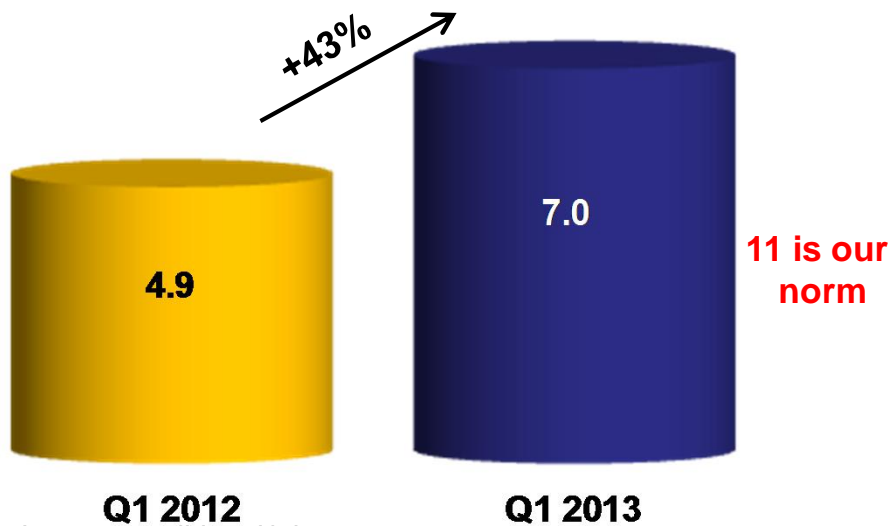
(\$ in millions)



Net Contract

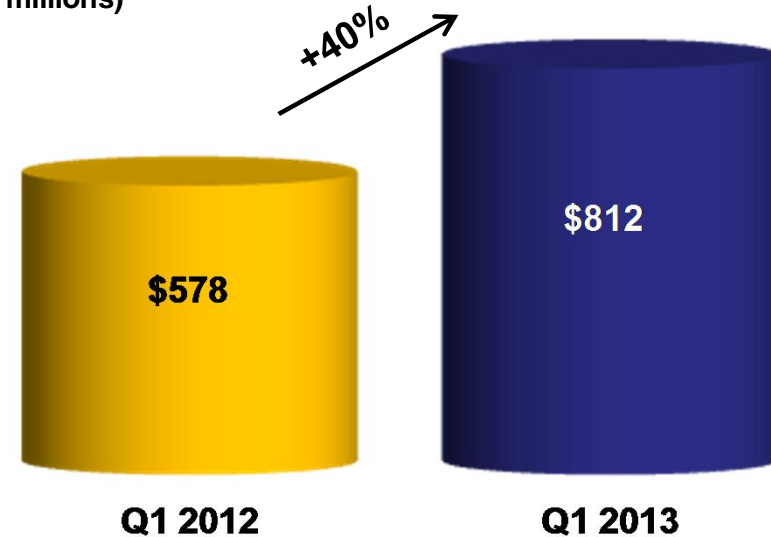


Net Contract per Community



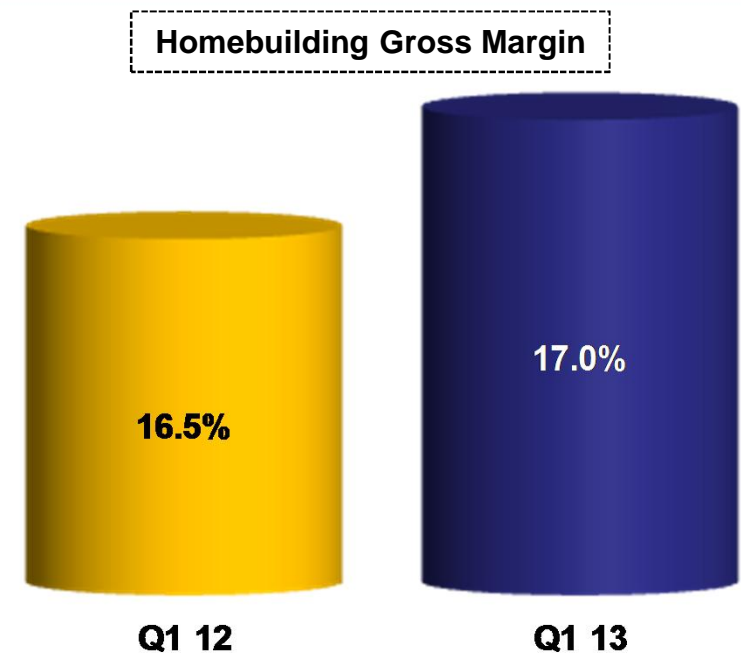
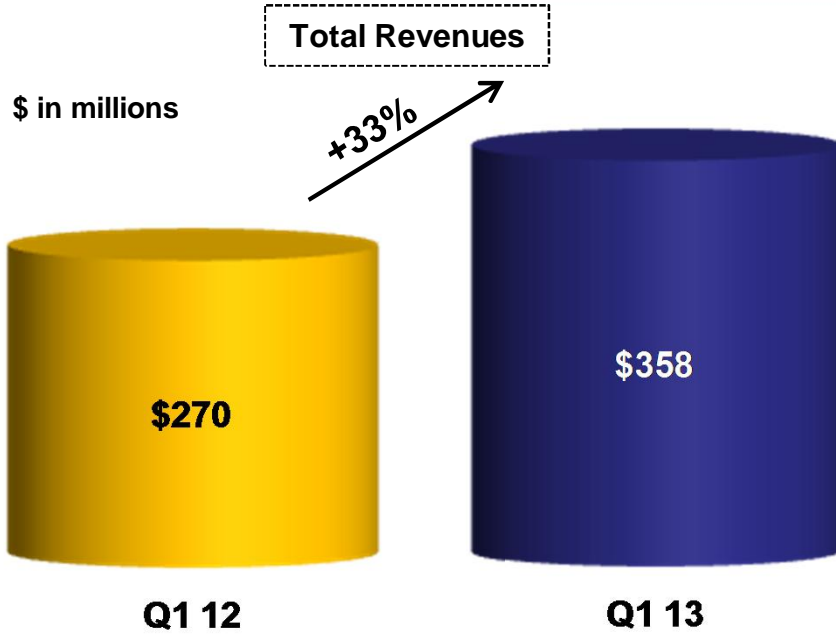
Contract Backlog \$

(\$ in millions)

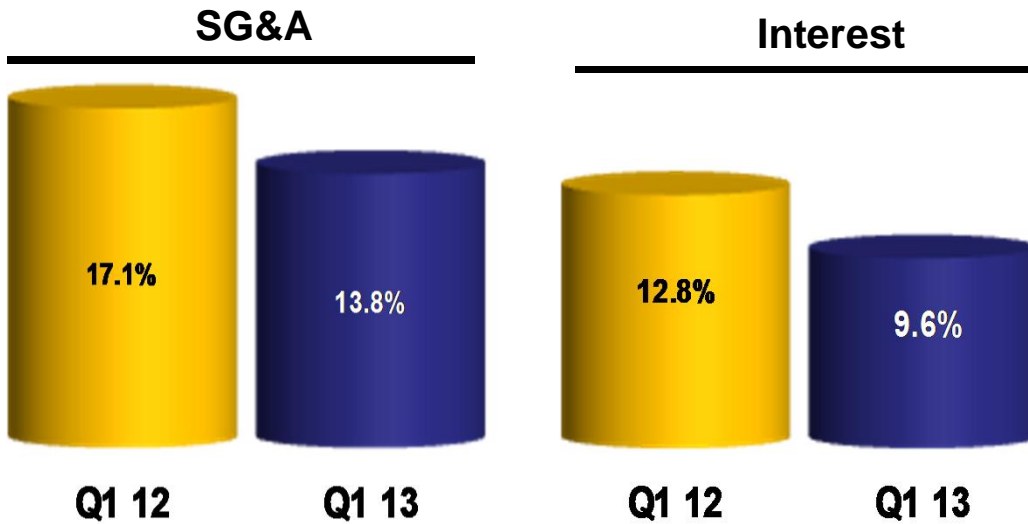


Includes unconsolidated joint ventures.

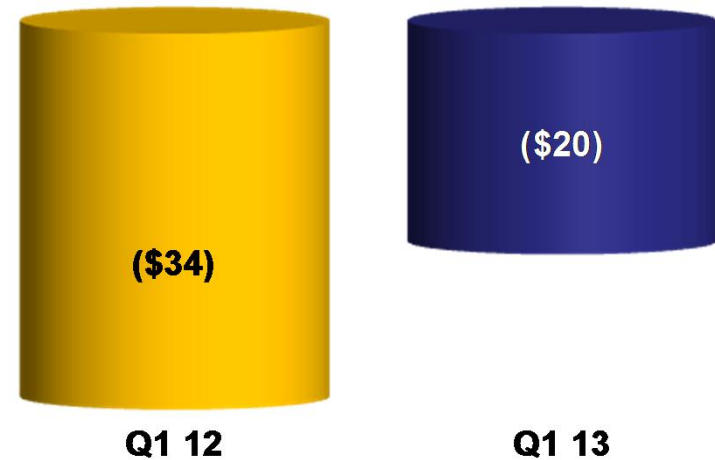
Improving Operating Results



Total SG&A & Interest Expenses as a % of Total Revenues



Loss Before Income Taxes Excluding Land Related Charges, Expenses Associated with Debt Exchange Offer and Gain on Extinguishment of Debt

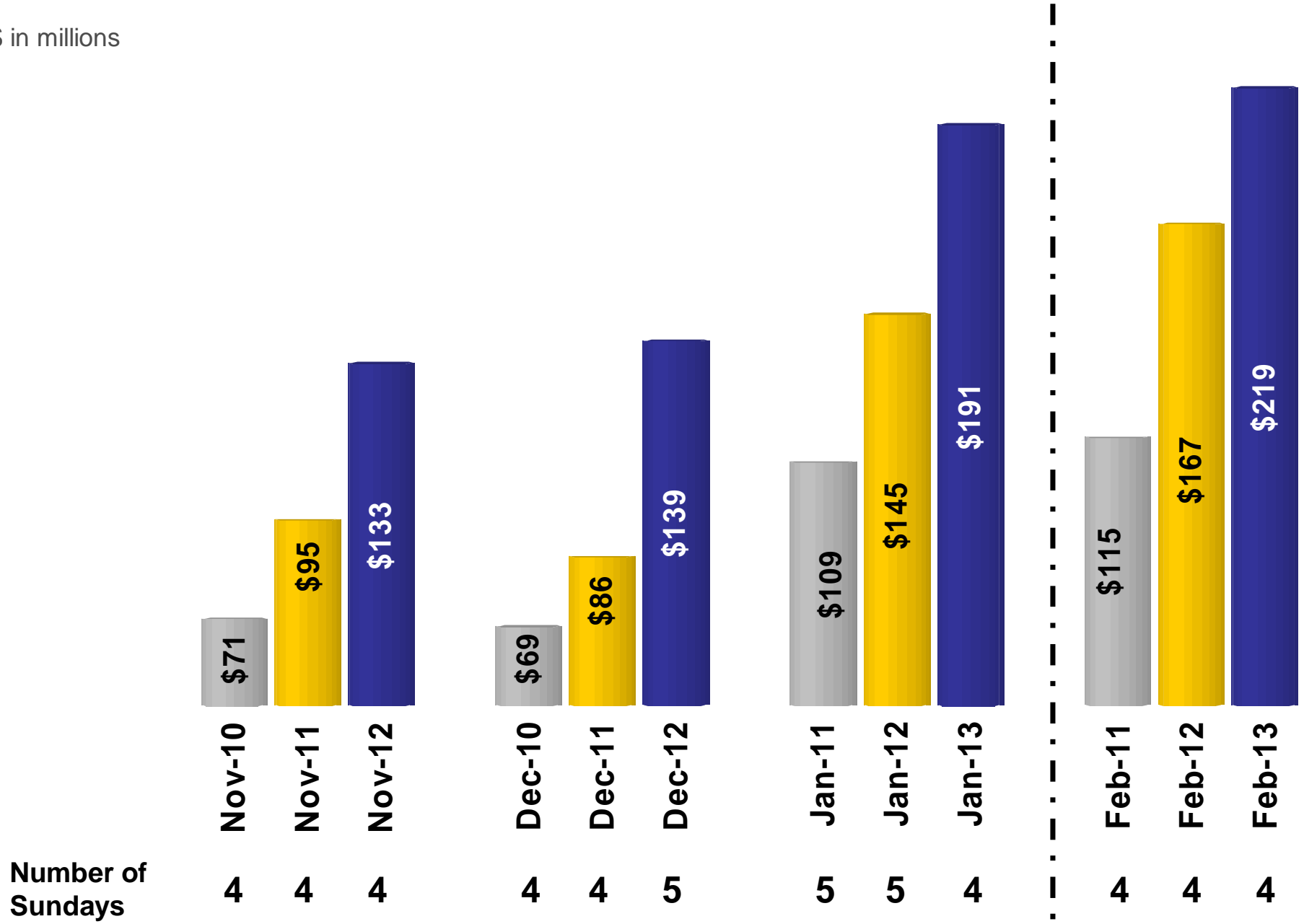


***ASSUMING MARKET CONDITIONS
AND OUR CURRENT SALES PACE
REMAIN STEADY,***

***WE EXPECT TO RETURN TO
PROFITABILITY FOR THE FULL
YEAR FISCAL '13.***

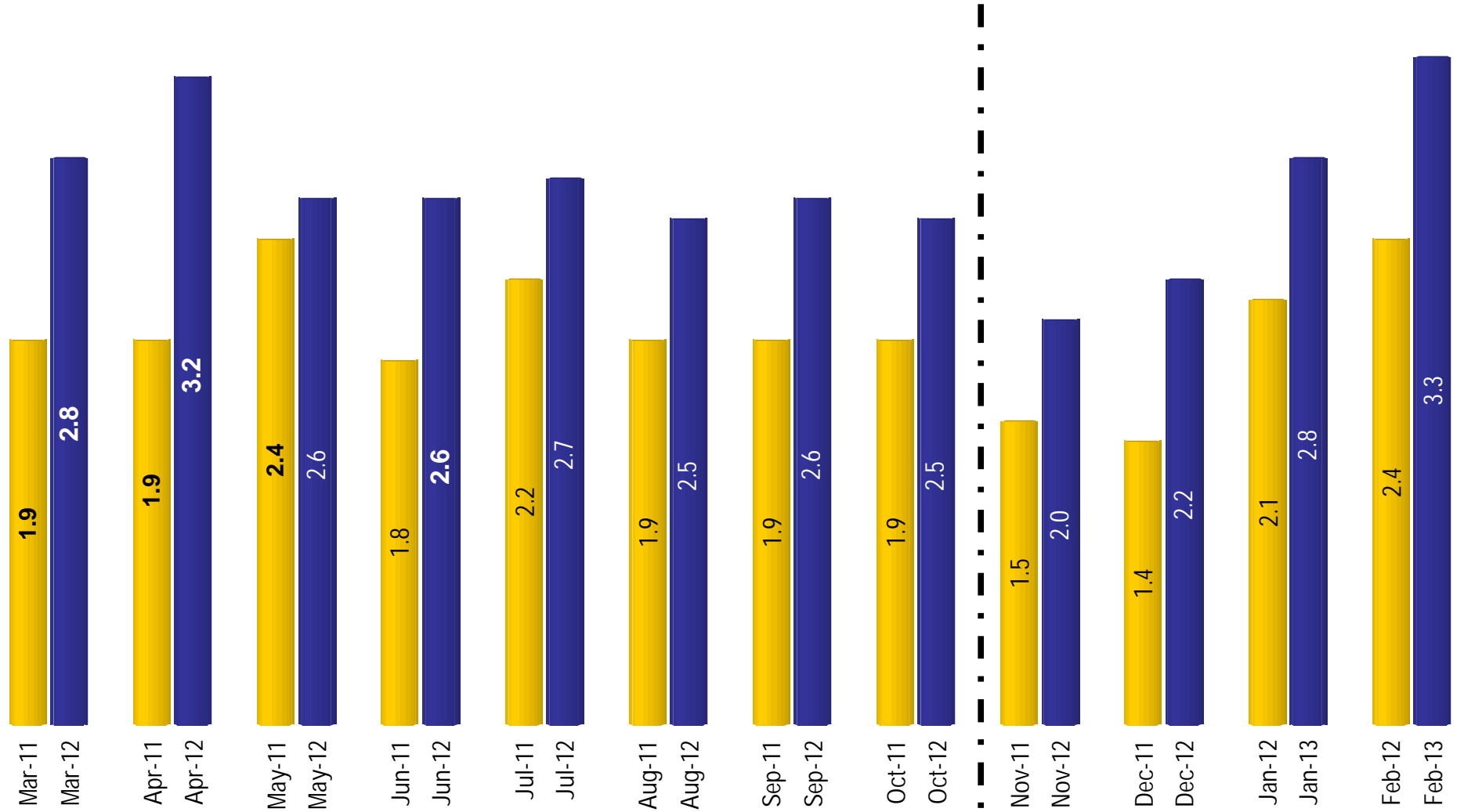
Dollar Amount of Net Contracts Per Month

\$ in millions



Includes unconsolidated joint ventures.

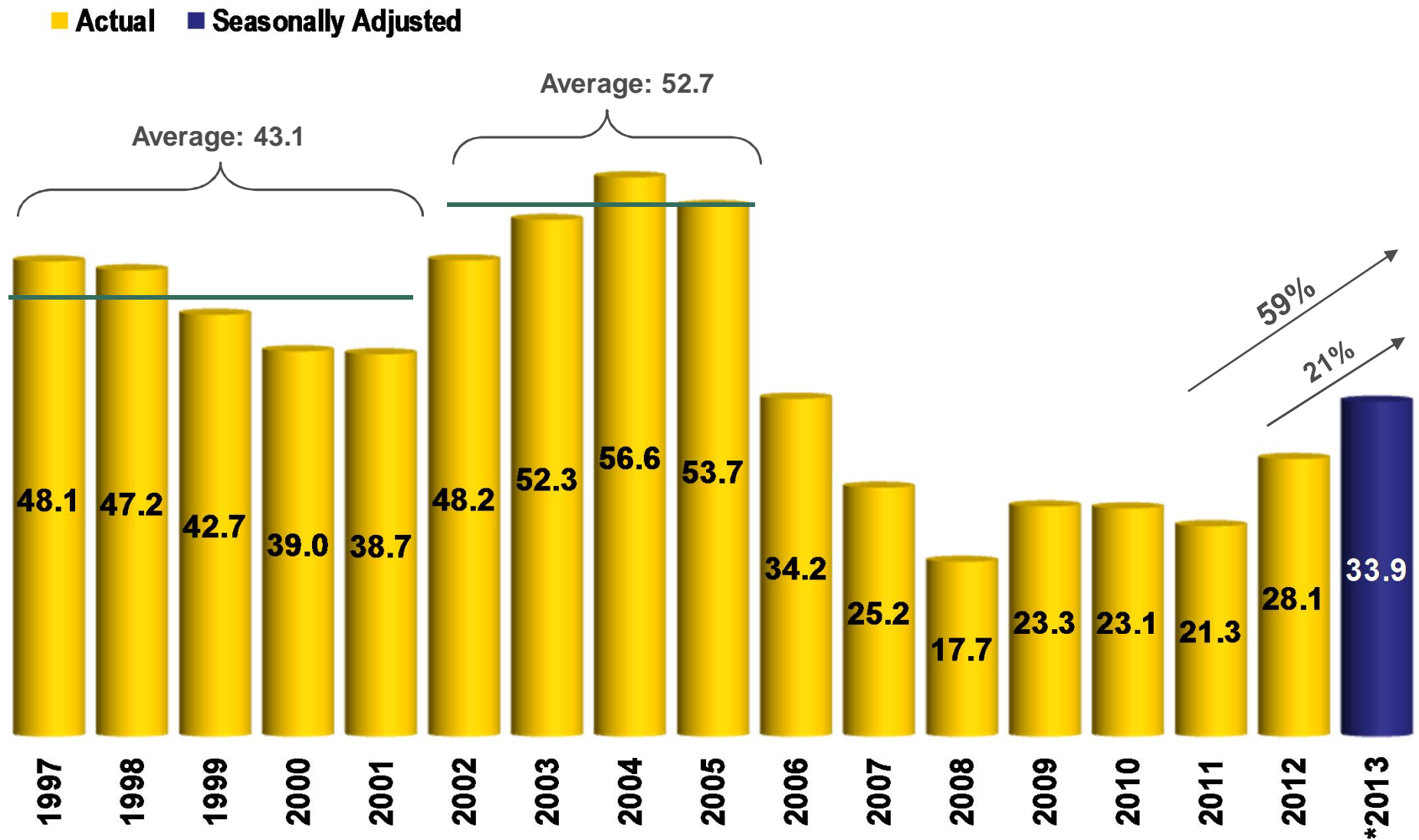
Monthly Net Contracts Per Active Selling Community



Number of Sundays	4	4	4	5	5	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4
	Mar-11	Mar-12	Apr-11	Apr-12	May-11	May-12	Jun-11	Jun-12	Jul-11	Jul-12	Aug-11	Aug-12	Sep-11	Sep-12	Oct-11	Oct-12	Nov-11	Nov-12	Dec-11	Dec-12	Jan-12	Jan-13	Feb-12	Feb-13
Monthly Net Contracts	390	612	392	635	501	506	359	506	437	529	384	484	382	495	409	464	325	385	297	409	457	550	528	622

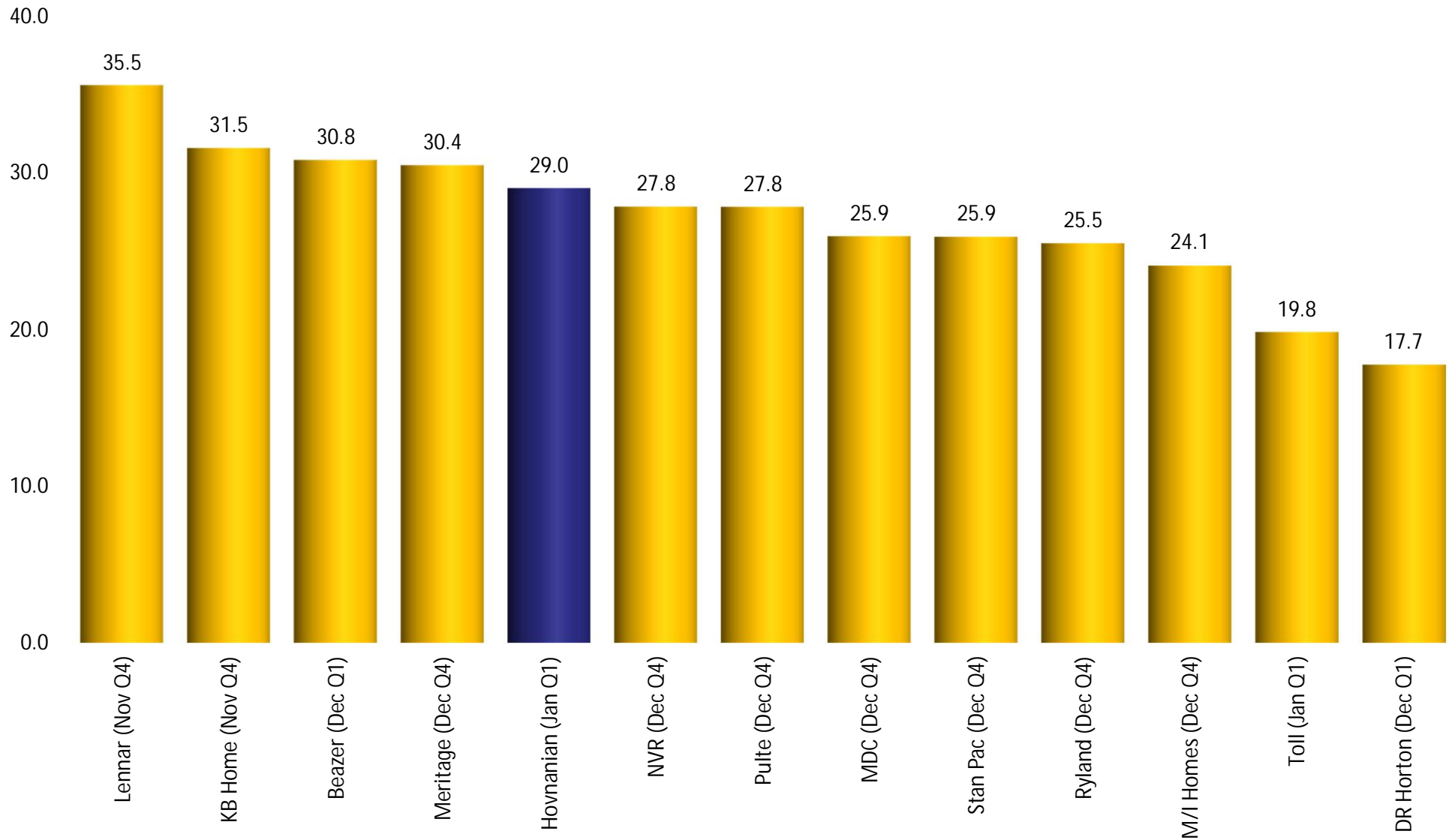
Includes unconsolidated joint ventures.

Annual Net Contracts Per Active Selling Community



*2013 is seasonally adjusted net contract pace based on sales pace in first three months of fiscal 2013.
Calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

Net Contracts per Community, Trailing Twelve Months

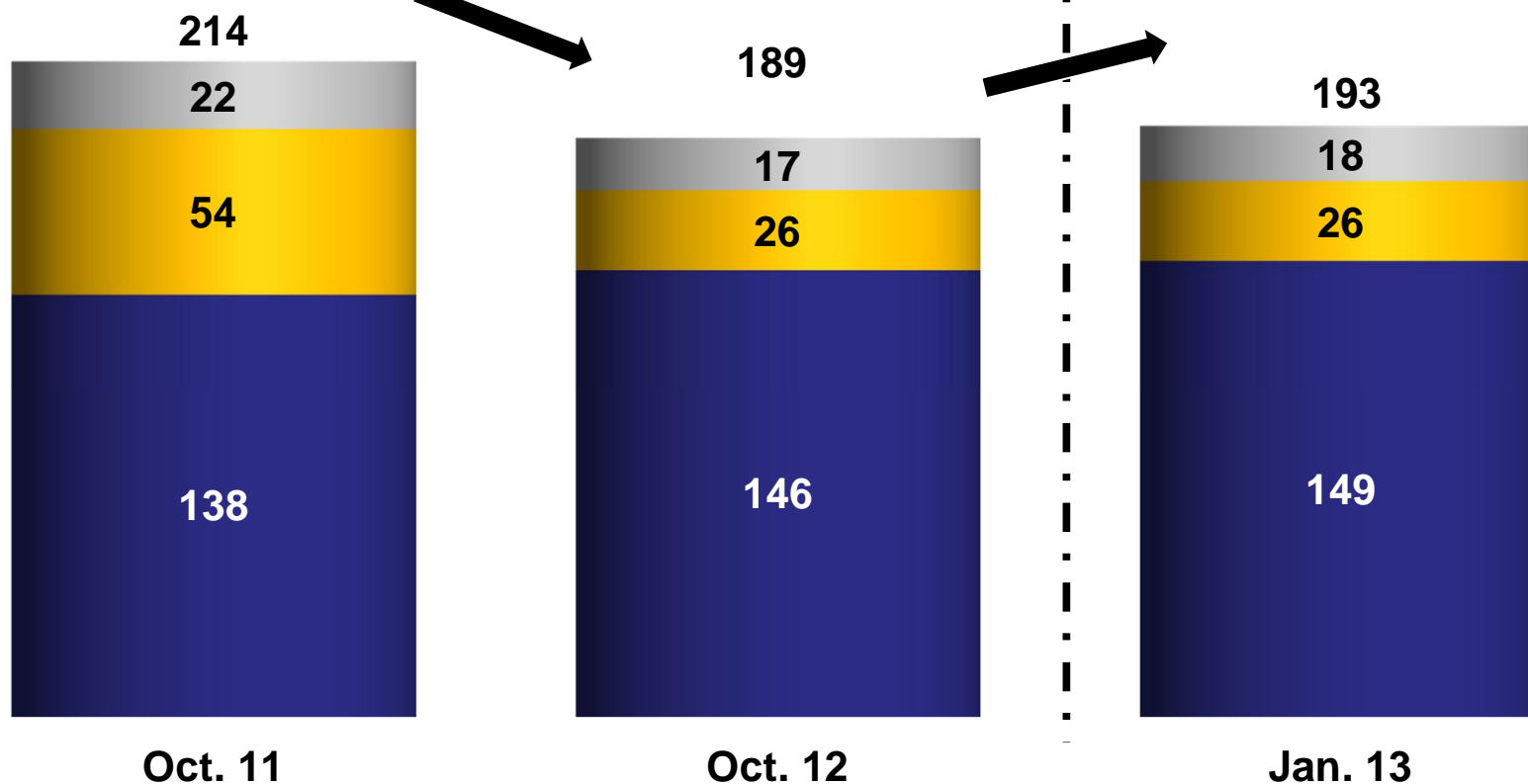


Excludes unconsolidated joint ventures.

Source: Company SEC filings, press releases as of 03/06/13

■ Consolidated Newly Identified ■ Consolidated Legacy ■ Joint Ventures

**59% Increase in absorption pace from 2011 through 2013 seasonally adjusted*



Annual net contracts per active selling community

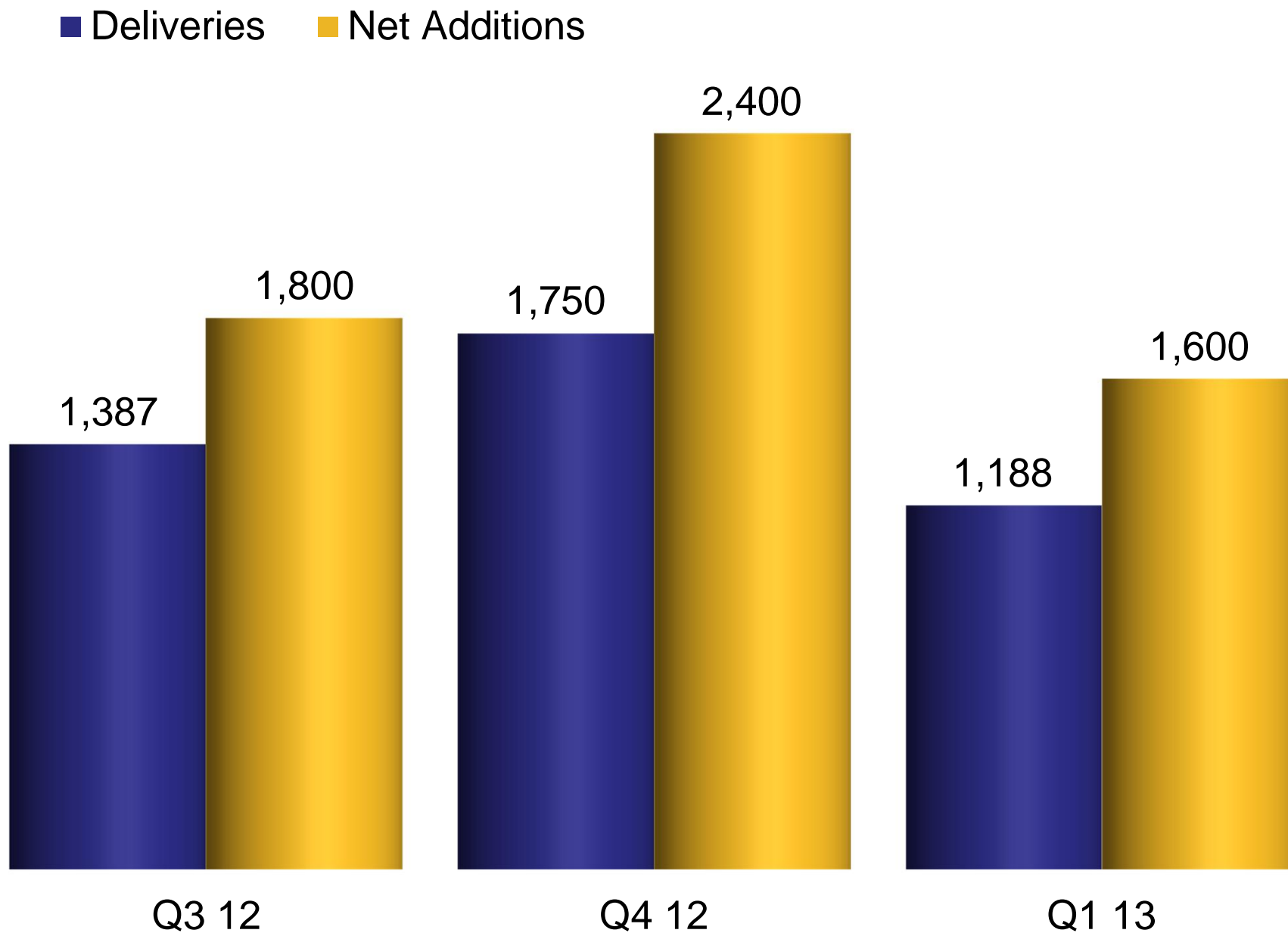
21.3

28.1

33.9

Active selling communities are open for sale communities with 10 or more home sites available.

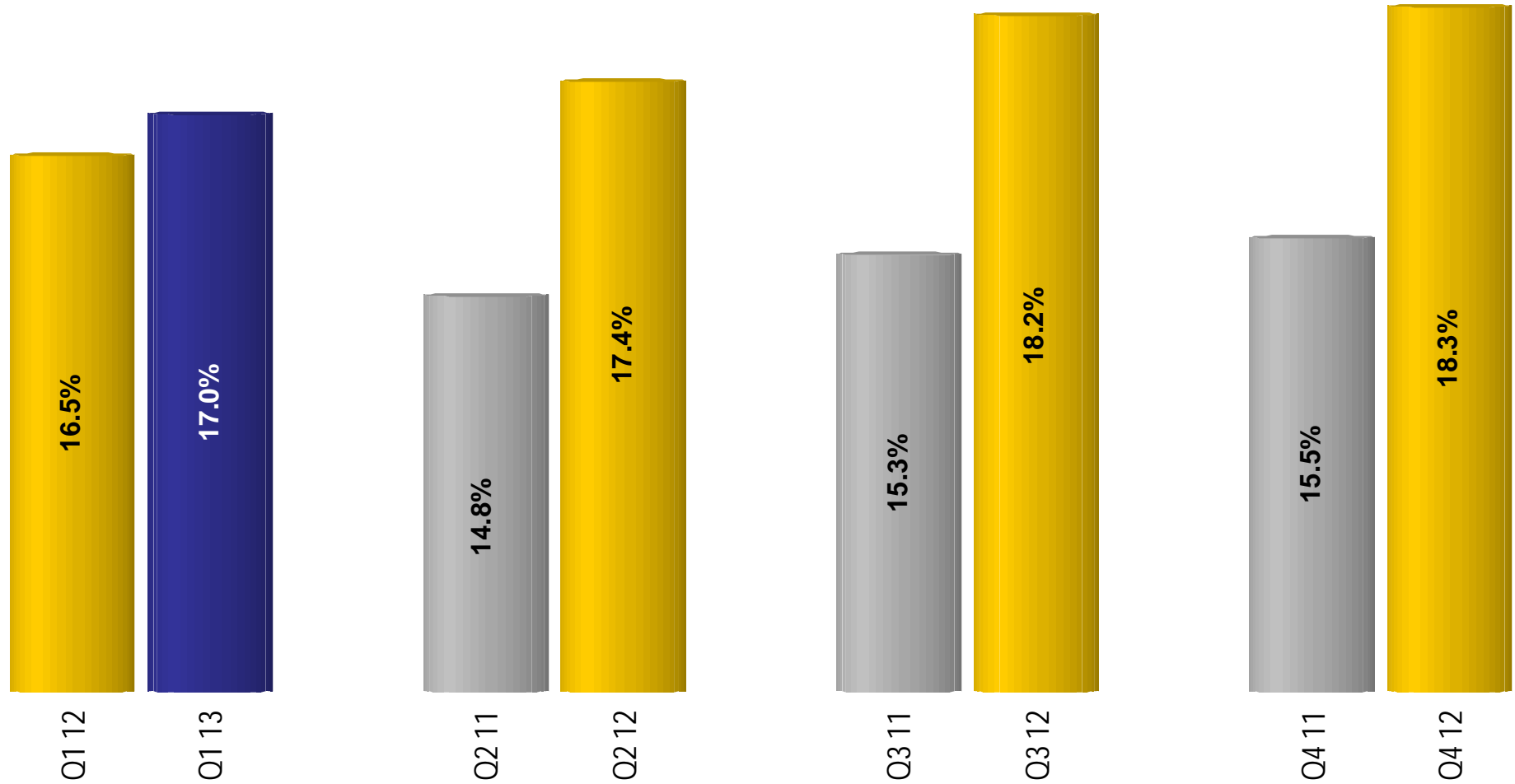
Note: 2013 is seasonally adjusted net contract pace based on sales pace in first three months of fiscal 2013.



Note: Net additions include new options, new lots purchased but not previously optioned and walk aways from new options.

Note: Deliveries include unconsolidated joint ventures.

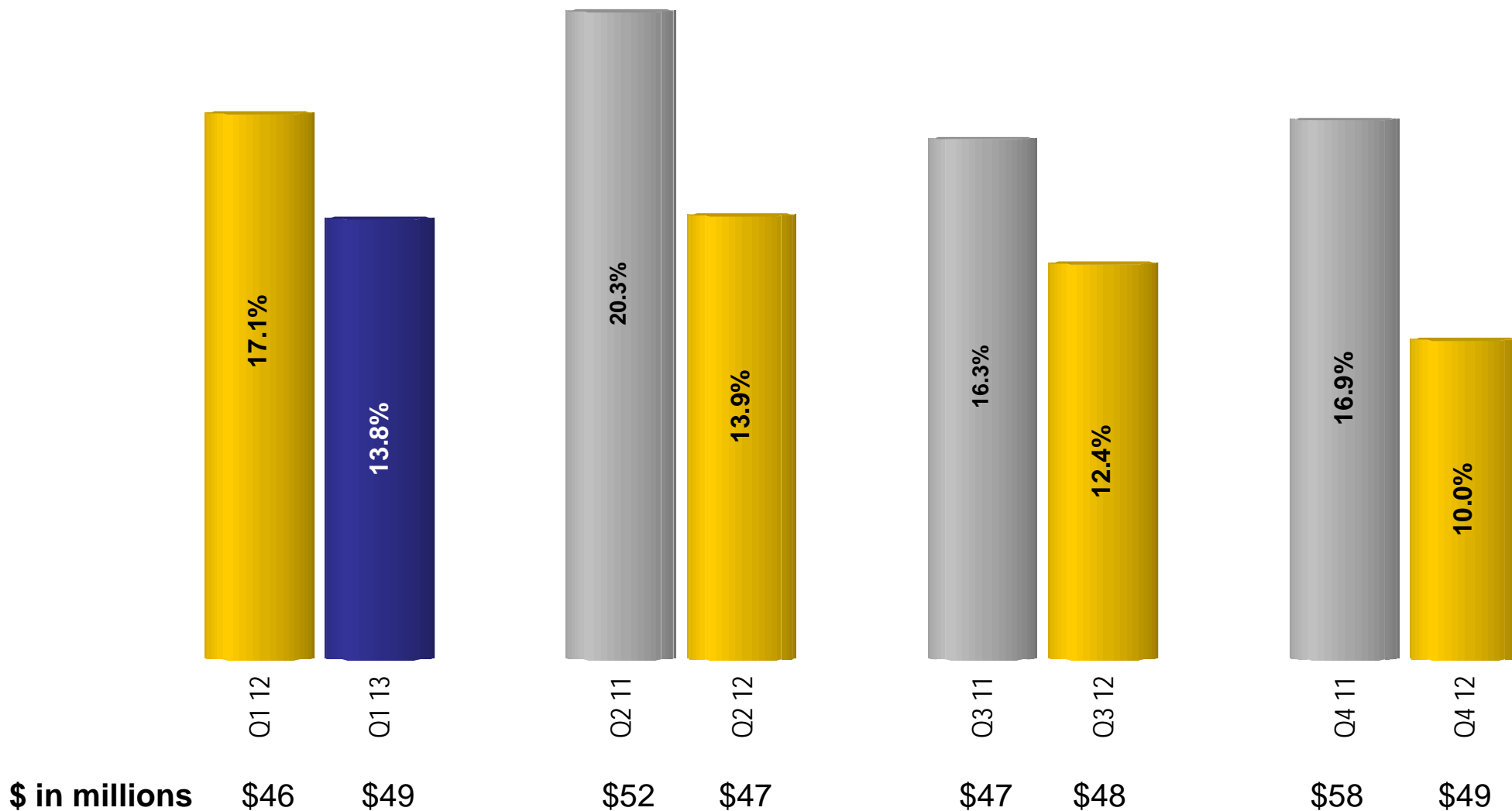
Gross Margin Improvements



We expect greater improvement over balance of year.

Excludes interest related to homes sold.

Leveraging our SG&A Expenses



Note: Total SG&A as a percentage of total revenues. Total SG&A includes homebuilding selling, general and administrative and corporate general and administrative.

Lots Purchased or Optioned Since January 31, 2009

	<u>Lots</u>	<u>Communities</u>
Purchased	11,700	} 389 ⁽¹⁾
Optioned	8,700	
Joint Venture	3,100	28
Total	23,500	417

Roll Forward First Quarter⁽²⁾

Total Additions	1,800
Walk Aways	-200
Net Change	<u>1,600</u>

Notes: (1) Excludes 95 communities where we walked away from all of the lots in those communities.

(2) First quarter 2013 total additions included 1,800 new options and no lots purchased but not controlled prior to 11/01/12.

Land Positions by Geographic Segment

January 31, 2013

Lots

Owned

Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,520	948	2,036	4,504
Mid-Atlantic	3,017	305	2,524	5,846
Midwest	2,164	102	973	3,239
Southeast	777	612	828	2,217
Southwest	2,007	0	3,871	5,878
West	847	4,846	823	6,516
Total	10,332	6,813	11,055	28,200

- ◆ *78% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 67% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.

As of January 31, 2013

	<u># of Lots</u>
Northeast (NJ, PA)	948
Mid-Atlantic (DE, MD, VA, WV)	305
Midwest (IL, MN, OH)	102
Southeast (FL, GA, NC, SC)	612
Southwest (AZ, TX)	0
West (CA)	4,846
Total	6,813

- ◆ *In 52 communities with a book value of \$124 million net of impairment balance of \$466 million*
- ◆ *Unmothballed approximately 3,400 lots in 60 communities since January 31, 2009*

Northern California Home Price Increases

(\$ in thousands)

Community	City	Average Net Price from 13 weeks ago	Average Net Price at Feb. 24, 2013	% Change
Settler's Ridge	Roseville	\$310	\$345	11.3%
Calabria at Positano	Dublin	\$850	\$940	10.6%
Aviana	Gilroy	\$605	\$655	8.3%
Eagles Ridge	Santa Nella	\$215	\$227	5.6%
Stone Mill	Roseville	\$405	\$425	4.9%
Mesa Ridge	Gilroy	\$561	\$580	3.4%
Heritage & Terrazzo at Muirfield	Dinuba	\$163	\$167	2.5%

Note: Average net price is average base price net of concessions and does not include options and upgrades.

Line items as a % of Revenue

	Q4 2012	Q1 2013
Deliveries	1,532	1,062
Revenue	100%	100%
Housing, land and development costs	71.4%	71.3%
Commissions	3.5%	3.3%
Financing concessions	1.6%	1.5%
Direct Margin	23.5%	23.9%
Indirect Overheads	5.2%	6.9%
Homebuilding Gross Margin Percentage	18.3%	17.0%

First quarter has seasonally lower delivery volume which drove indirect overheads percentage higher.

Adjusted Hovnanian Stockholders' Equity

\$ in millions



01/31/2013



Adjusted 01/31/2013⁽¹⁾

(1) Total Hovnanian Stockholders' Deficit of \$(481.2) million with \$943.9 million valuation allowance added back to Stockholders' Equity .

First Quarter 2013:

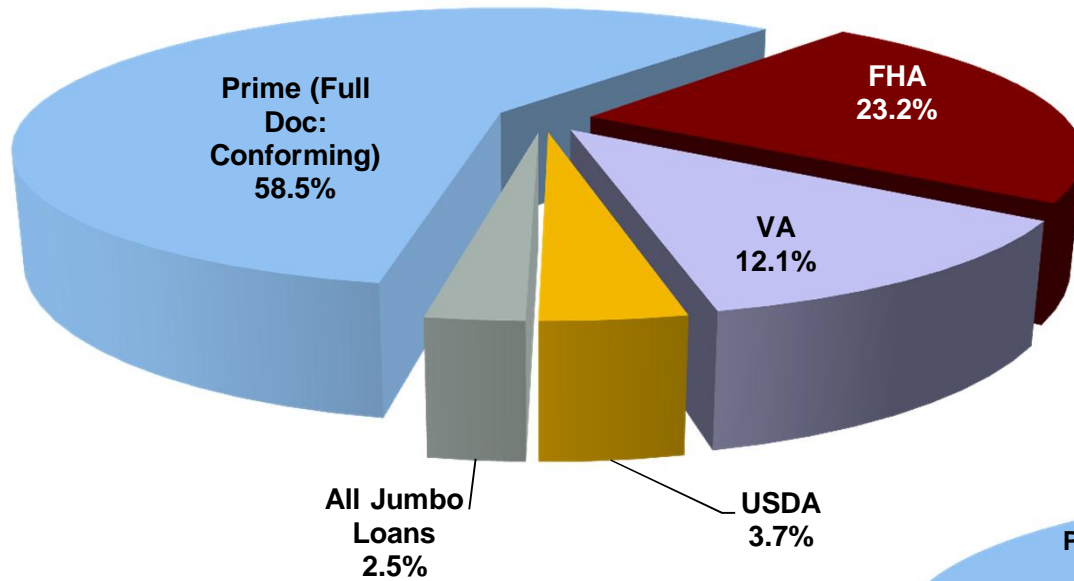
- Average LTV: 86%
- Average CLTV: 86%
- ARMs: 1.1%
- FICO Score: 742
- Capture Rate: 74%

Fiscal Year 2012:

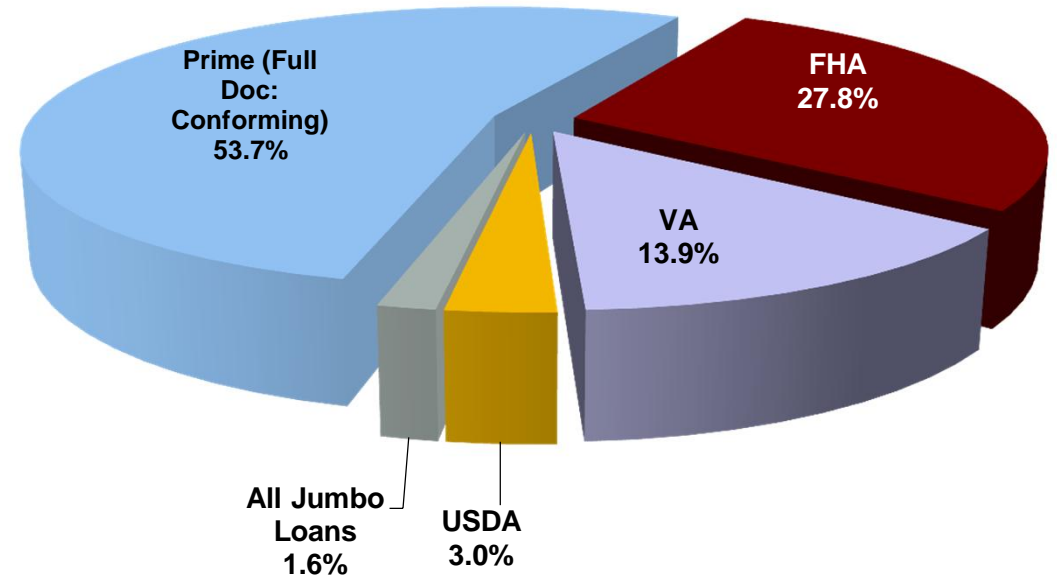
- Average LTV: 87%
- Average CLTV: 87%
- ARMs: 2.3%
- FICO Score: 739
- Capture Rate: 76%

Hovnanian Mortgage Breakdown*

First Quarter 2013



Fiscal 2012



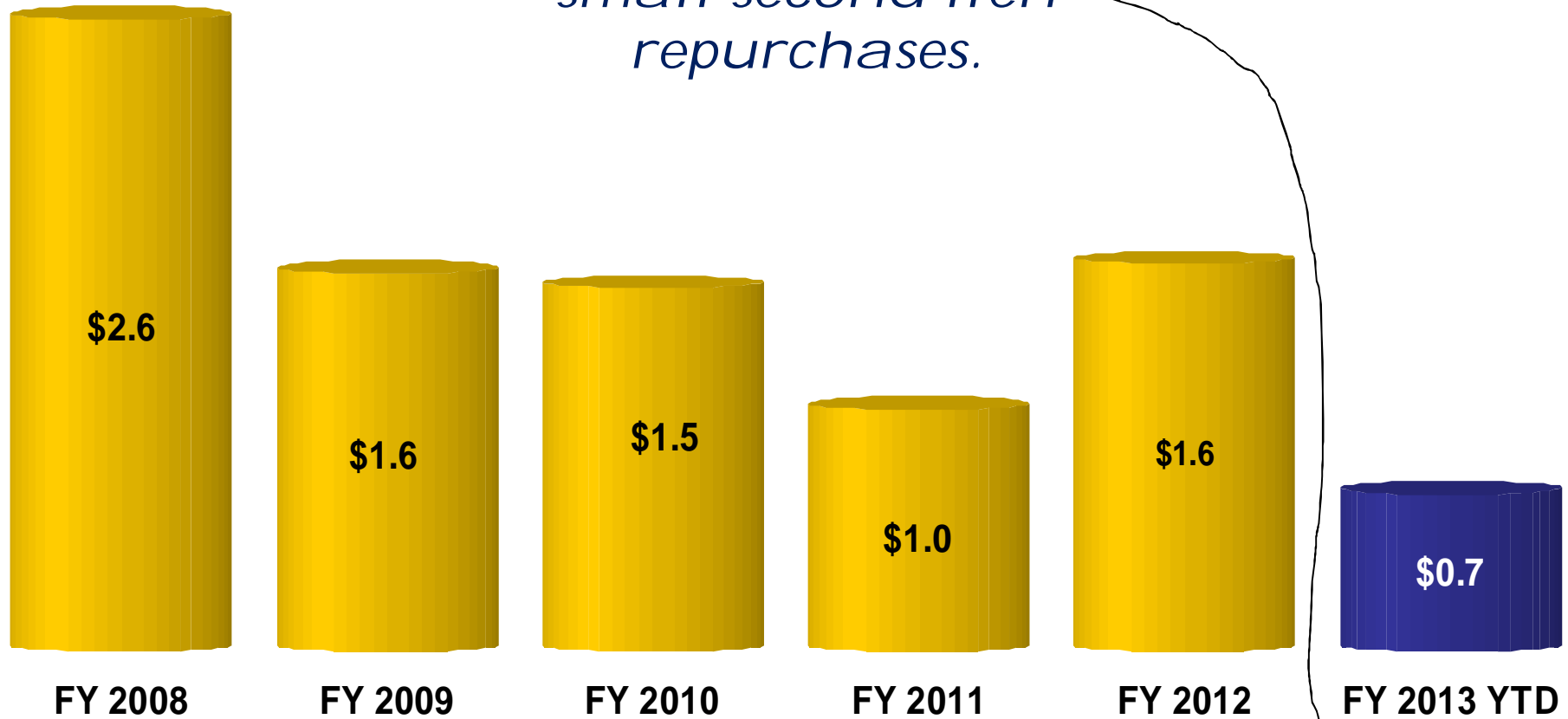
*Loans originated by our wholly-owned mortgage banking subsidiary.

Payments for Loan Repurchases and Make Whole Requests

As of January 31, 2013

\$ in millions

13 of 17 loans were small second lien repurchases.



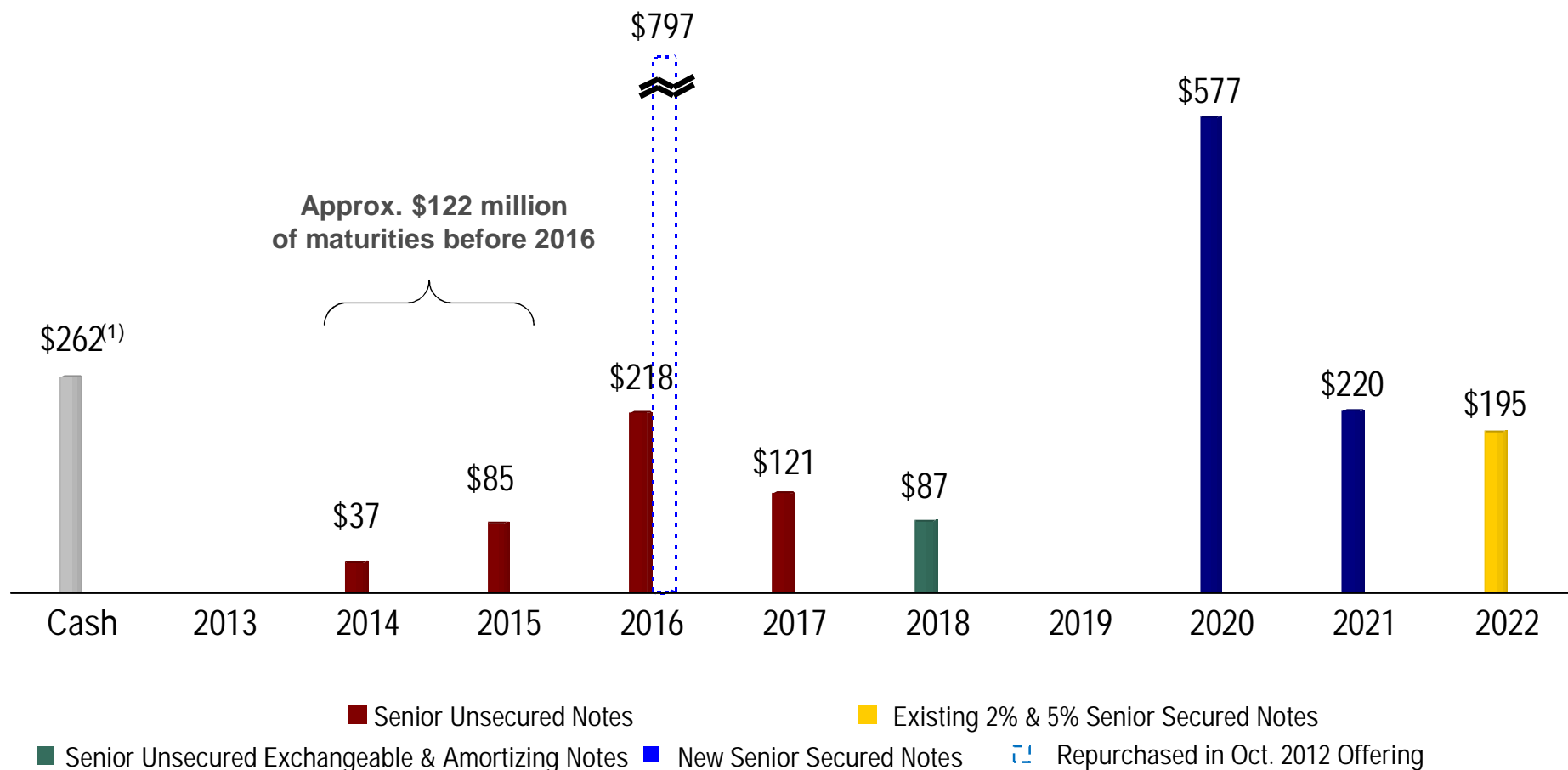
Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	17 loans
Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	13 loans

◆ As of January 31, 2013, reserve for loan repurchases and make whole requests was \$9.1 million.

Note: All of these losses had been adequately reserved for in prior periods.

January 31, 2013 (\$ in millions)

Since October 2008, reduced debt by more than \$975 million



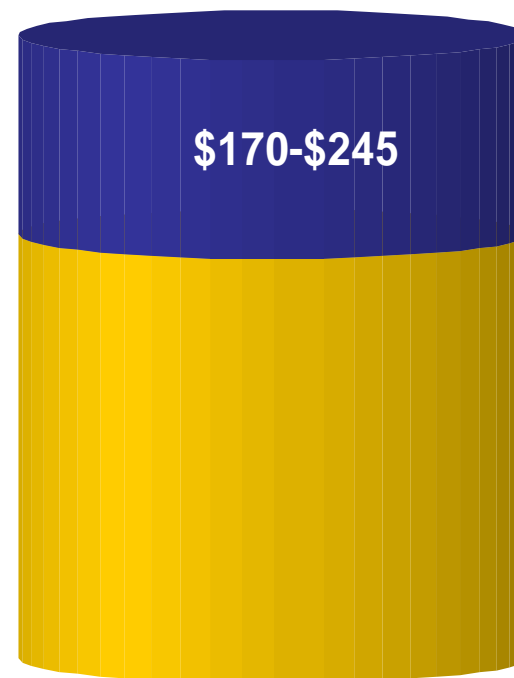
Note: Shown on a fiscal year basis, at face value. Excludes TEU.

(1) Includes \$28.8 million of restricted cash.

*We are comfortable
at the lower end of
the range*

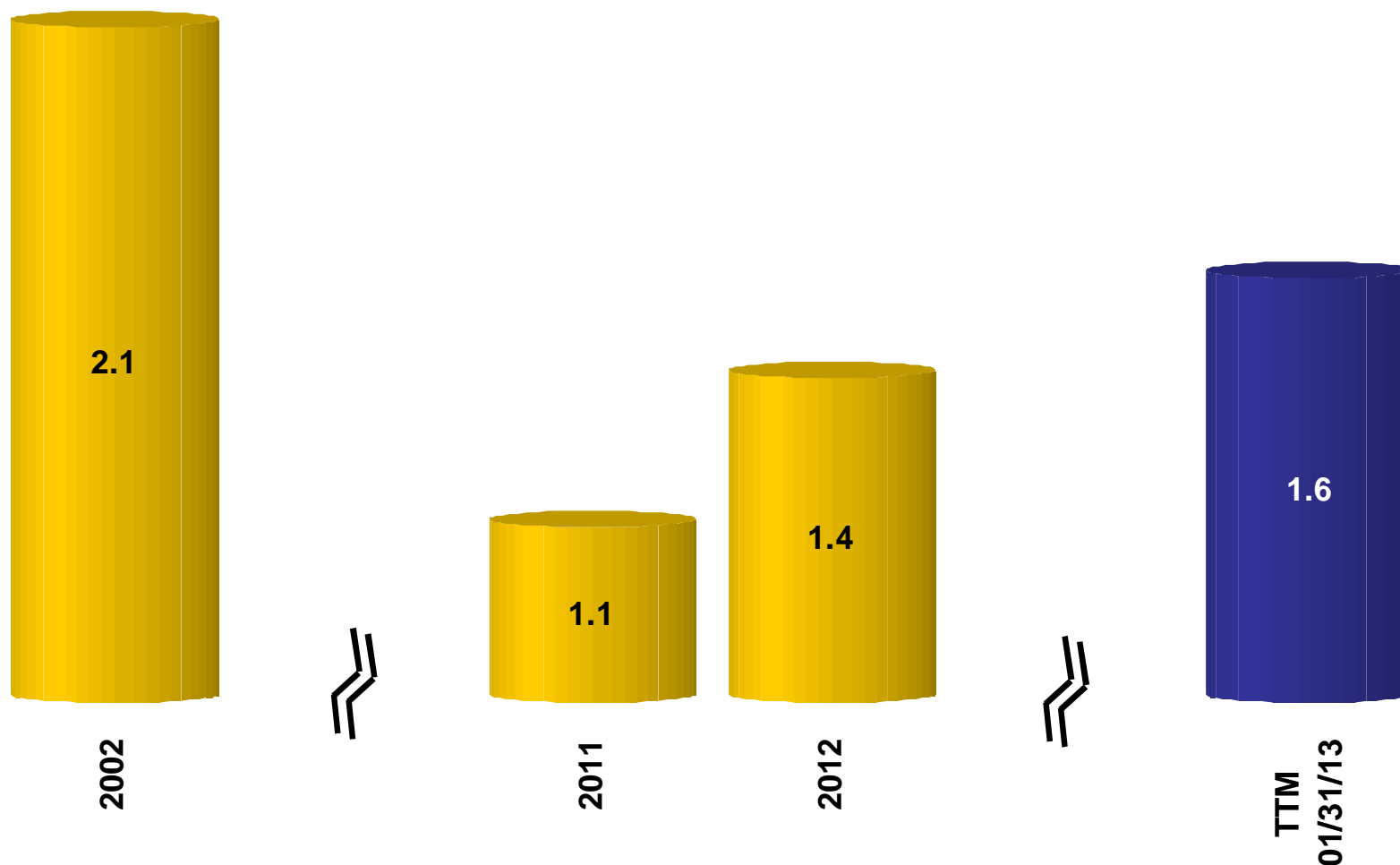


Actual 01/31/13



Cash Target Range

(1) Homebuilding cash includes \$28.8 million for January 31, 2013 of restricted cash required to collateralize letters of credit.



Inventory turnover derived by dividing cost of sales, excluding capitalized interest, by the five quarter average homebuilding inventory, excluding capitalized interest and inventory not owned.

Appendix

(\$ in millions)

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
1) Net Contracts (\$ value) ¹	\$463	\$326	42%
2) Net Contracts (units) ¹	1,344	1,079	25%
3) Communities ¹	193	220	-12%
4) Contracts per Community ¹	7.0	4.9	43%
5) Backlog (\$ value) ¹	\$812	\$578	40%
6) Backlog (units) ¹	2,301	1,730	33%
7) Deliveries ¹	1,188	1,012	17%
8) Total Revenues	\$358	\$270	33%
9) Homebuilding Gross Margin	17.0%	16.5%	+50 bps
10) Total SG&A as a Percentage of Total Revenues	13.8%	17.1%	-330 bps
Loss Before Income Taxes Excluding Land-Related			
11) Charges, Expenses Associated with the Debt Exchange Offer and Gain on Extinguishment of Debt	(\$20)	(\$34)	

(1) Includes unconsolidated joint ventures.

(2) Includes inventory impairment loss and lot option write-offs, as well as unconsolidated joint venture investment and land-related charges.

Land Positions by Geographic Segment

January 31, 2013

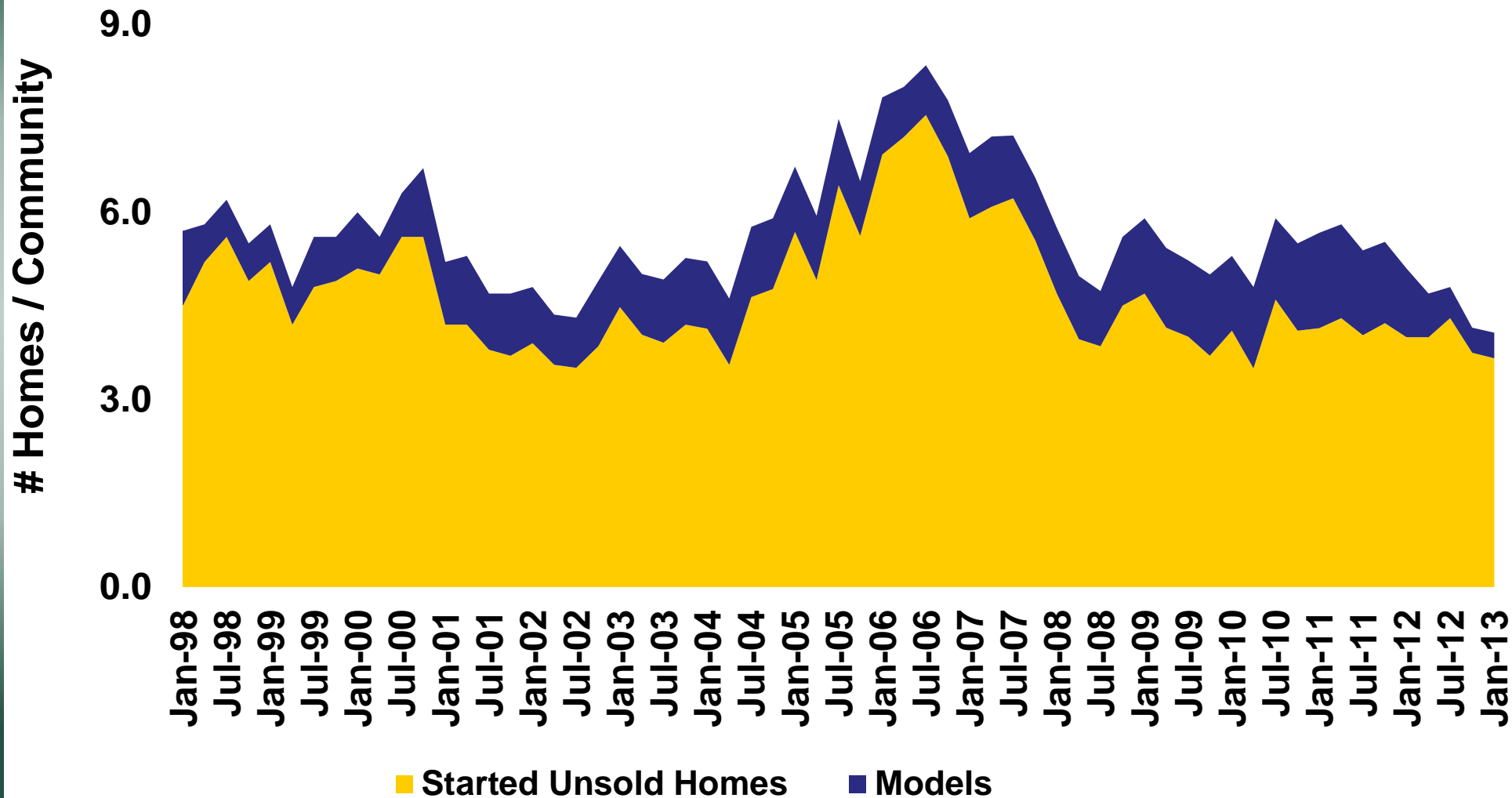
Years Supply

Owned

Segment	TTM Deliveries	Years Supply			Total	Investment in Land (raw land, finished lots and lots under development) (\$ in millions)
		Excluding Mothballed Lots	Mothballed Lots	Optioned		
Northeast	553	2.7	1.7	3.7	8.1	\$207
Mid-Atlantic	640	4.7	0.5	3.9	9.1	\$74
Midwest	535	4.1	0.2	1.8	6.1	\$30
Southeast	504	1.6	1.2	1.6	4.4	\$37
Southwest	2,063	1.0	0.0	1.8	2.8	\$86
West	554	1.5	8.8	1.5	11.8	\$61
Total	4,849	2.1	1.4	2.3	5.8	\$495

Unsold Homes per Community

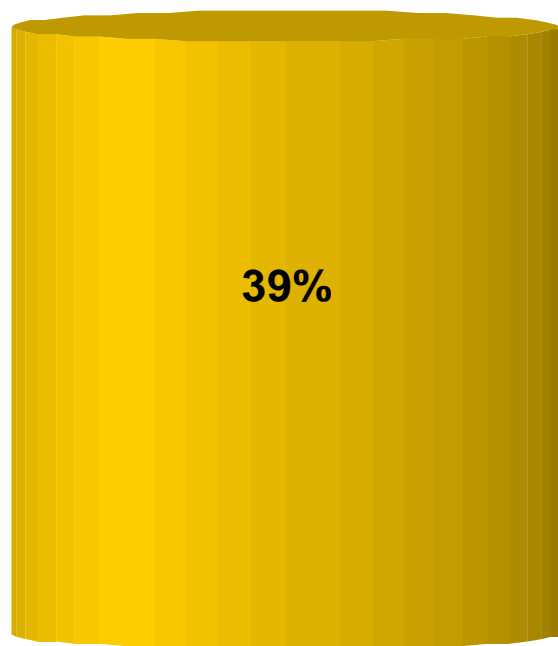
- ◆ 644 started unsold homes at 01/31/13, excluding models
- ◆ 4.8 average started unsold homes per community since 1997
- ◆ As of January 31 2013, 3.7 started unsold homes per community



Excluding unconsolidated joint ventures.

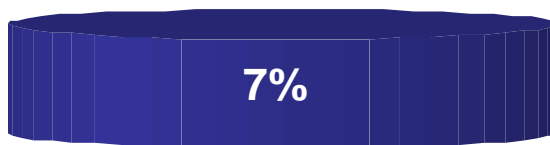
Owned Lots % Development Costs Spent

As of January 31, 2013



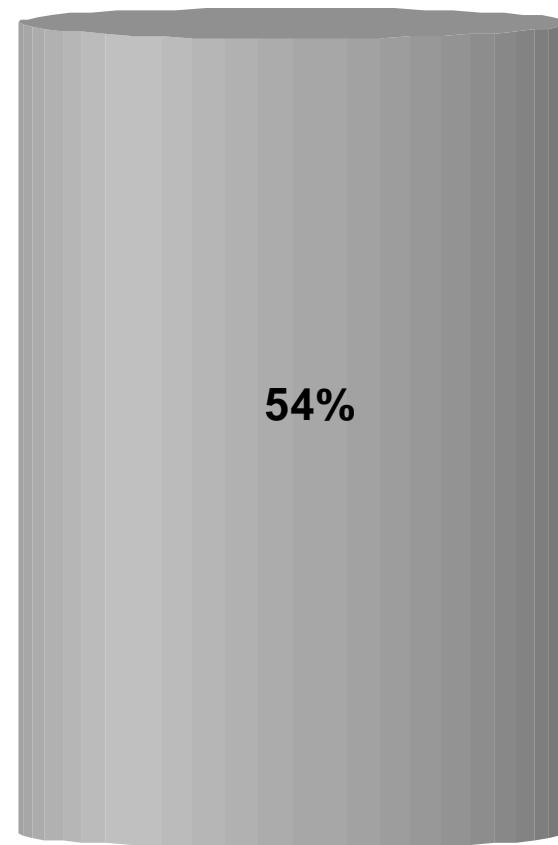
39%

>80% developed



7%

30% - 80% developed



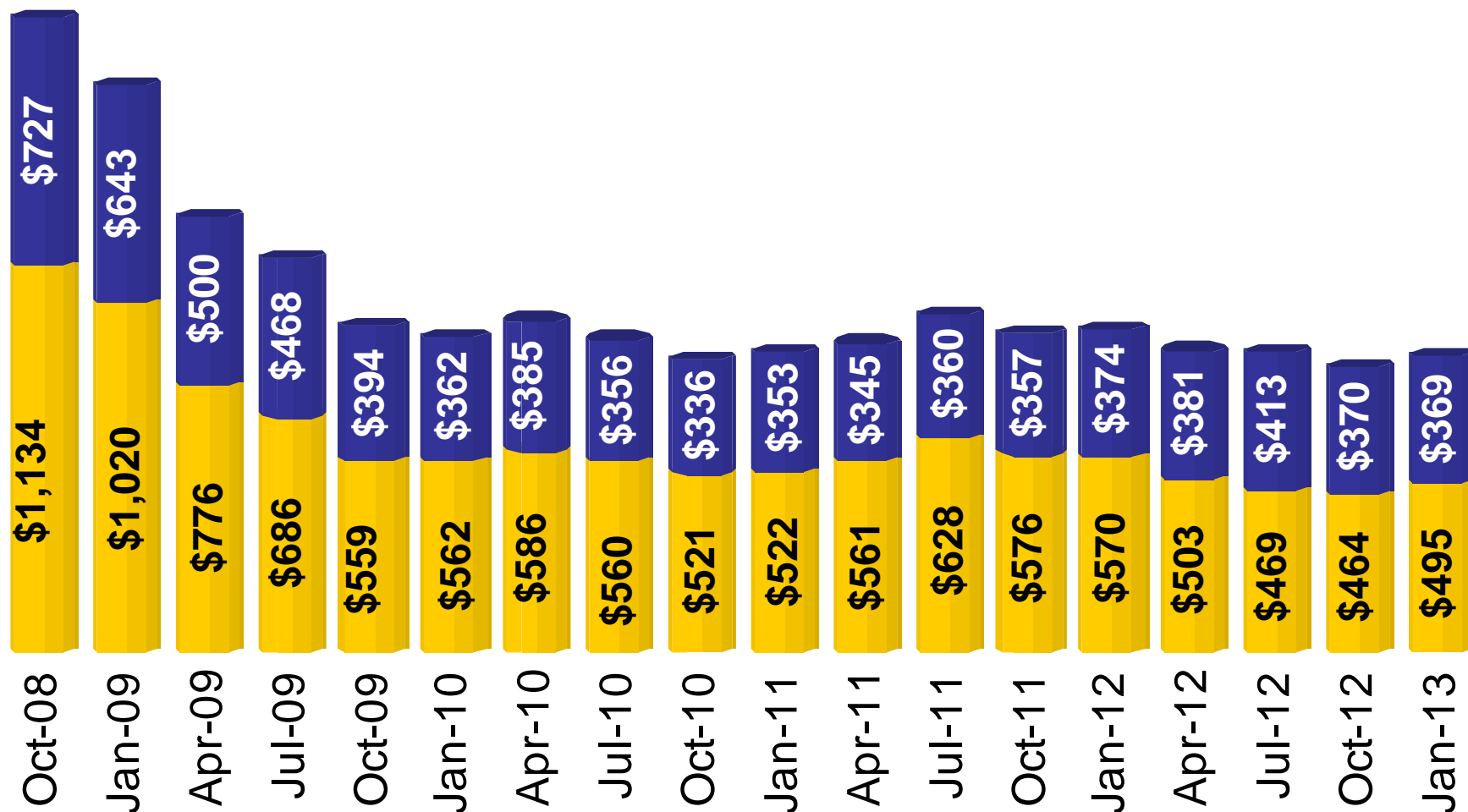
54%

<30% developed

Excluding unconsolidated joint ventures.

\$ in Millions

- Sold and Unsold homes (including land, land development and WIP)
- Land (raw land, finished lots and land under development)



Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

