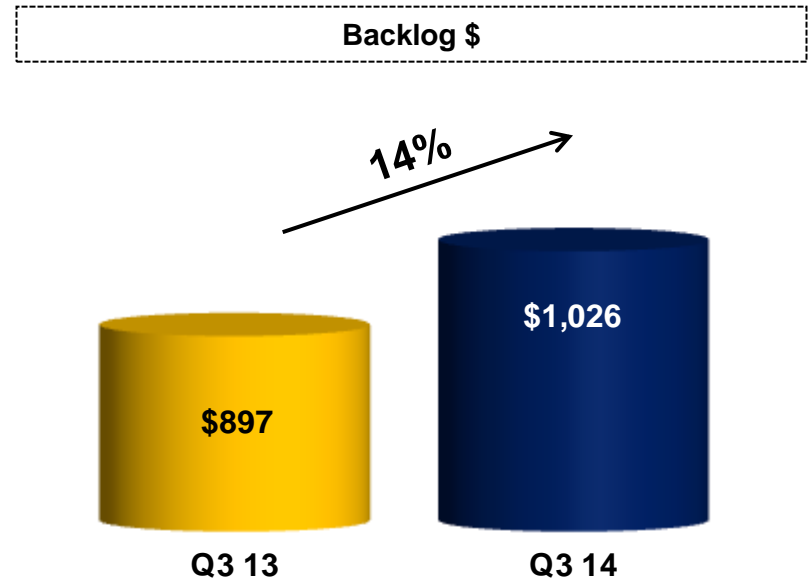
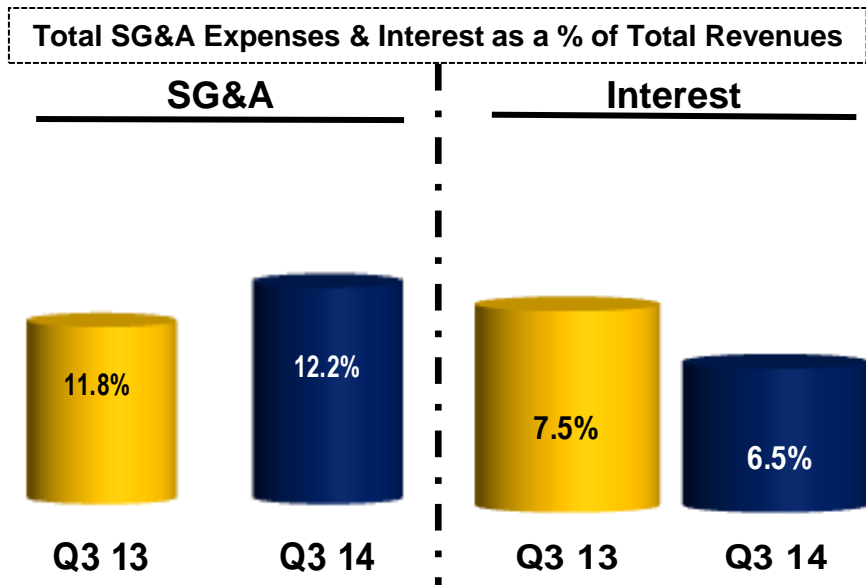
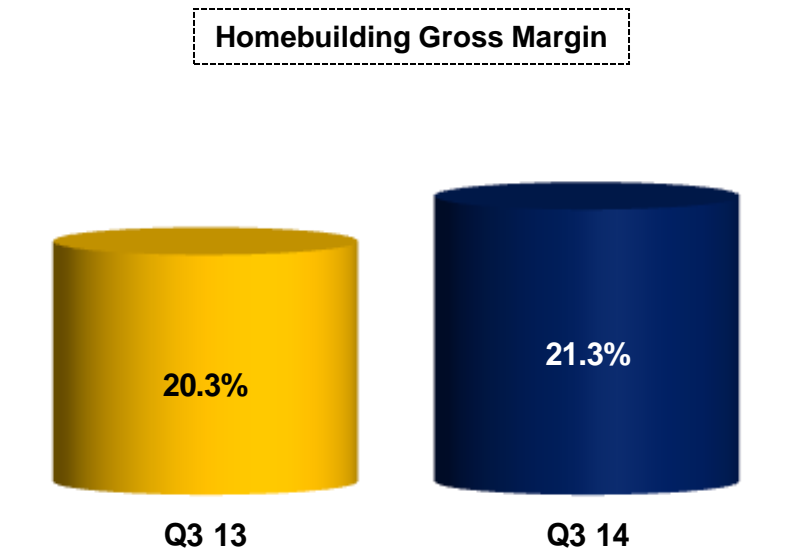
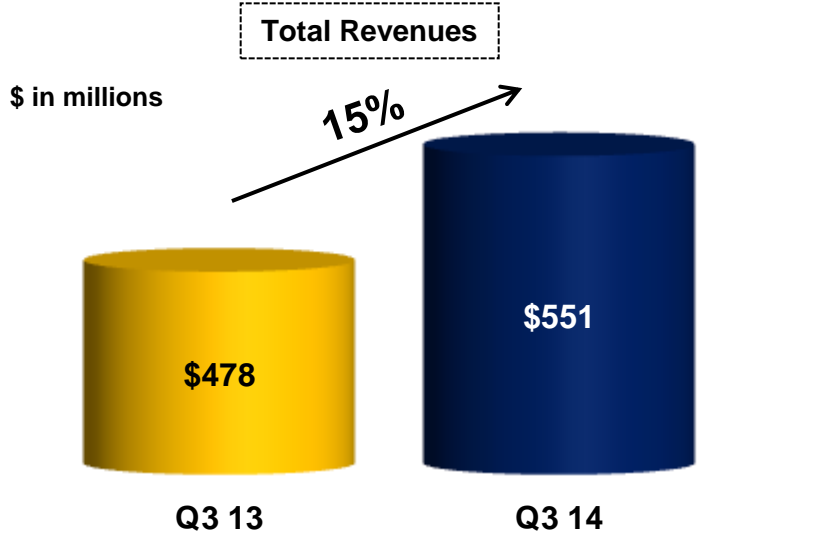




Review of Financial Results Third Quarter Fiscal 2014



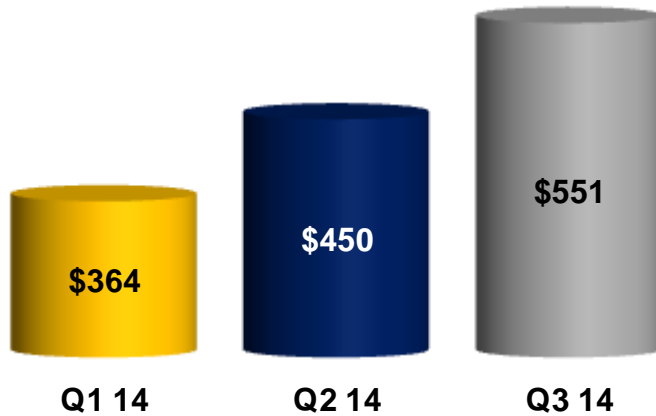
Note: All statements in this press release that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different 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, 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 made 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 fiscal year ended October 31, 2013 and subsequent filings with the Securities and Exchange Commission. 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.



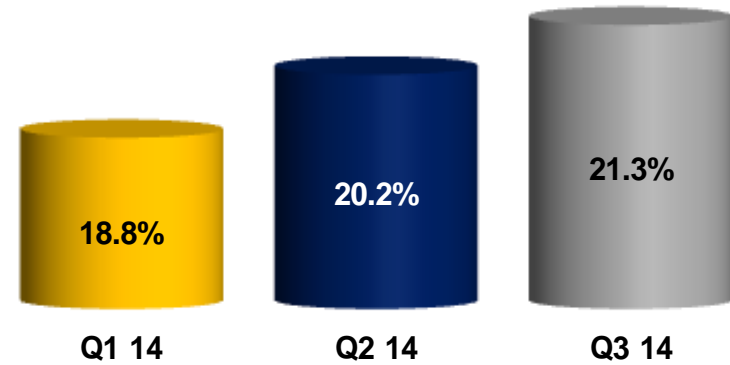
Note: Excluding unconsolidated joint ventures.

Total Revenues

\$ in millions



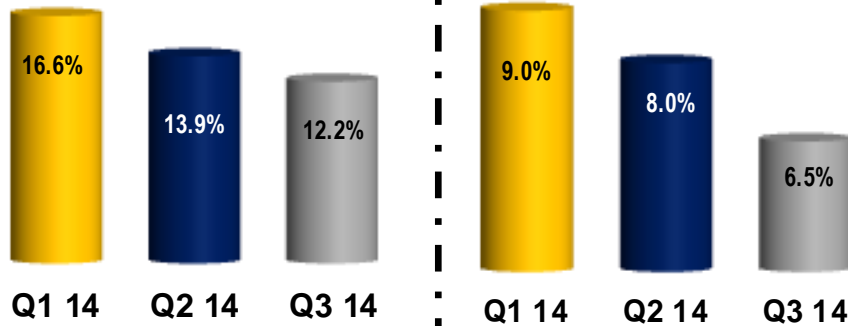
Homebuilding Gross Margin



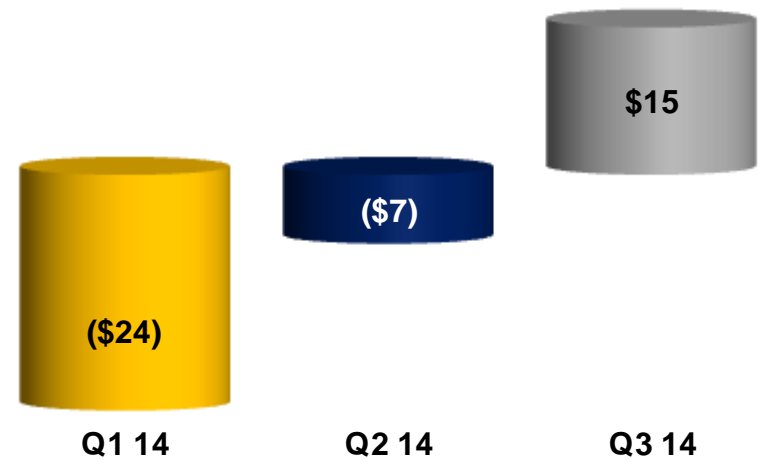
Total SG&A & Interest Expenses as a % of Total Revenues

SG&A

Interest

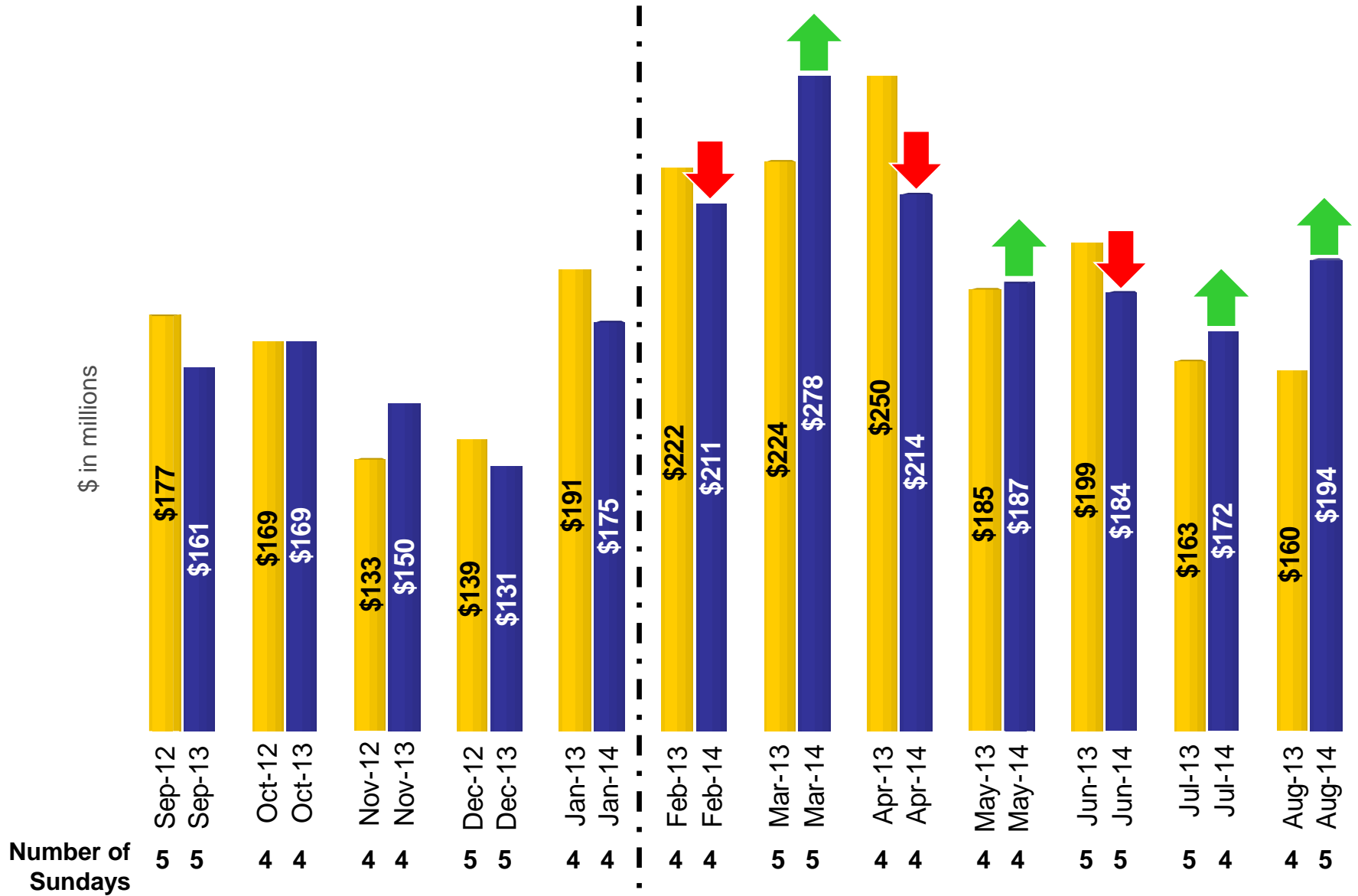


Pre-tax Income



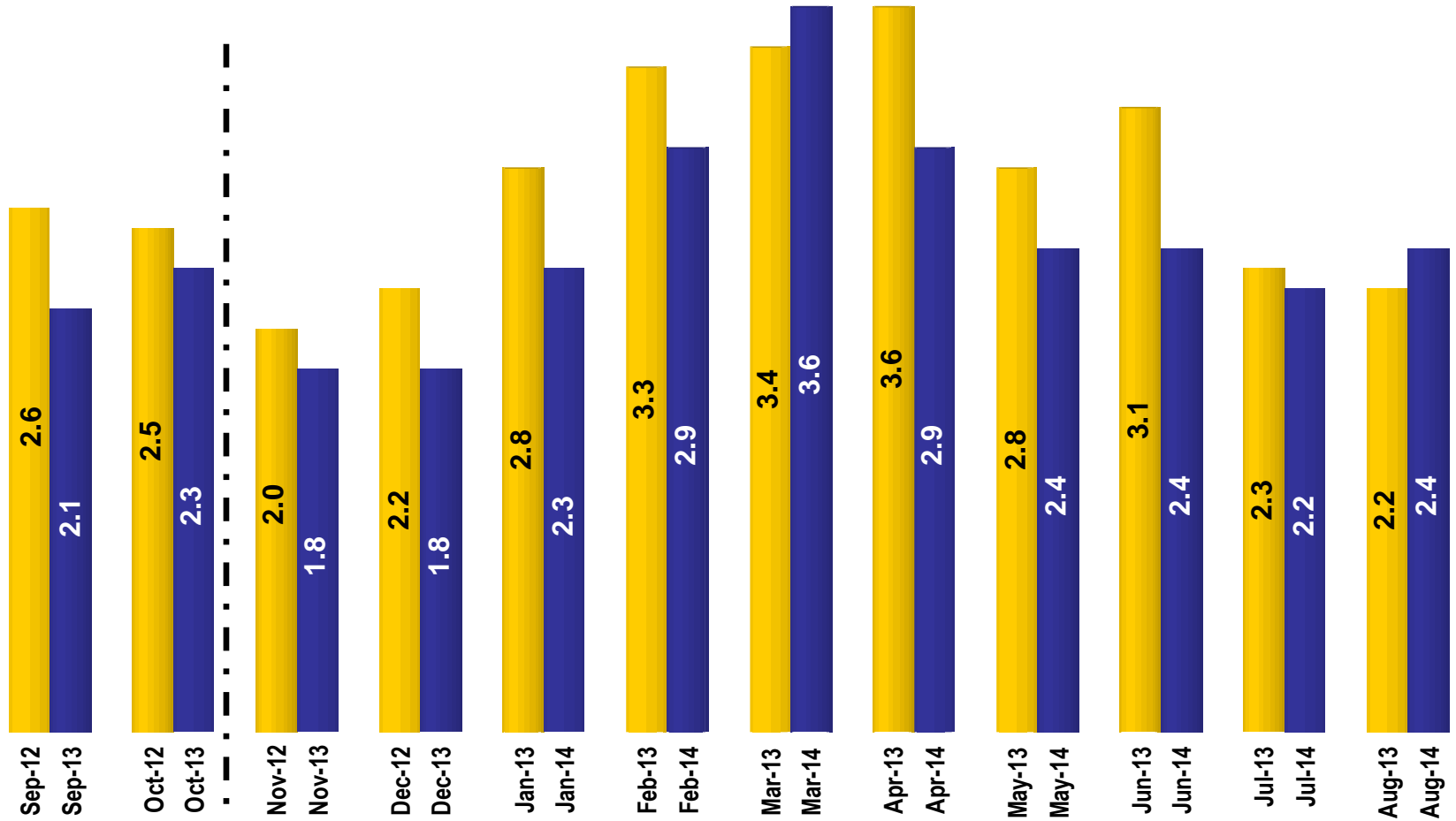
Note: Excluding unconsolidated joint ventures.

Dollar Amount of Net Contracts Per Month



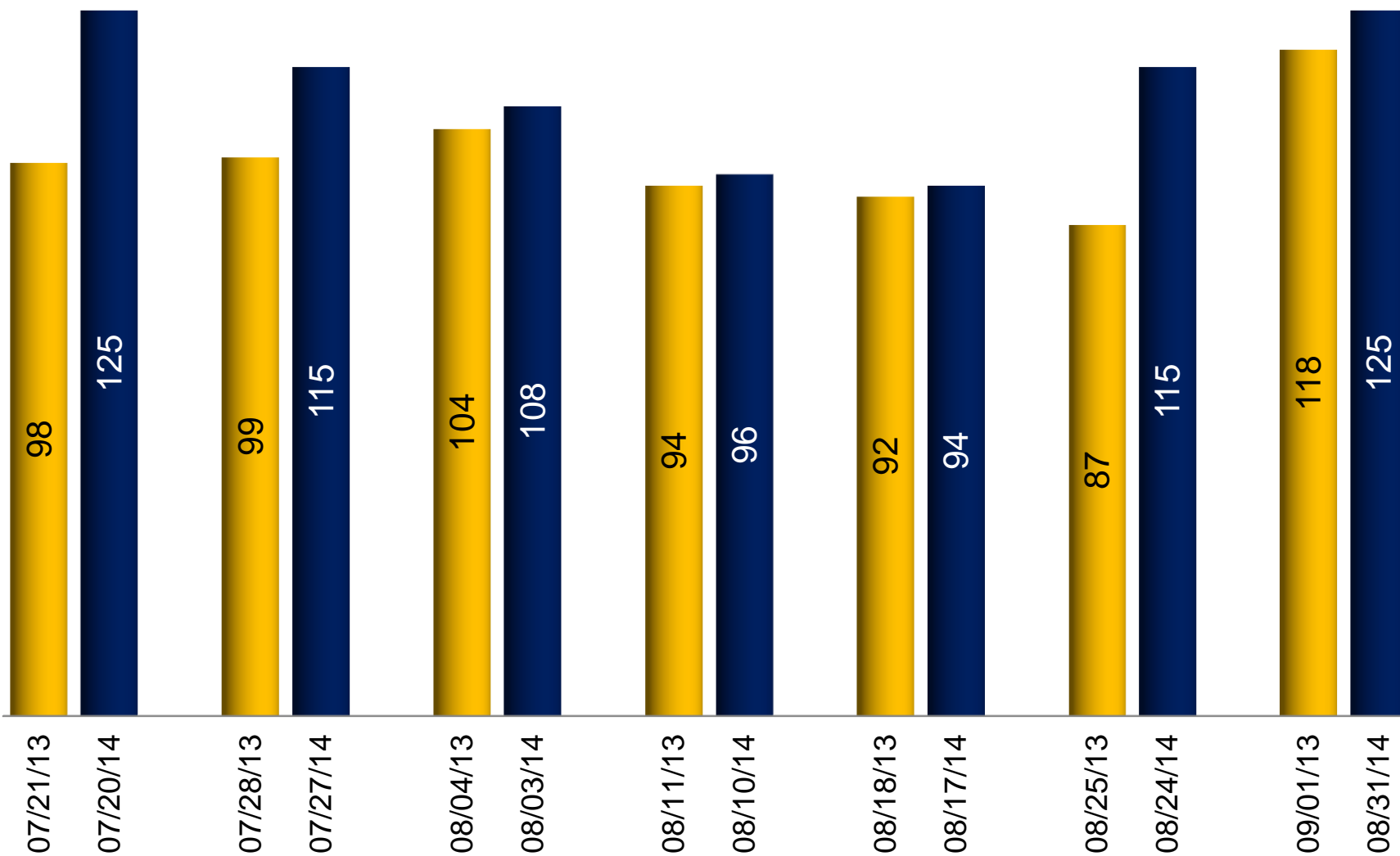
Includes unconsolidated joint ventures.

Monthly Net Contracts Per Active Selling Community



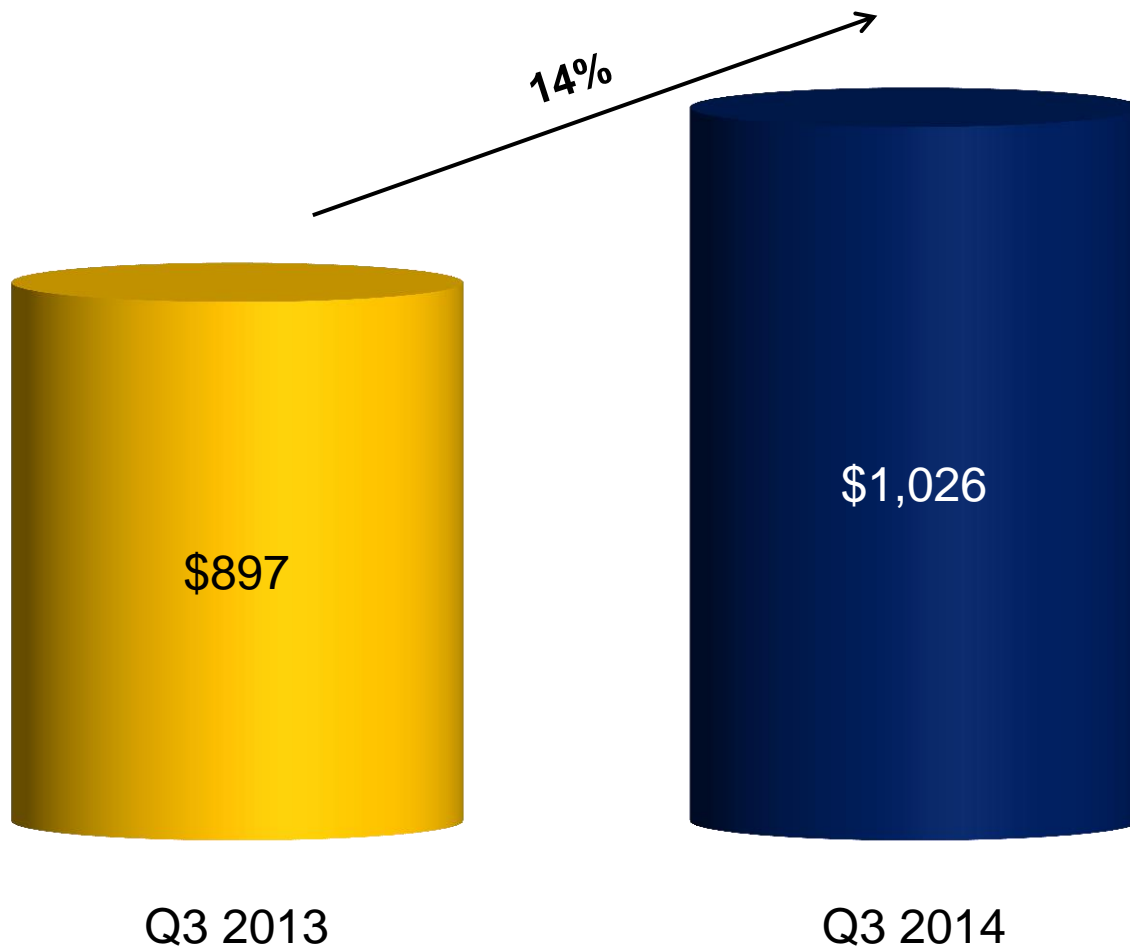
Number of Sundays	5	5	4	4	4	4	5	5	4	4	4	4	5	5	4	4	4	4	4	5				
	Sep-12	Sep-13	Oct-12	Oct-13	Nov-12	Nov-13	Dec-12	Dec-13	Jan-13	Jan-14	Feb-13	Feb-14	Mar-13	Mar-14	Apr-13	Apr-14	May-13	May-14	Jun-13	Jun-14	Jul-13	Jul-14	Aug-13	Aug-14
Monthly Net Contracts	495	417	464	465	385	382	409	350	550	470	622	582	640	728	688	597	534	474	583	489	451	461	433	483

Includes unconsolidated joint ventures.



Includes unconsolidated joint ventures.

\$ in millions



Q3 2013

Q3 2014

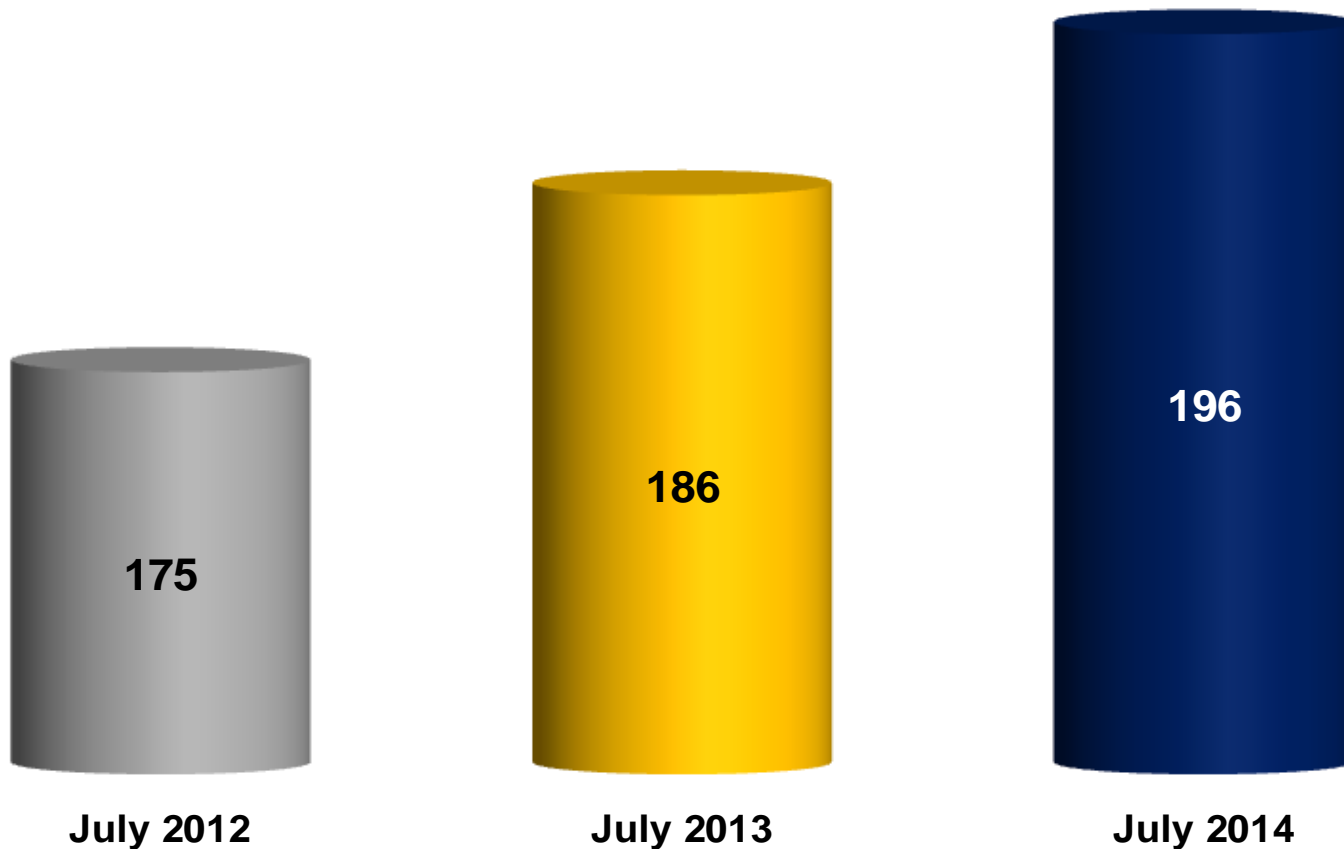
of Homes

2,569

2,690

Note: Consolidated total

In the trailing twelve months, we opened 92 communities and closed out 82 communities.



Unconsolidated
Joint Ventures*

19

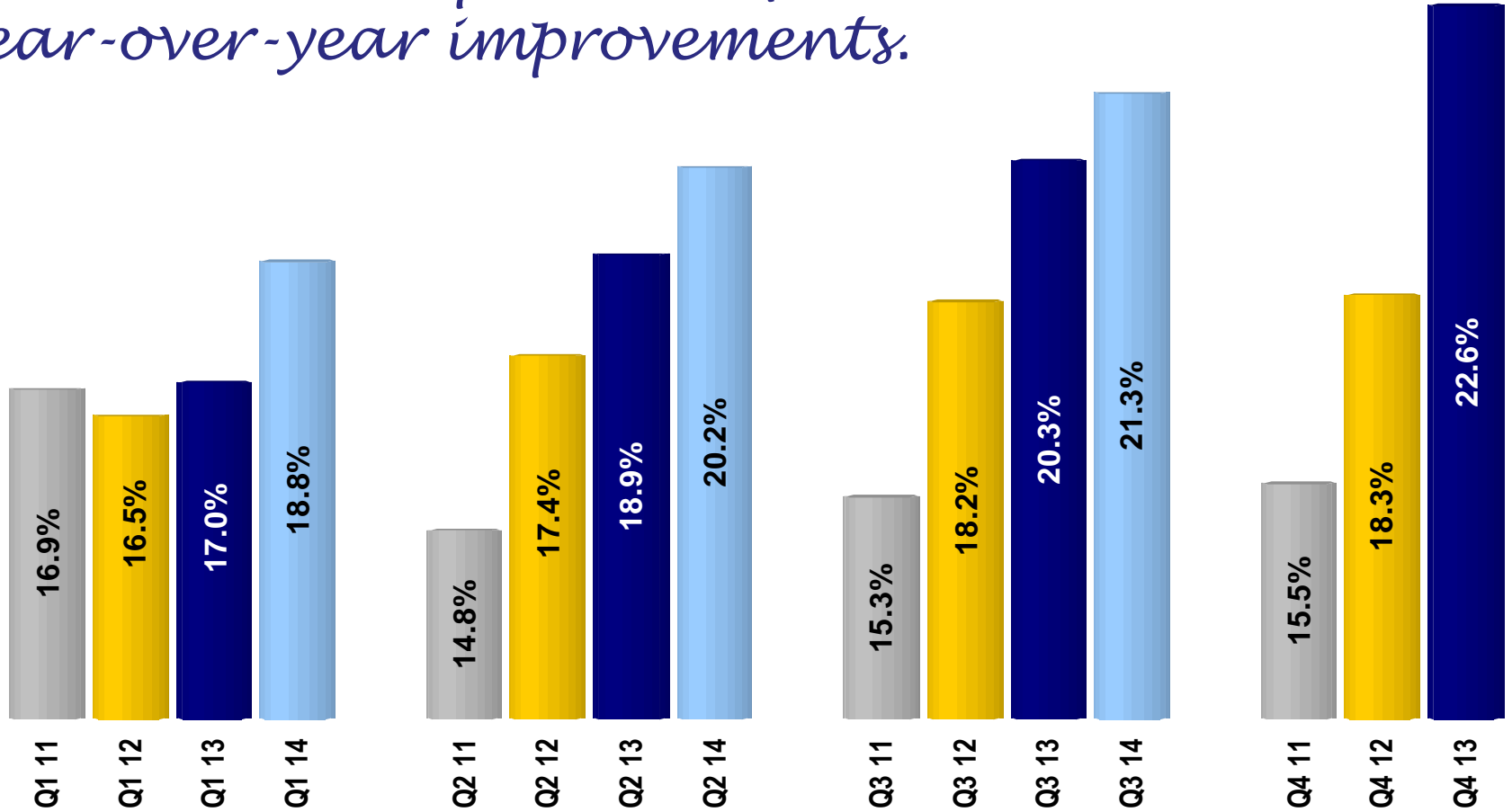
12

10

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

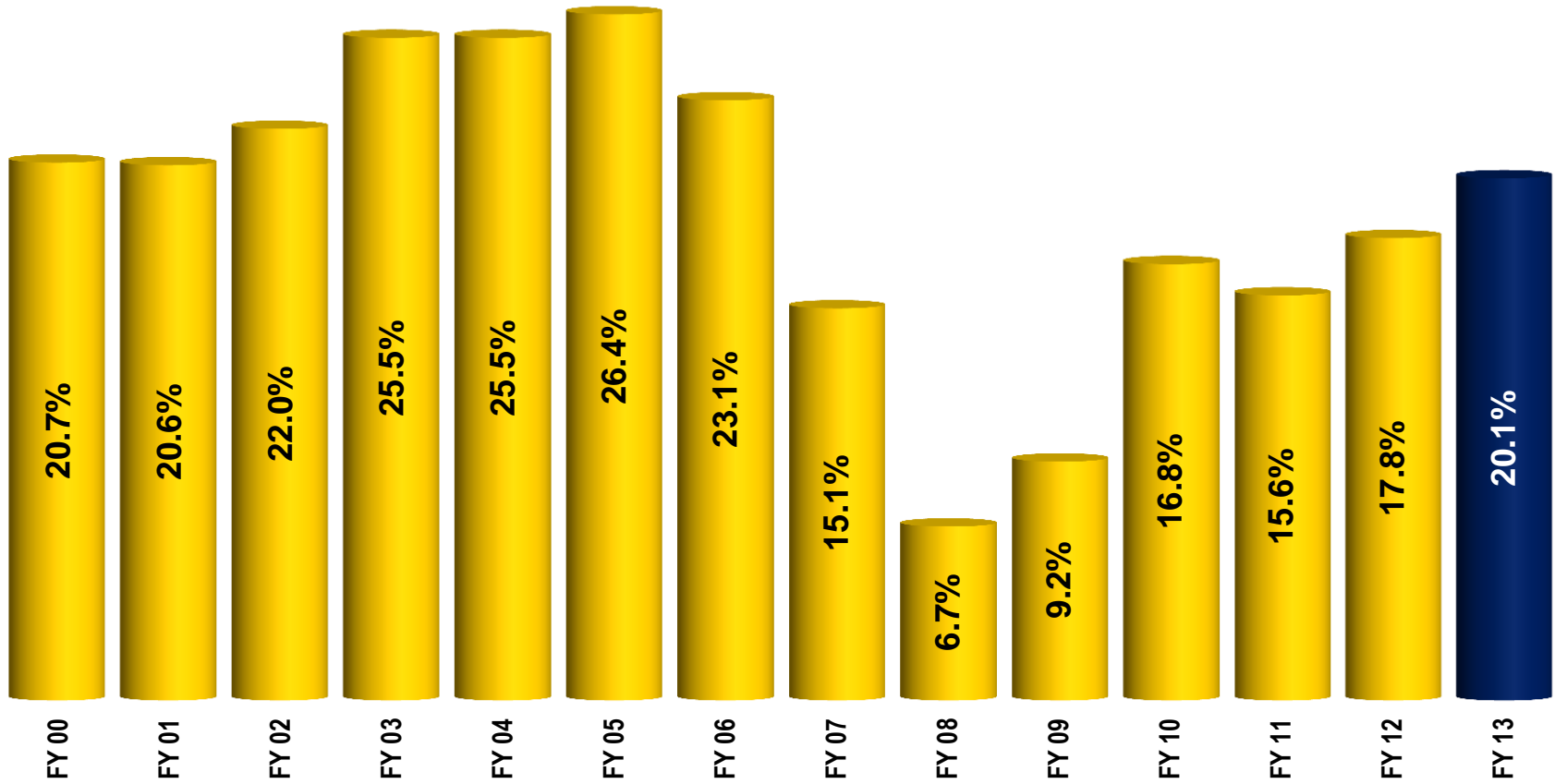
**Unconsolidated joint venture communities are not included above.*

10 consecutive quarters of year-over-year improvements.



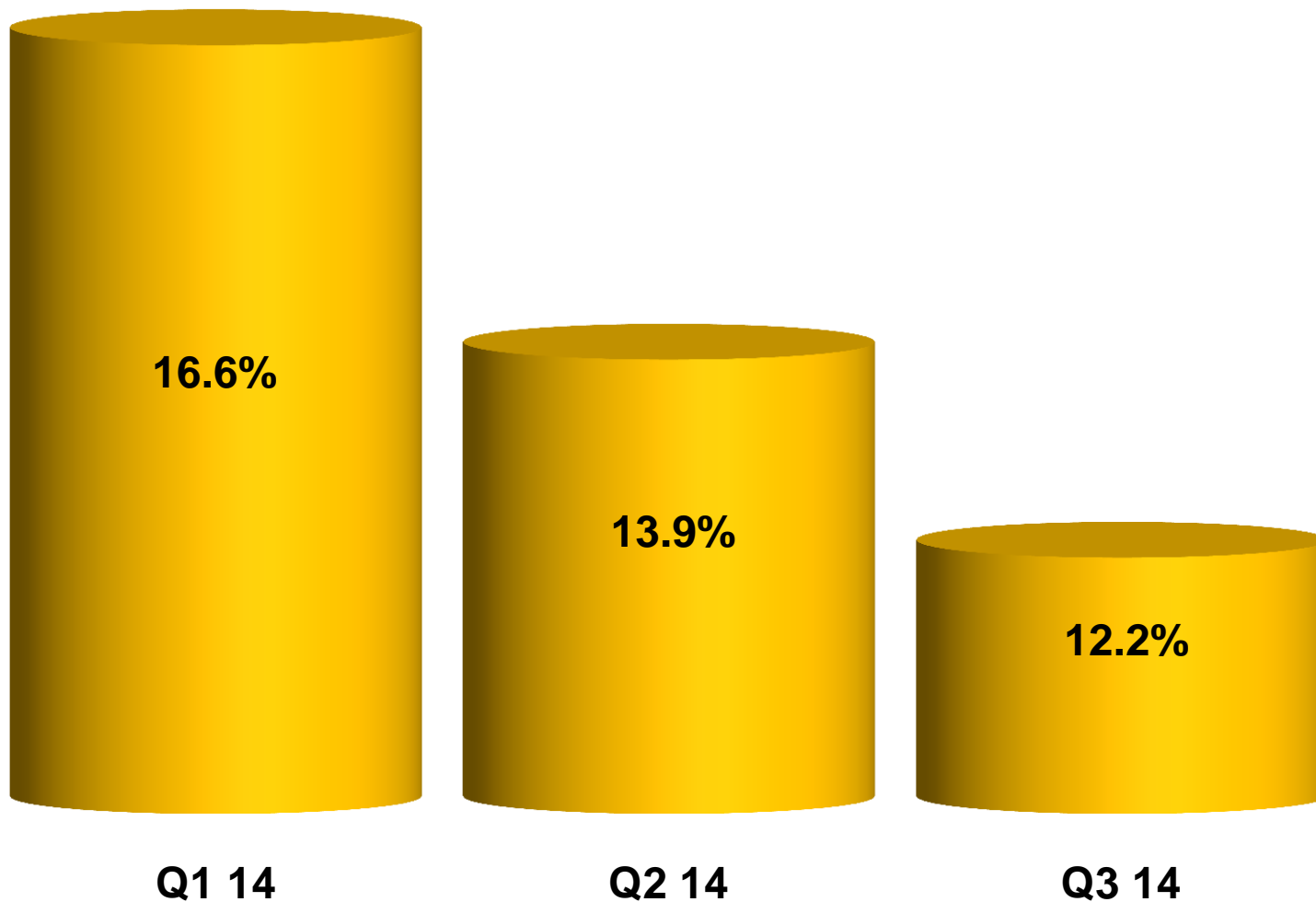
Excludes interest related to homes sold.

During the third quarter of 2014, there were \$13.1 million of impairment reversals related to deliveries, compared to \$13.7 million in the third quarter of 2013.



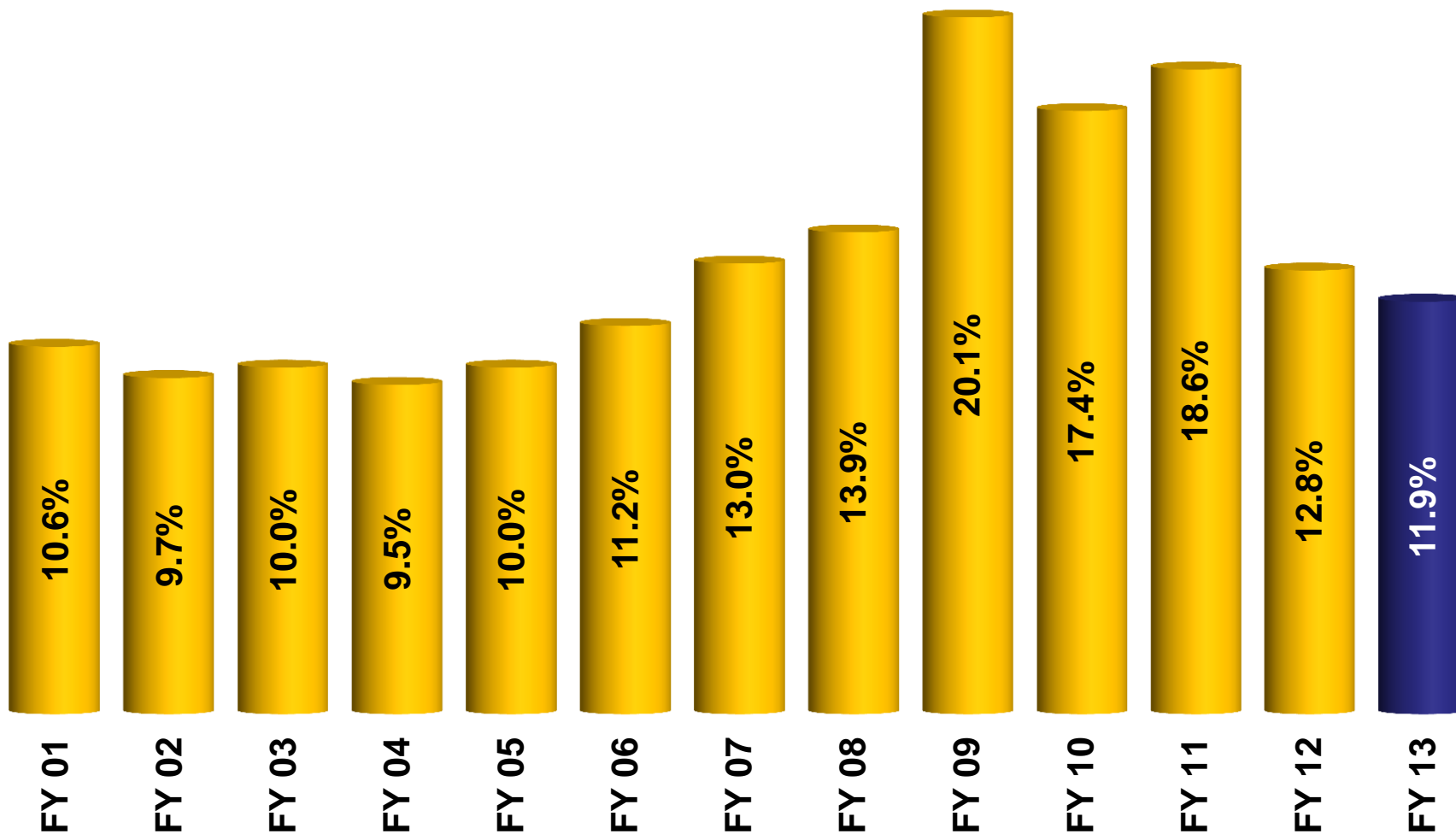
Excludes interest related to homes sold.

Total SG&A as a % of Total Revenue



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

Total SG&A as a Percentage of Total Revenues



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

Land Positions by Geographic Segment

July 31, 2014

Lots

Owned

Segment	Owned		Optioned	Total
	Excluding Mothballed Lots	Mothballed Lots		
Northeast	1,227	855	3,128	5,210
Mid-Atlantic	2,473	280	3,347	6,100
Midwest	2,986	108	1,788	4,882
Southeast	1,181	383	4,246	5,810
Southwest	2,707	0	4,203	6,910
West	1,443	4,376	307	6,126
Total	12,017	6,002	17,019	35,038

- ◆ *91% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 83% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.

Newly identified lots are lots controlled after January 31, 2009.

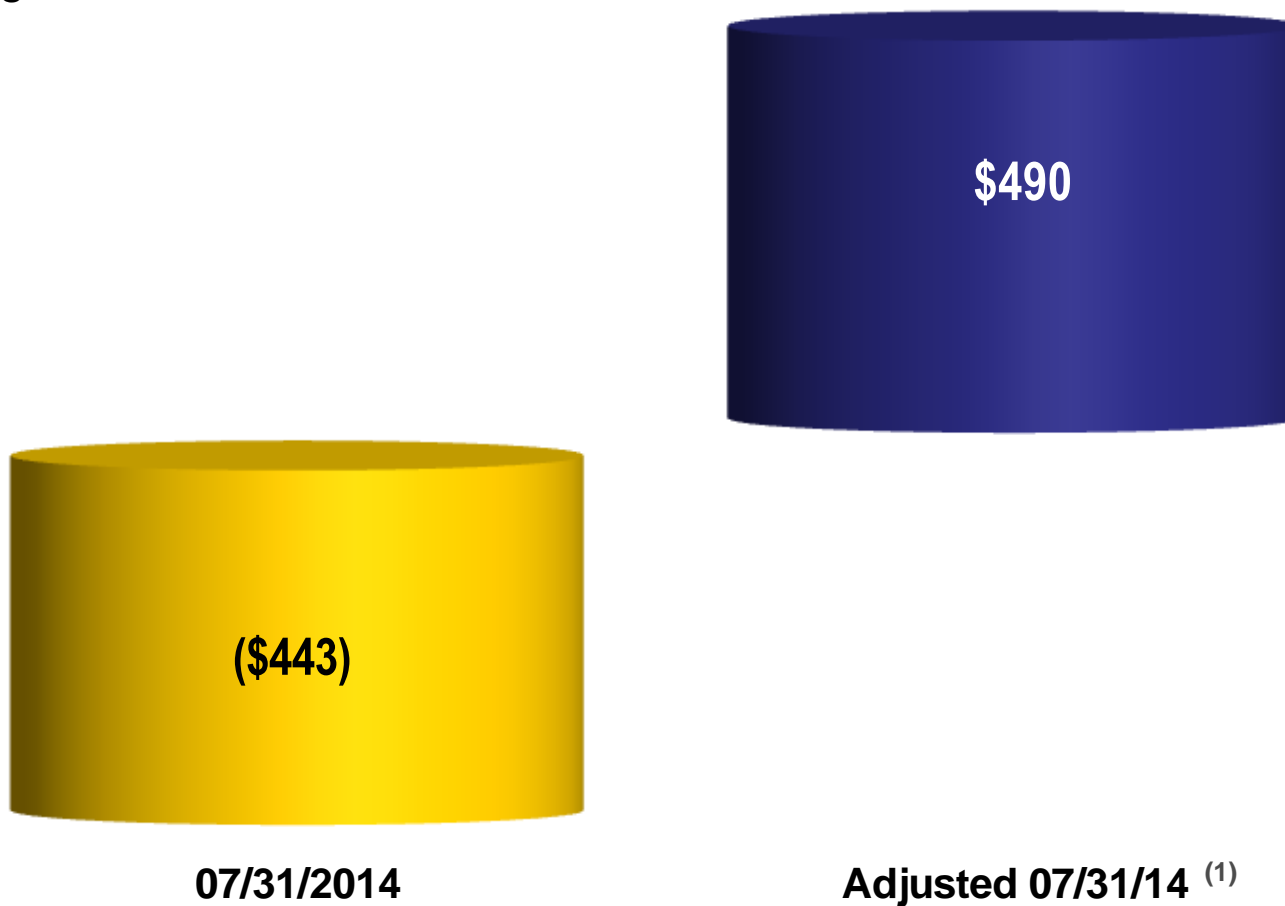
As of July 31, 2014

	<u># of Lots</u>
Northeast (NJ, PA)	855
Mid-Atlantic (DE, MD, VA, WV)	280
Midwest (IL, MN, OH)	108
Southeast (FL, GA, NC, SC)	383
Southwest (AZ, TX)	0
West (CA)	4,376
Total	6,002

- ◆ *In 46 communities with a book value of \$104 million net of impairment balance of \$414 million*
- ◆ *Unmothballed approximately 4,100 lots in 67 communities since January 31, 2009*

Adjusted Hovnanian Stockholders' Equity

\$ in millions



(1) Total Hovnanian Stockholders' Deficit of \$(443) million with \$933 million valuation allowance added back to Stockholders' Equity. The \$933 million valuation allowance consisted of a \$710 million federal valuation allowance and a \$223 million state valuation allowance.

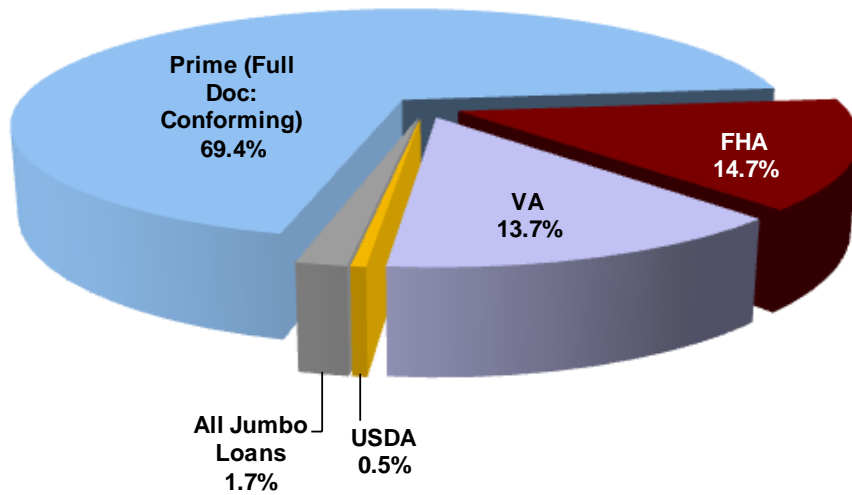
Third Quarter 2014:

- Average LTV: 83%
- Average CLTV: 84%
- ARMs: 6.5%
- FICO Score: 745
- Capture Rate: 62%

Fiscal Year 2013:

- Average LTV: 85%
- Average CLTV: 85%
- ARMs: 3.1%
- FICO Score: 746
- Capture Rate: 71%

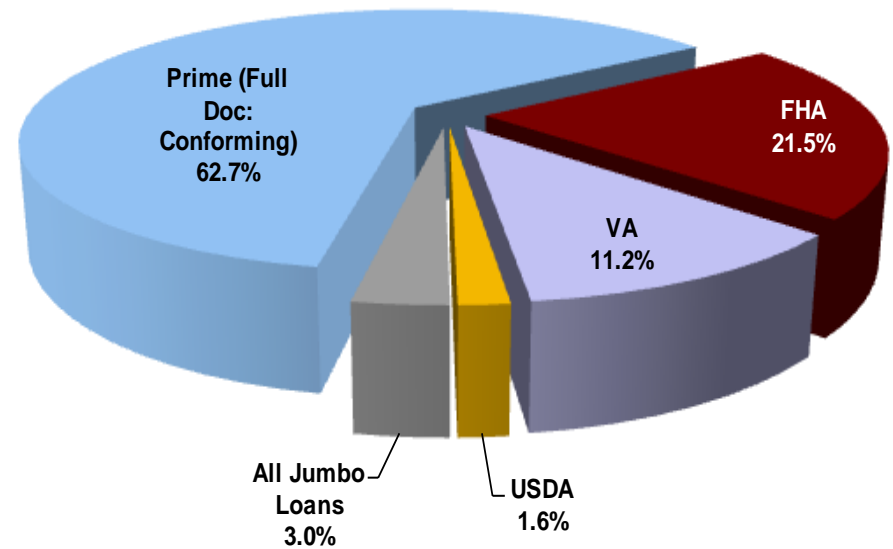
Third Quarter 2014



FHA Percentages

2010	2011	2012	2013
38.0%	34.1%	27.8%	21.5%

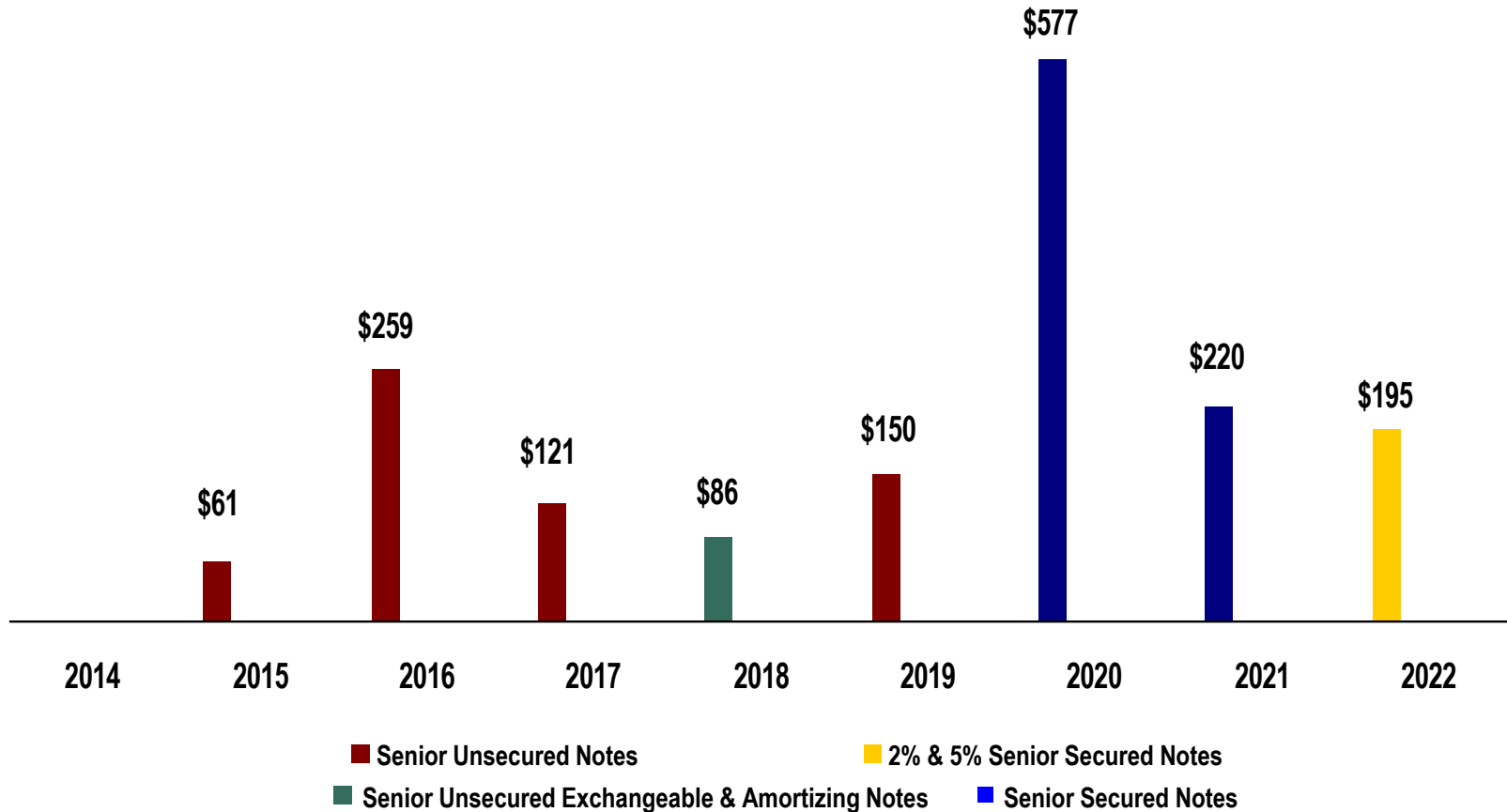
Fiscal Year 2013



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

July 31, 2014 (\$ in millions)

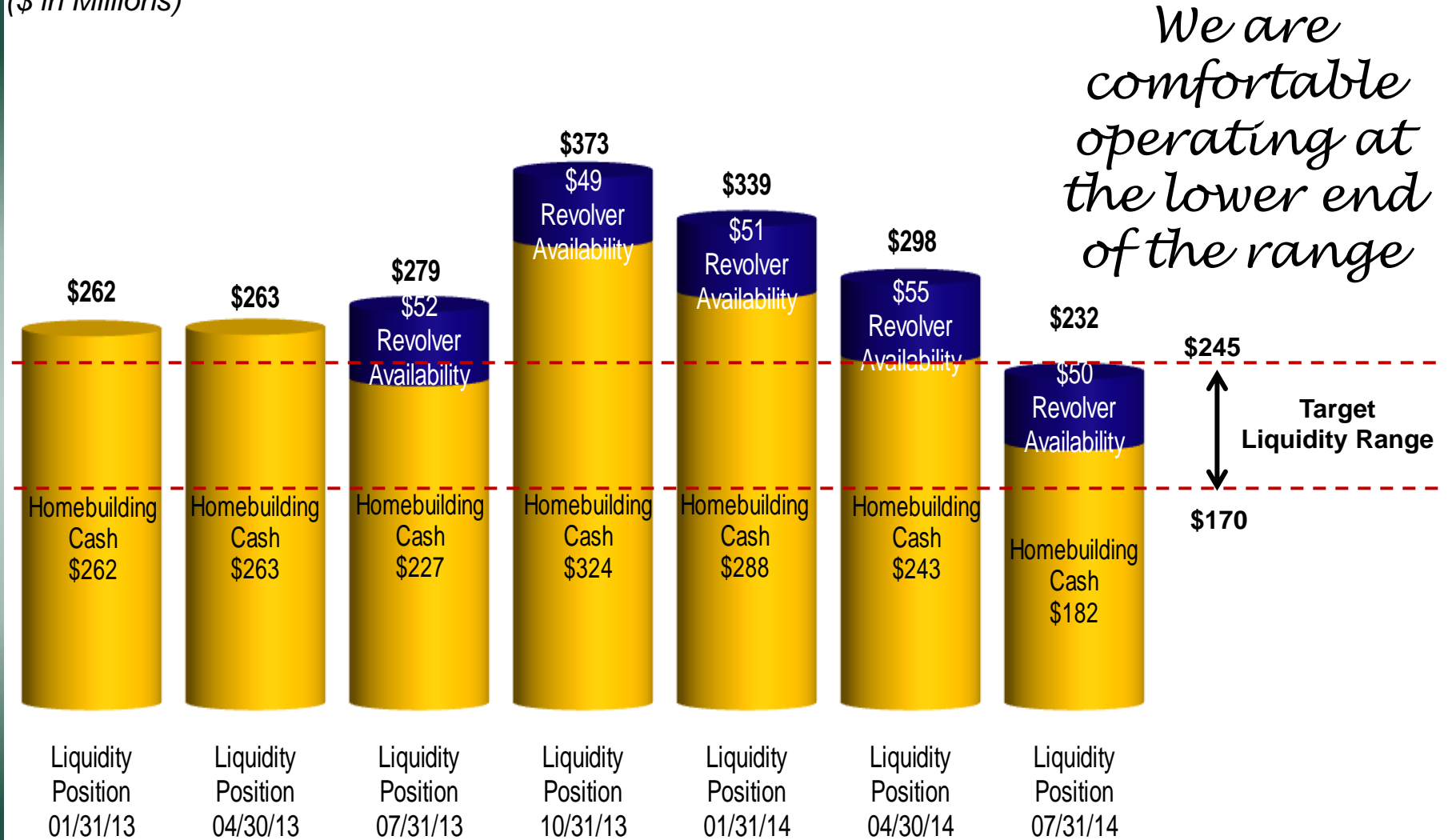
- ✓ Between October 2008 and October 2013, reduced debt by more than \$975 million
- ✓ Raised \$108 million from common equity offerings
- ✓ Raised \$186 million of equity linked securities



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

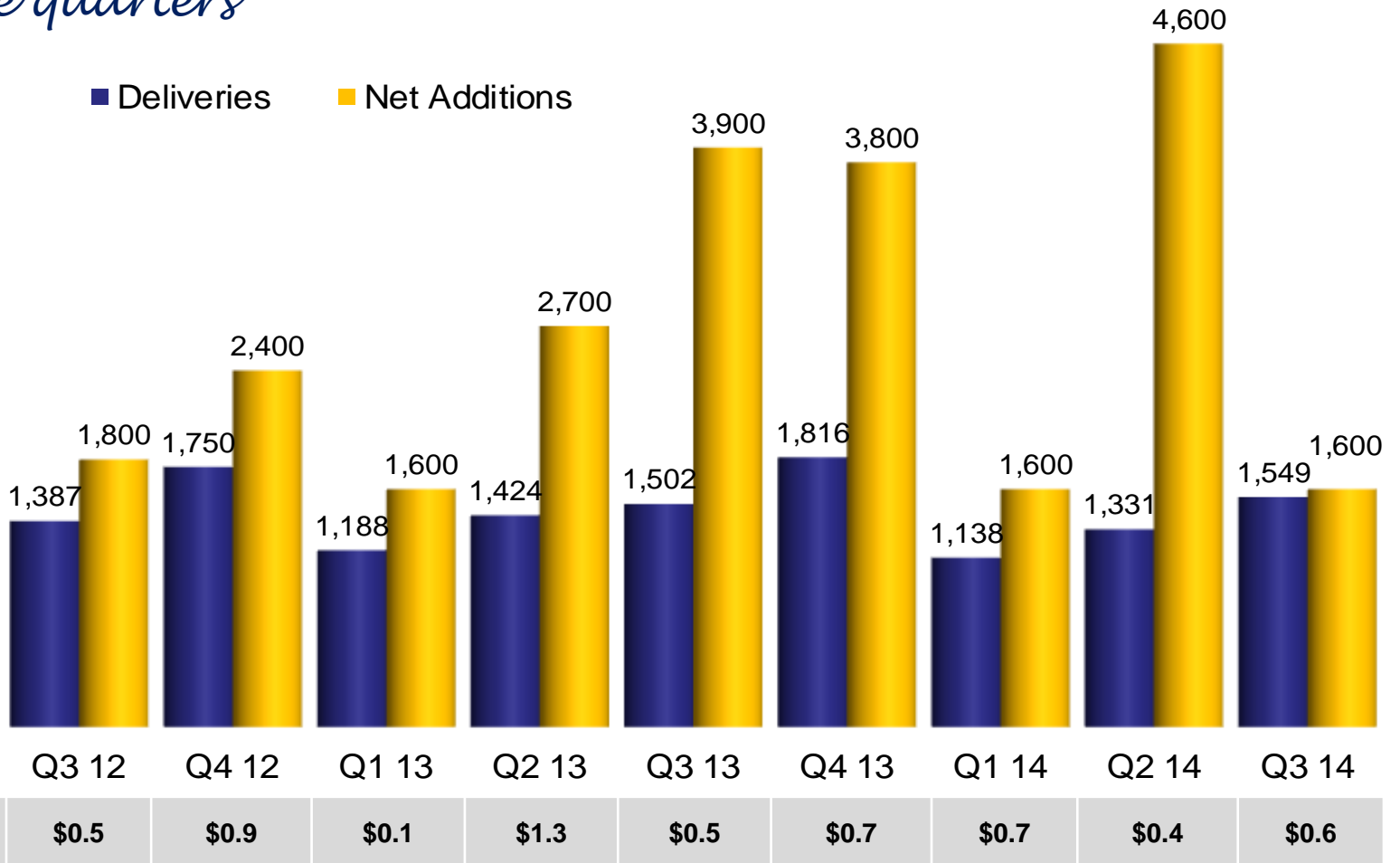
Liquidity Position and Target

(\$ in Millions)



Note: Liquidity position includes homebuilding cash (which includes unrestricted cash and restricted cash to collateralize letters of credit) and revolving credit facility availability.

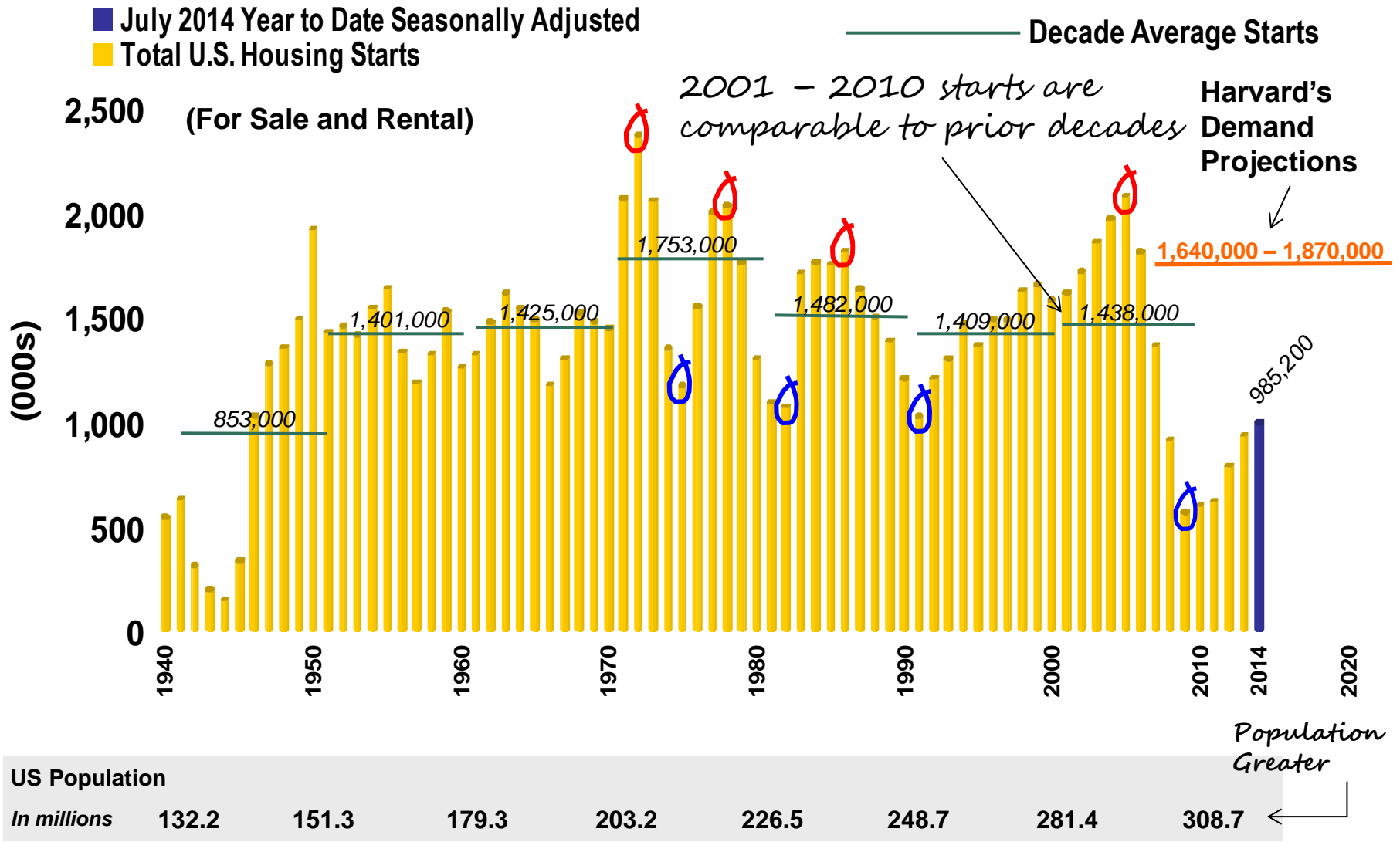
Net additions of approximately 10,900 lots in excess of deliveries, over nine quarters



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

Note: Deliveries include unconsolidated joint ventures.

US Housing Production in Retrospective



Source: U.S. Census Bureau. 2011 – 2020 demand projections are from Joint Center for Housing Studies of Harvard University.

Appendix

(\$ in millions)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
1) Net Contracts (\$ value) ¹	\$517	\$495	5%
2) Net Contracts (units) ¹	1,357	1,448	-6%
3) Communities ¹	196	186	5%
4) Contracts per Community ¹	6.9	7.8	-12%
5) Backlog (\$ value) ¹	\$1,026	\$897	14%
6) Backlog (units) ¹	2,690	2,569	5%
7) Deliveries ¹	1,464	1,341	9%
8) Total Revenues	\$551	\$478	15%
9) Homebuilding Gross Margin	21.3%	20.3%	100 bps
10) Total SG&A as a Percentage of Total Revenues	12.2%	11.8%	40 bps
11) Pretax Income	\$15	\$10	50%

(1) Excludes unconsolidated joint ventures.

Lots Purchased or Optioned Since January 31, 2009

	Lots	Communities
Purchased	21,000	575 ⁽¹⁾
Optioned	15,500	
Joint Venture	5,200	38
Total	41,700	613

Roll Forward First Quarter ⁽²⁾

Total Additions	3,100
Walk Aways	<u>-1,500</u>
Net Change	1,600

Roll Forward Second Quarter ⁽³⁾

Total Additions	5,600
Walk Aways	<u>-1,000</u>
Net Change	4,600

Roll Forward Third Quarter ⁽⁴⁾

Total Additions	2,900
Walk Aways	<u>-1,300</u>
Net Change	1,600

*As of July 31, 2014
approximately 26,800 lots
remaining.*

Notes: (1) Excludes 148 communities where we walked away from all of the lots in those communities.

(2) First quarter 2014 total additions included 3,000 new options and 100 lots purchased but not controlled prior to 11/01/13.

(3) Second quarter 2014 total additions included 5,600 new options.

(4) Third quarter 2014 total additions included 2,900 new options.

Land Positions by Geographic Segment

July 31, 2014

Years Supply

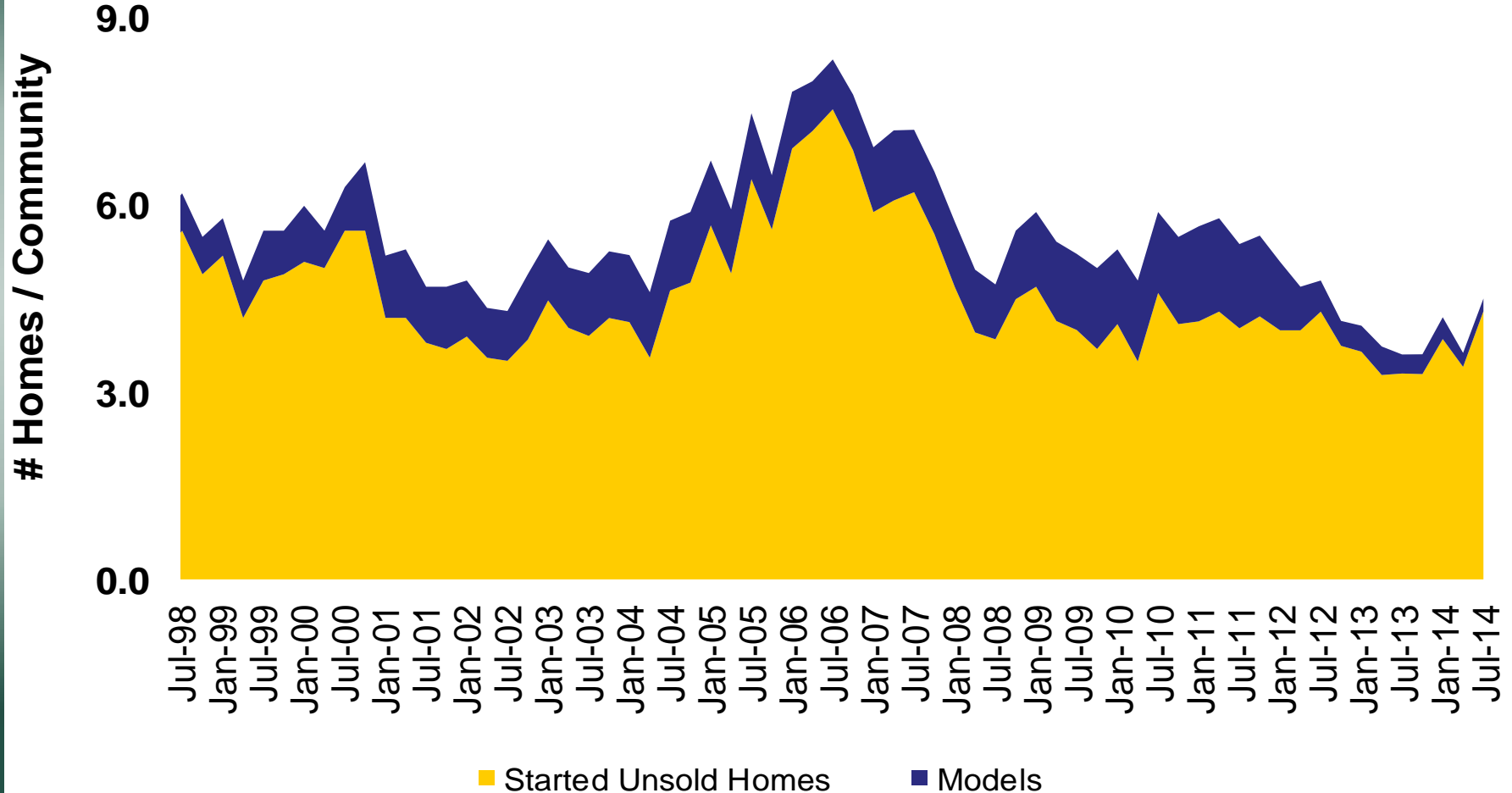
Owned

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	594	2.1	1.4	5.3	8.8	\$186
Mid-Atlantic	639	3.9	0.4	5.2	9.5	\$104
Midwest	732	4.1	0.1	2.4	6.7	\$70
Southeast	636	1.9	0.6	6.7	9.1	\$46
Southwest	2,348	1.2	0.0	1.8	2.9	\$166
West	394	3.7	11.1	0.8	15.5	\$85
Total	5,343	2.2	1.1	3.2	6.6	\$657

Excluding unconsolidated joint ventures.

Unsold Homes per Community

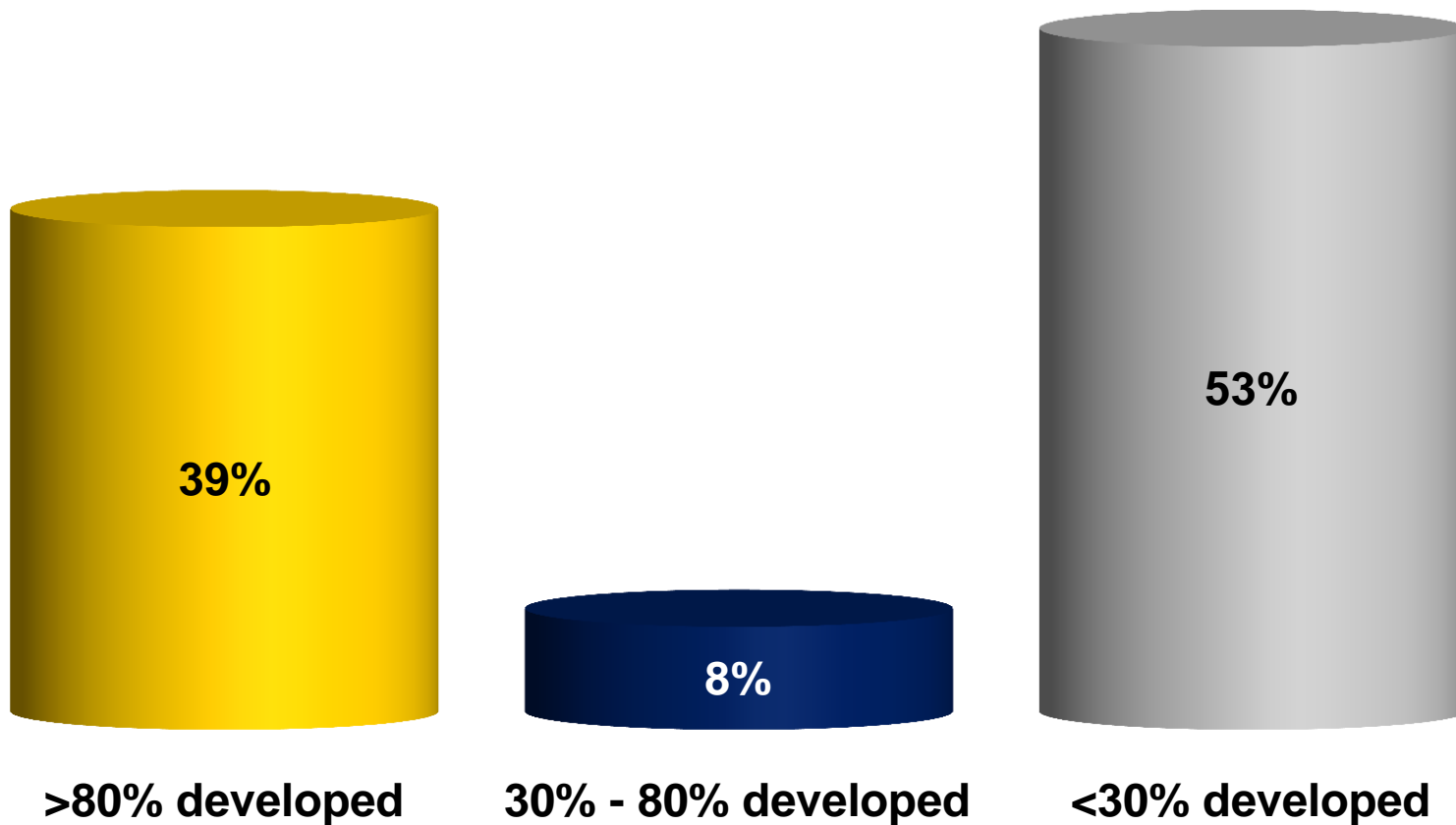
- ◆ 844 started unsold homes at 07/31/14, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of July 31, 2014, 4.3 started unsold homes per community



Excluding unconsolidated joint ventures.

Owned Lots % Development Costs Spent

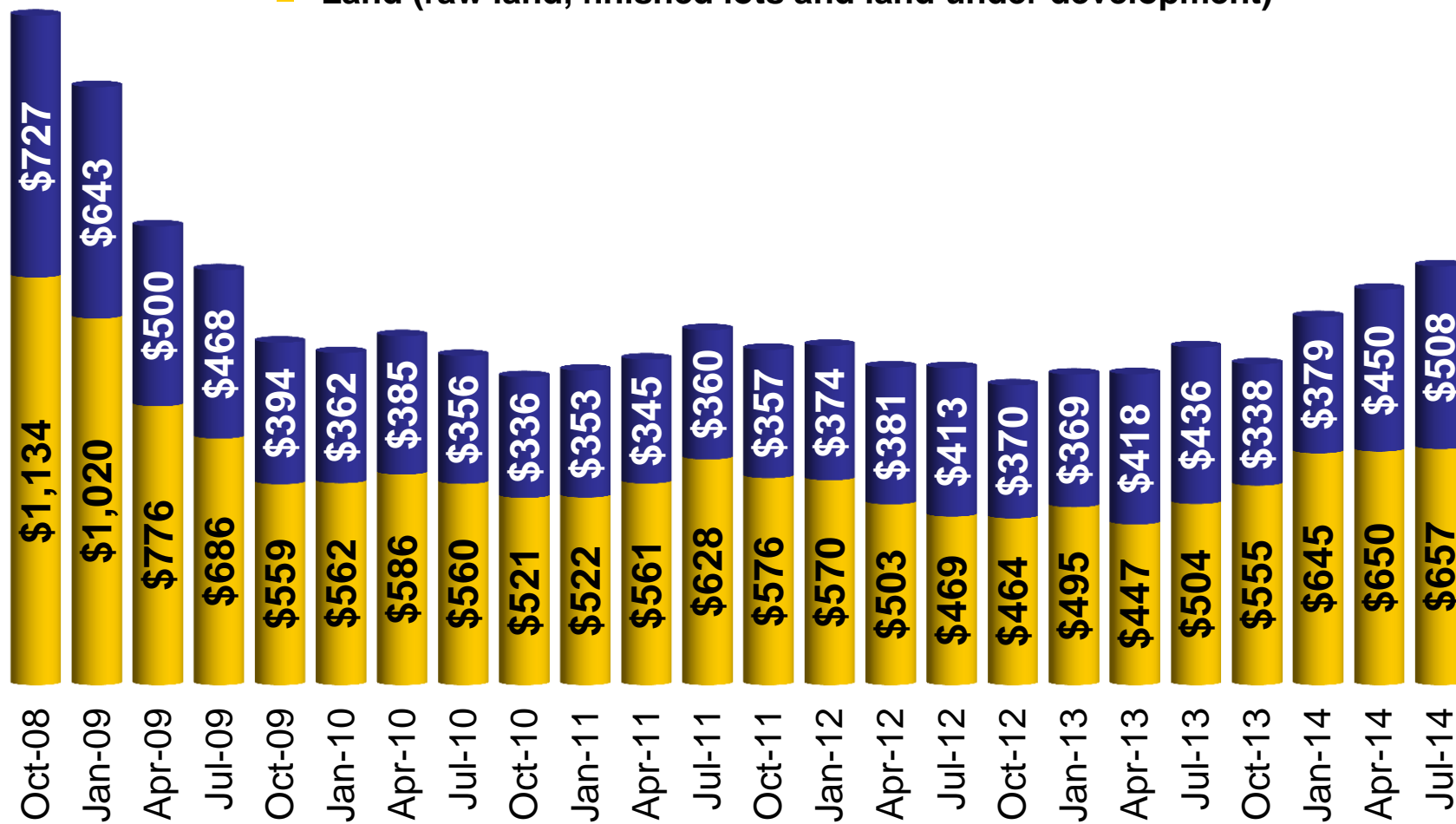
As of July 31, 2014



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)



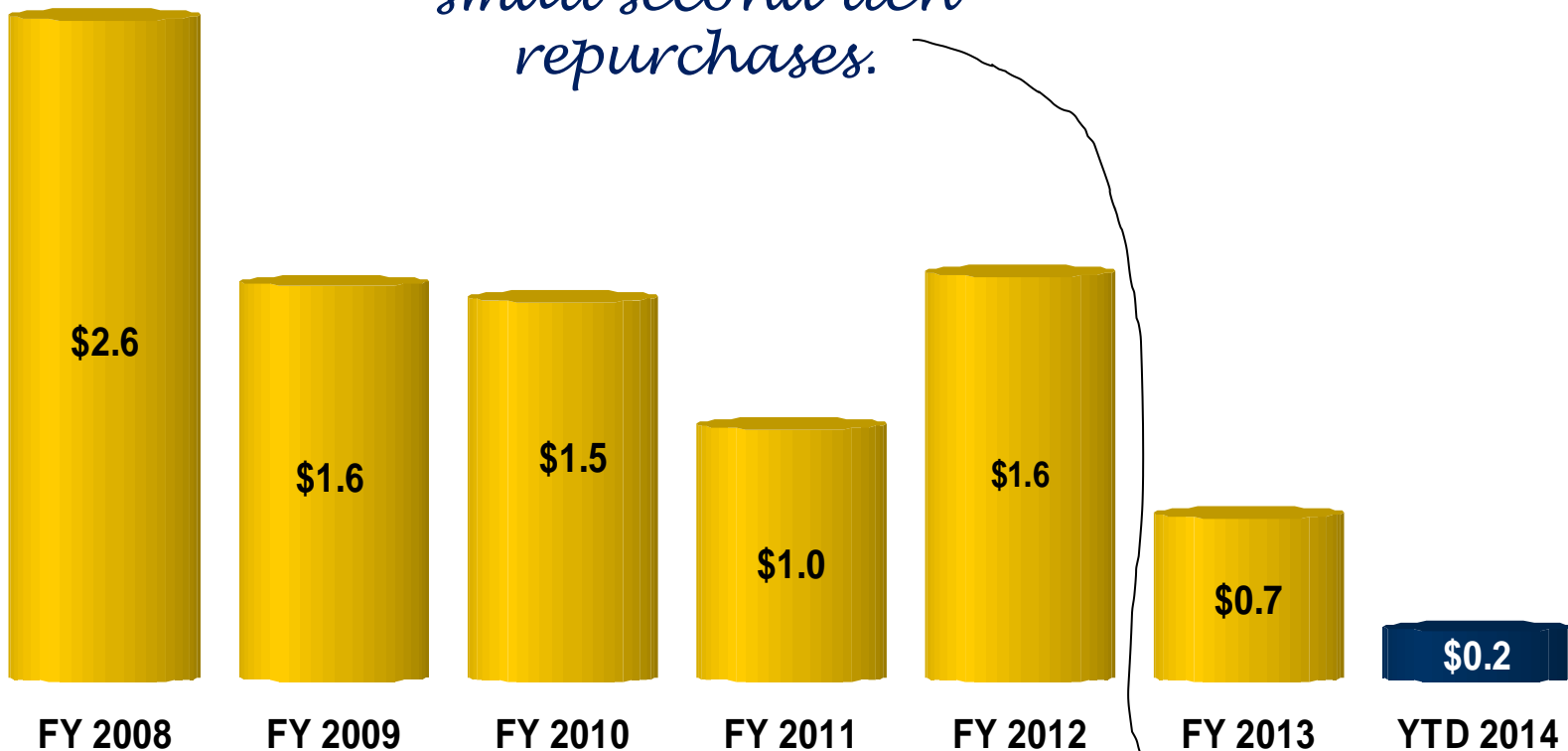
Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

Payments for Loan Repurchases and Make Whole Requests

As of July 31, 2014

\$ in millions

13 of 18 loans were small second lien repurchases.



Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans	5 loans
Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	56 loans

◆ As of July 31, 2014, reserve for loan repurchases and make whole requests was \$11.3 million.

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

