Review of Financial Results
First Quarter Fiscal 2016
(Updated March 22, 2016 with respect to slides 25, 26 and 27)

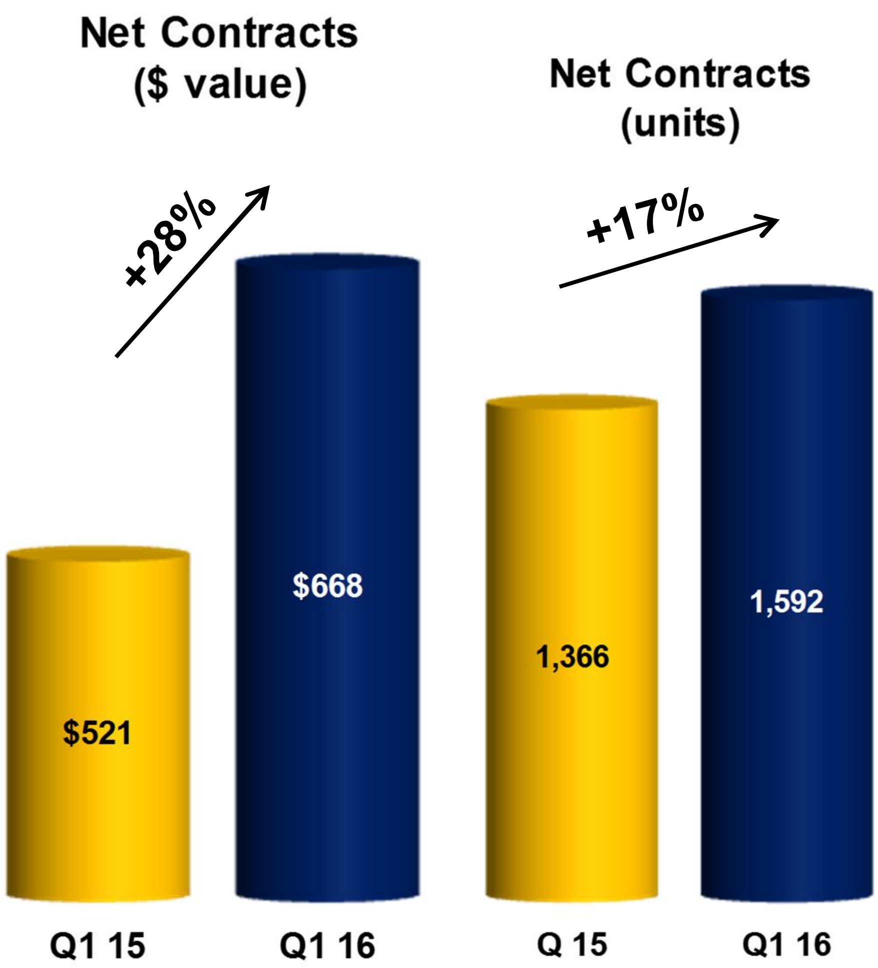


Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other 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. Such forward-looking statements include but are not limited to statements related to the Company’s goals and expectations with respect to its financial results for the current or future financial periods, including total revenues and adjusted pretax profits. 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. By their nature, forward-looking statements: (1) speak only as of the date they are made, (2) are not guarantees of future performance or results and (3) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. 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) levels of indebtedness and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (4) the Company's sources of liquidity; (5) changes in credit ratings; (6) changes in market conditions and seasonality of the Company’s business; (7) the availability and cost of suitable land and improved lots; (8) shortages in, and price fluctuations of, raw materials and labor; (9) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (10) fluctuations in interest rates and the availability of mortgage financing; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) operations through joint ventures with third parties; (13) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (14) product liability litigation, warranty claims and claims made by mortgage investors; (15) levels of competition; (16) availability and terms of financing to the Company; (17) successful identification and integration of acquisitions; (18) significant influence of the Company’s controlling stockholders; (19) availability of net operating loss carryforwards; (20) utility shortages and outages or rate fluctuations; (21) geopolitical risks, terrorist acts and other acts of war; (22) increases in cancellations of agreements of sale; (23) loss of key management personnel or failure to attract qualified personnel; (24) information technology failures and data security breaches; (25) legal claims brought against us and not resolved in our favor; and (26) certain risks, uncertainties and other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2015 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.

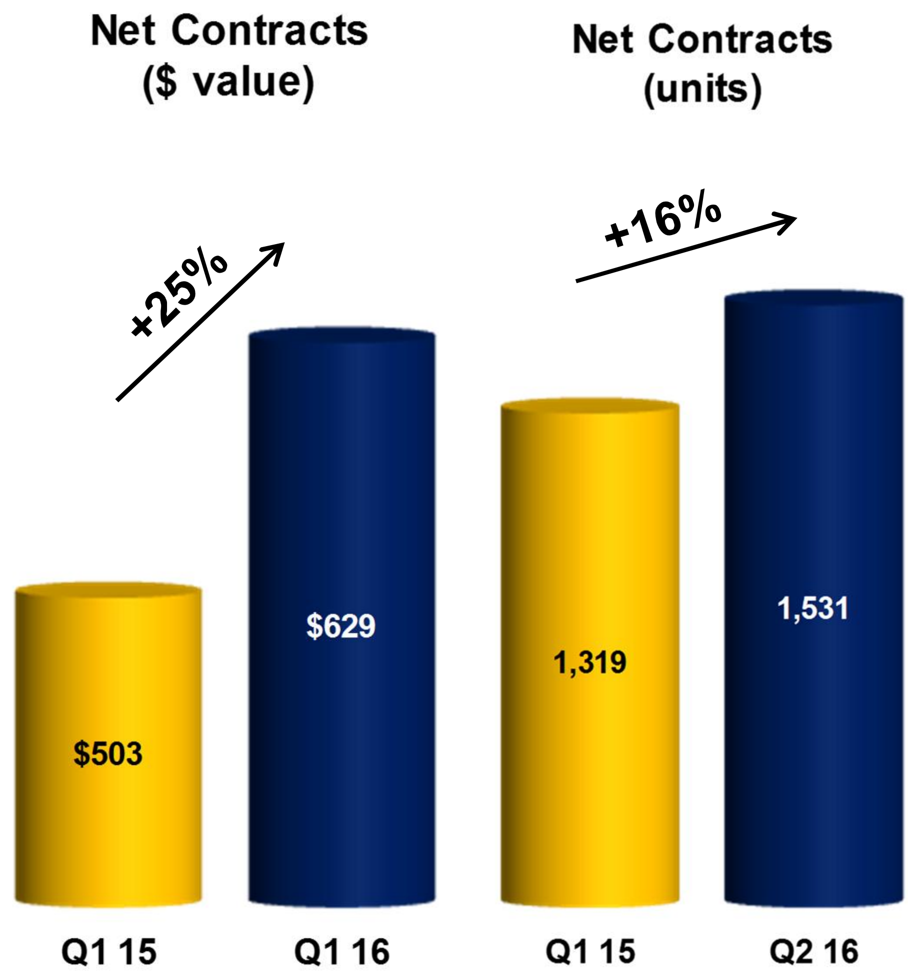
Solid Net Contract Growth

($ in millions)

Including Joint Ventures



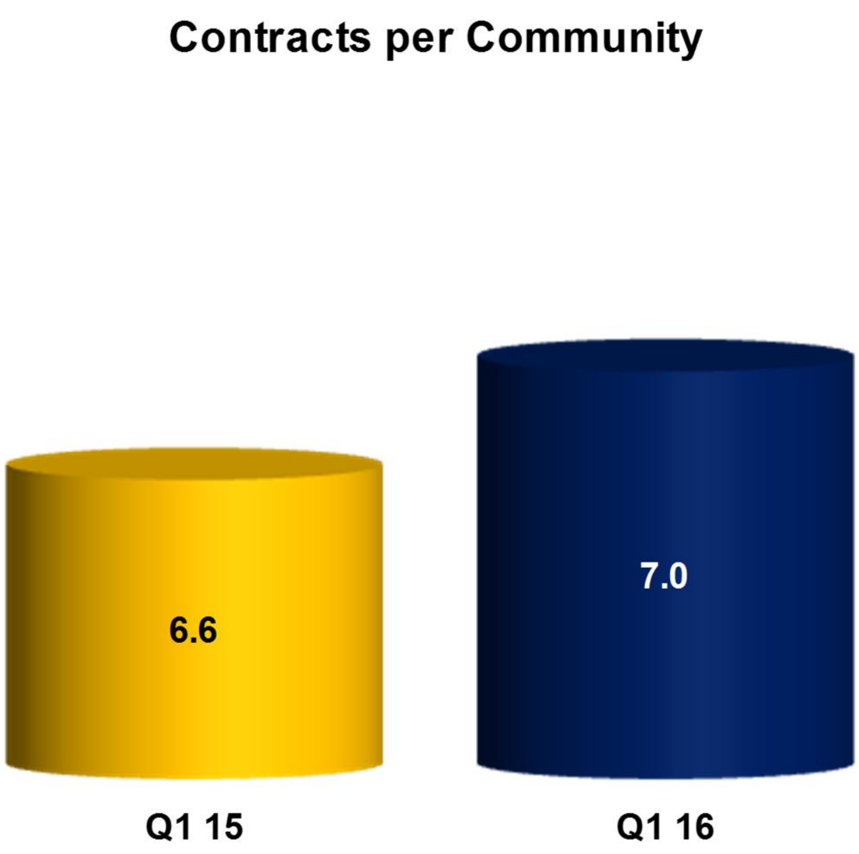
Excluding Joint Ventures



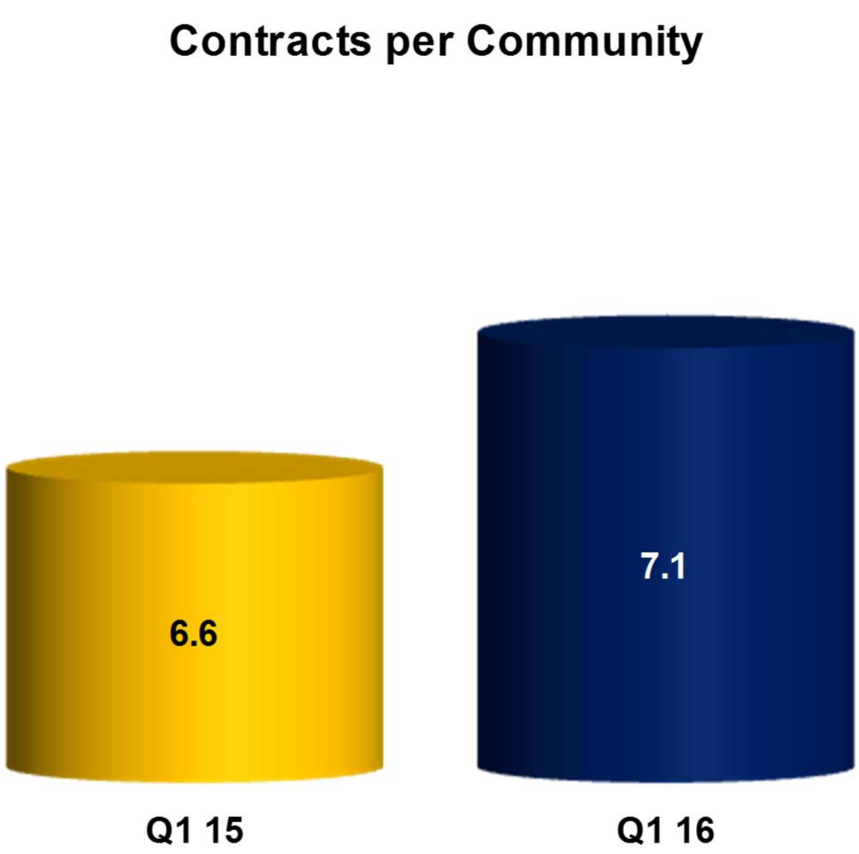
Growth in Sales Pace Per Community

($ in millions)

Including Joint Ventures



Excluding Joint Ventures



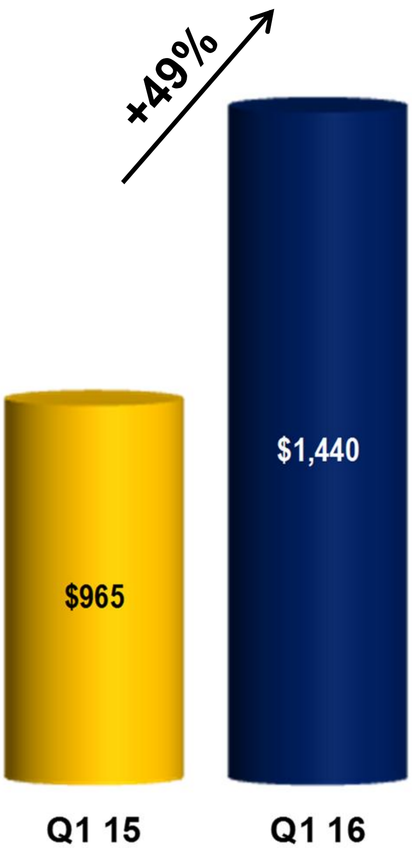
Hovnanian Enterprises, Inc.

Strength in Backlog Suggests Further Revenue Growth

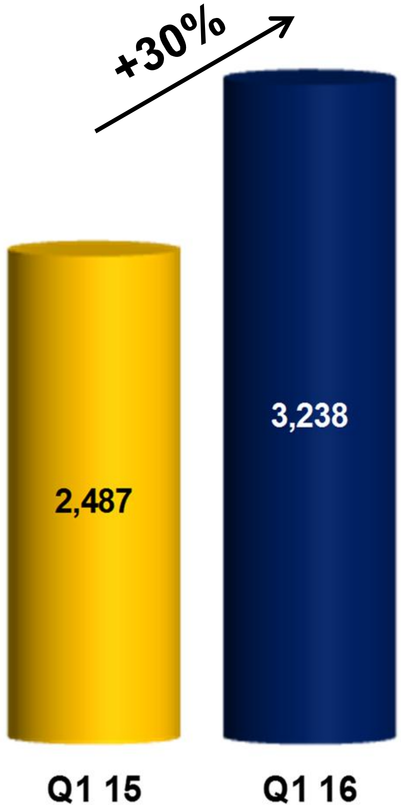
($ in millions)

Including Joint Ventures

Contract Backlog ($ value)



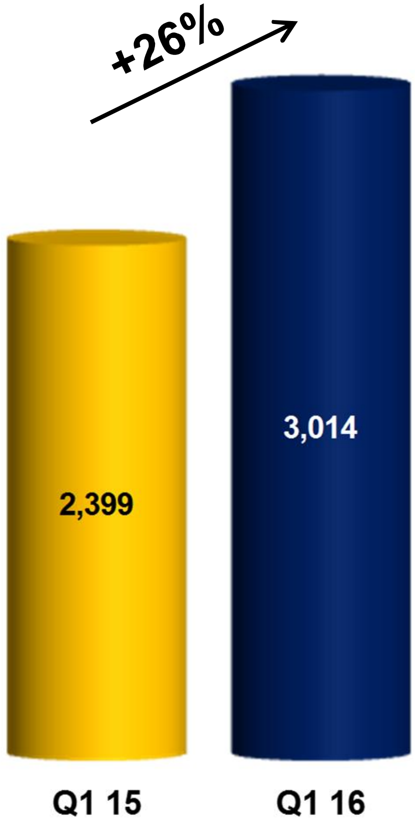
Contract Backlog (units)



Excluding Joint Ventures

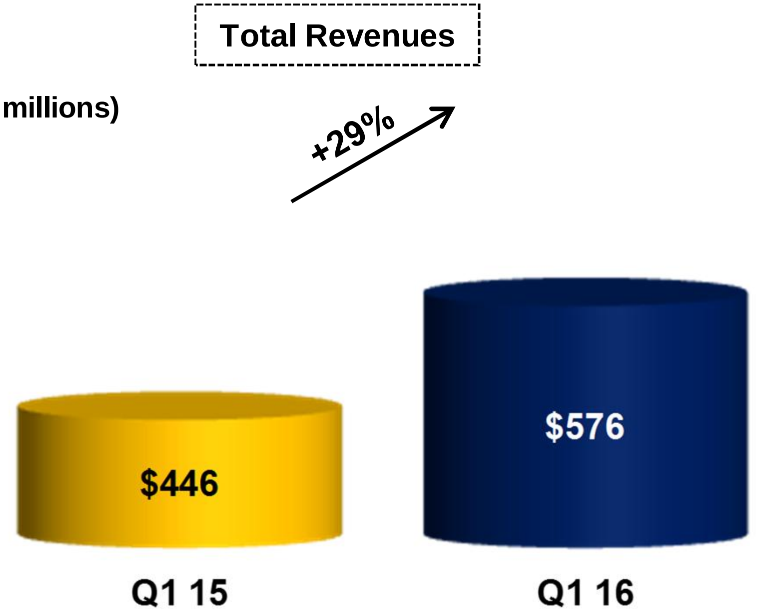
Contract Backlog ($ value)

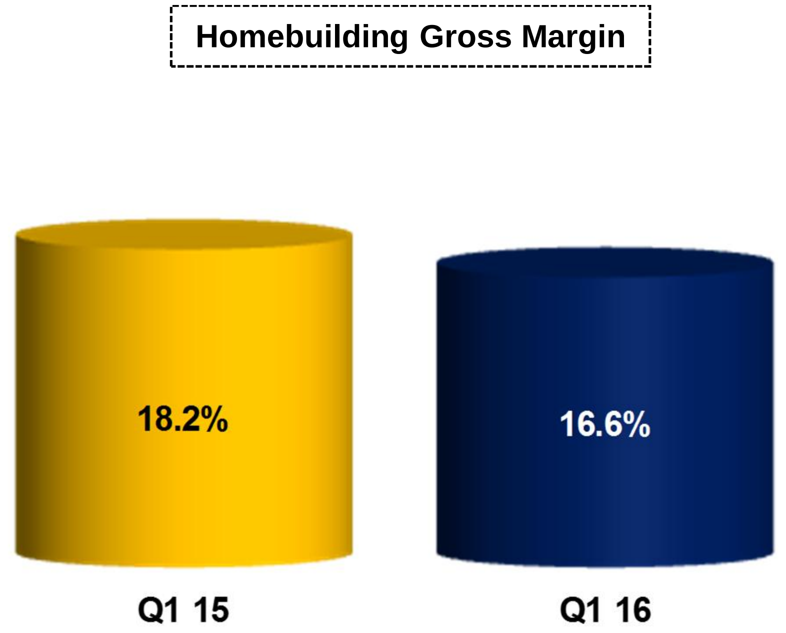
Contract Backlog (units)

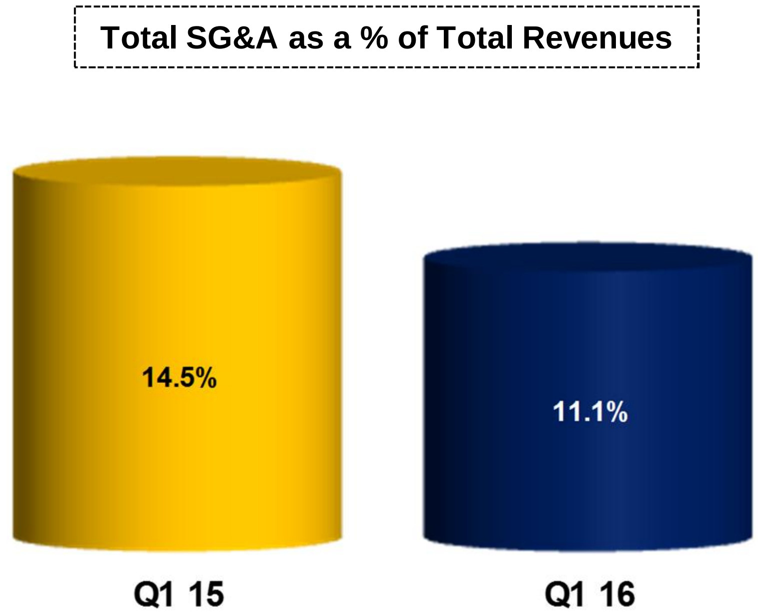


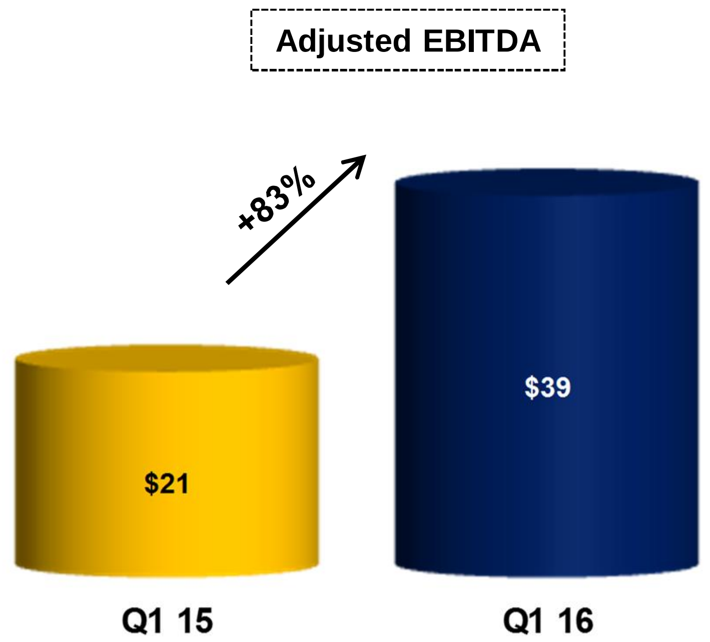
Operating Results

($ in millions)







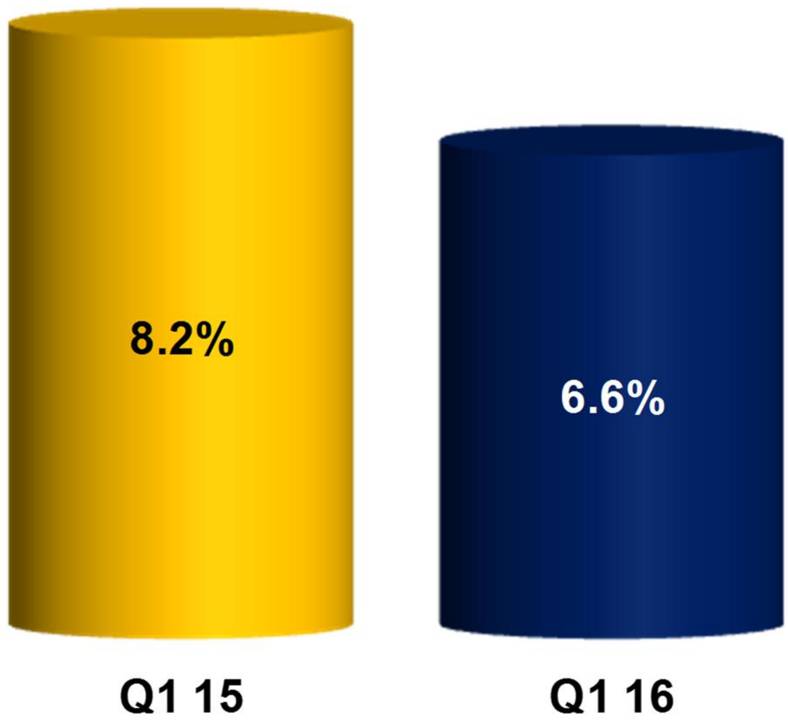


Note: Excluding unconsolidated joint ventures.

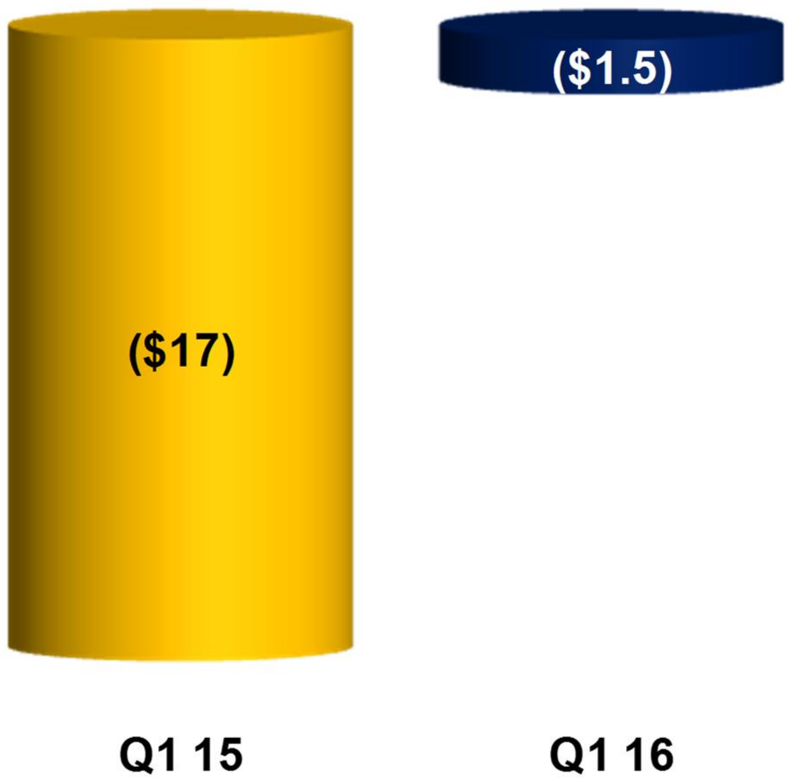
Significant Improvements

($ in millions)

Total Interest as a % of Total Revenues

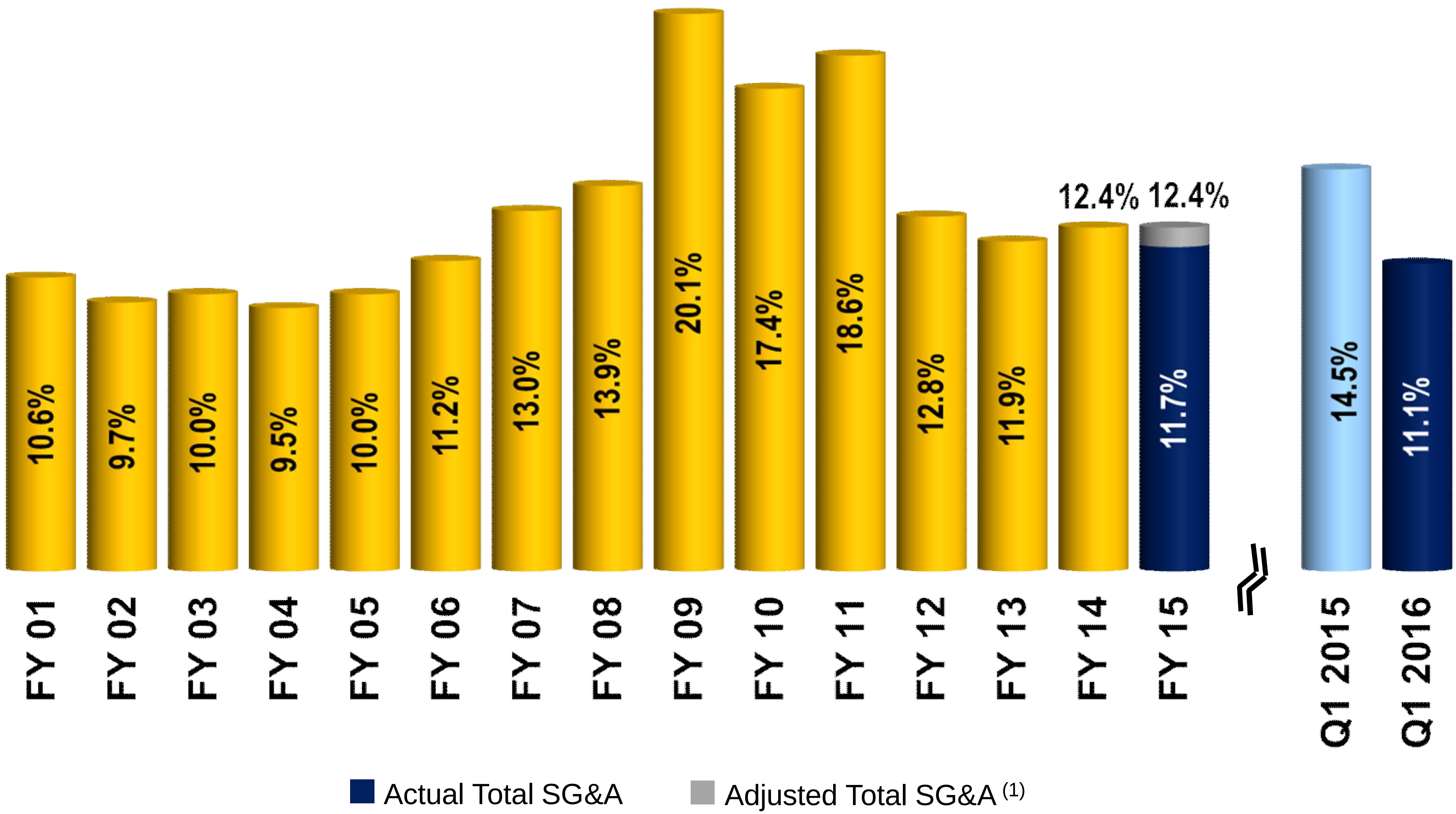


Adjusted Pre-Tax Profit [1]



(1) Excluding land related charges.

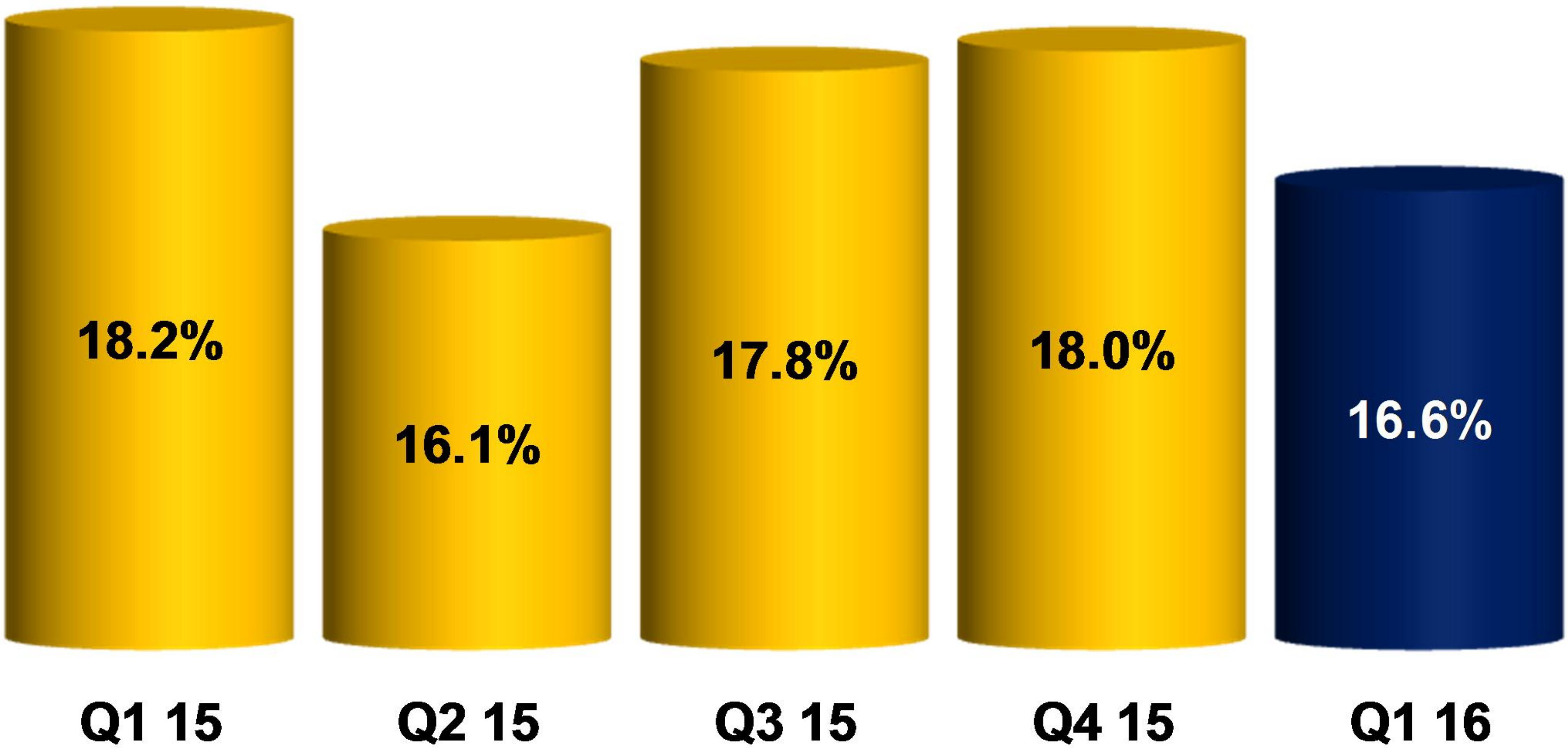
Total SG&A as a Percentage of Total Revenues



(1) Includes $15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

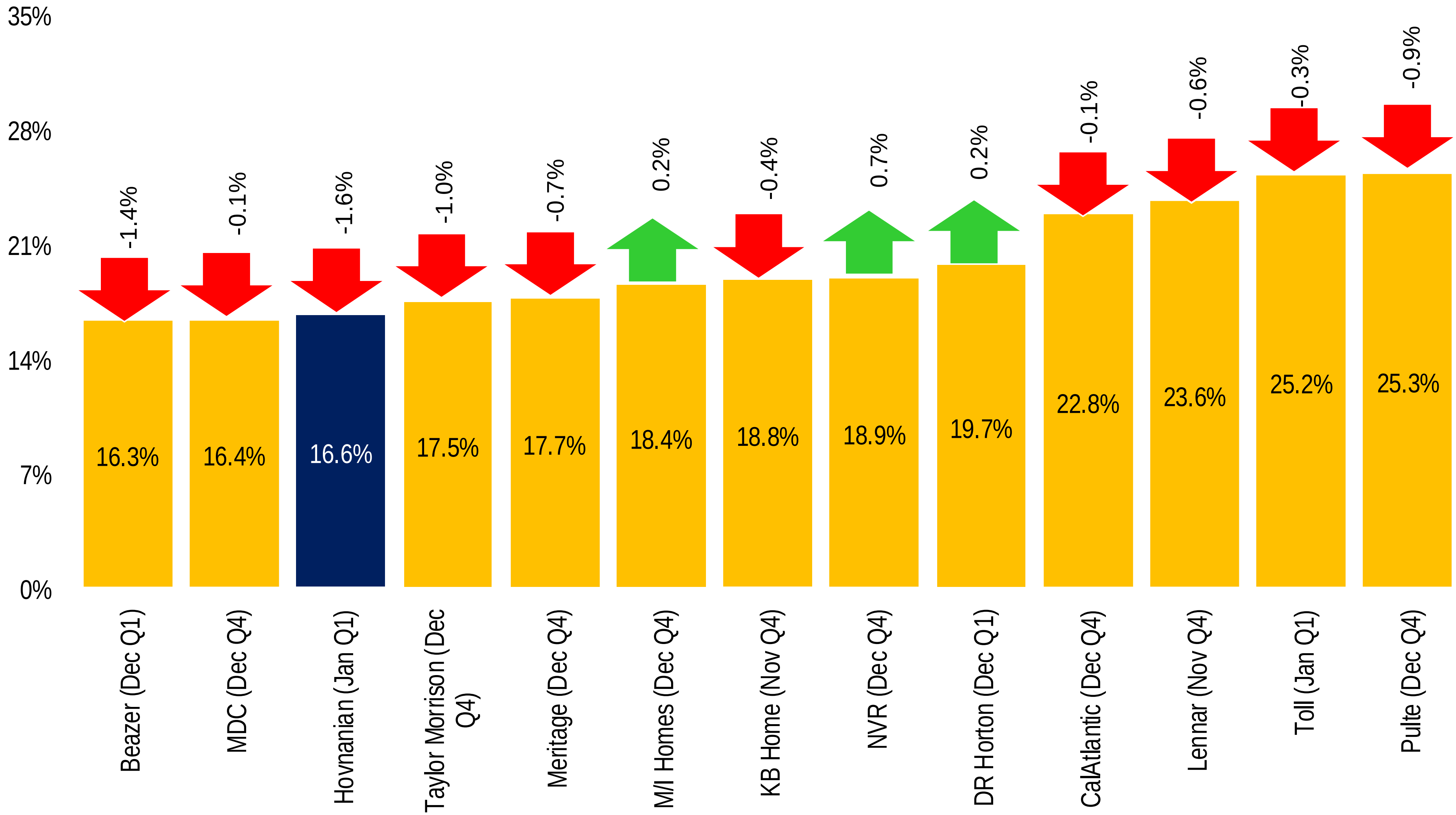
Gross Margin Trends



Excludes interest related to homes sold and land charges.
During the first quarter of 2016, there were $11.0 million of impairment reversals related to deliveries, compared to $6.6 million in the first quarter of 2015.

Adjusted Gross Margin Percentage, Most Recent Quarter

(adjusted for sales commissions) (year over year change)

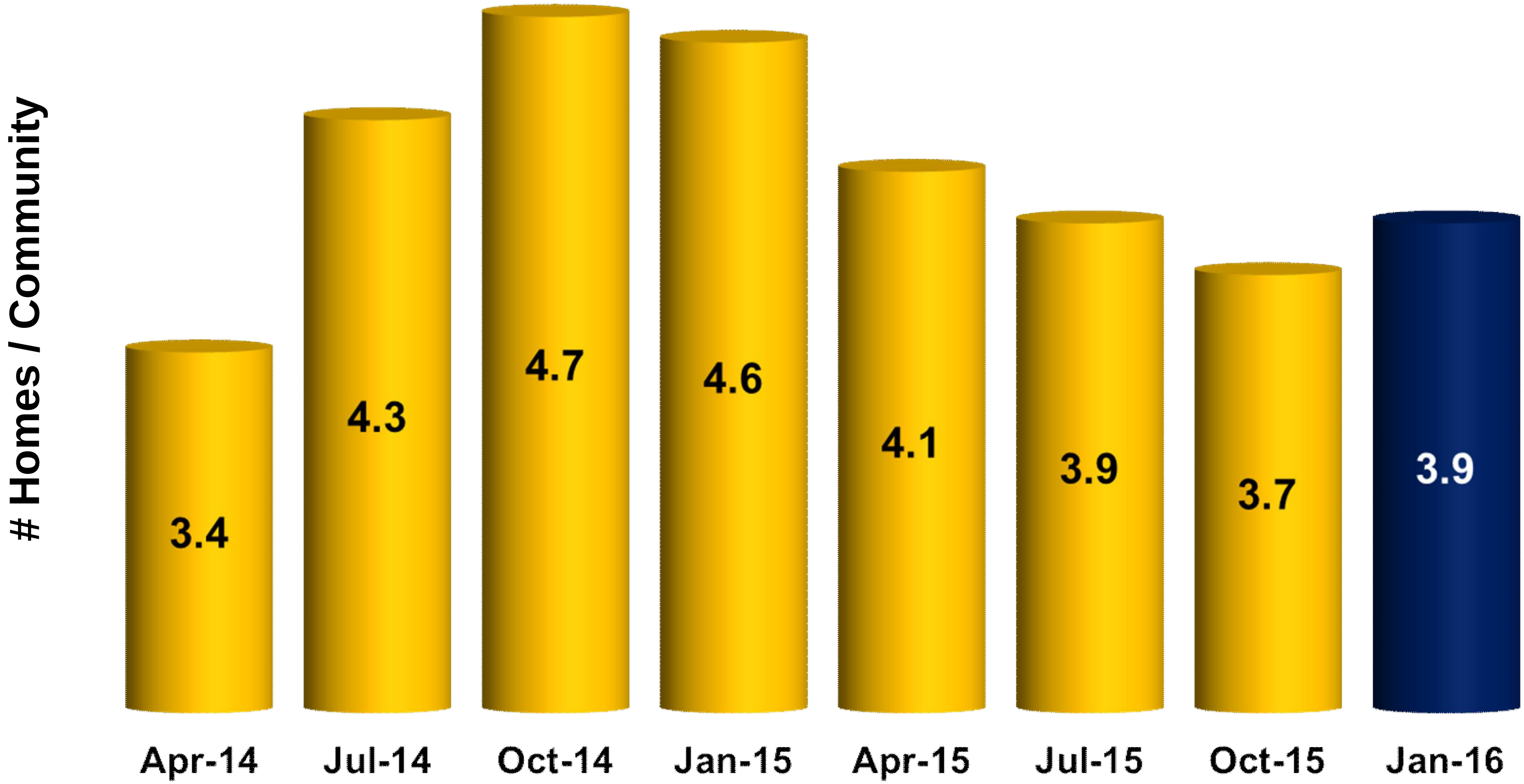


Note: Hovnanian sales commission was 3.4% in the most recent quarter. Reduced CalAtlantic, KB Home, Lennar, MDC, Meritage, M/I Homes and Taylor Morrison publicly reported results by full 3.4% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.7% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 4.1%.

Note: Excluding interest and impairments.
Source: Company SEC filings and press releases as of 03/09/16.

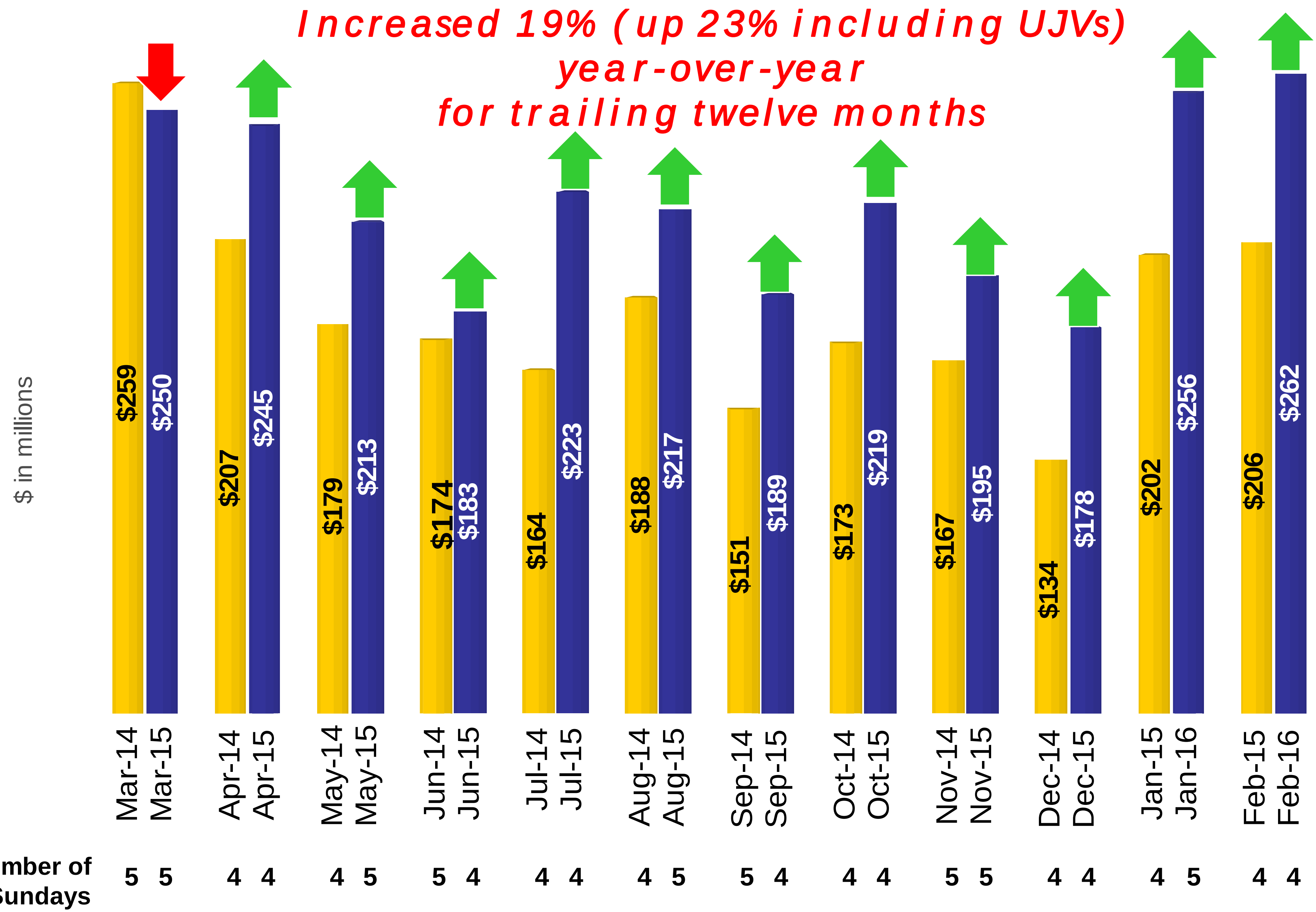
Spec Homes per Community

- *843 spec homes at 01/31/16, excluding models*
- *4.6 average spec homes per community since 1997*



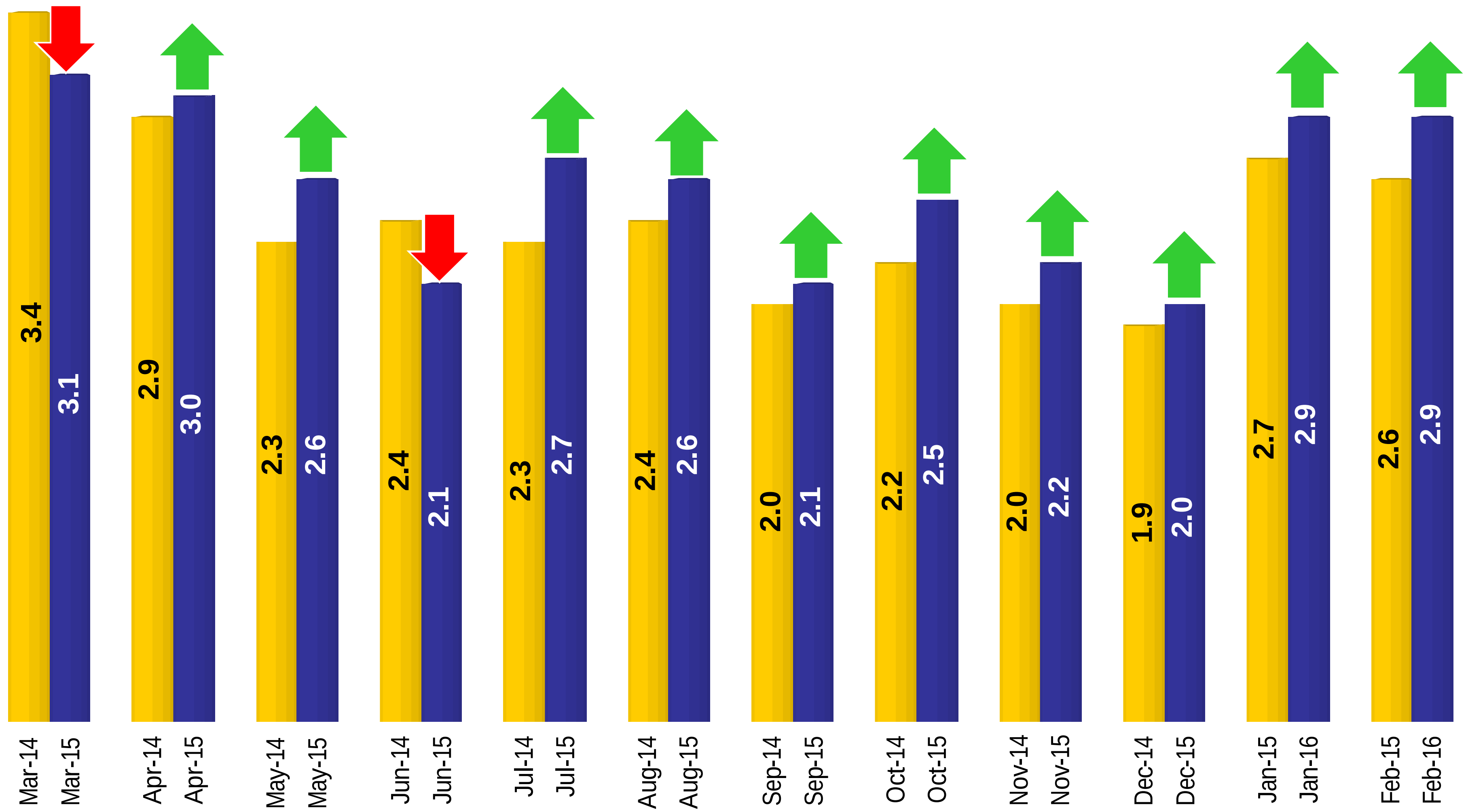
Excluding unconsolidated joint ventures and models.

Dollar Amount of Net Contracts Per Month



Excludes unconsolidated joint ventures.

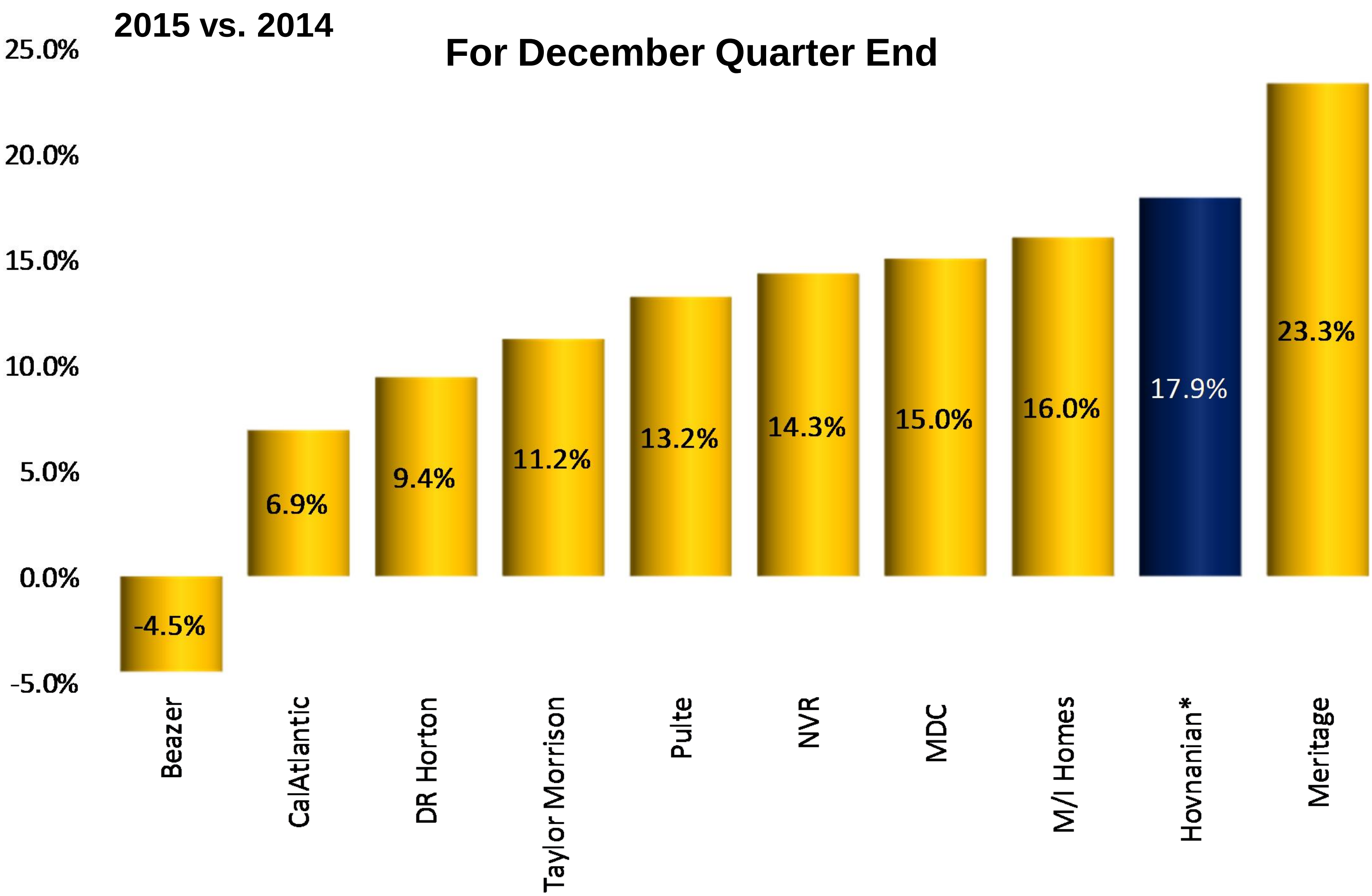
Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	5	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4
	Mar-14	Mar-15	Apr-14	Apr-15	May-14	May-15	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15	Sep-14	Sep-15	Oct-14	Oct-15	Nov-14	Nov-15	Dec-14	Dec-15	Jan-15	Jan-16	Feb-15	Feb-16
Monthly Net Contracts	681	634	578	623	446	529	466	442	445	562	460	531	402	460	439	544	408	477	380	426	531	628	539	600

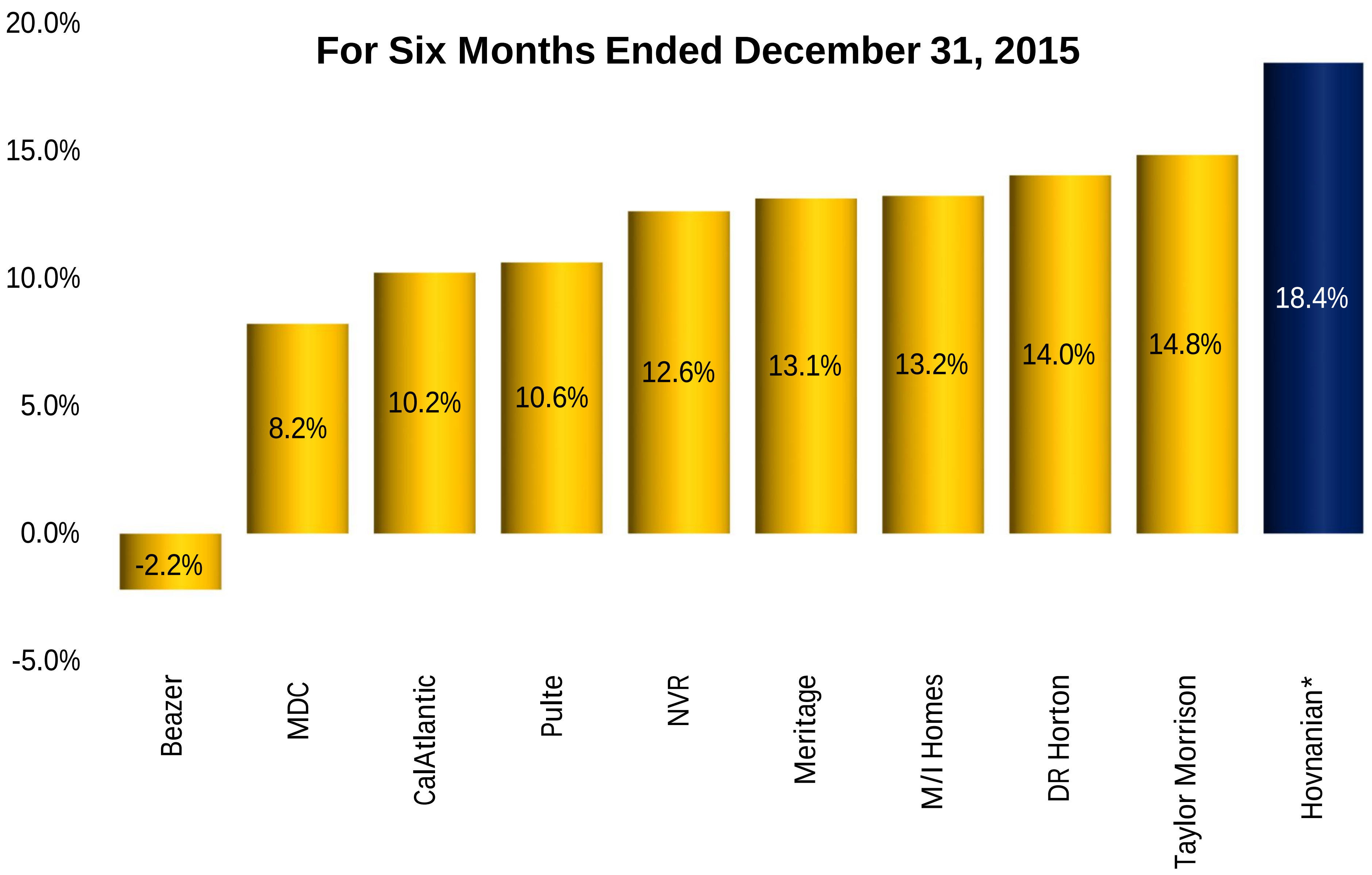
Excludes unconsolidated joint ventures.

Year – Over – Year Change in Net Contracts



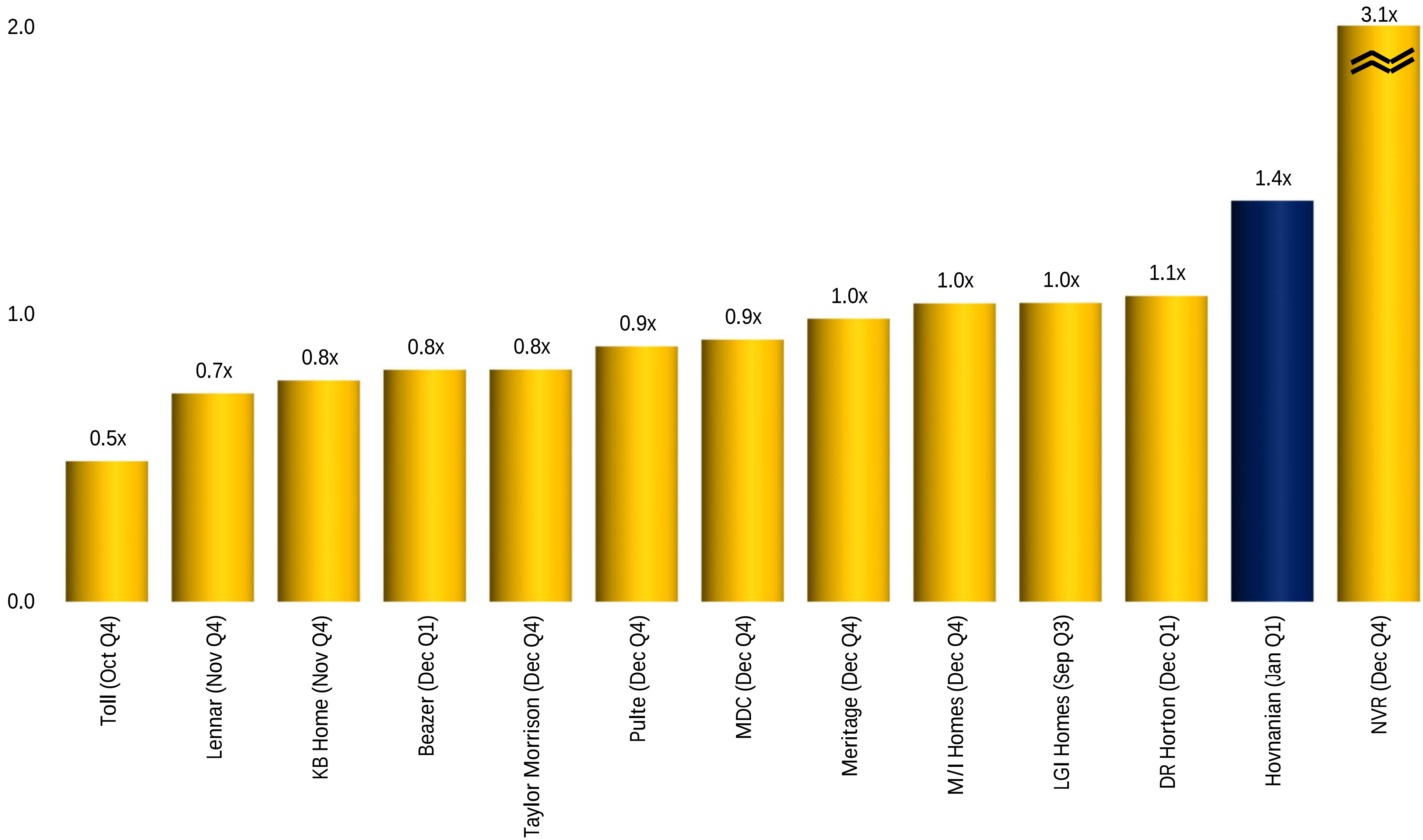
** Hovnanian is shown as if quarter ended December 31, 2015*
Excludes unconsolidated joint ventures.

Year – Over – Year Change in Net Contracts



* *Hovnanian is shown as if quarter ended December 31, 2015*
Excludes unconsolidated joint ventures.

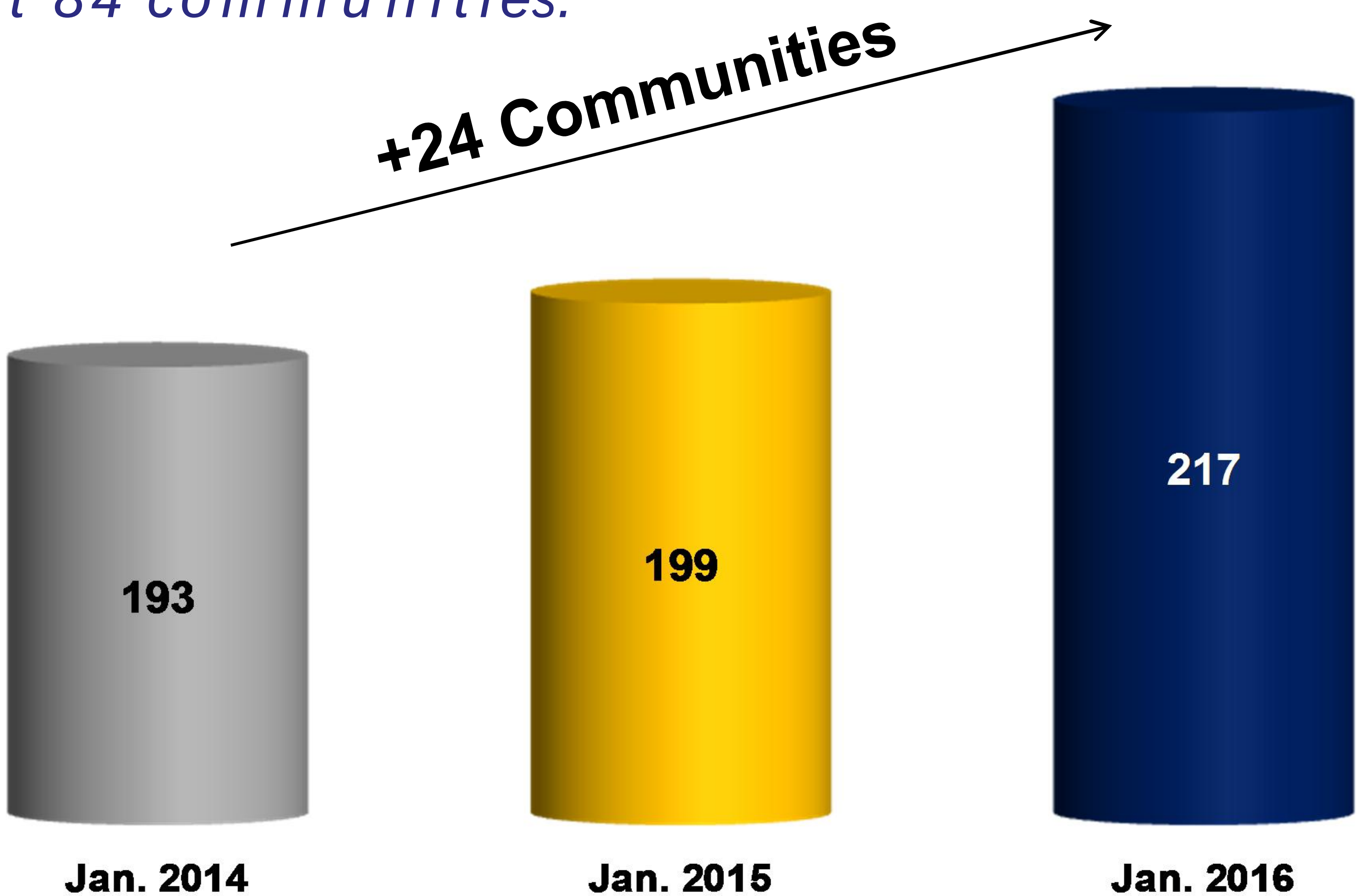
Inventory Turns (COGS), Trailing Twelve Months



Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the first quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.
Source: Company SEC filings and press releases as of 03/09/16.

Active Selling Communities

In the trailing twelve months, we opened 102 communities and closed out 84 communities.



	Jan. 2014	Jan. 2015	Jan. 2016
Unconsolidated Joint Ventures*	9	9	11

Active selling communities are open for sale communities with 10 or more home sites available.
**Unconsolidated joint venture communities are not included above.*

Land Positions by Geographic Segment

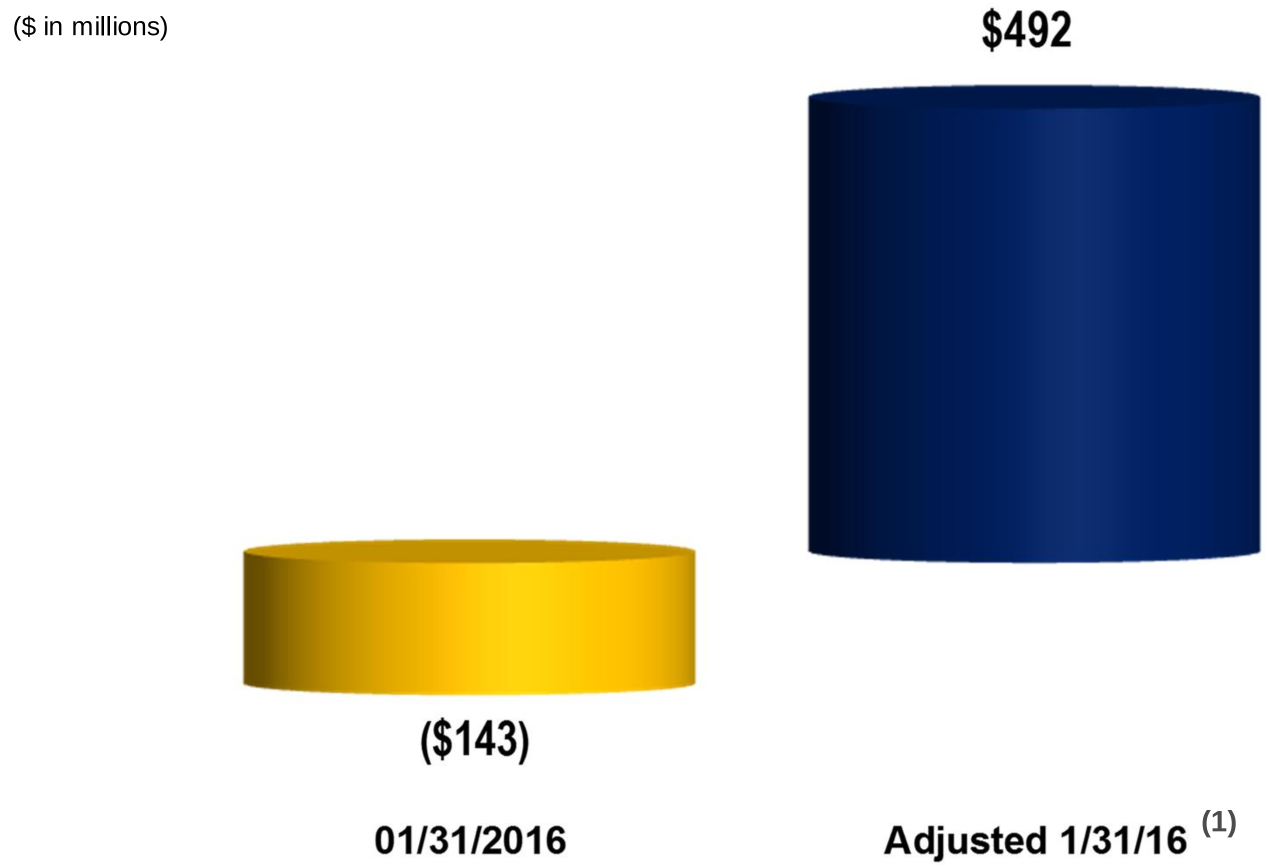
	January 31, 2016			
	# Lots			
	Owned			
Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,221	577	4,391	6,189
Mid-Atlantic	2,143	280	2,869	5,292
Midwest	2,523	108	2,375	5,006
Southeast	1,471	362	3,719	5,552
Southwest	2,092	0	4,661	6,753
West	1,839	3,635	444	5,918
Total	11,289	4,962	18,459	34,710

- *Option deposits as of January 31, 2016 were $86 million*
- *$15 million invested in pre-development expenses as of January 31, 2016*
- *95% of options are newly identified lots*
- *Excluding mothballed lots, 84% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.
Newly identified lots are lots controlled after January 31, 2009.

Adjusted Hovnanian Stockholders' Equity

- *Deferred tax asset will shield approximately $2 billion of future pretax earnings from federal income taxes which will help accelerate repairing our balance sheet*



As of March 8, 2016, stock was trading at 47% discount to adjusted book value (2)

Note: Reversed $285 million of valuation allowance in the 2014 fourth quarter.

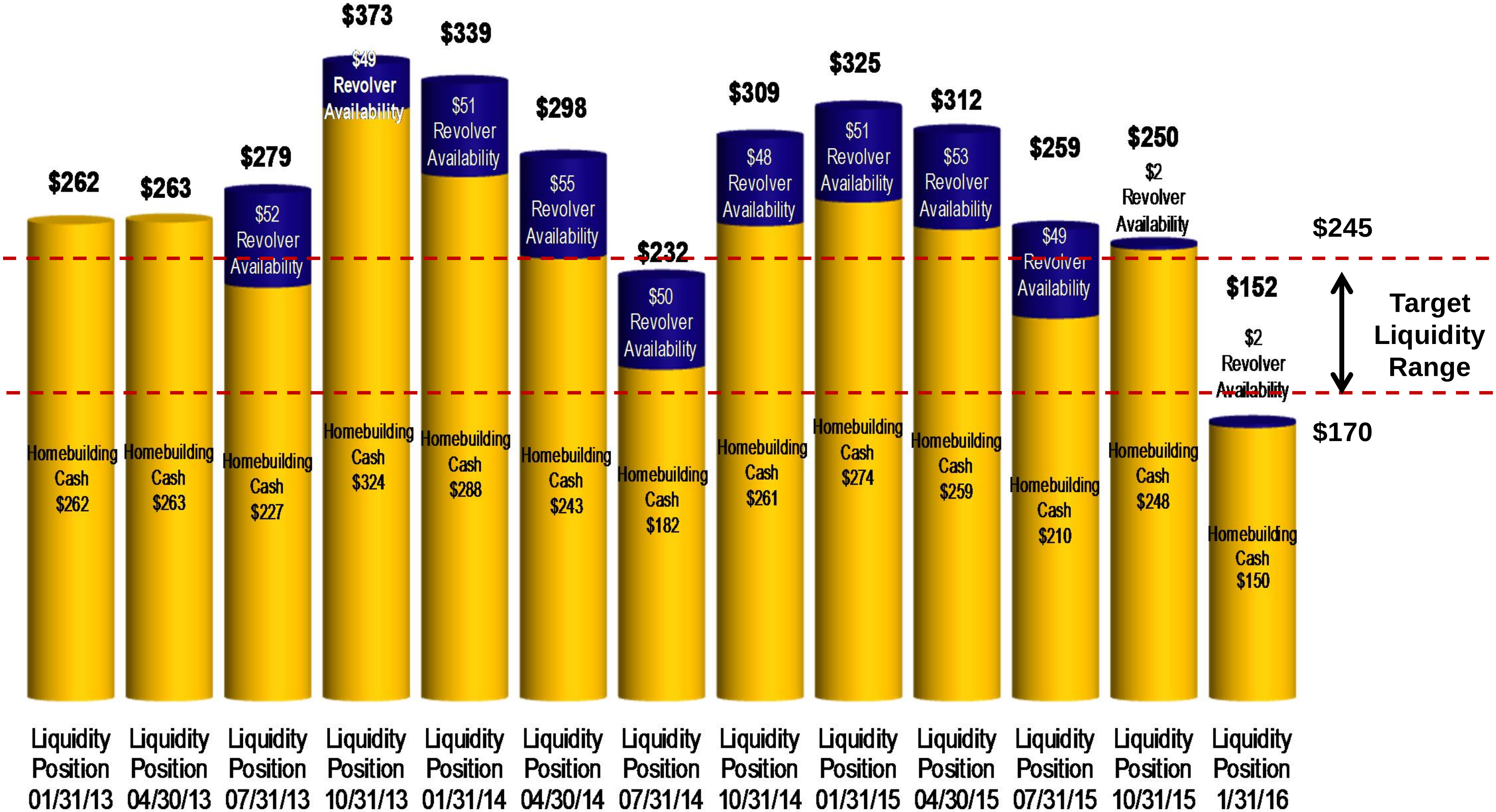
(1) Total Hovnanian Stockholders' Deficit of $(143) million with $635 million valuation allowance added back to Stockholders' Equity. The $635 million valuation allowance consisted of a $441 million federal valuation allowance and a $194 million state valuation allowance.

(2) Based on closing price of $1.76 on March 8, 2016.

Liquidity Position and Target

We are comfortable operating at the lower end of the range

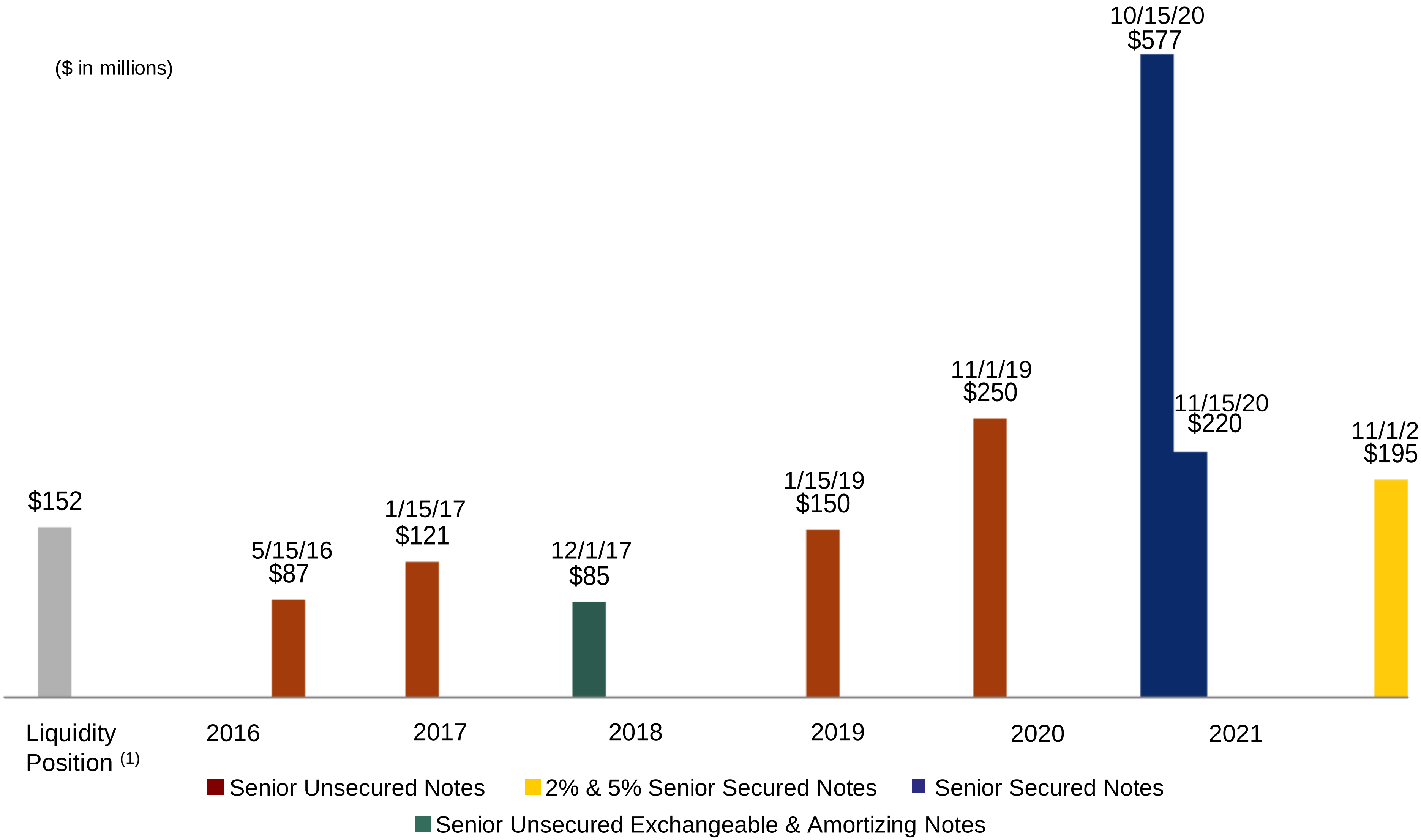
($ in Millions)



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

Debt Maturity Profile

January 31, 2016 *($ in millions)*



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

[1] Liquidity position is $150 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and $2 million of availability under revolving credit facility as of January 31, 2016

Reiterating Full Year Guidance for 2016

	FY 2016
Total Revenues ($ billions)	$2.7 to $3.1
Gross Margin	16.8% to 18.0%
Total SG&A as percentage of Total Revenues	9.8% to 10.2%
Adjusted Pre Tax Profit[(1)] ($ millions)	$40 to $100

(1) Excluding land related charges, gains or losses on extinguishment of debt and other non-recurring items such as legal settlements.

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Appendix

Coverage for 7.25% 1st Lien Notes and 9.125% 2nd Lien Note Due 2020 (updated March 22, 2016)

($ in Thousands)

	Oct. 31, 2015	Jan. 31, 2016
Cash and cash equivalents	$197,100	$112,600
Mortgaged Inventory	$784,700	$628,400
Pledged equity value of subsidiaries without inventory liens(1)	$114,700	$96,300
Total Collateral for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	**$1,096,500**	**$837,300**
Plus equity value of subsidiaries with non recourse loans(2)	$212,600	$167,800
Total Adjusted Collateral for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	**$1,309,100**	**$1,005,100**
Principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	$797,000	$797,000
Adjusted Collateral Ratio	**1.64X**	**1.26X**
Assets in Excess of 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	$512,100	$208,100

(1) Represents book value of inventory owned by guarantor subsidiaries for which mortgages are either not yet filed or not required to be filed.

(2) Represents book value of inventory owned by guarantor subsidiaries less outstanding payable amount of non-recourse loans.

Coverage for 2% and 5% 1st Lien Notes Due 2021
(updated March 22, 2016)

($ in Thousands)	Oct. 31, 2015	Jan. 31, 2016
Cash and cash equivalents	$50,900	$37,000
Mortgaged Inventory	$140,100	$167,300
Pledged equity value of subsidiaries without inventory liens(1)	$200	$100
Total Collateral for 2% and 5% First Lien Notes due 2021	**$191,200**	**$204,400**
Plus equity value of subsidiaries with non recourse loans(2)	$31,700	$31,700
Total Adjusted Collateral for 2% and 5% First Lien Notes due 2021	**$222,900**	**$236,100**
Principal for 2% and 5% First Lien Notes due 2021	$195,000	$195,000
Adjusted Collateral Ratio	**1.14X**	**1.21X**
Total Adjusted Collateral for 2% and 5% First Lien Notes due 2021	**$222,900**	**$236,100**
Plus equity interests in joint ventures(3)	$57,300	$64,700
Total Assets Available for 2% and 5% First Lien Notes due 2021	**$280,200**	**$300,800**
Principal for 2% and 5% First Lien Notes due 2021	$195,000	$195,000
Asset Coverage Ratio	**1.44X**	**1.54X**
Assets in Excess of 2% and 5% First Lien Notes due 2021	$85,200	$105,800

(1) Represents book value of inventory owned by guarantor subsidiaries for which mortgages are either not yet filed or not required to be filed.
(2) Represents book value of inventory owned by guarantor subsidiaries less outstanding payable amount of non-recourse loans.
(3) Represents equity in joint ventures owned by guarantor subsidiaries, either directly or indirectly through ownership of joint venture holding companies; this equity is not pledged to secure, and is not collateral for, the Notes.

Assets Available to All Unsecured Notes
(updated March 22, 2016)

($ in Thousands)

	Oct. 31, 2015	Jan. 31, 2016
Total Assets	$2,602,298	$2,552,740
less Income Tax Receivables	($290,279)	($287,388)
less Inventory Not Owned	($122,225)	($338,067)
less Financial Services Assets	($159,981)	($193,458)
Assets Available to All Notes	**$2,029,813**	**$1,733,827**
less non-recourse mortgages	($143,863)	($128,668)
less principal for 2% and 5% First Lien Notes due 2021	($195,000)	($195,000)
less principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	($797,000)	($797,000)
Assets available to All Unsecured Notes	**$893,950**	**$613,159**

First Quarter Results

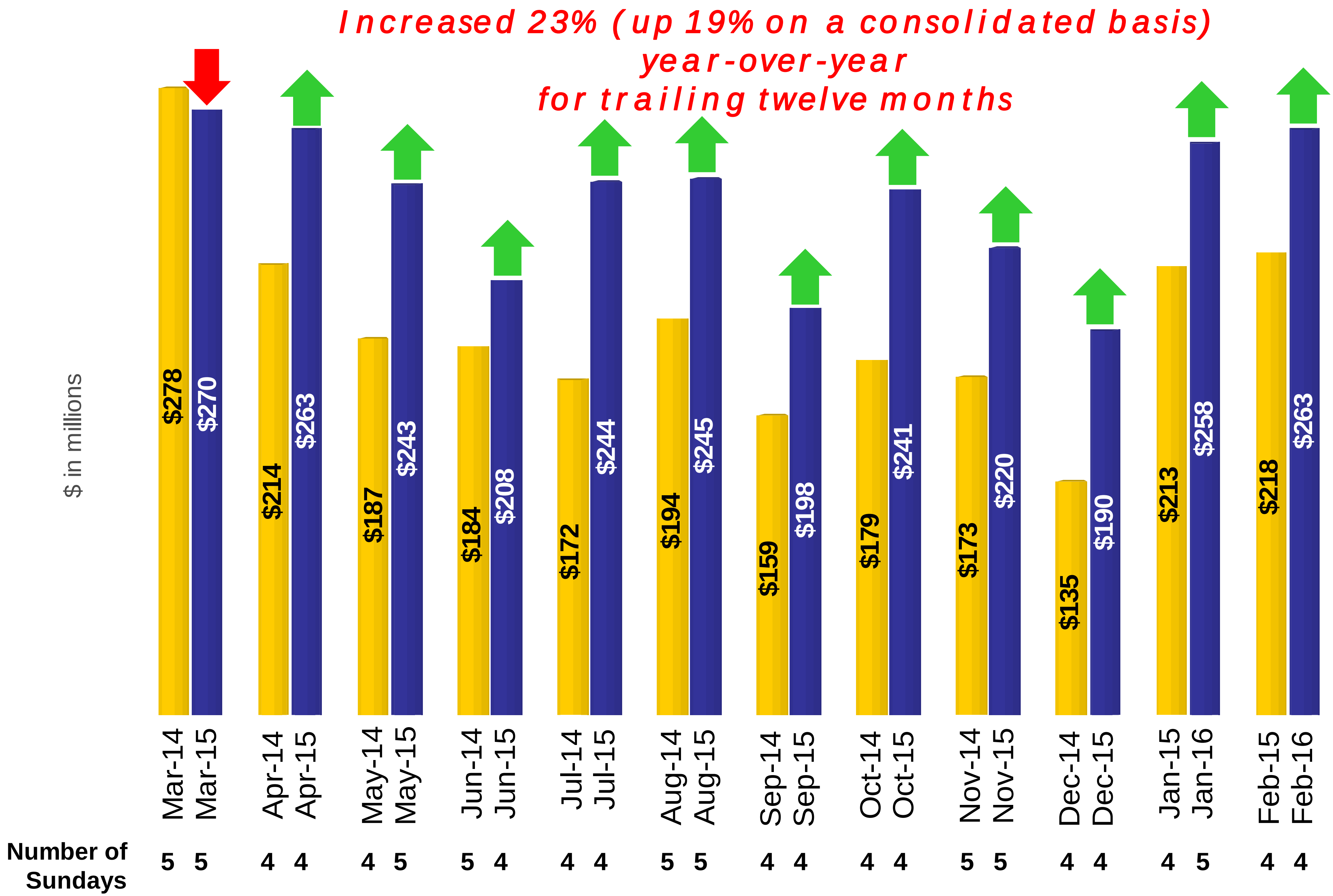
- *Strong contract backlog coupled with positive sales trends bodes well for expected revenue and profitability growth during 2016*

($ in millions)

		2016	2015	% Change	
	Forwarding-looking indicators				
1)	Net Contracts ($ value)[1]	$629	$503	25%	✓
2)	Net Contracts (units)[1]	1,531	1,319	16%	✓
3)	Communities[1]	217	199	9%	✓
4)	Contracts per Community[1]	7.1	6.6	8%	✓
5)	Backlog ($ value)[1]	$1,288	$926	39%	✓
6)	Backlog (units)[1]	3,014	2,399	26%	✓
	Backward-looking indicators				
7)	Deliveries[1]	1,422	1,149	24%	
8)	Total Revenues	$576	$446	29%	
9)	Homebuilding Gross Margin	16.6%	18.2%	-160 bps	
10)	Total SG&A as a Percentage of Total Revenues	11.1%	14.5%	-340 bps	
11)	Adjusted Pre-Tax Loss[2]	($1.5)	($17)	-	

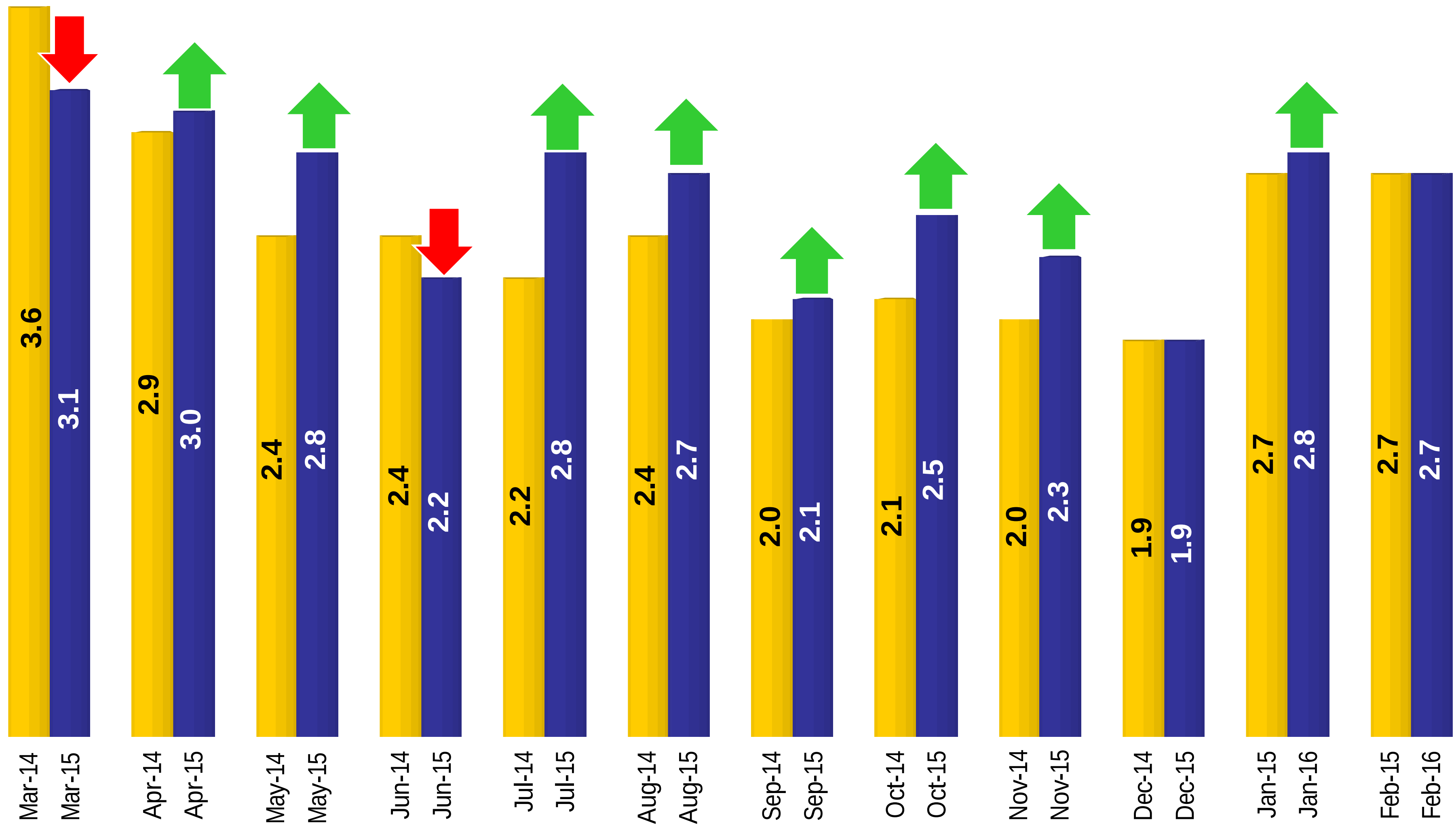
(1) Excludes unconsolidated joint ventures.
(2) Excluding land related charges.

Dollar Amount of Net Contracts Per Month



Includes unconsolidated joint ventures.

Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	5	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4
	Mar-14	Mar-15	Apr-14	Apr-15	May-14	May-15	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15	Sep-14	Sep-15	Oct-14	Oct-15	Nov-14	Nov-15	Dec-14	Dec-15	Jan-15	Jan-16	Feb-15	Feb-16
Monthly Net Contracts	728	672	597	652	474	583	489	480	461	595	483	573	419	475	448	581	422	517	390	446	554	629	570	603

Includes unconsolidated joint ventures.

Hovnanian Enterprises, Inc.

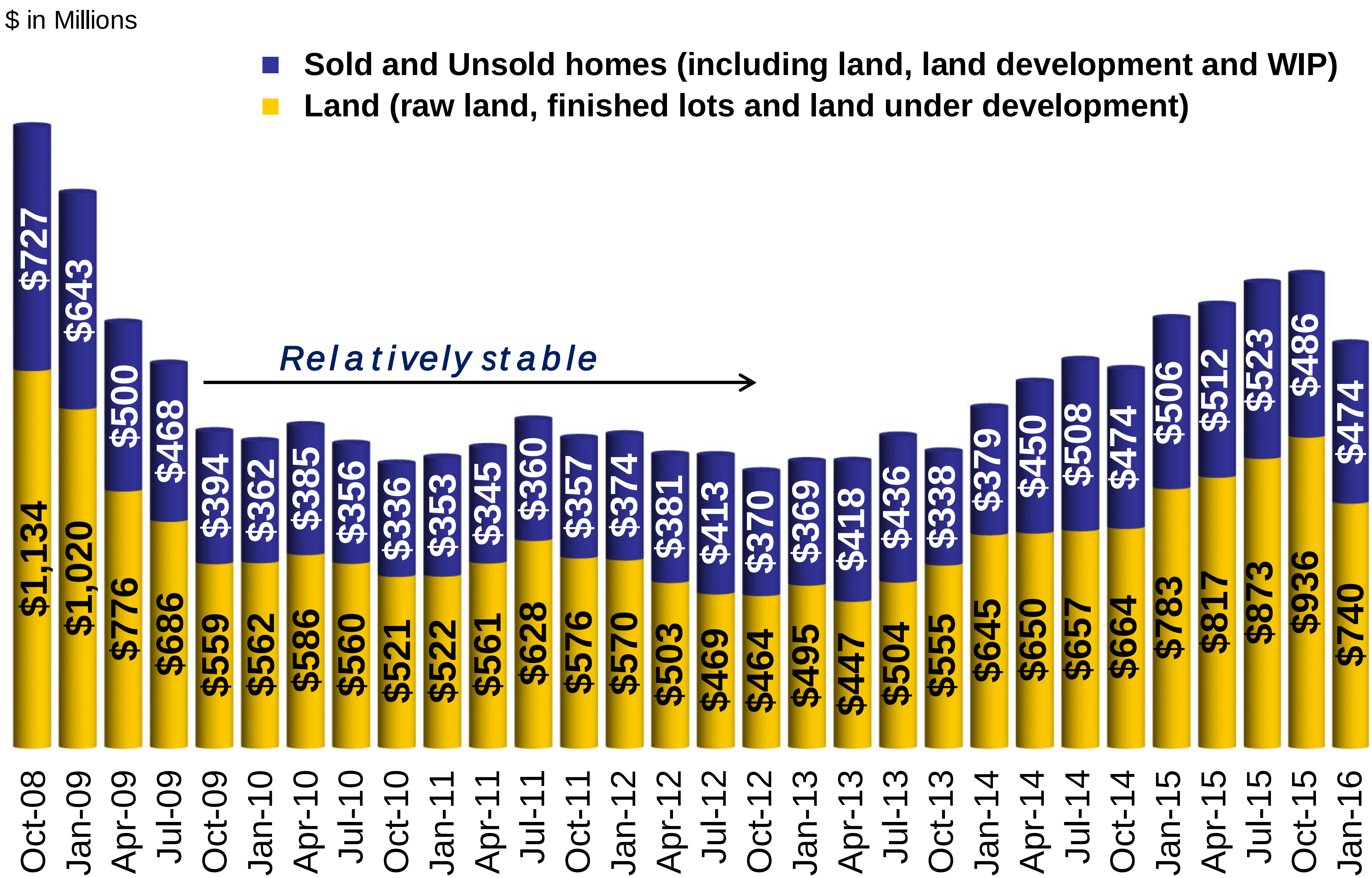
Land Positions by Geographic Segment

January 31, 2016

Segment	TTM Deliveries	Years Supply – Owned – Excluding Mothballed Lots	Years Supply – Owned – Mothballed Lots	Years Supply – Optioned	Years Supply – Total	Investment in Land (raw land, finished lots and lots under development) ($ in millions)
Northeast	435	2.8	1.3	10.1	14.2	$197
Mid-Atlantic	869	2.5	0.3	3.3	6.1	$116
Midwest	1,029	2.5	0.1	2.3	4.9	$59
Southeast	670	2.2	0.5	5.6	8.3	$107
Southwest	2,336	0.9	0.0	2.0	2.9	$119
West	441	4.2	8.2	1.0	13.4	$142
Total	5,780	2.0	0.9	3.2	6.0	$740

Excluding unconsolidated joint ventures.

Inventory Breakdown



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

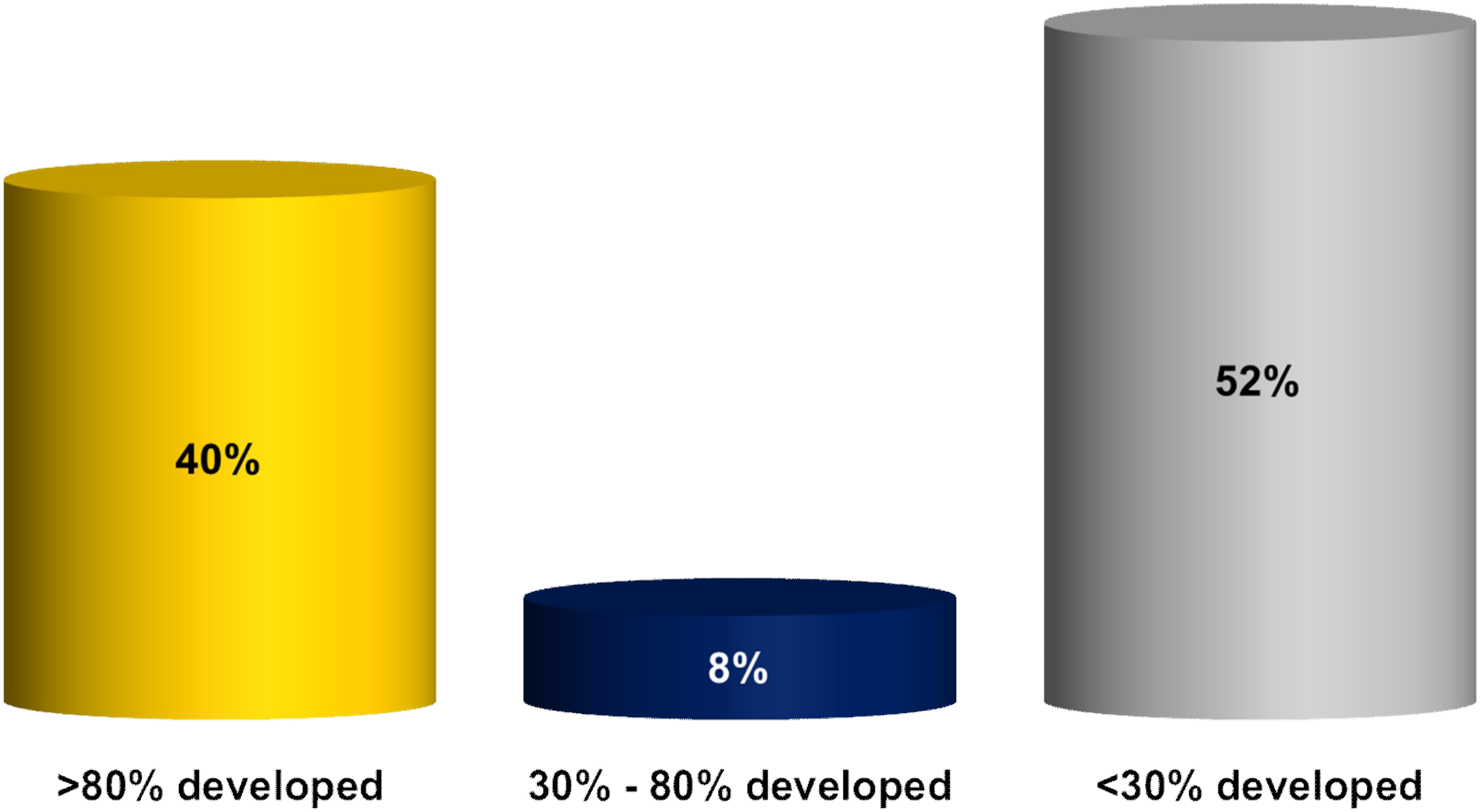
Mothballed Lots

As of January 31, 2016	# of Lots
Northeast (NJ, PA)	577
Mid-Atlantic (DE, MD, VA, WV)	280
Midwest (IL, MN, OH)	108
Southeast (FL, GA, NC, SC)	362
Southwest (AZ, TX)	0
West (CA)	3,635
Total	4,962

- *In 29 communities with a book value of $76 million net of impairment balance of $296 million*
- *Unmothballed approximately 5,100 lots in 84 communities since January 31, 2009*

Owned Lots % Development Costs Spent

As of January 31, 2016



Excluding unconsolidated joint ventures.

Credit Quality of Homebuyers

First Quarter 2016:

- Average LTV: 83%
- Average CLTV: 84%
- ARMs: 8.6%
- FICO Score: 746
- Capture Rate: 76%

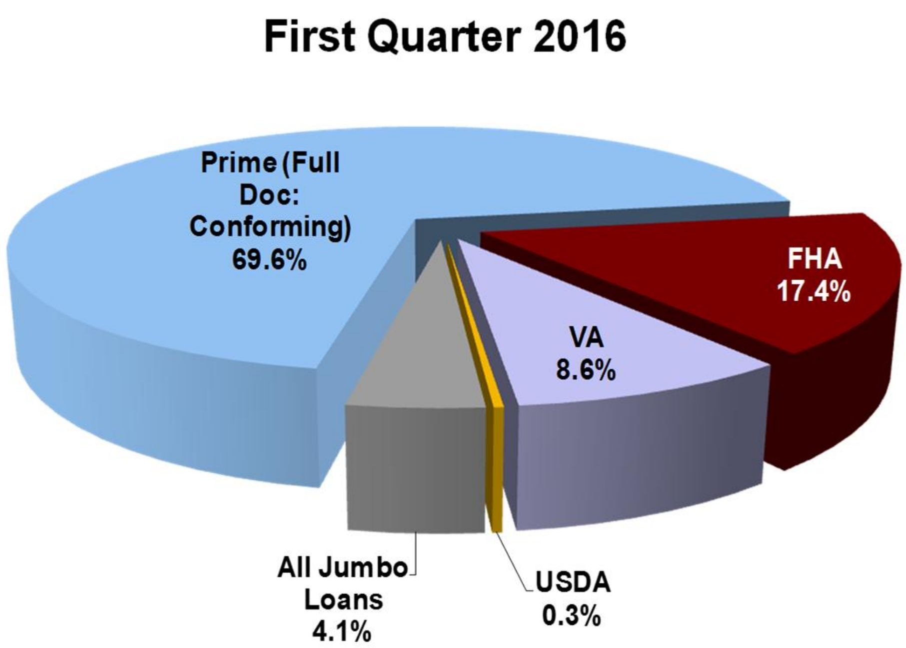
Fiscal Year 2015:

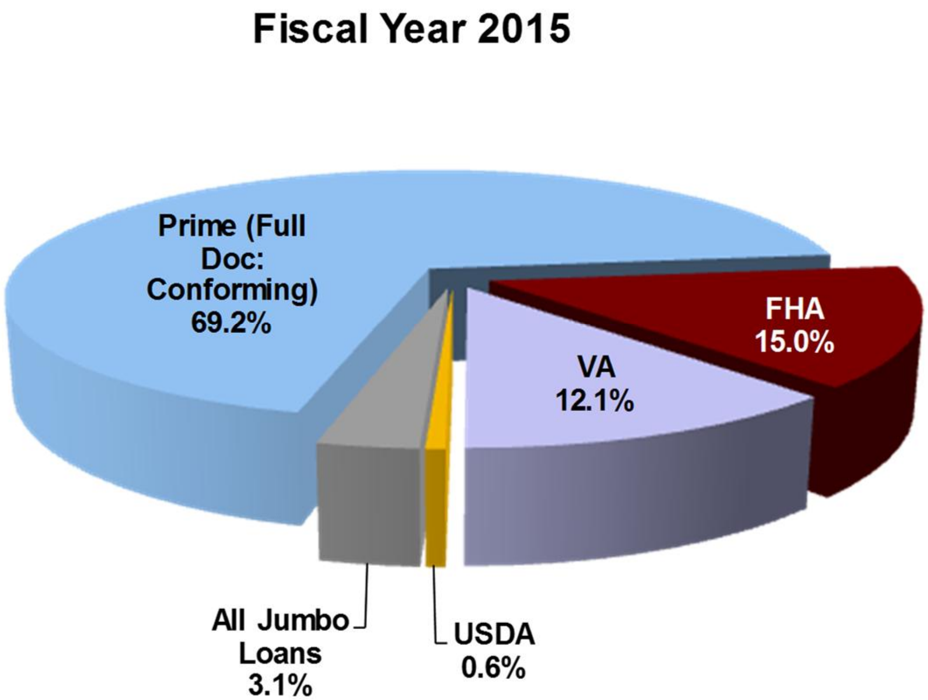
- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 5.5%
- FICO Score: 744
- Capture Rate: 75%

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

Hovnanian Mortgage Breakdown*

FHA Percentages					
2010	2011	2012	2013	2014	2015
38.0%	34.1%	27.8%	21.5%	15.0%	15.0%

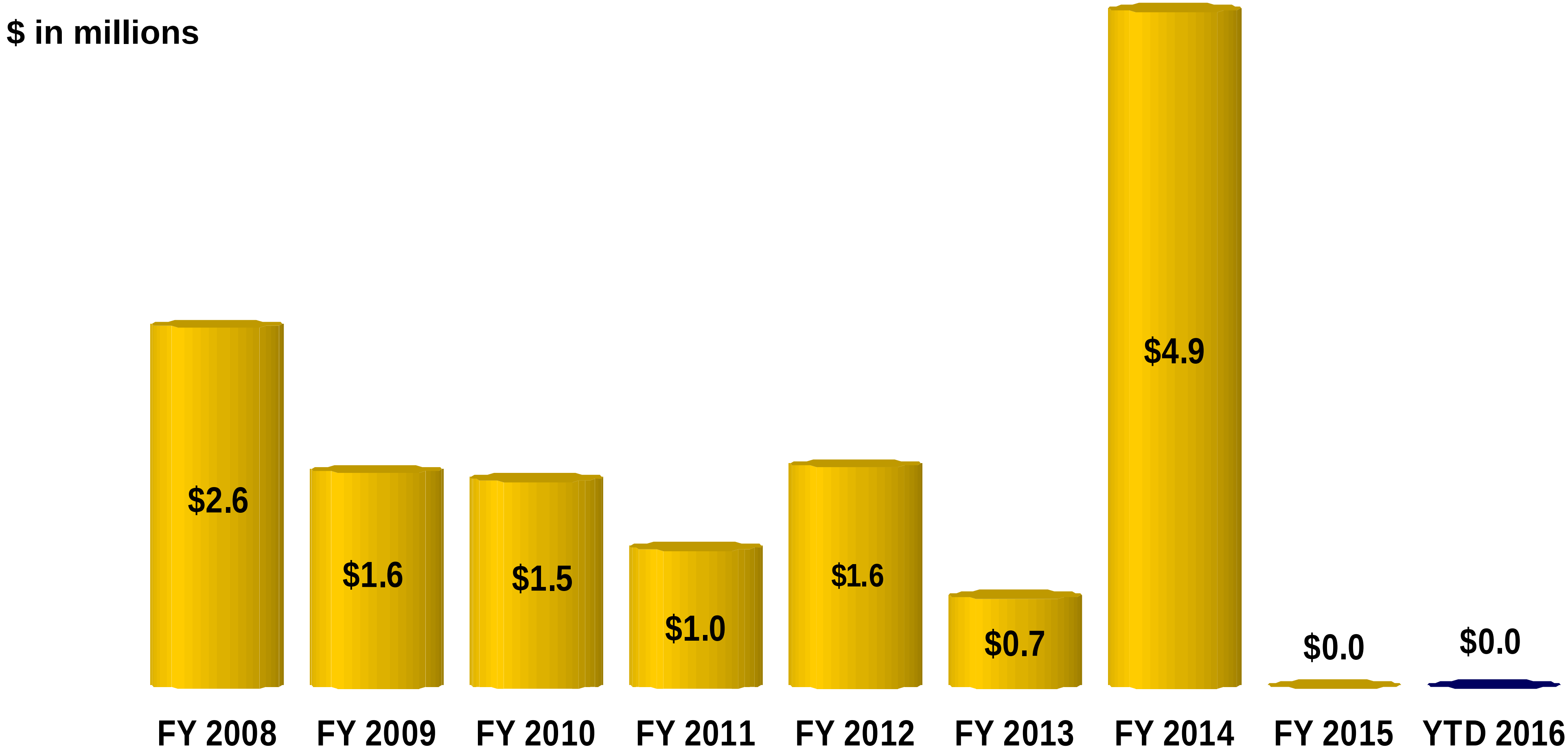




*Loans originated by our wholly-owned mortgage banking subsidiary.

Payments for Loan Repurchases and Make Whole Requests

As of January 31, 2016



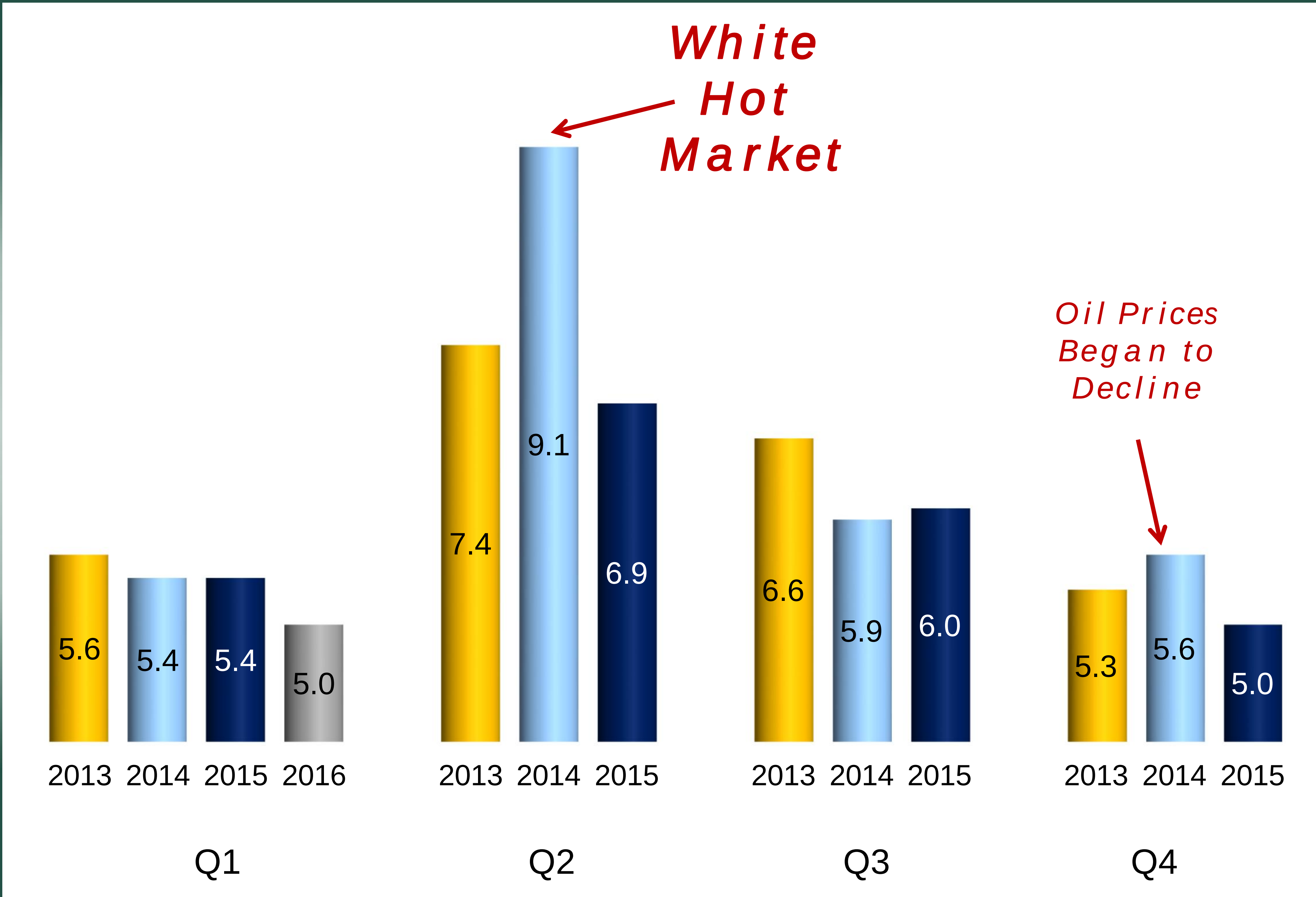
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	YTD 2016
Settlements	**28 loans**	**28 loans**	**17 loans**	**29 loans**	**10 loans**	**18 loans** (1)	**108 loans**	**1 loan**	**0 loans**
Repurchase Inquires	**45 loans**	**41 loans**	**98 loans**	**39 loans**	**66 loans**	**58 loans**	**78 loans**	**2 loans**	**0 loans**

- **As of January 31, 2016, reserve for loan repurchases and make whole requests was $8.0 million.**

(1) 13 of 18 loans were small second lien repurchases.

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

Houston Quarterly Net Contracts per Community



Hovnanian Houston Operations

- Houston Exposure as of January 31, 2016

	Houston as a % of Company Total
TTM Home Sale Revenues	16%
Homebuilding Inventory	11%

- Houston Lot Position as of January 31, 2016

		Months Supply	
	Houston # Lots	Houston	Company Average[(1)]
Owned Lots	1,314	13	26
Optioned Lots	1,746	18	44
Total Lots	3,060	31	70

- Option Deposit
  - Houston $3,000 per lot vs. Company Average $5,000 per lot

[(1)] *Excluding Houston and Mothballed lots*

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