



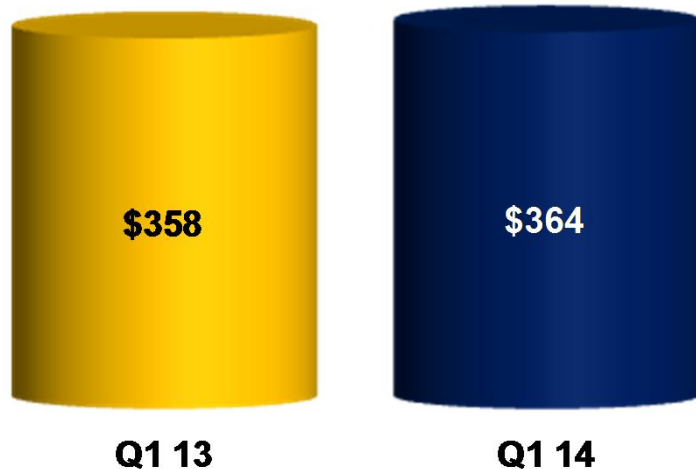
Review of Financial Results First Quarter Fiscal 2014



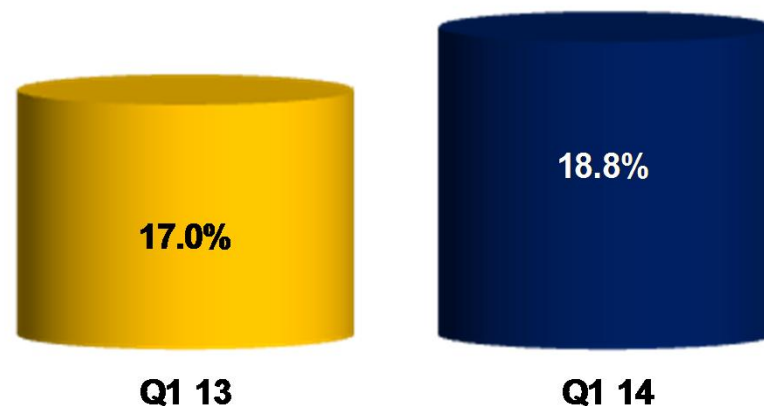
Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different 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, 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.

Total Revenues

\$ in millions

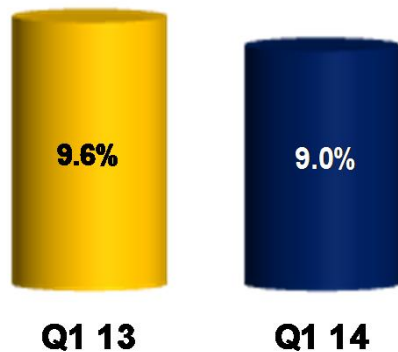


Homebuilding Gross Margin

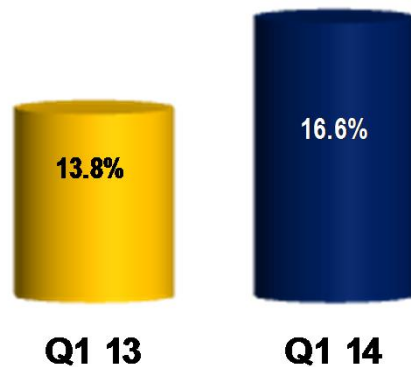


Total Interest & SG&A Expenses as a % of Total Revenues

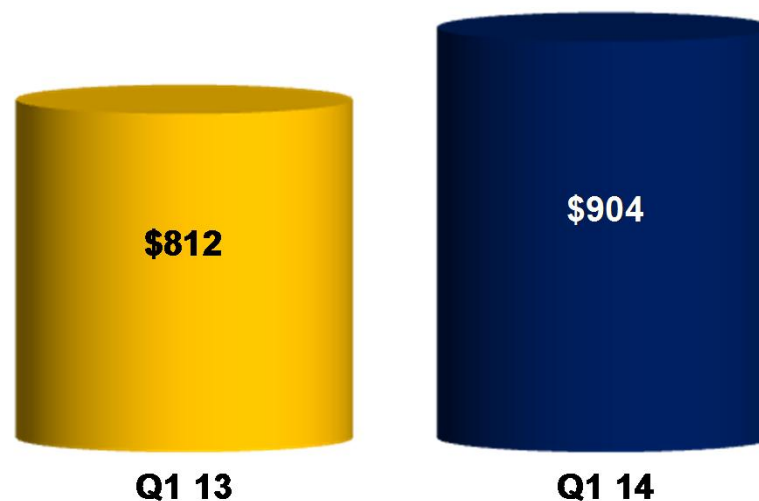
Interest



SG&A



Backlog \$ ⁽¹⁾

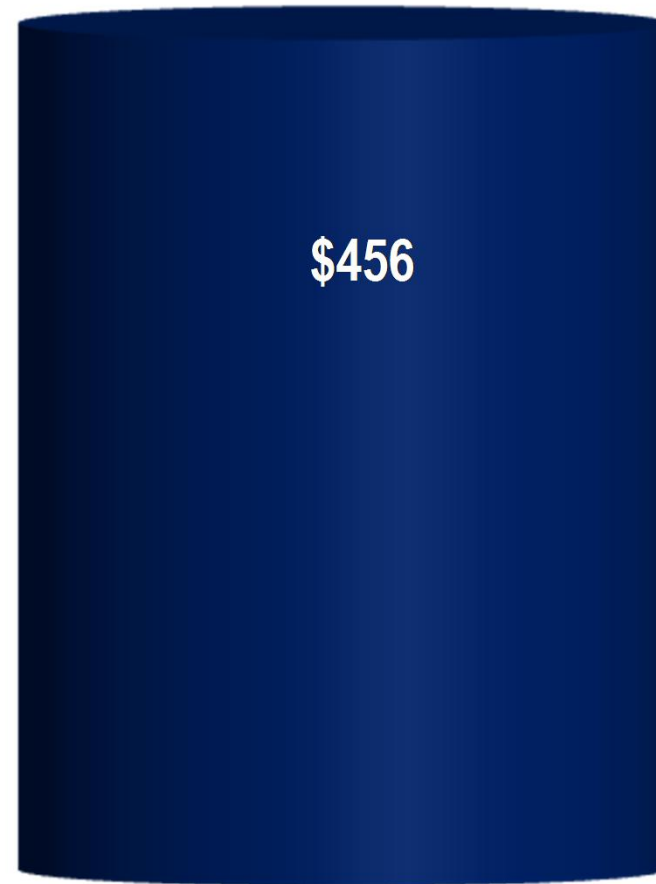


(1) Including unconsolidated joint ventures.

\$ in millions



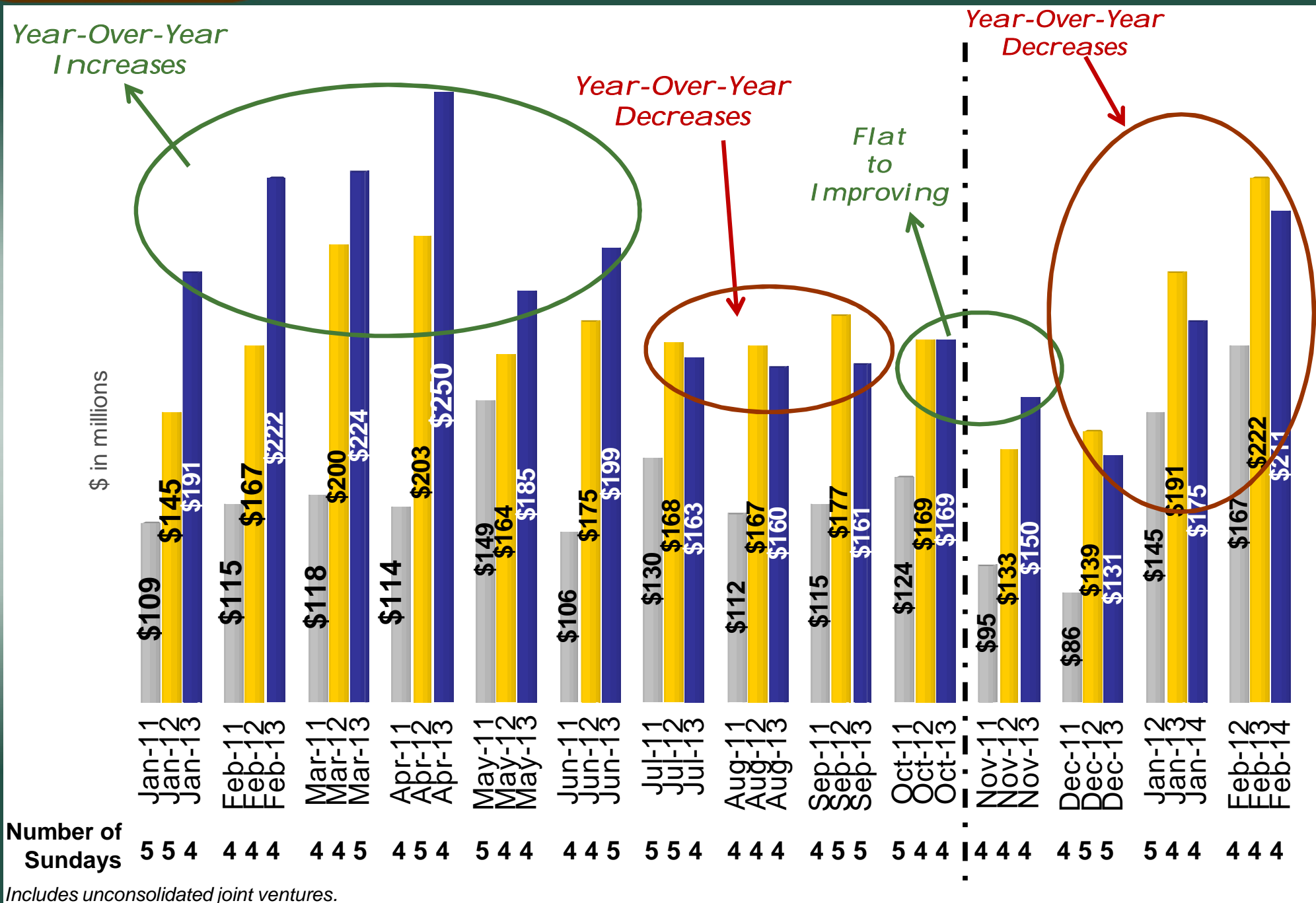
Q1 2013



Q1 2014

Includes unconsolidated joint ventures.

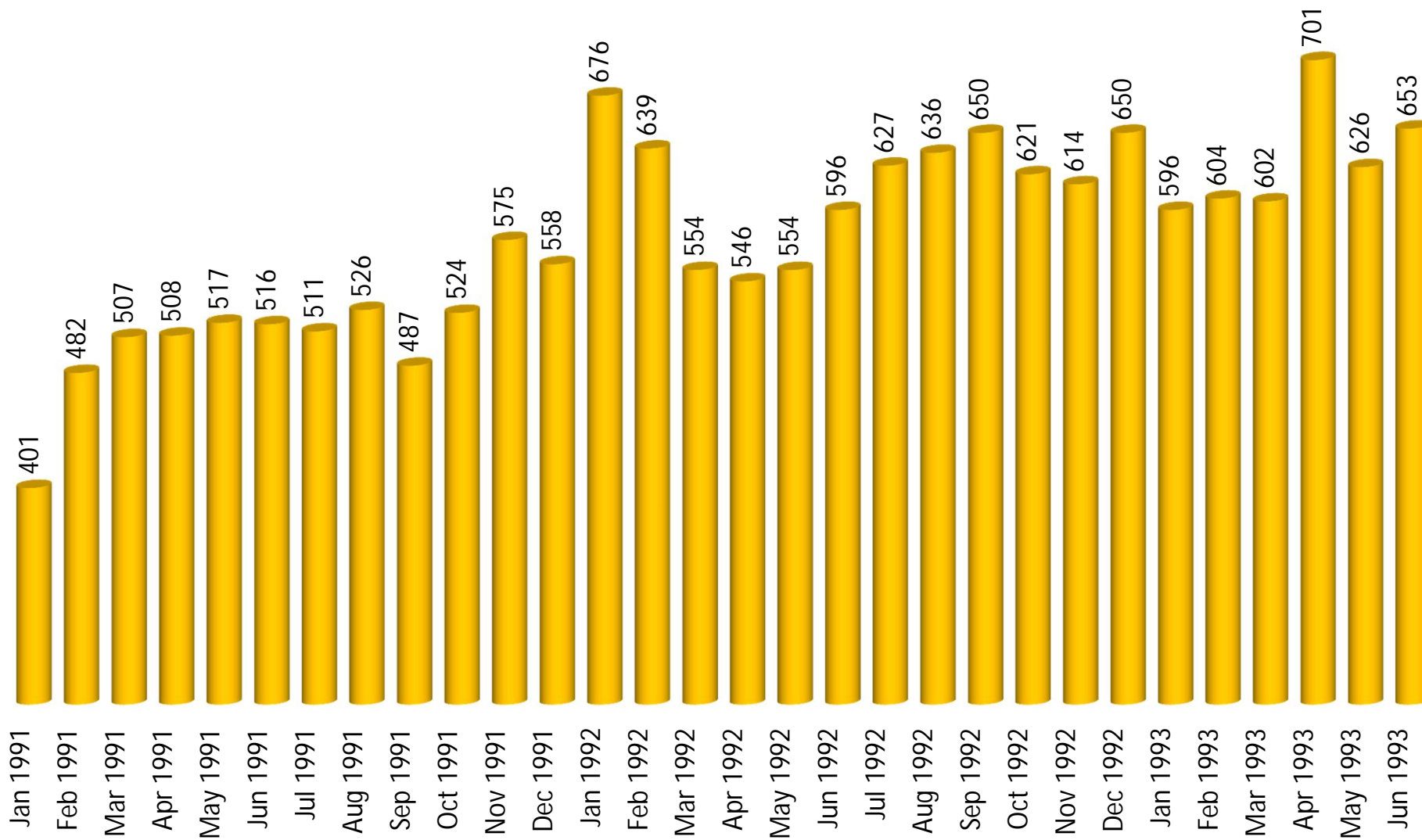
Dollar Amount of Net Contracts Per Month



Number of
Sundays

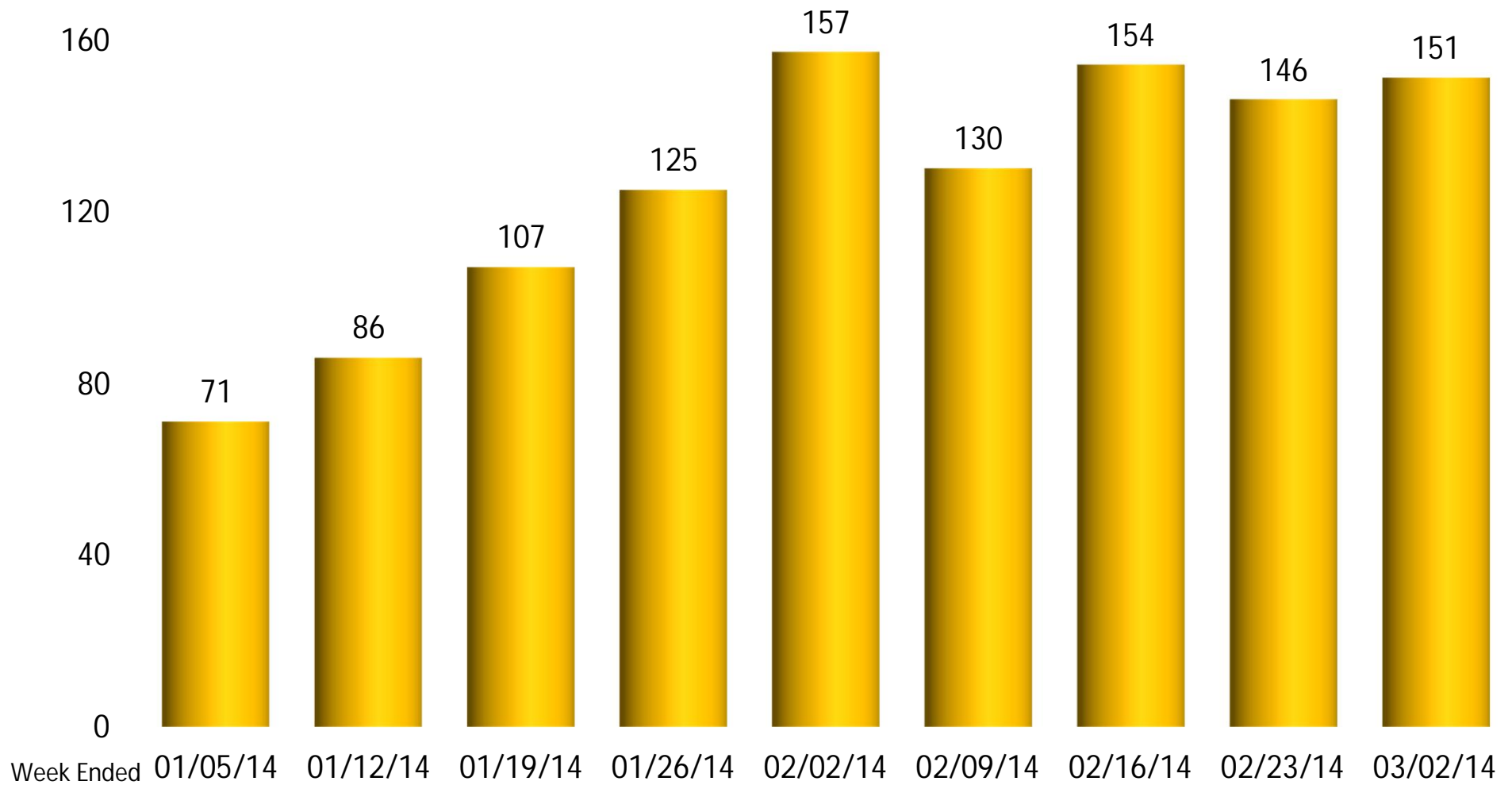
Includes unconsolidated joint ventures.

Seasonally Adjusted Annual Rate New Home Sales
Jan 1991 – Jun 1993



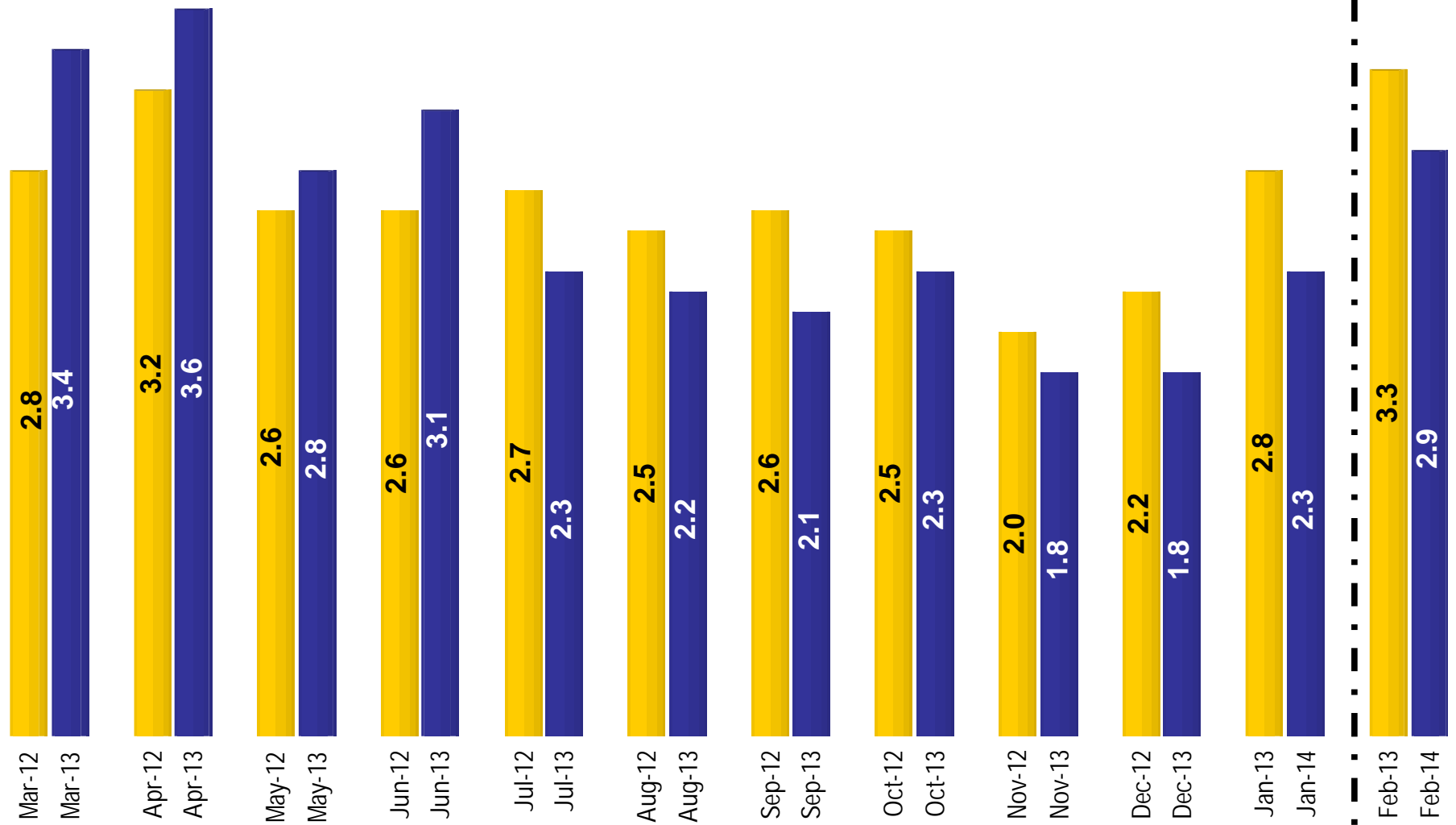
Source: U.S. Census Bureau. SAAR: seasonally adjusted annual rate.

Seasonal Pick Up in Weekly Net Contracts



Including unconsolidated joint ventures.

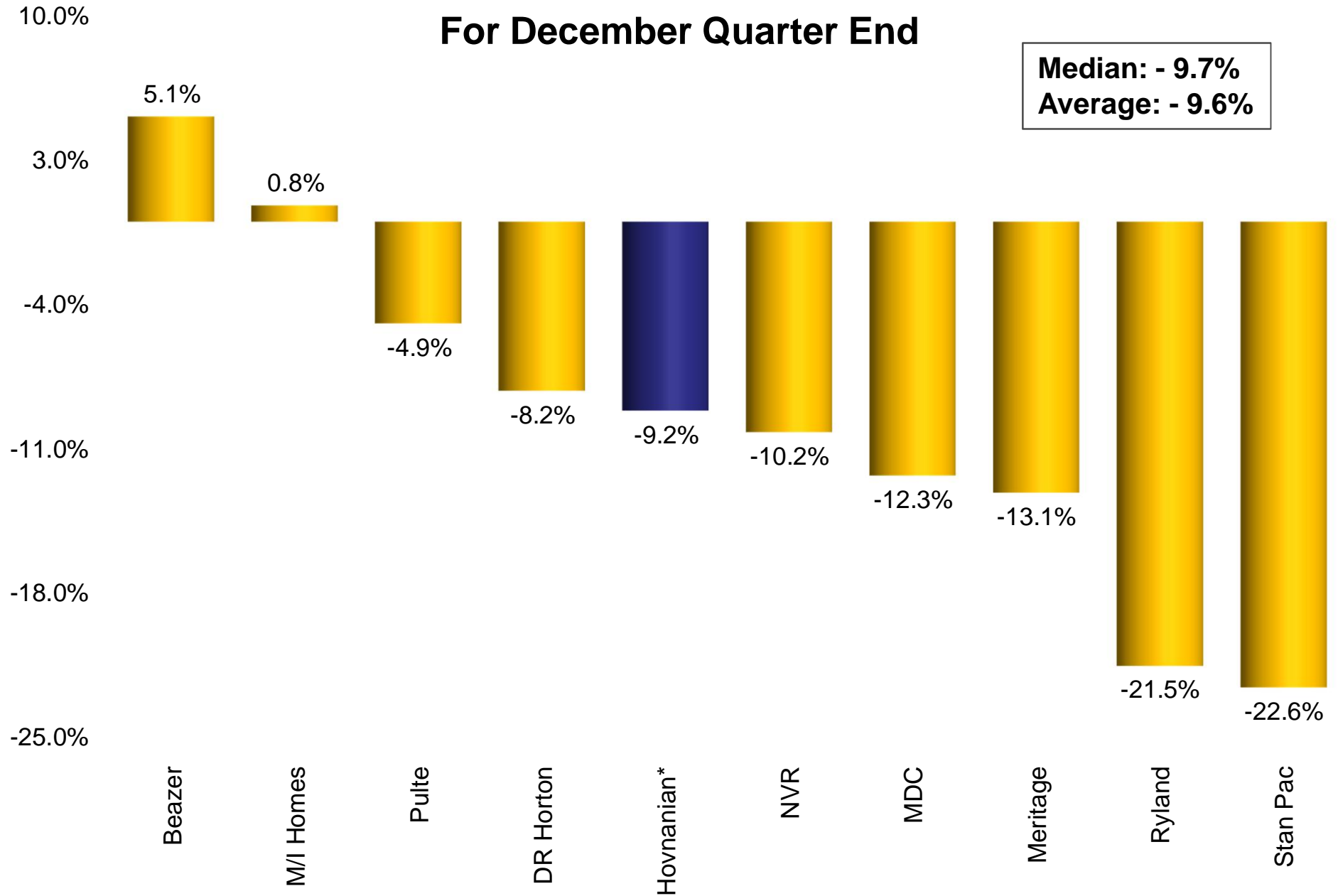
Monthly Net Contracts Per Active Selling Community



Number of Sundays	4	5	5	4	4	4	5	5	4	4	5	5	4	4	4	4	5	5	4	4	4	4		
	Mar-12	Mar-13	Apr-12	Apr-13	May-12	May-13	Jun-12	Jun-13	Jul-12	Jul-13	Aug-12	Aug-13	Sep-12	Sep-13	Oct-12	Oct-13	Nov-12	Nov-13	Dec-12	Dec-13	Jan-13	Jan-14	Feb-13	Feb-14
Monthly Net Contracts	612	640	635	688	506	534	506	583	529	451	484	433	495	417	464	465	385	382	409	350	550	470	622	582

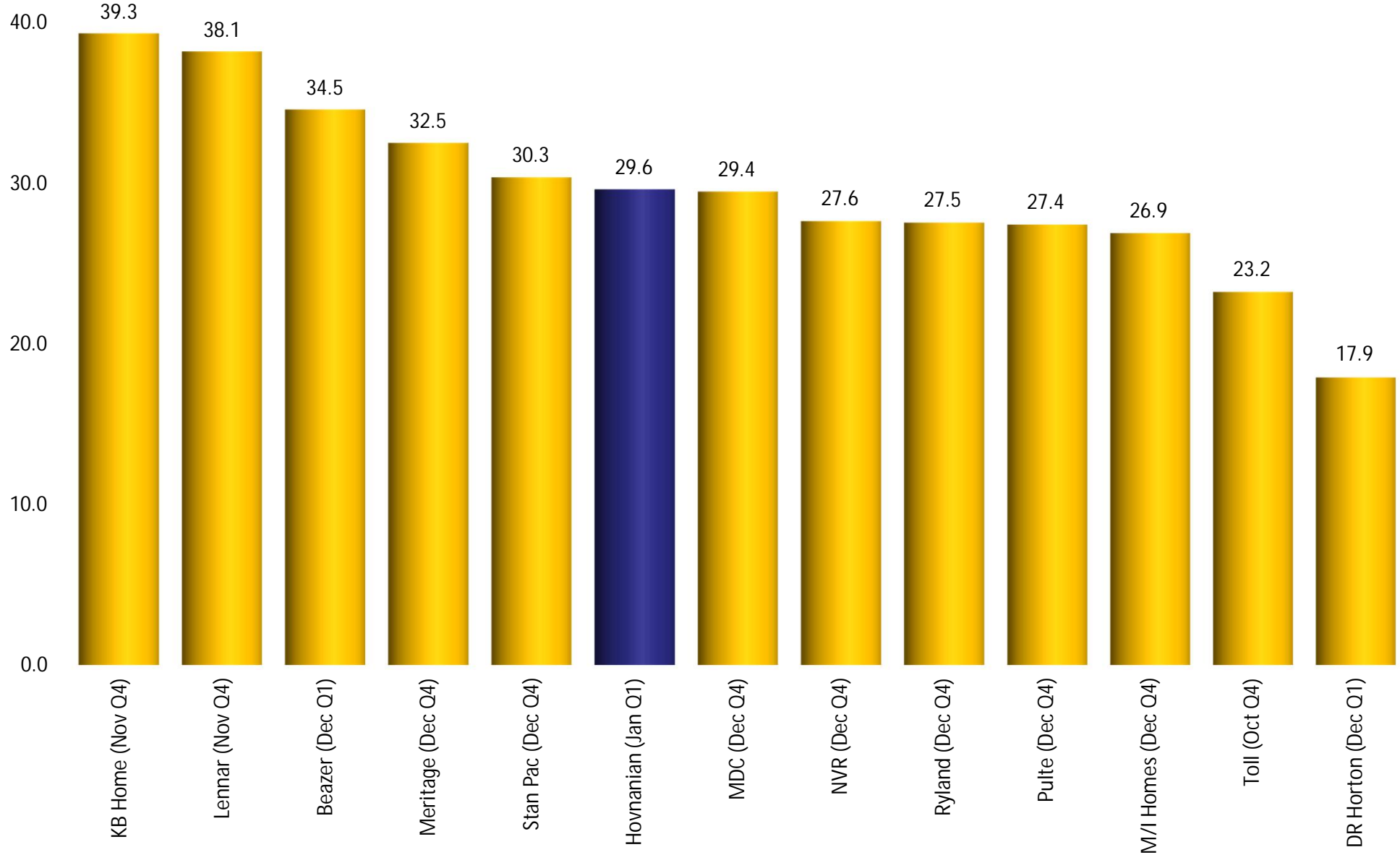
Includes unconsolidated joint ventures.

Year Over Year Change in Net Contracts per Community



* Hovnanian is shown as if its quarter ended December 31, 2013.

Net Contracts per Community, Trailing Twelve Months



Calculated based on year-end average of actual selling communities, excluding unconsolidated joint ventures.
Source: Company SEC filings, press releases as of 03/05/14.

BIG \$AVINGS!
BIG SELECTION!
BIG DEALS!

khov.com/BigDealDays

K.HOVNANIAN[®] HOMES[®] —

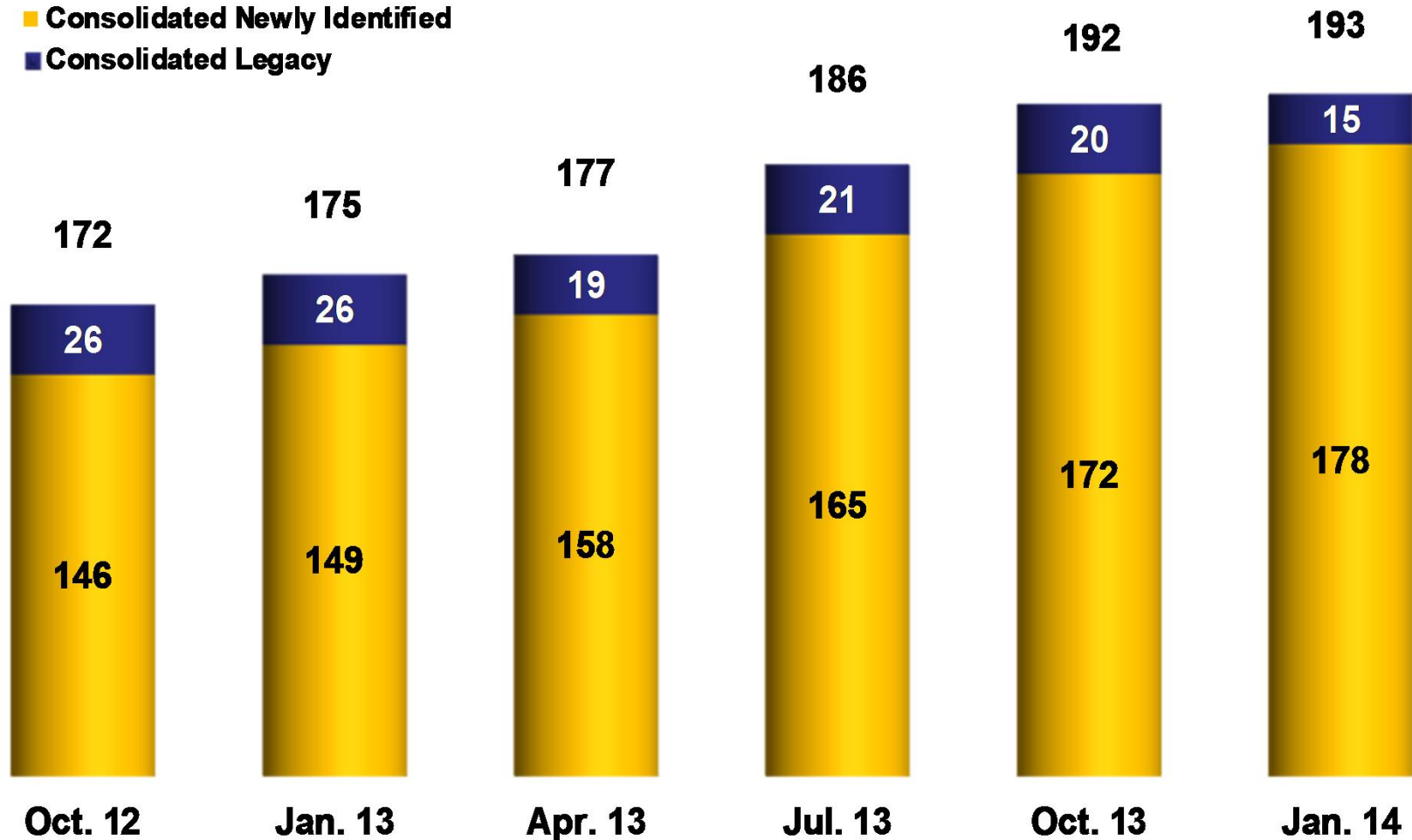
BIG DEAL
DAYS

— DEAL ENDS MARCH 31ST!



In the trailing twelve months, we opened 95 communities and closed out 77 communities.

■ Consolidated Newly Identified
■ Consolidated Legacy



Unconsolidated
Joint Ventures

17

18

13

12

10

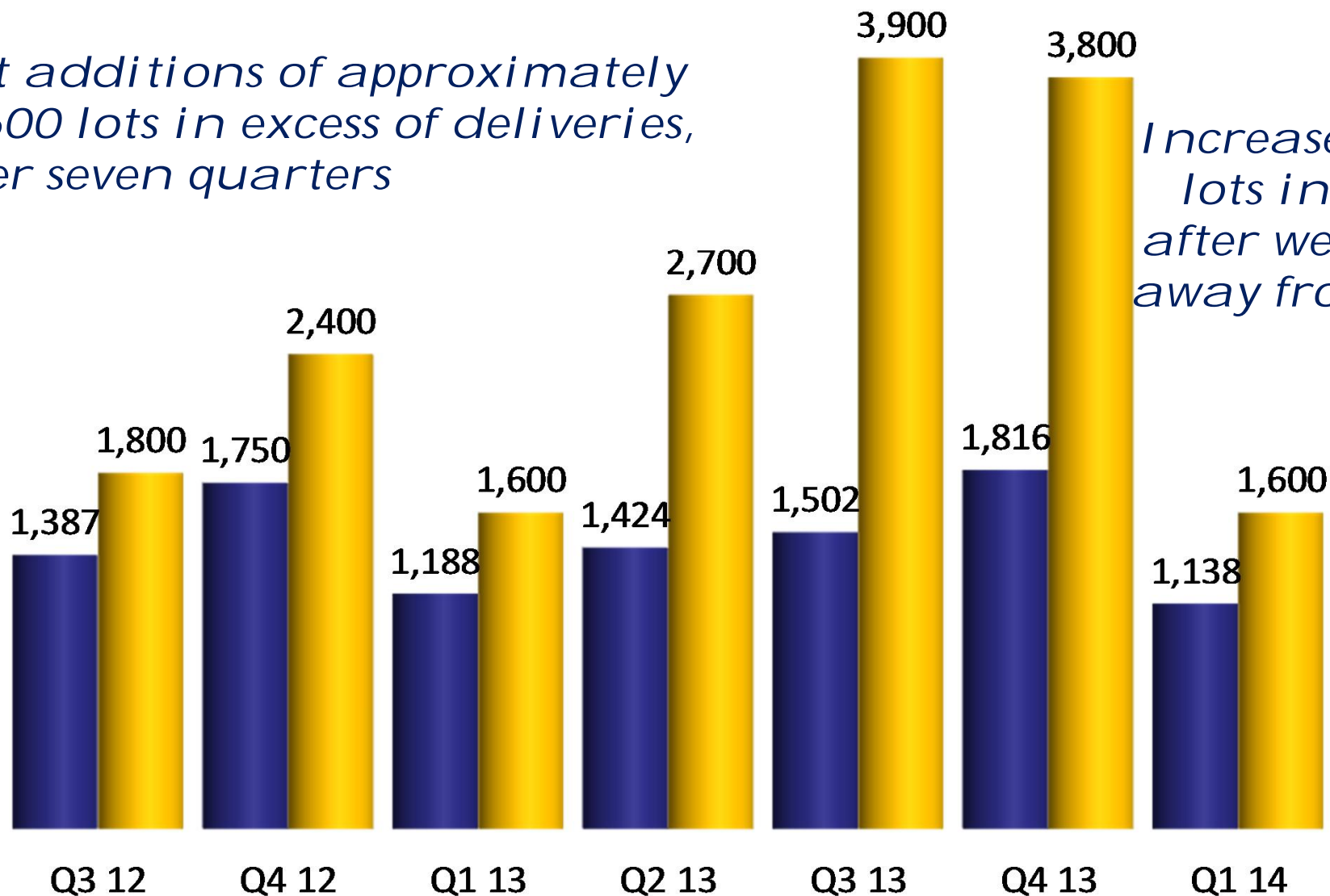
9

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

■ Deliveries ■ Net Additions

Net additions of approximately 7,600 lots in excess of deliveries, over seven quarters

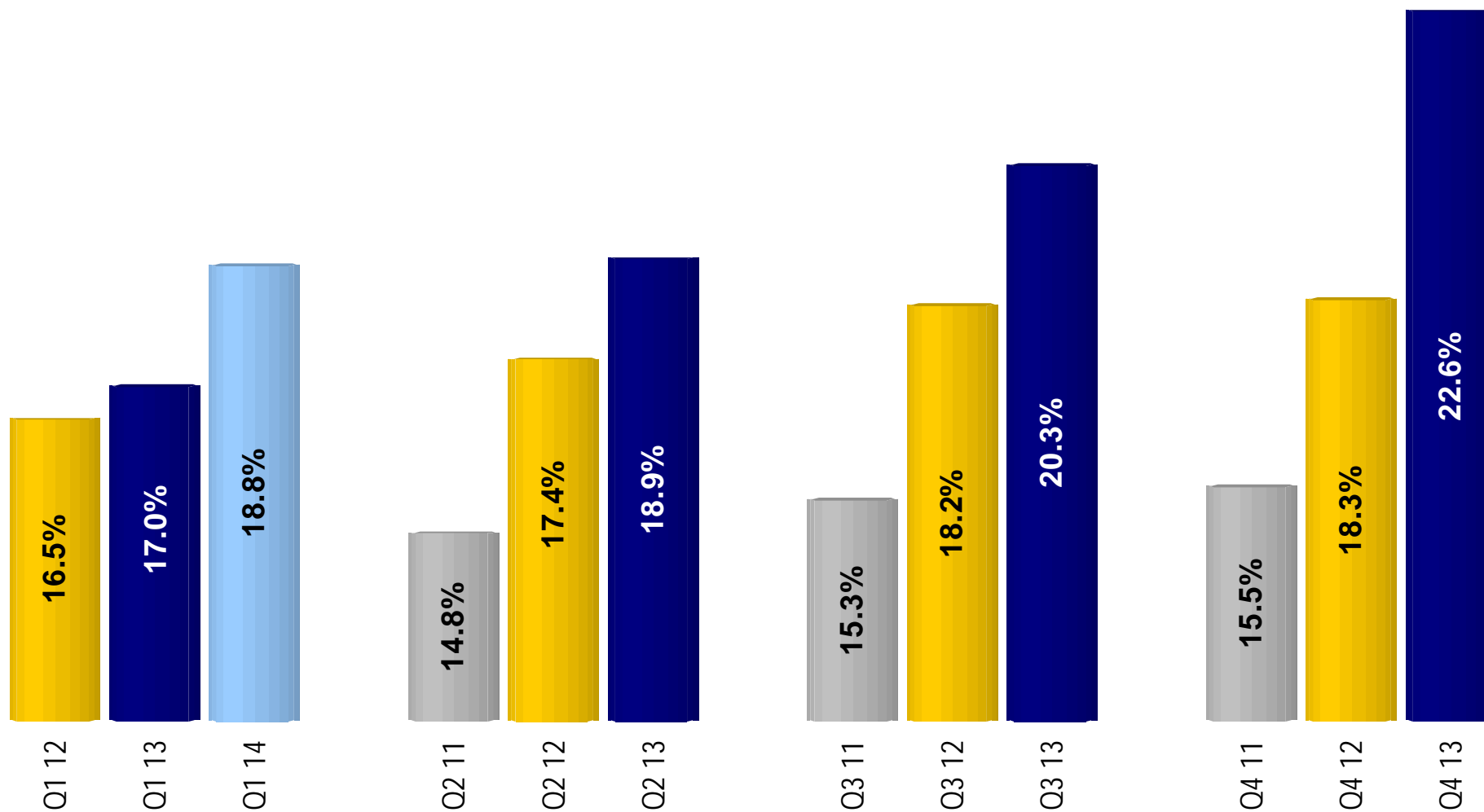
Increased 1,600 lots in Q1 14 after we walked away from 1,500



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.

Gross Margin Improvements



Excludes interest related to homes sold.

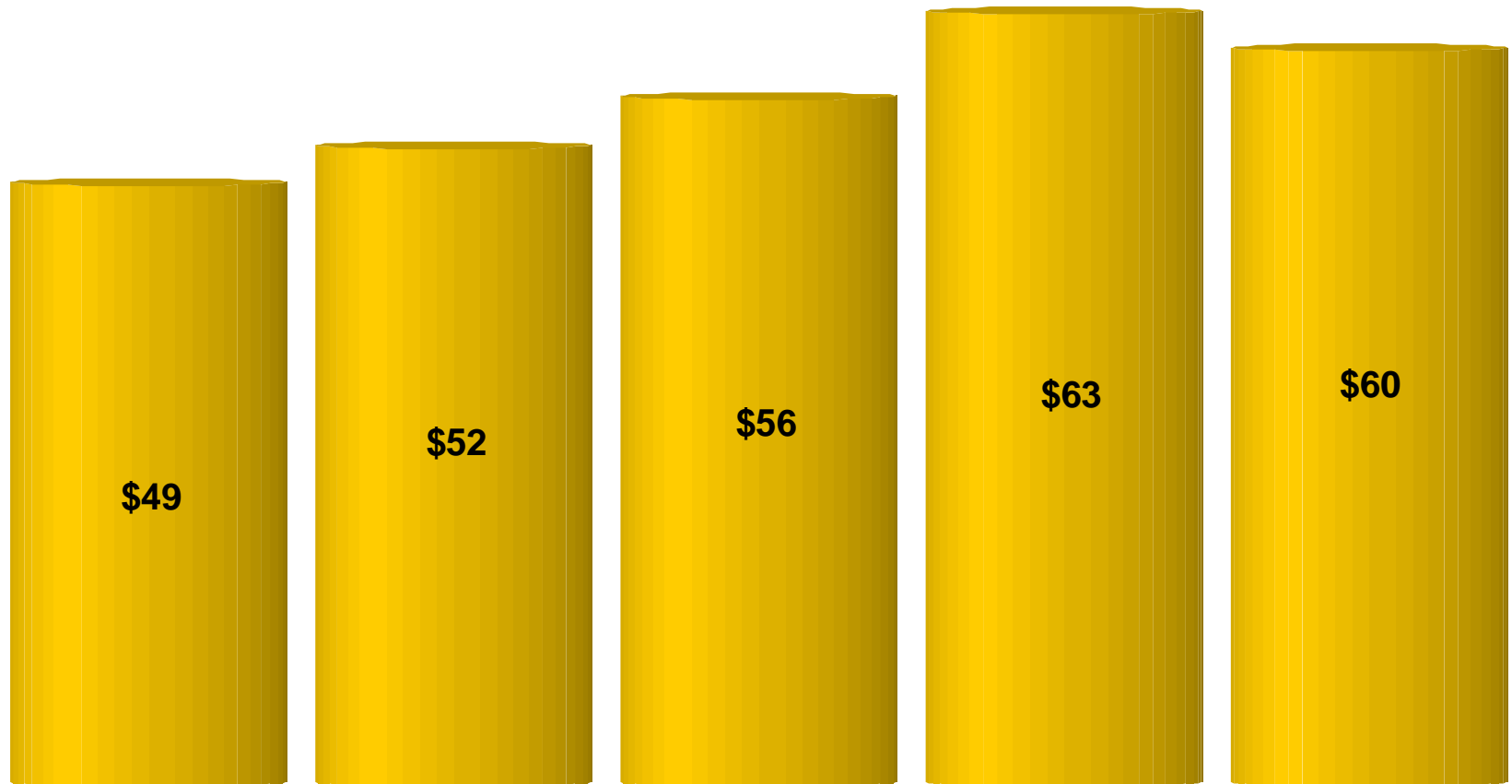
During the first quarter of 2014, there were \$8.5 million of impairment reversals related to deliveries, compared to \$15.2 million in the first quarter of 2013.

Line items as a % of Revenue

	Q4 2013	Q1 2014
Deliveries	1,608	1,036
Revenue	100%	100%
Housing, land and development costs	68.4%	69.8%
Commissions	3.4%	3.4%
Financing concessions	1.3%	1.3%
Direct Margin	26.9%	25.5%
Indirect Overheads	4.3%	6.7%
Homebuilding Gross Margin Percentage	22.6%	18.8%

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

\$ in millions



**SG&A as a
% of Total
Revenue**

Q1 13

13.8%

Q2 13

12.2%

Q3 13

11.8%

Q4 13

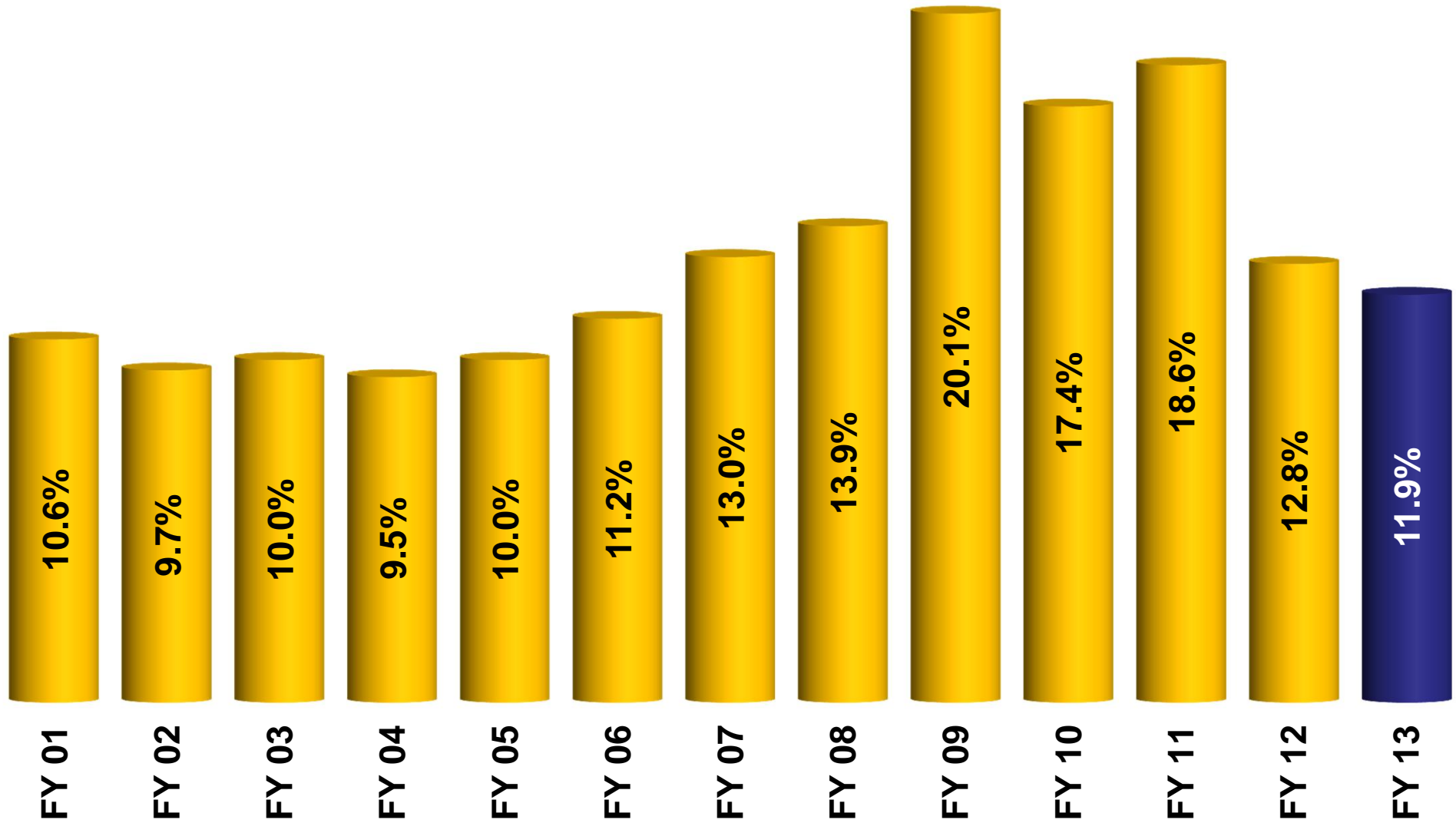
10.6%

Q1 14

16.6%

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.

Lots Purchased or Optioned Since January 31, 2009

	<u>Lots</u>	<u>Communities</u>
Purchased	18,500	} 526 ⁽¹⁾
Optioned	12,500	
Joint Venture	4,500	36
Total	35,500	562

Roll Forward First Quarter ⁽²⁾

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

As of January 31, 2014 approximately 23,200 lots remaining.

Notes: (1) Excludes 126 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.

Land Positions by Geographic Segment

January 31, 2014

Lots

Owned

Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,046	1,003	2,658	4,707
Mid-Atlantic	2,419	280	2,894	5,593
Midwest	2,913	108	1,648	4,669
Southeast	1,294	495	2,077	3,866
Southwest	2,767	0	4,640	7,407
West	1,495	4,596	103	6,194
Total	11,934	6,482	14,020	32,436

- ◆ *89% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 80% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.

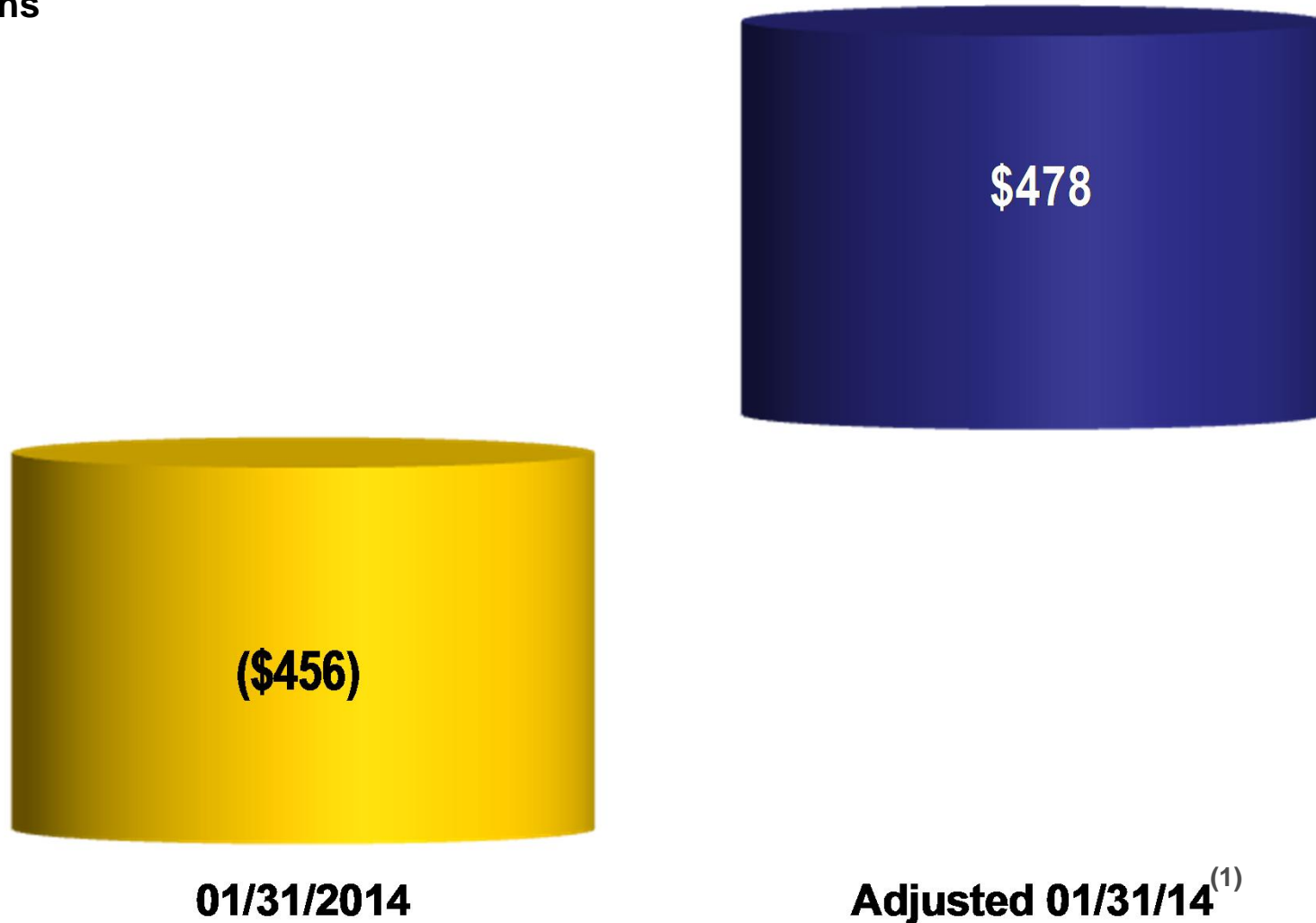
As of January 31, 2014

	<u># of Lots</u>
Northeast (NJ, PA)	1,003
Mid-Atlantic (DE, MD, VA, WV)	280
Midwest (IL, MN, OH)	108
Southeast (FL, GA, NC, SC)	495
Southwest (AZ, TX)	0
West (CA)	4,596
Total	6,482

- ◆ *In 50 communities with a book value of \$116 million net of impairment balance of \$431 million*
- ◆ *Unmothballed approximately 3,600 lots in 63 communities since January 31, 2009*

Adjusted Hovnanian Stockholders' Equity

\$ in millions



(1) Total Hovnanian Stockholders' Deficit of \$(456) million with \$934 million valuation allowance added back to Stockholders' Equity .

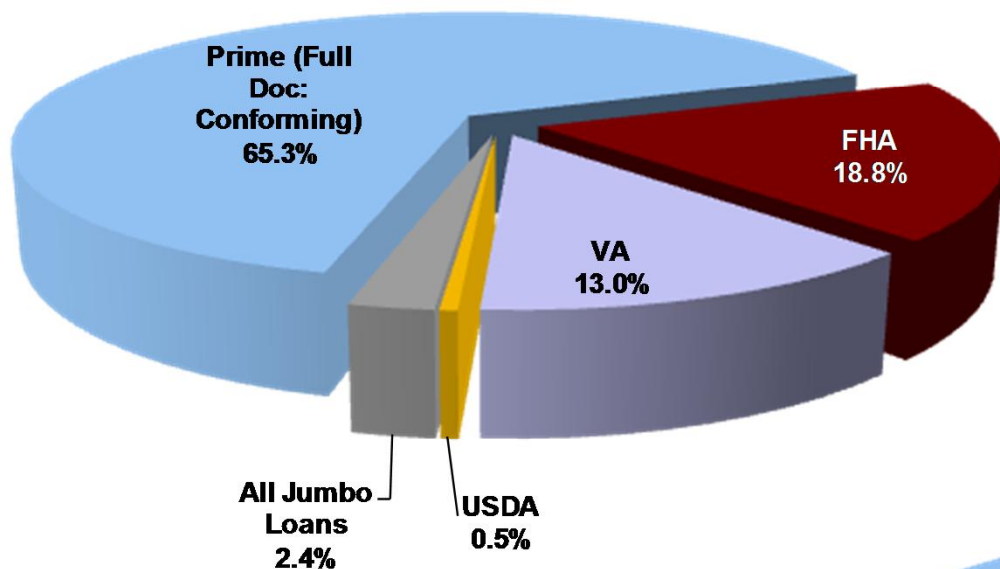
First Quarter 2014:

- Average LTV: 86%
- Average CLTV: 86%
- ARMs: 5.1%
- FICO Score: 742
- Capture Rate: 67%

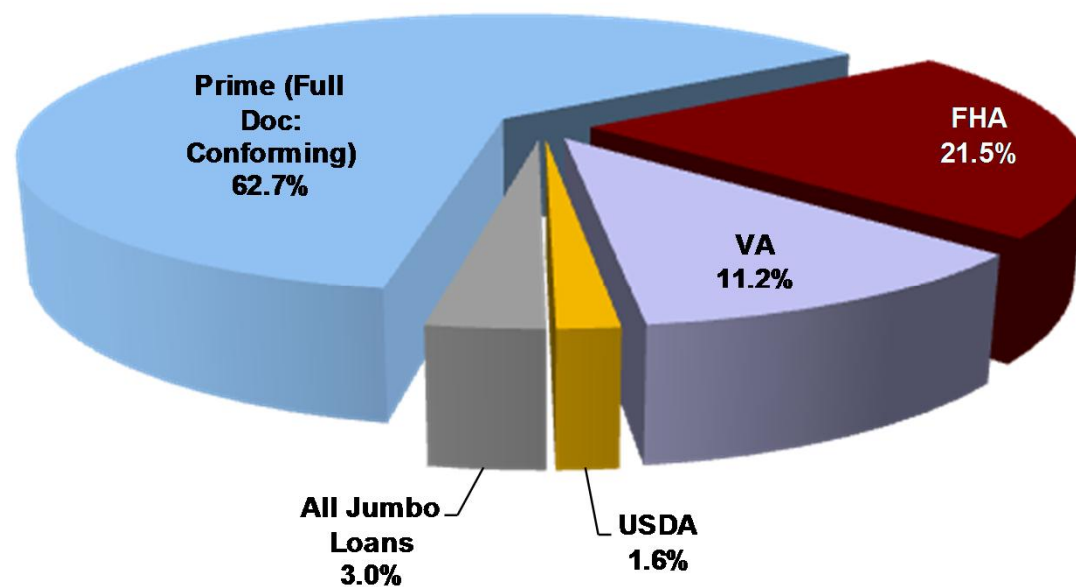
Fiscal Year 2013:

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

First Quarter 2014



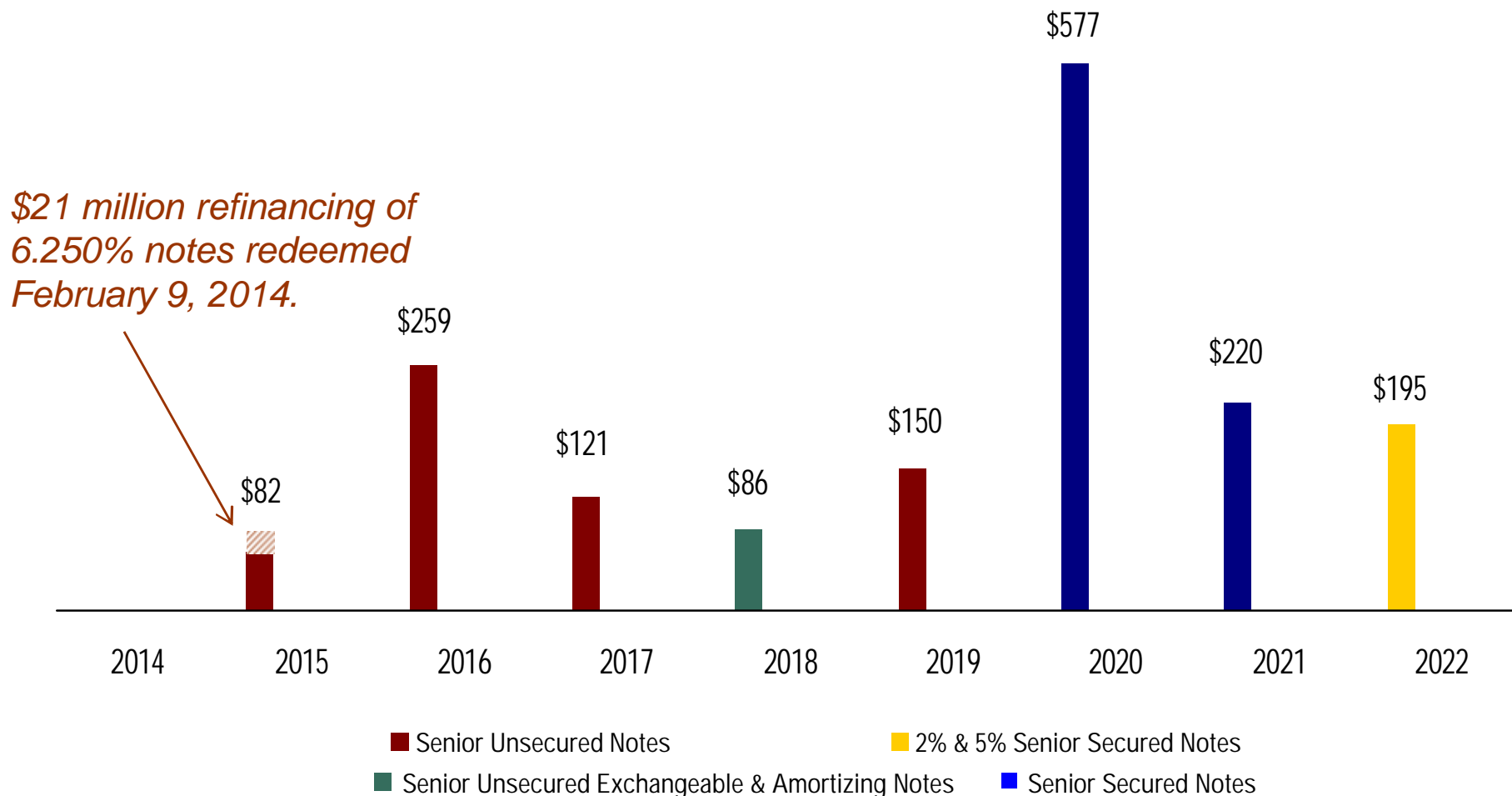
Fiscal Year 2013



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

January 31, 2014 (\$ in millions)

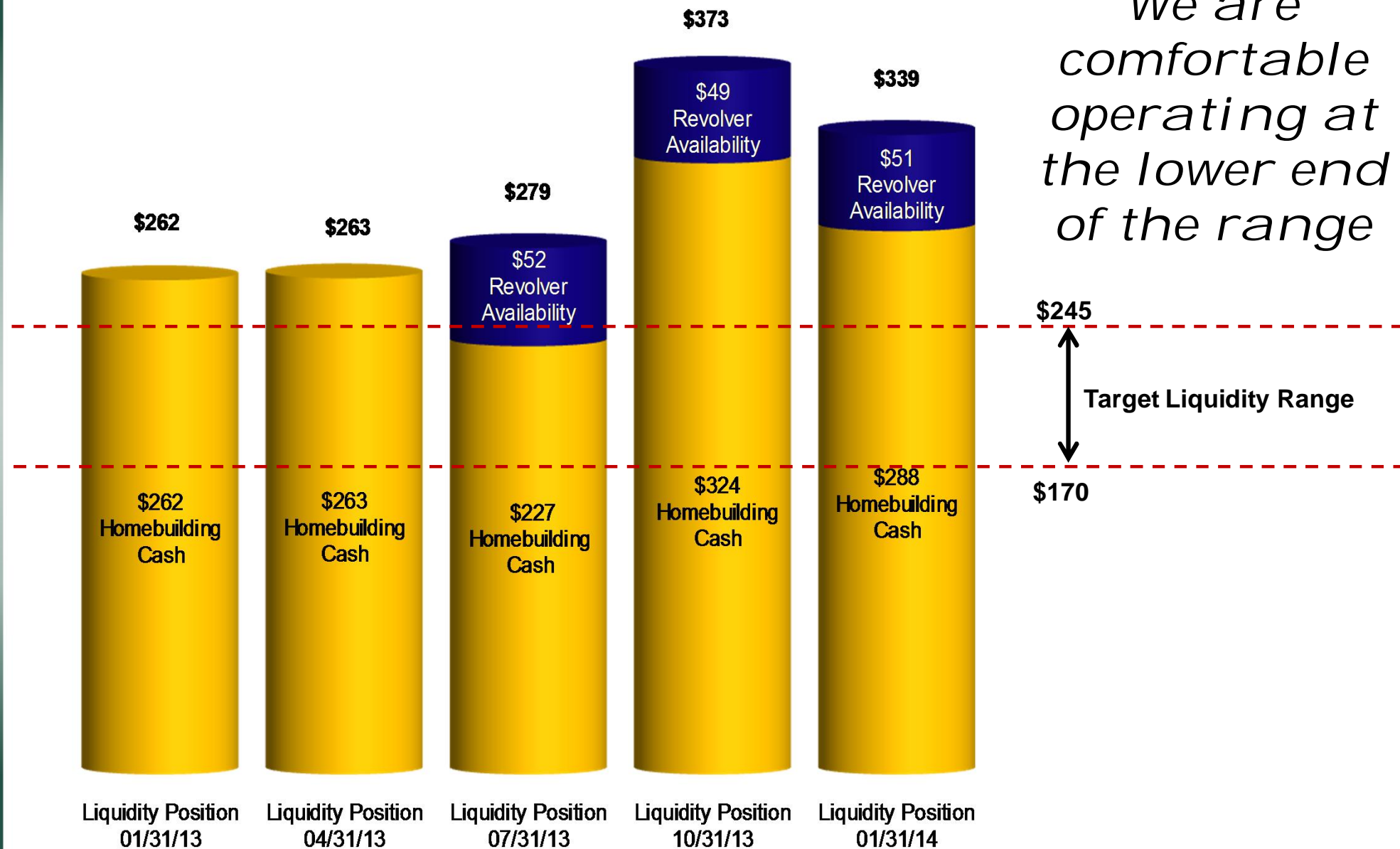
- ✓ Between October 2008 and October 2013, reduced debt by more than \$975 million
- ✓ Raised \$108 million from common equity offerings
- ✓ Raised \$186 million of equity linked securities



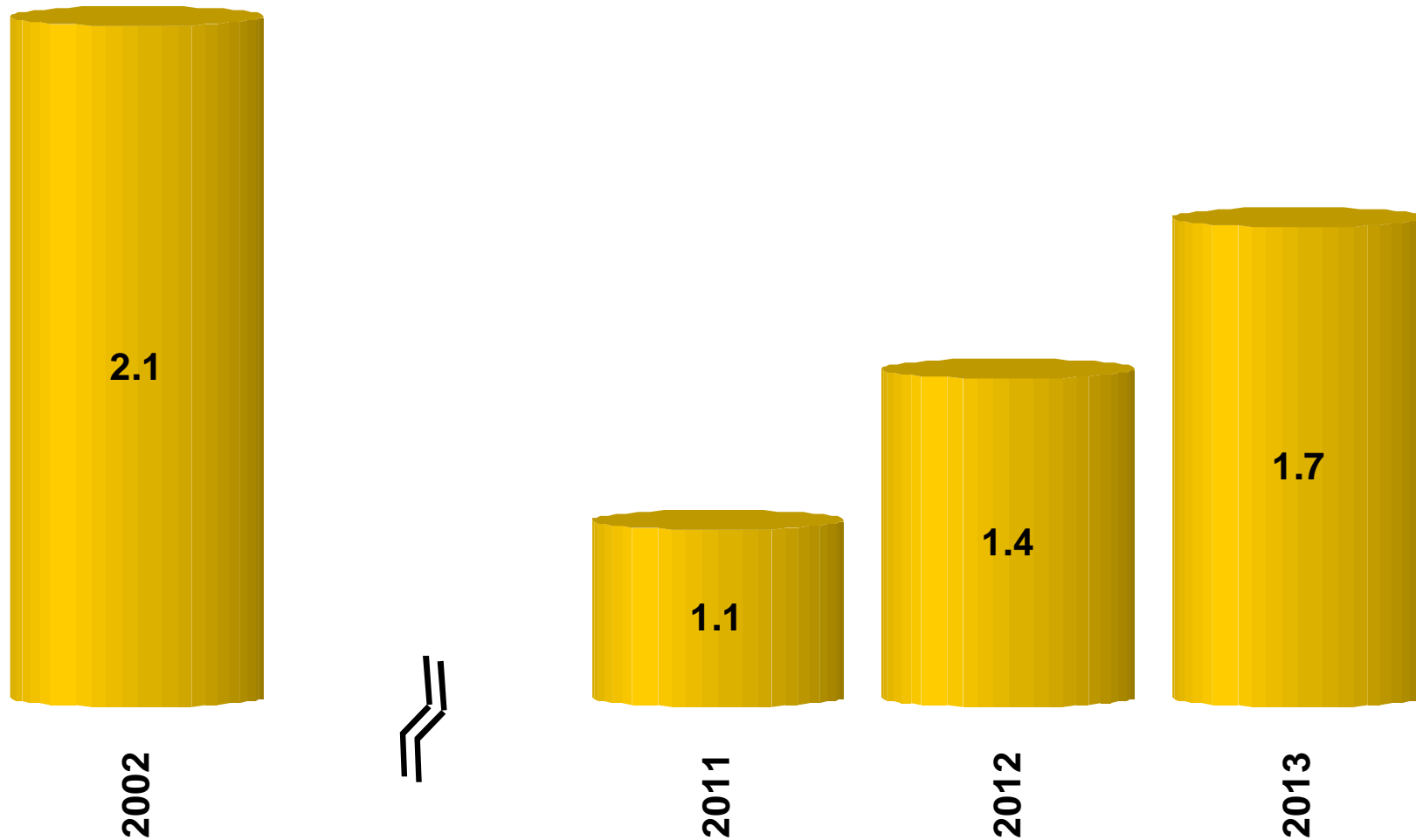
Note: Shown on a fiscal year basis, at face value. Excludes TEU

(\$ in Millions)

We are comfortable operating at the lower end of the range



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



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>2014</u>	<u>2013</u>	<u>% Change</u>
1) Net Contracts (\$ value) ¹	\$456	\$463	-2%
2) Net Contracts (units) ¹	1,202	1,344	-11%
3) Communities ¹	202	193	5%
4) Contracts per Community ¹	6.0	7.0	-14%
5) Backlog (\$ value) ¹	\$904	\$812	11%
6) Backlog (units) ¹	2,456	2,301	7%
7) Deliveries ¹	1,138	1,188	-4%
8) Total Revenues	\$364	\$358	2%
9) Homebuilding Gross Margin	18.8%	17.0%	180 bps
10) Total SG&A as a Percentage of Total Revenues	16.6%	13.8%	280 bps
11) Loss Before Income Taxes Excluding Land-Related Charges ⁽²⁾	(\$23)	(\$20)	

(1) Includes unconsolidated joint ventures.

(2) Includes inventory impairment loss and lot option write-offs.

Land Positions by Geographic Segment

January 31, 2014

Years Supply

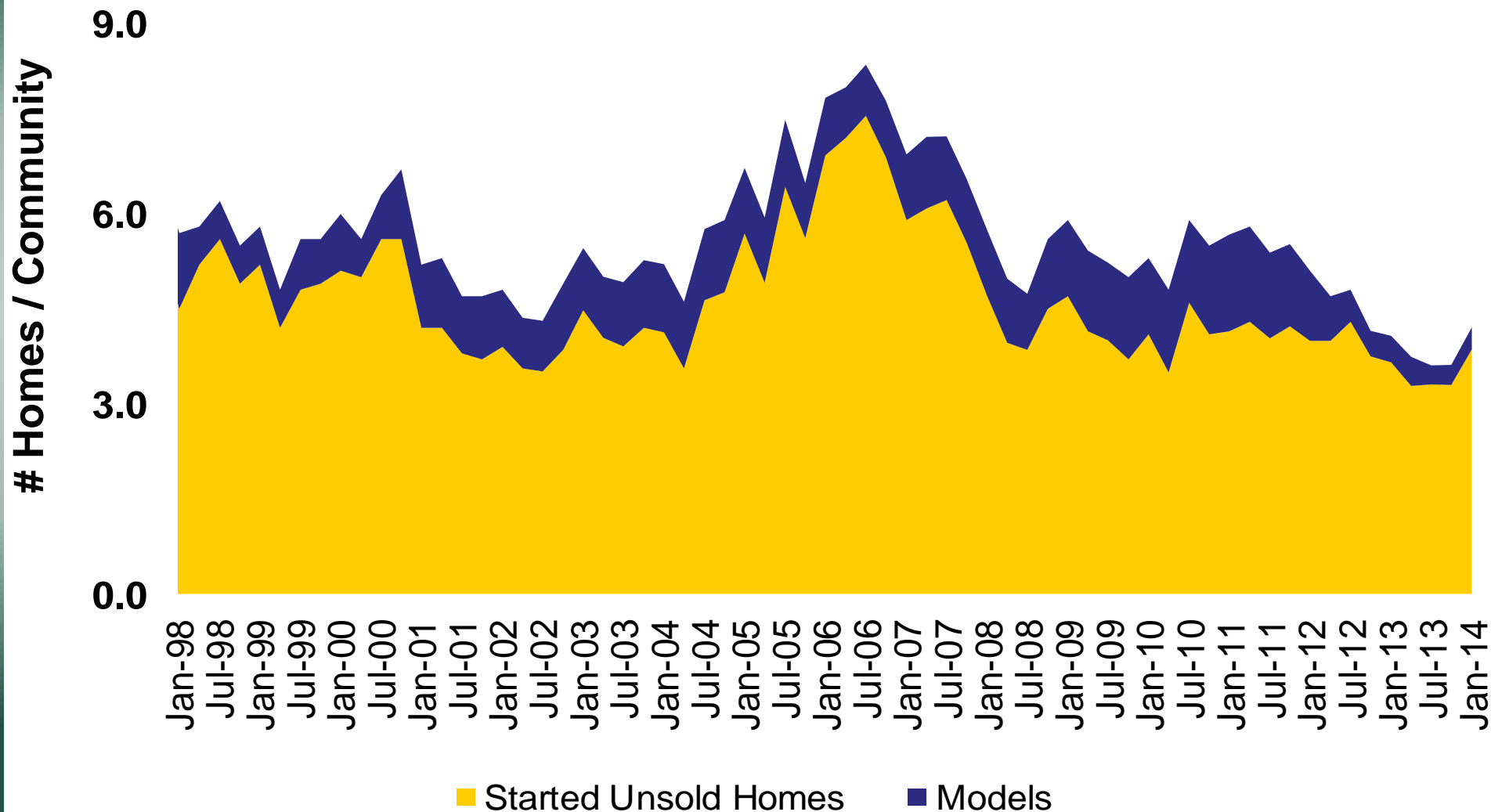
Owned

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	599	1.7	1.7	4.4	7.9	\$187
Mid-Atlantic	631	3.8	0.4	4.6	8.9	\$101
Midwest	688	4.2	0.2	2.4	6.8	\$63
Southeast	557	2.3	0.9	3.7	6.9	\$55
Southwest	2,324	1.2	0.0	2.0	3.2	\$136
West	441	3.4	10.4	0.2	14.0	\$103
Total	5,240	2.3	1.2	2.7	6.2	\$645

Excluding unconsolidated joint ventures.

Unsold Homes per Community

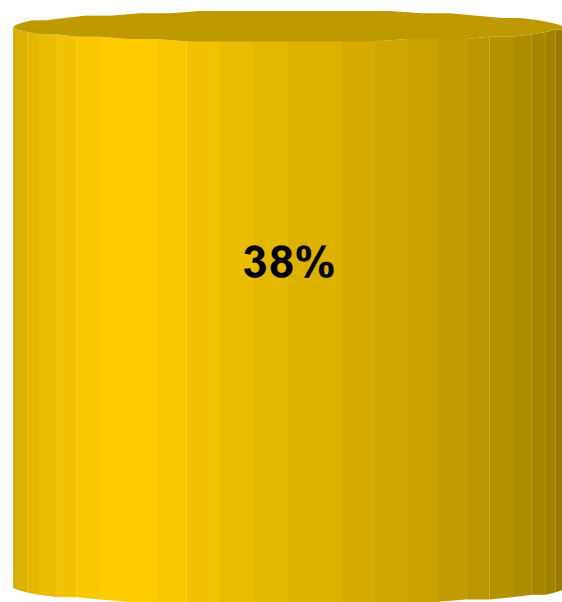
- ◆ 745 started unsold homes at 01/31/14, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of January 31, 2014, 3.9 started unsold homes per community



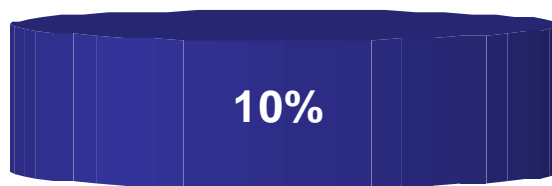
Excluding unconsolidated joint ventures.

Owned Lots % Development Costs Spent

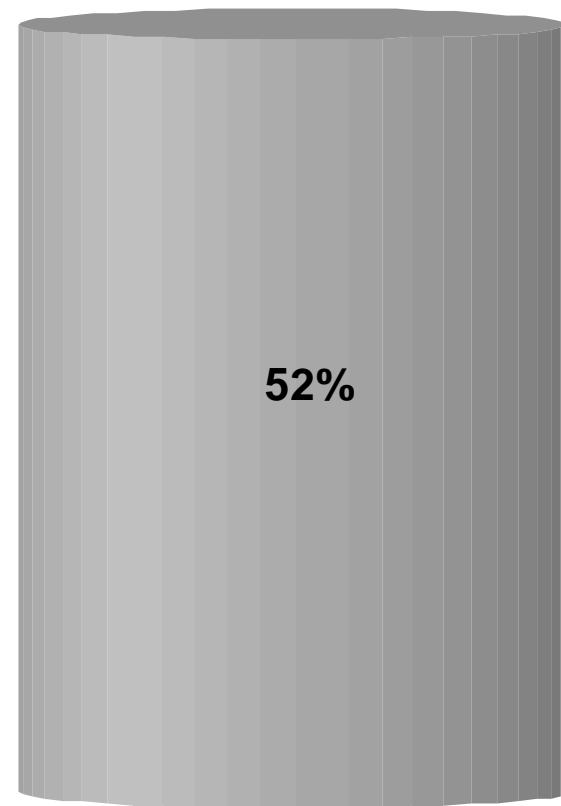
As of January 31, 2014



>80% developed



30% - 80% developed

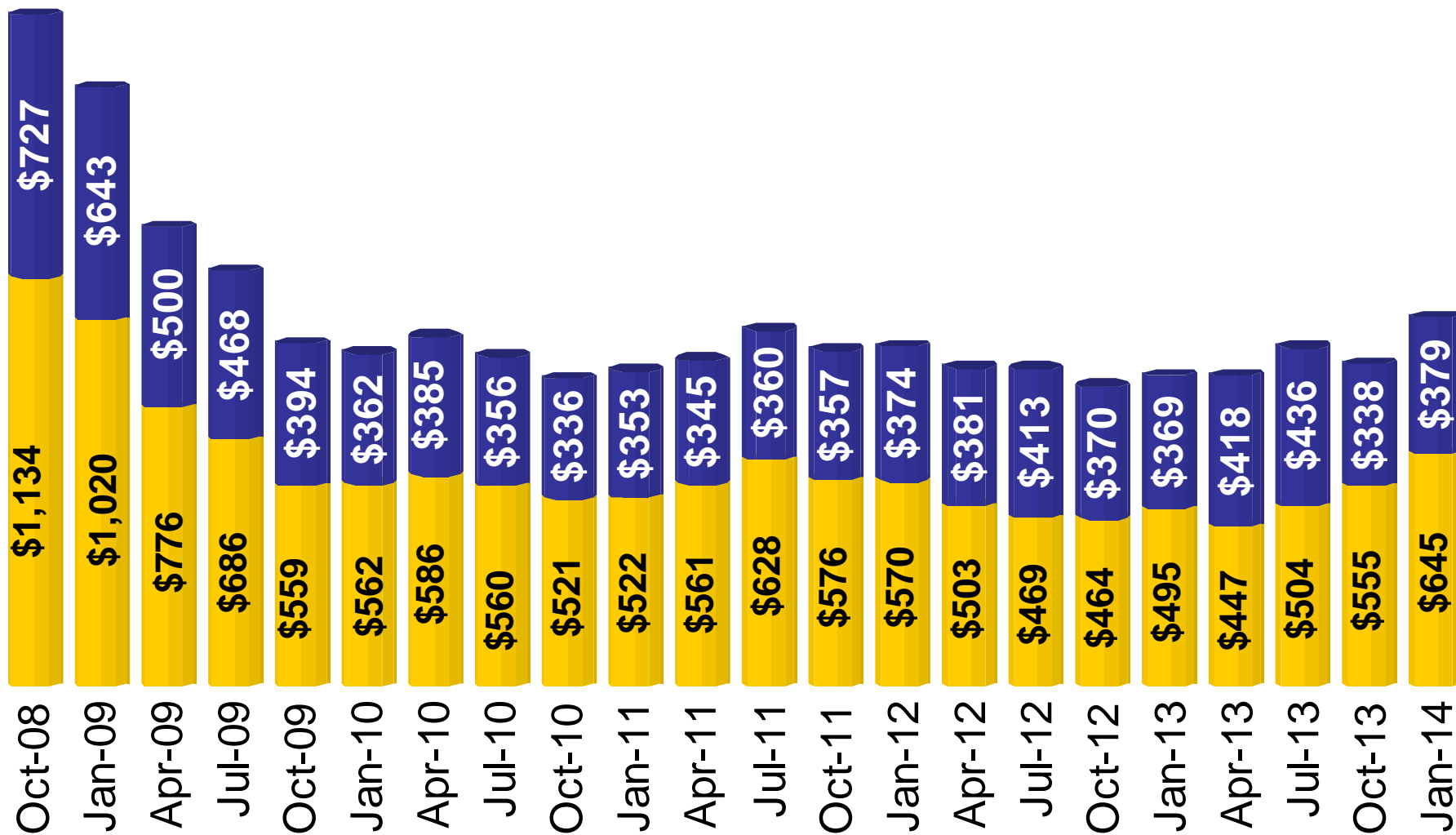


<30% developed

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)



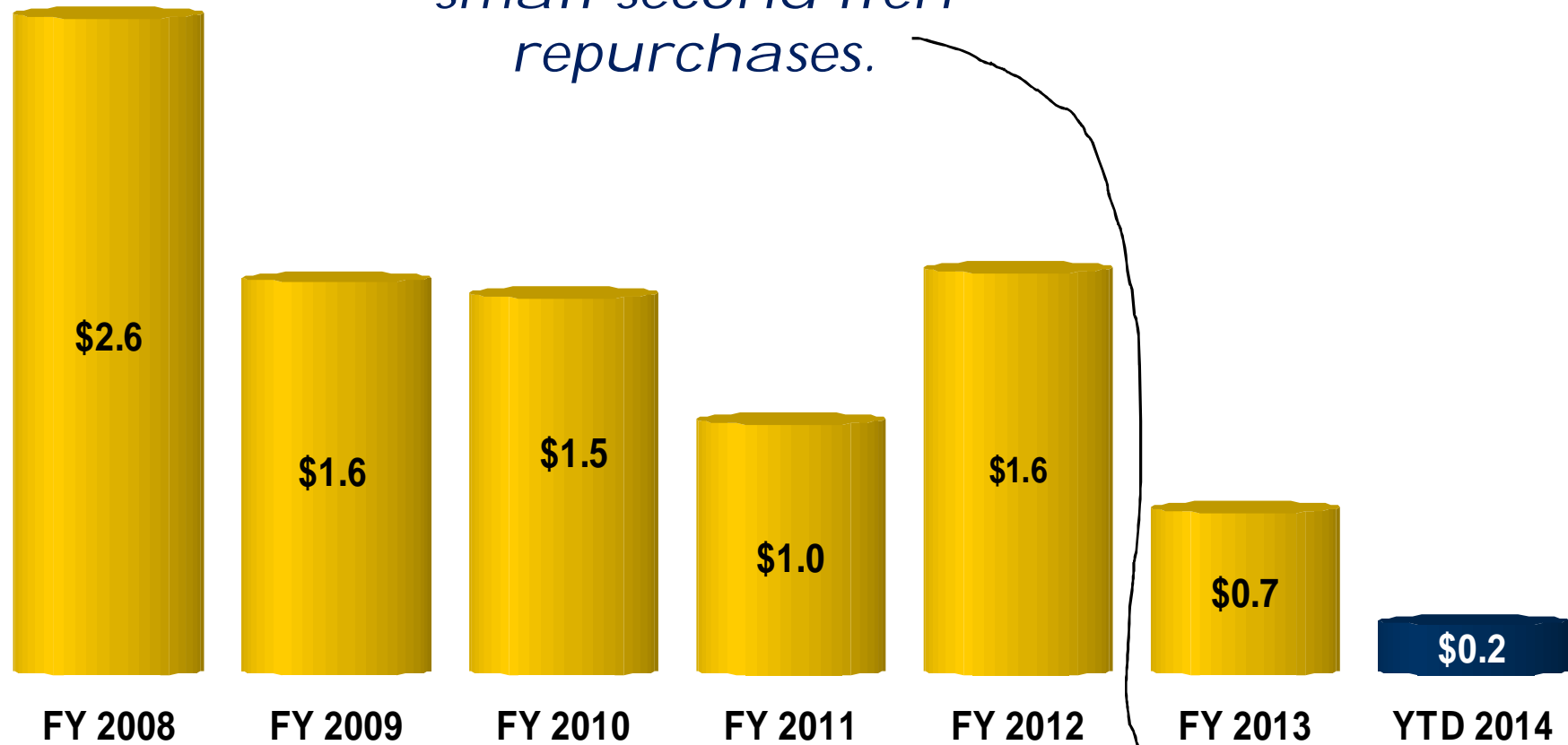
Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

Payments for Loan Repurchases and Make Whole Requests

As of January 31, 2014

\$ in millions

13 of 18 loans were small second lien repurchases.



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	YTD 2014
Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans	4 loans

Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	6 loans
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◆ As of January 31, 2014, reserve for loan repurchases and make whole requests was \$10.7 million.

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

