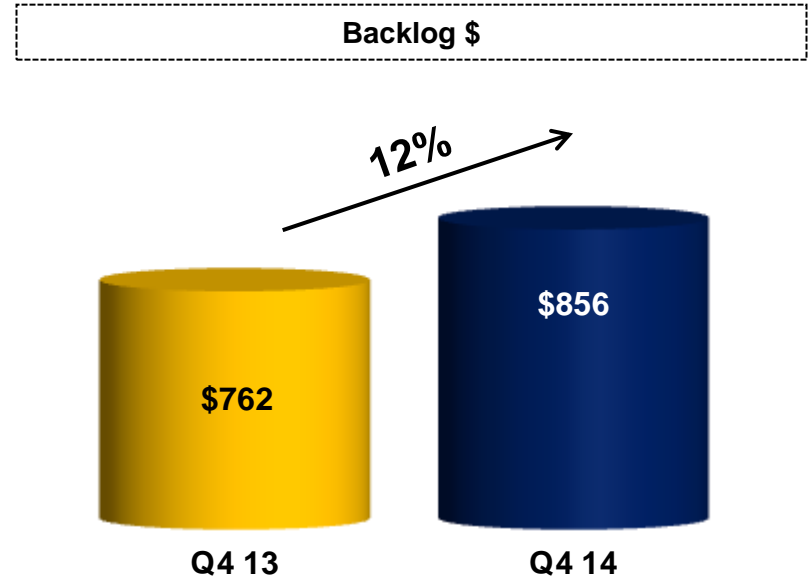
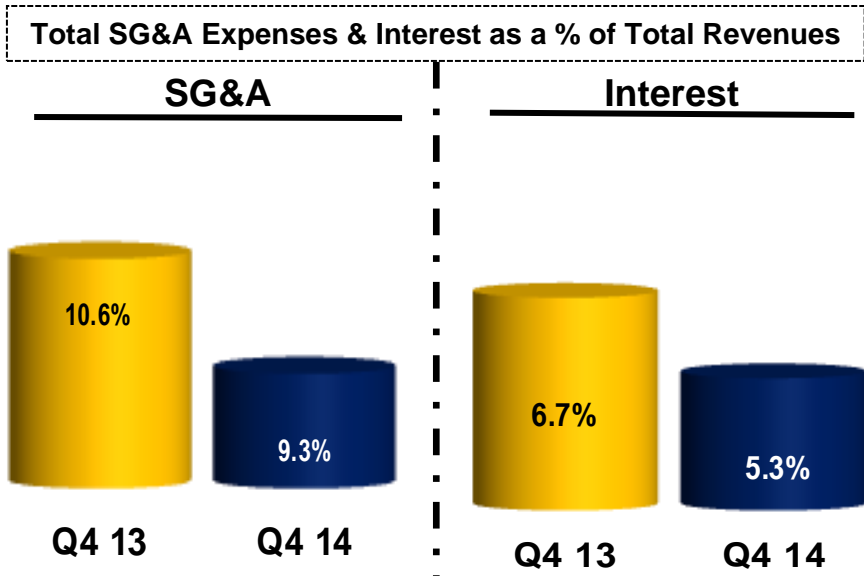
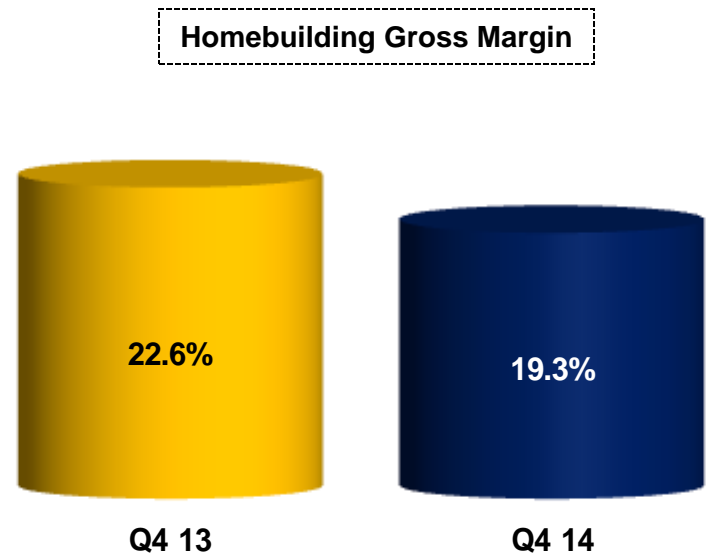
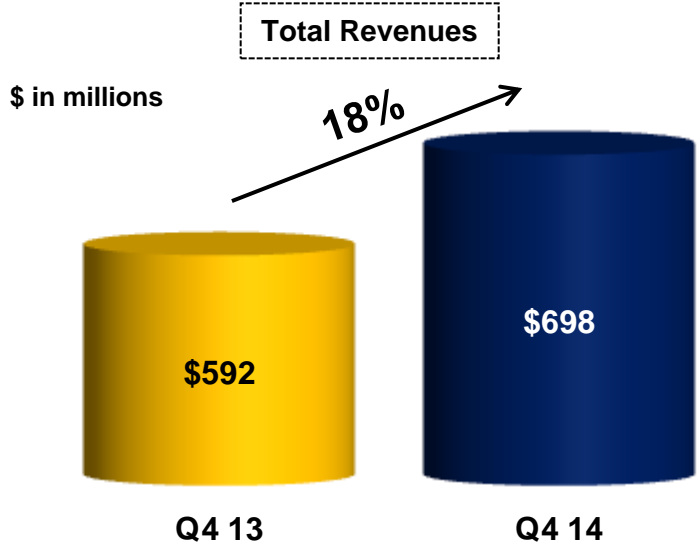




## Review of Financial Results Fourth Quarter Fiscal 2014



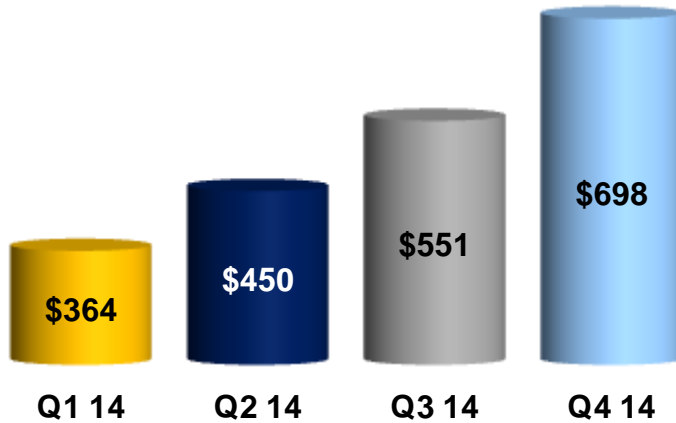
**Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different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



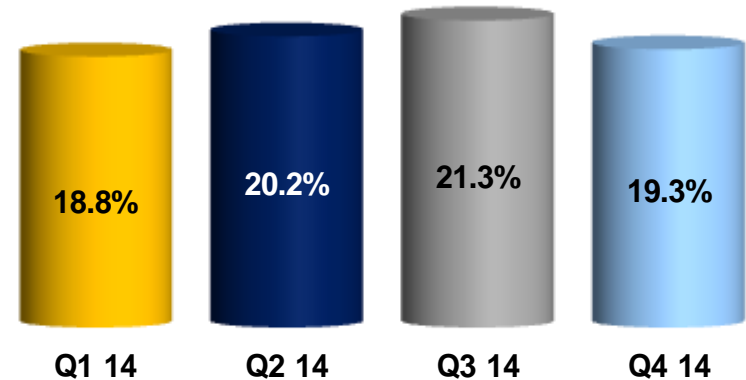
Note: Excluding unconsolidated joint ventures.

Total Revenues

\$ in millions



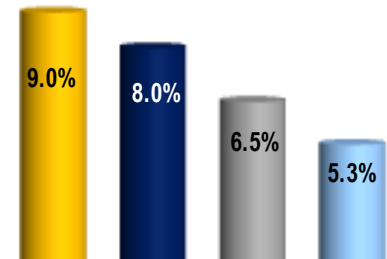
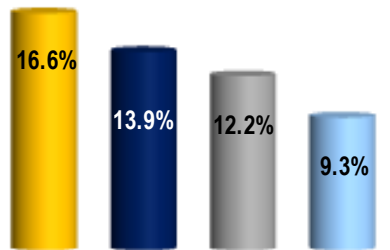
Homebuilding Gross Margin



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

SG&A

Interest

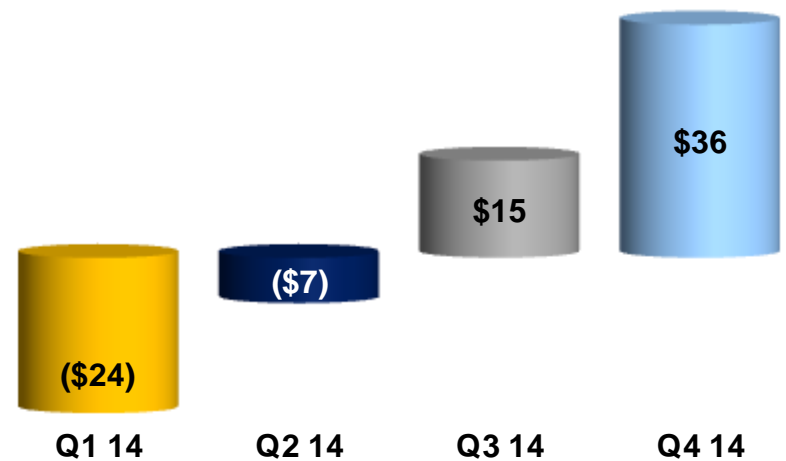


Q1 14 Q2 14 Q3 14 Q4 14

Q1 14 Q2 14 Q3 14 Q4 14

Note: Excluding unconsolidated joint ventures.

Pre-tax Income



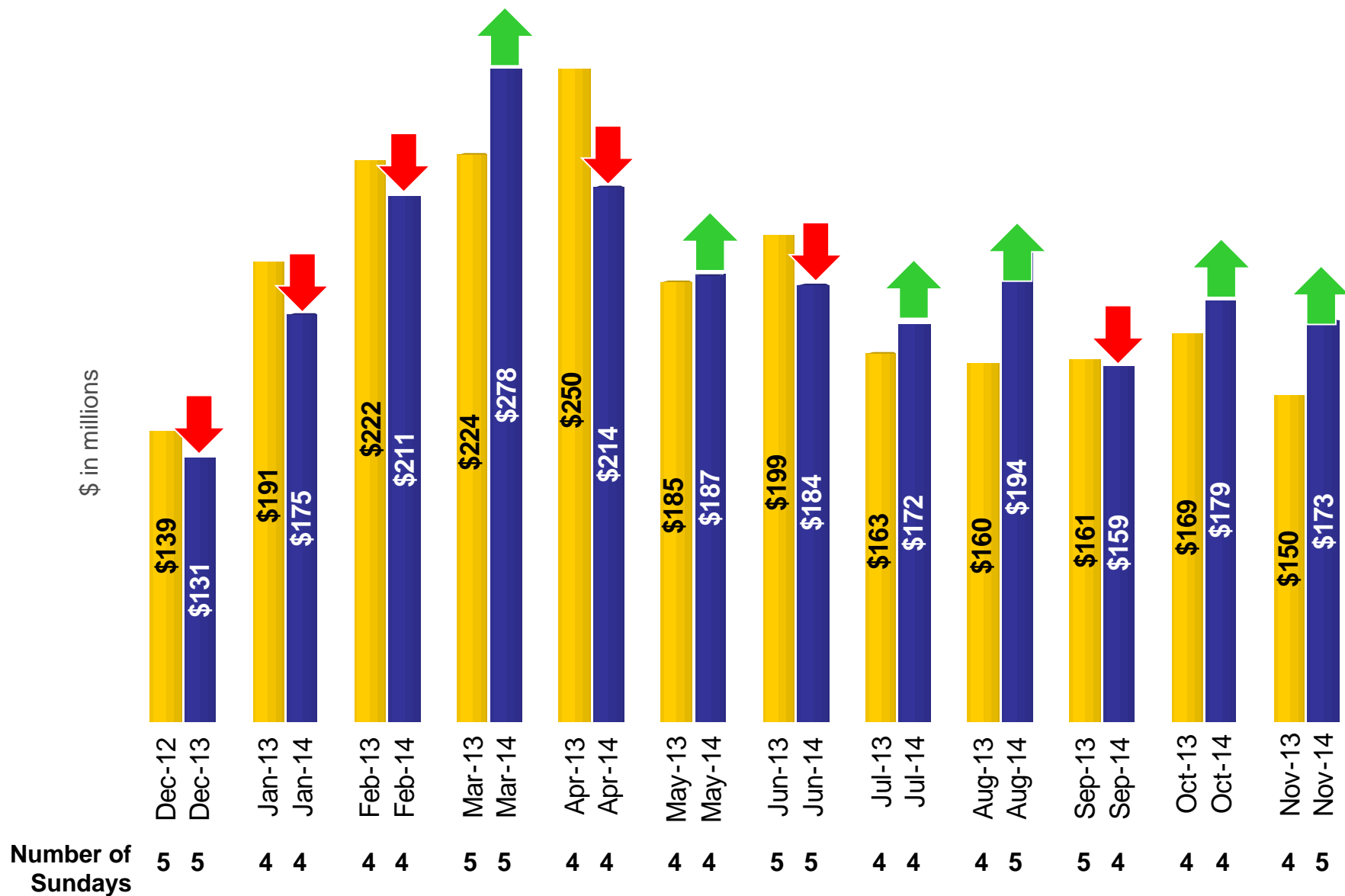
Q1 14

Q2 14

Q3 14

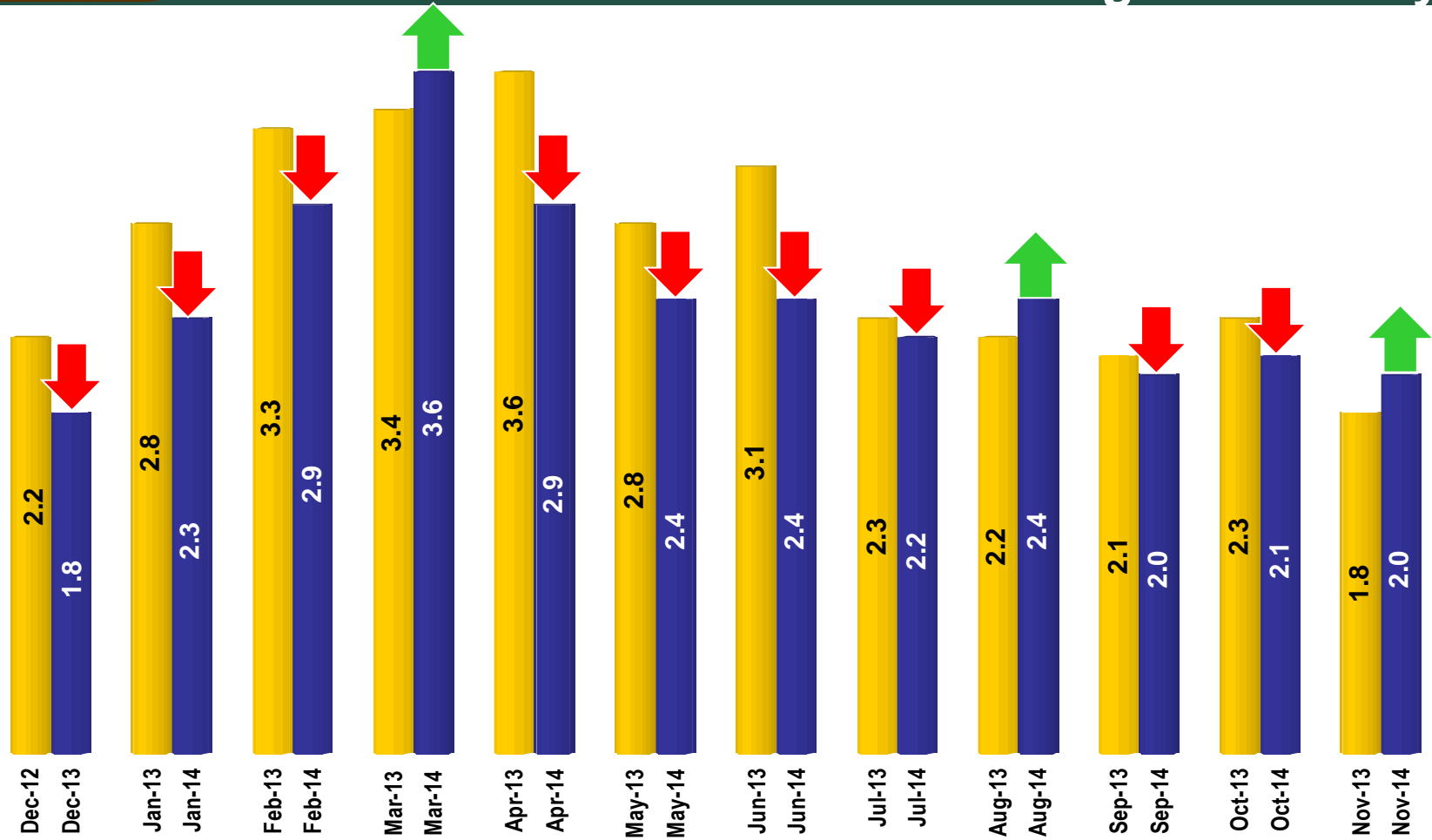
Q4 14

# Dollar Amount of Net Contracts Per Month



Includes unconsolidated joint ventures.

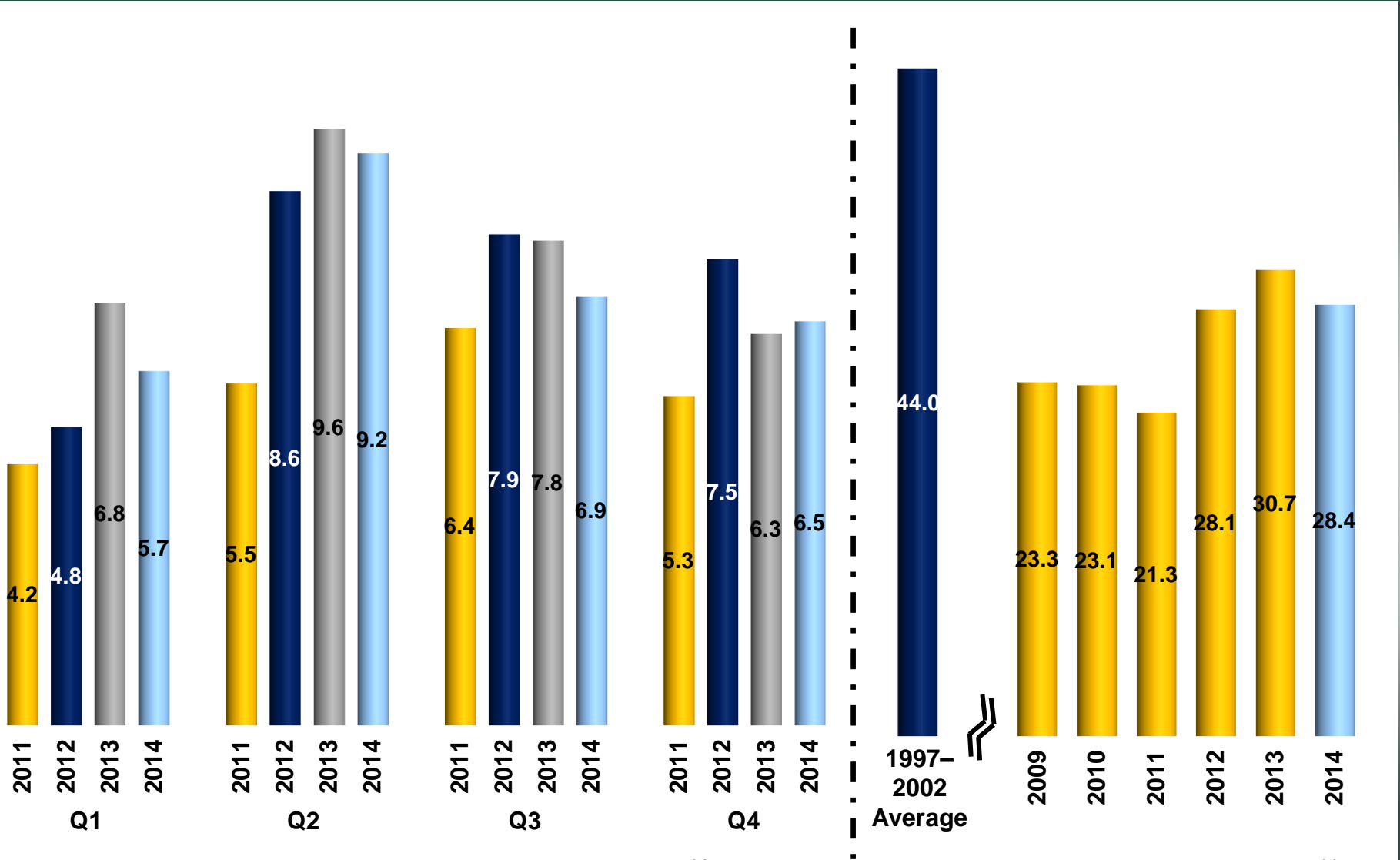
# Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	5	4	4	4	4	5	5	4	4	4	4	5	5	4	4	4	4	4	5				
	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	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14
Monthly Net Contracts	409	350	550	470	622	582	640	728	688	597	534	474	583	489	451	461	433	483	417	419	465	448	382	422

Includes unconsolidated joint ventures.

# Net Contracts Per Active Selling Community



Quarterly Net Contracts per Active Selling Community<sup>(1)</sup>

Annual Net Contracts per Community<sup>(2)</sup>

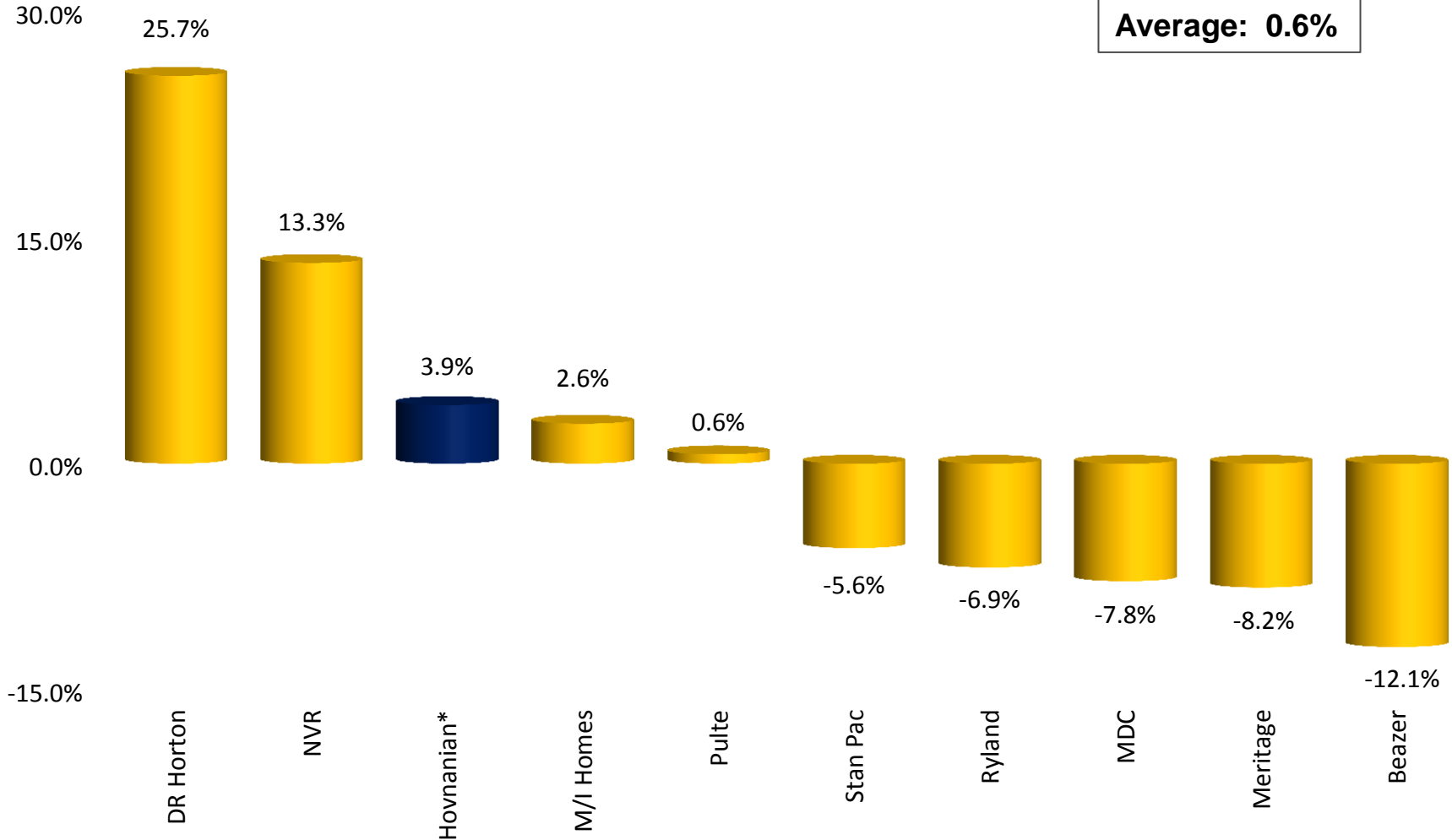
(1) Calculated based on quarter end active selling communities excluding unconsolidated joint ventures.

(2) Calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

# Year Over Year Change in Net Contracts per Community

**For September Quarter End**

**Median: - 2.5%**  
**Average: 0.6%**



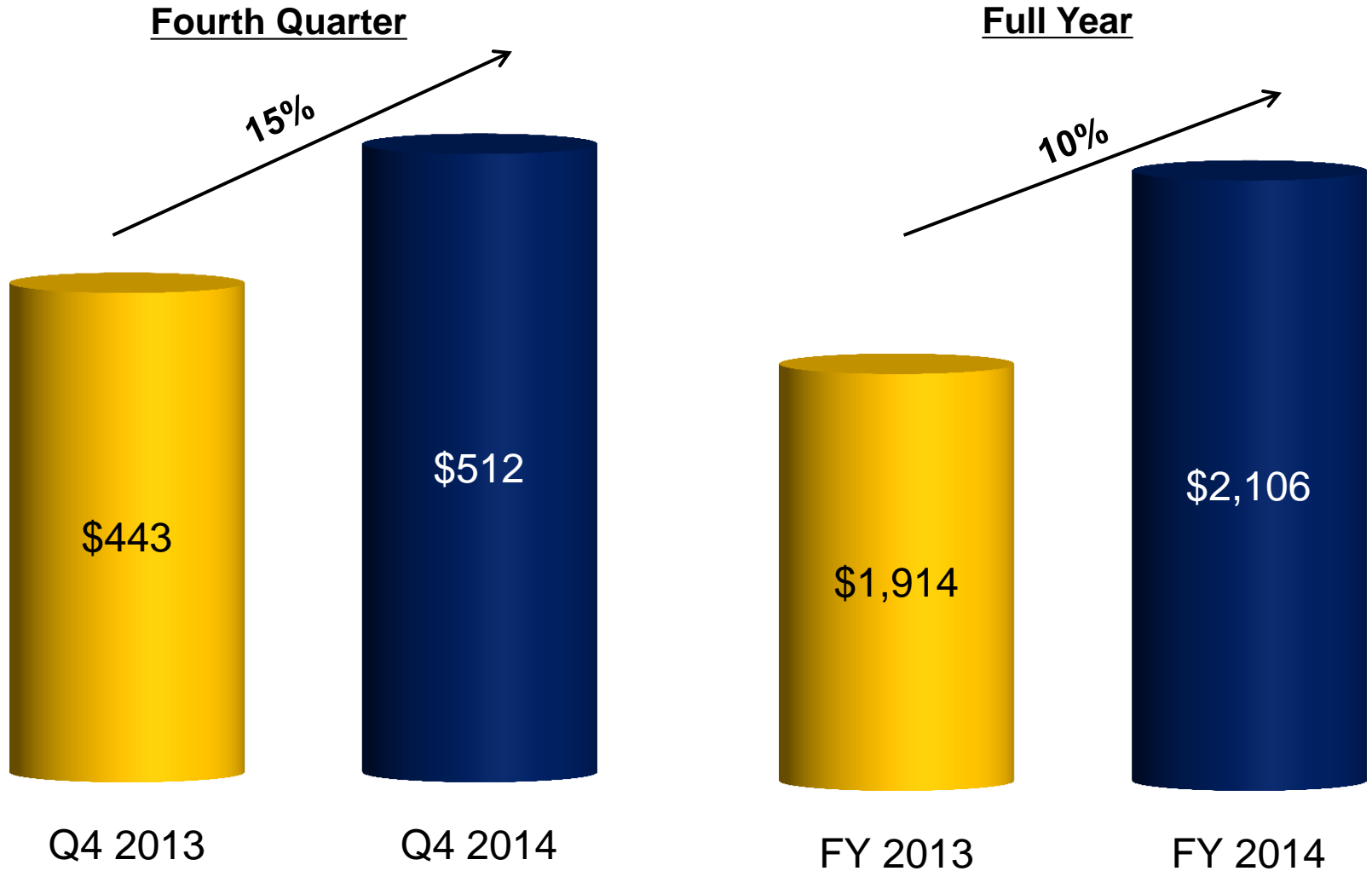
\*Hovnanian is shown as if its quarter ended September 30, 2014.

Note: Calculated based on quarter end active selling communities excluding unconsolidated joint ventures.



# Continued Growth in Net Contracts

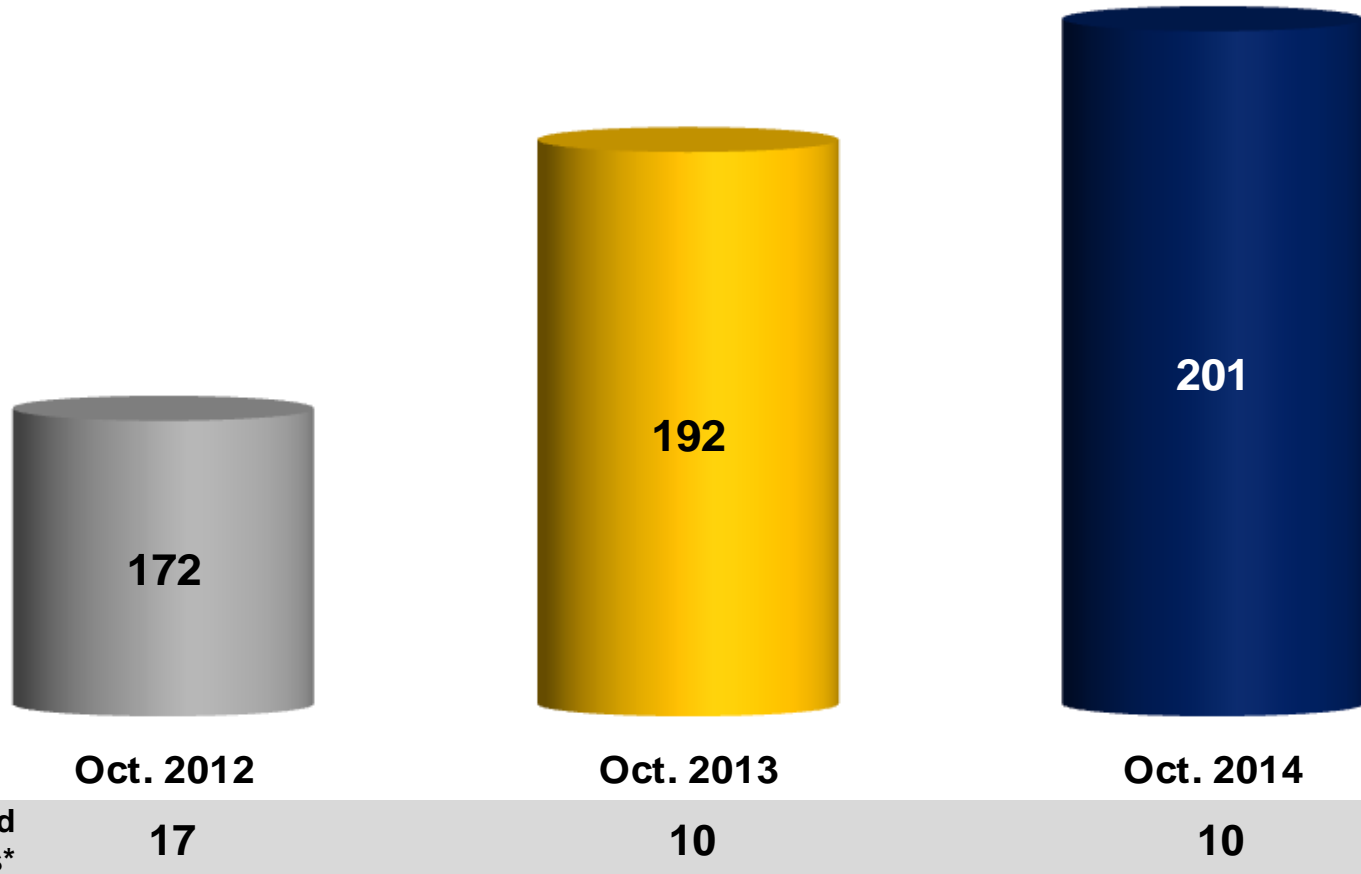
\$ in millions



# of Homes	Q4 2013	Q4 2014	FY 2013	FY 2014
	1,206	1,301	5,544	5,559

Note: Consolidated total

*In the trailing twelve months, we opened 98 communities and closed out 89 communities.*

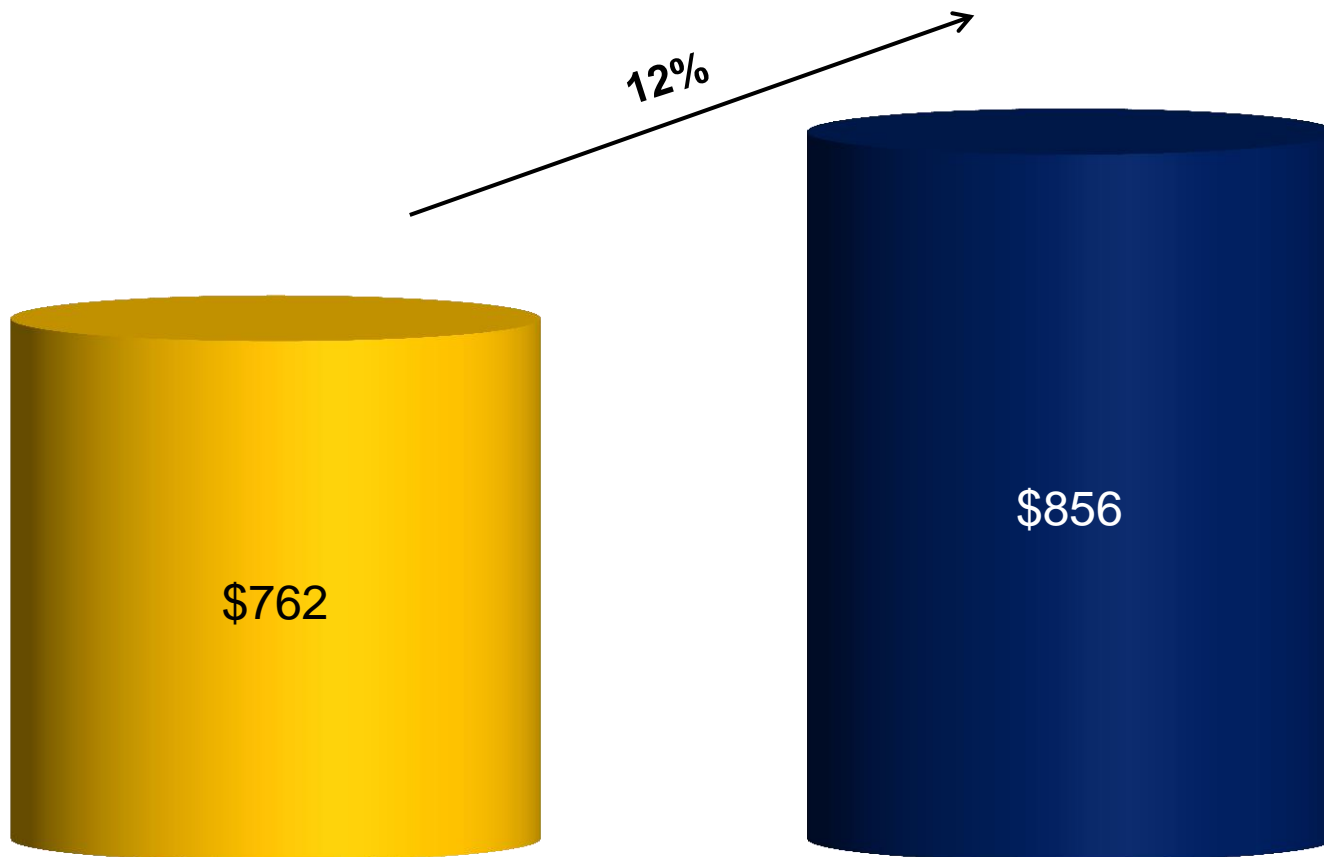


Active selling communities are open for sale communities with 10 or more home sites available.

\*Unconsolidated joint venture communities are not included above.

As of October 31,

\$ in millions



2013

2014

# of Homes

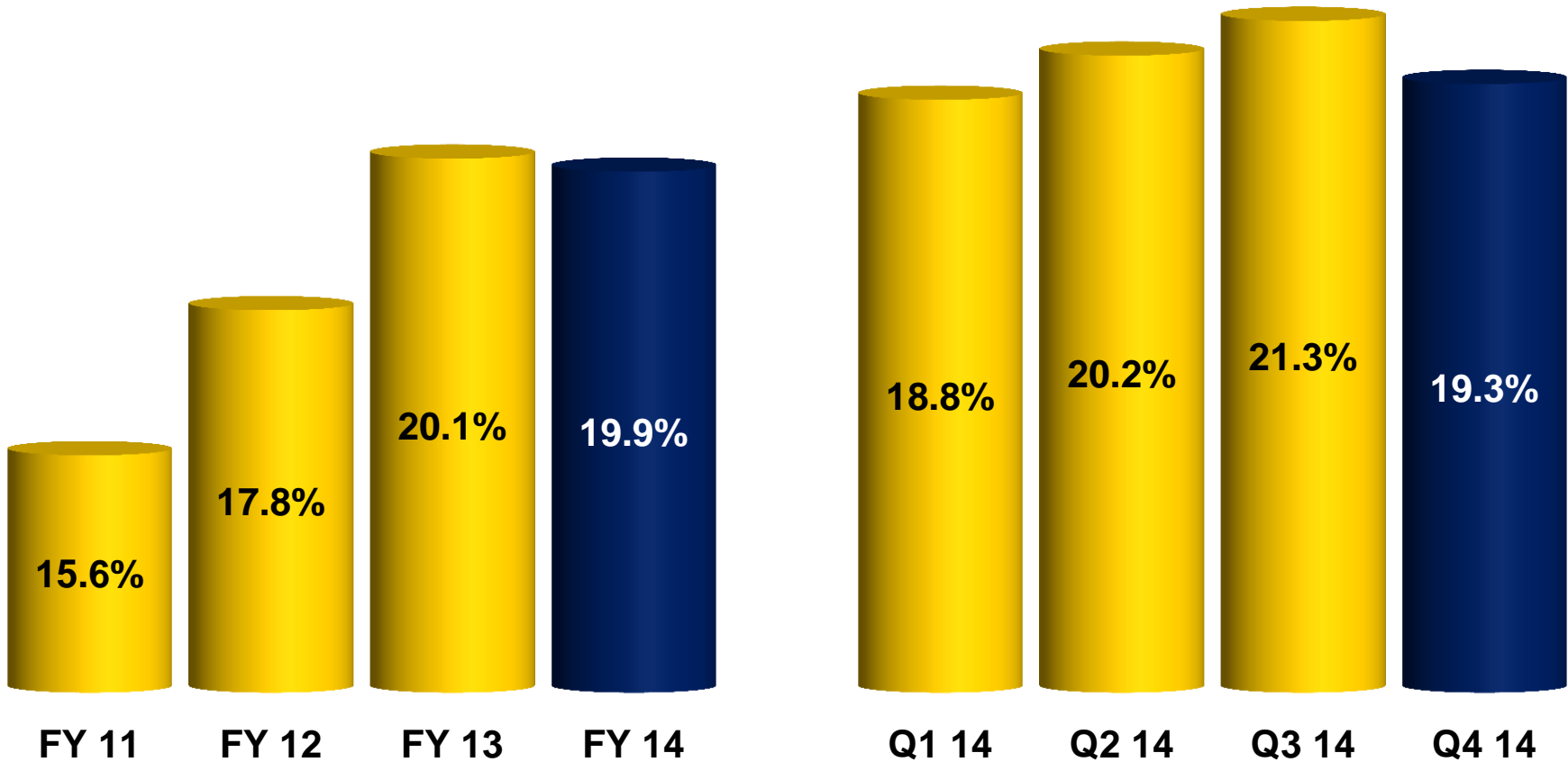
2,167

2,229

Note: Consolidated total

Annually

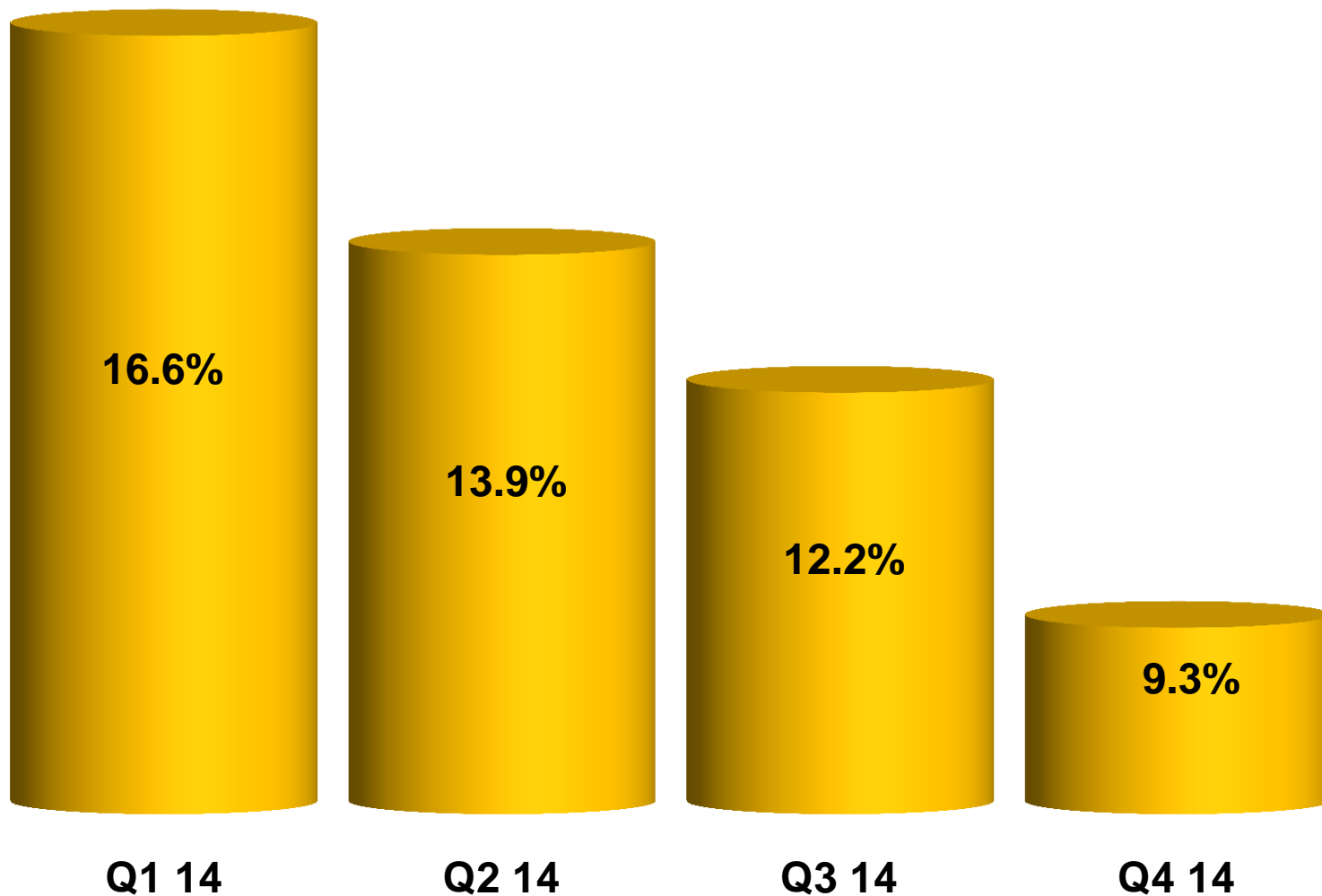
Quarterly



*Excludes interest related to homes sold.*

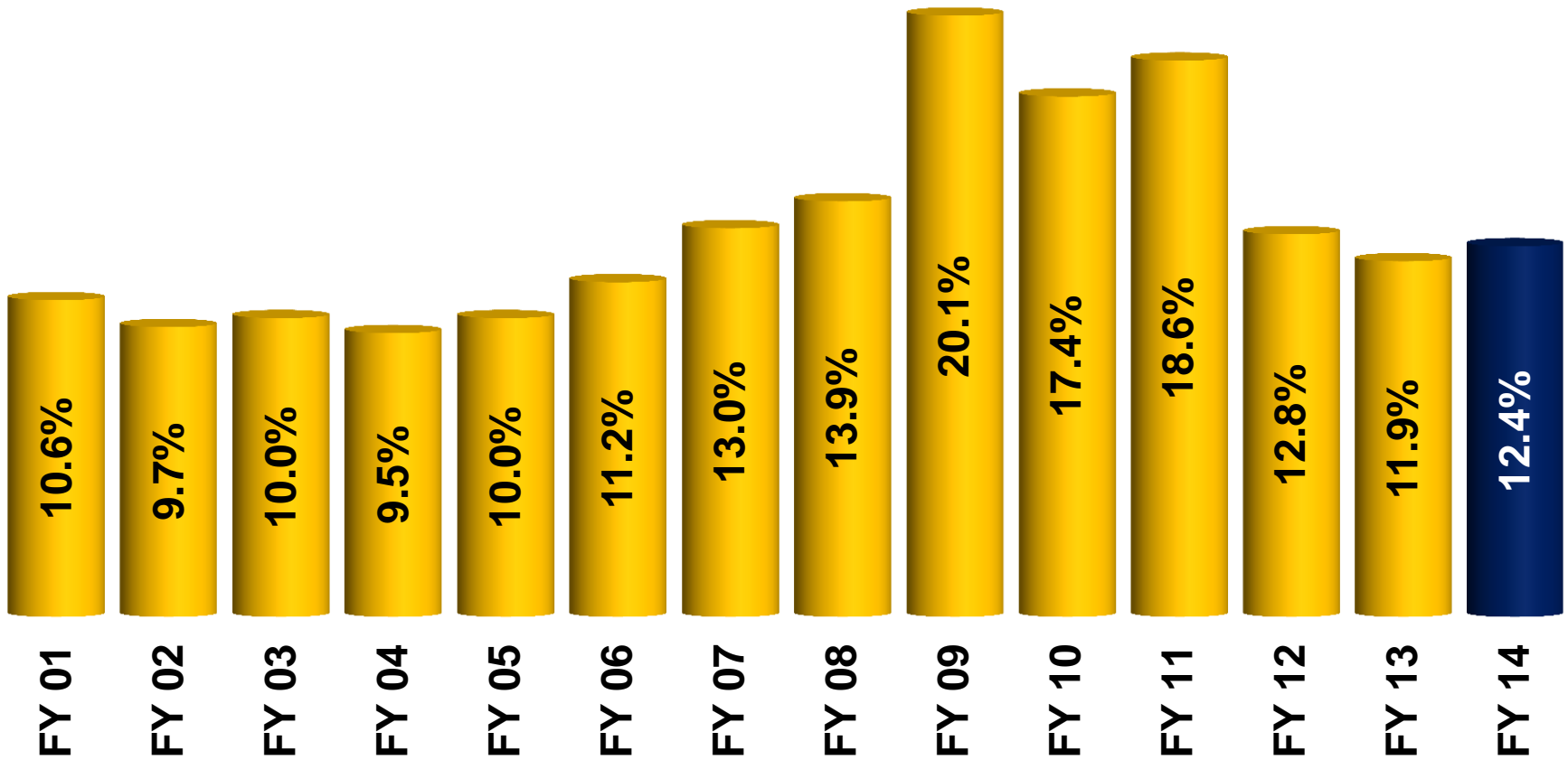
*During the fourth quarter of 2014, there were \$15.4 million of impairment reversals related to deliveries, compared to \$19.2 million in the fourth quarter of 2013.*

# 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



*Excludes interest related to homes sold.*

# Land Positions by Geographic Segment

October 31, 2014

# Lots

Owned

Segment	Owned		Optioned	Total
	Excluding Mothballed Lots	Mothballed Lots		
Northeast	1,228	855	3,210	5,293
Mid-Atlantic	2,394	280	3,275	5,949
Midwest	3,030	108	1,398	4,536
Southeast	1,293	362	4,803	6,458
Southwest	2,499	0	3,933	6,432
West	1,305	4,366	352	6,023
<b>Total</b>	<b>11,749</b>	<b>5,971</b>	<b>16,971</b>	<b>34,691</b>

- ◆ *92% 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.*

As of October 31, 2014

	<u># of Lots</u>
<b>Northeast (NJ, PA)</b>	<b>855</b>
<b>Mid-Atlantic (DE, MD, VA, WV)</b>	<b>280</b>
<b>Midwest (IL, MN, OH)</b>	<b>108</b>
<b>Southeast (FL, GA, NC, SC)</b>	<b>362</b>
<b>Southwest (AZ, TX)</b>	<b>0</b>
<b>West (CA)</b>	<b>4,366</b>
<b>Total</b>	<b>5,971</b>

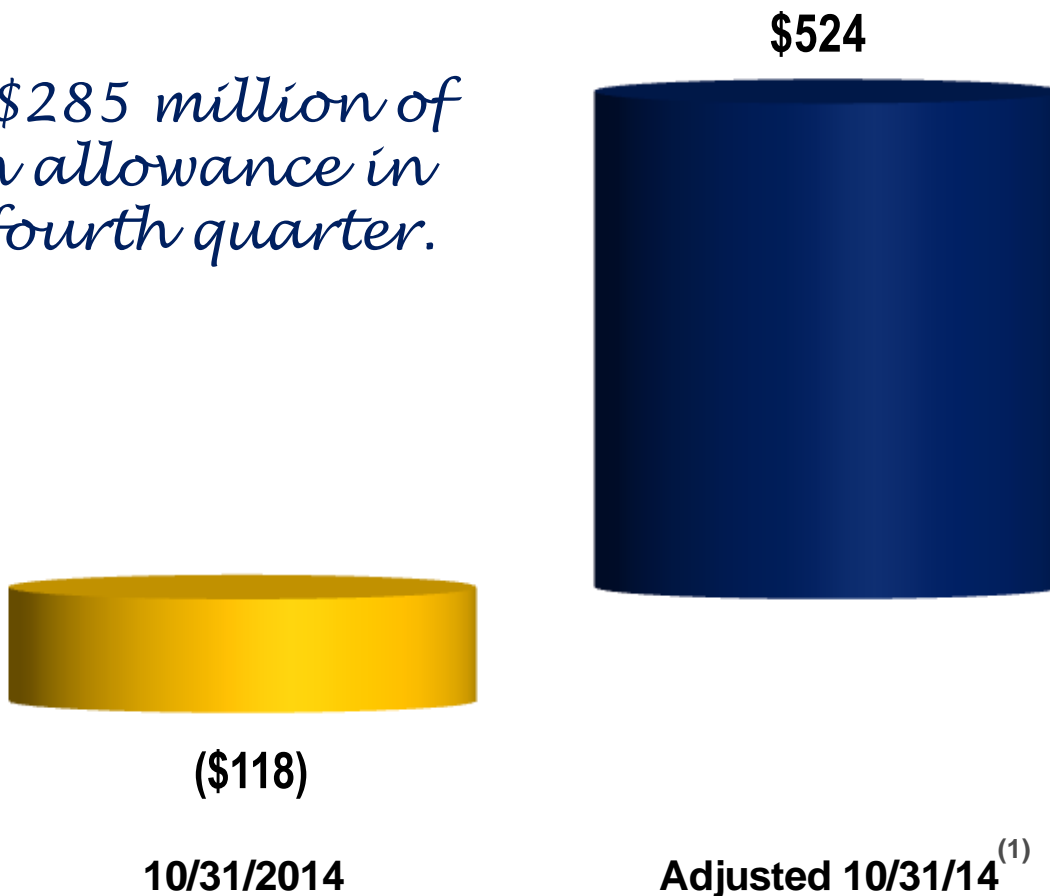
- ◆ *In 45 communities with a book value of \$103 million net of impairment balance of \$412 million*
- ◆ *Unmothballed approximately 4,100 lots in 68 communities since January 31, 2009*



# Adjusted Hovnanian Stockholders' Equity

\$ in millions

*Reversed \$285 million of valuation allowance in the 2014 fourth quarter.*



(1) Total Hovnanian Stockholders' Deficit of \$(118) million with \$642 million valuation allowance added back to Stockholders' Equity. The \$642 million valuation allowance consisted of a \$440 million federal valuation allowance and a \$202 million state valuation allowance.

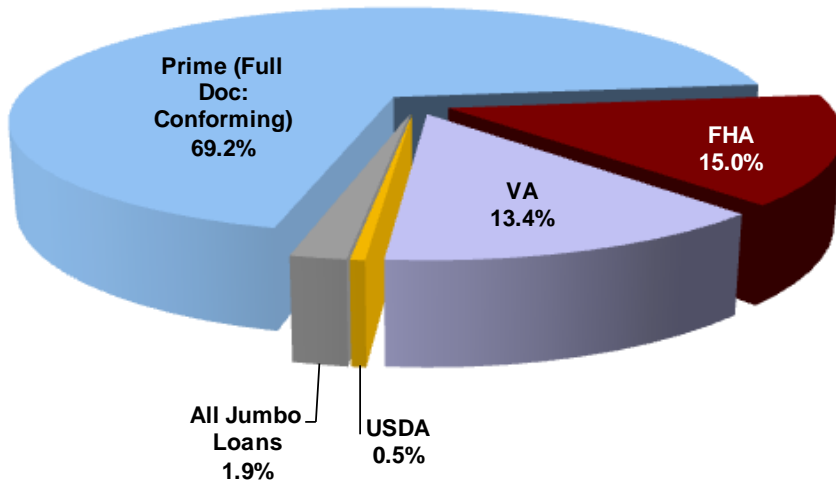
## Fiscal Year 2014:

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 5.5%
- FICO Score: 745
- Capture Rate: 65%

## Fiscal Year 2013:

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

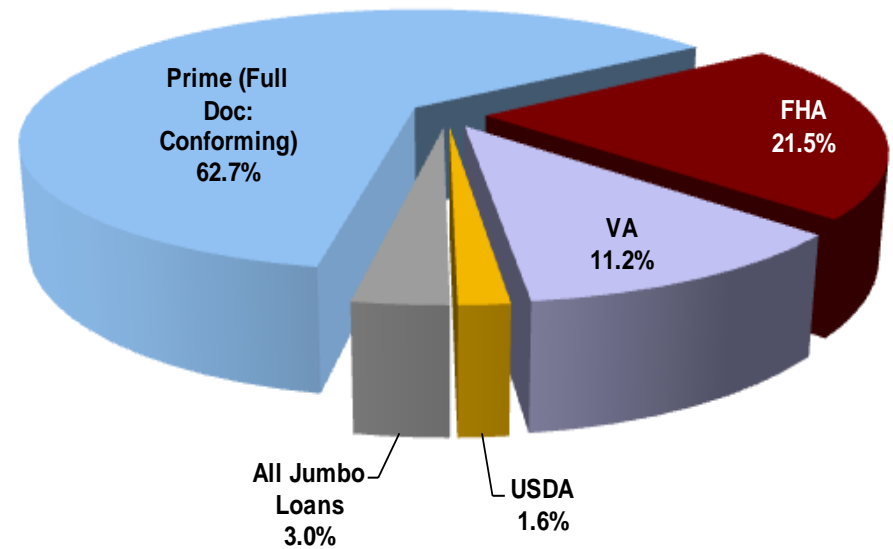
**Fiscal Year 2014**



**FHA Percentages**

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

**Fiscal Year 2013**

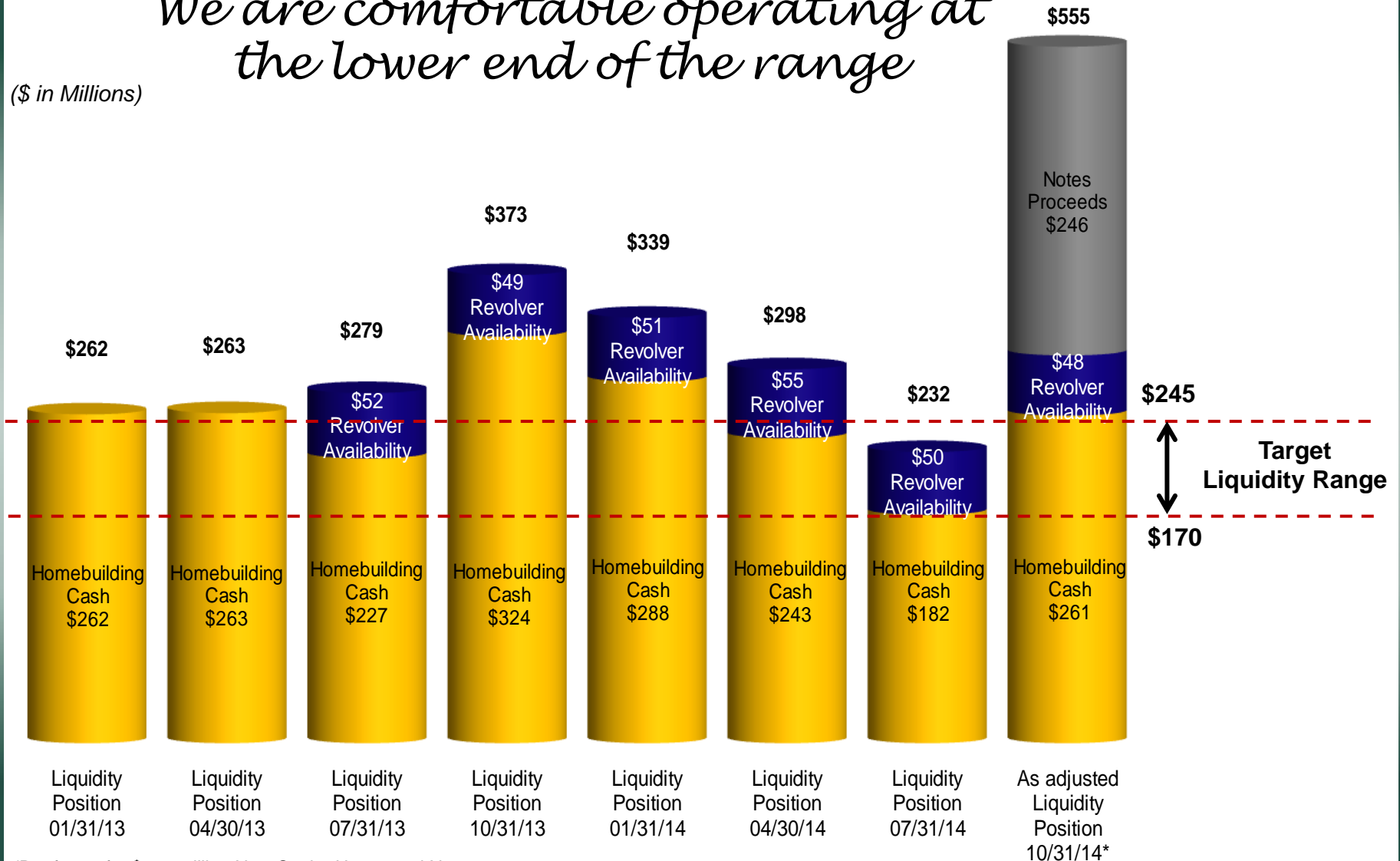


\*Loans originated by our wholly-owned mortgage banking subsidiary.

# Pro Forma Liquidity Position and Target

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

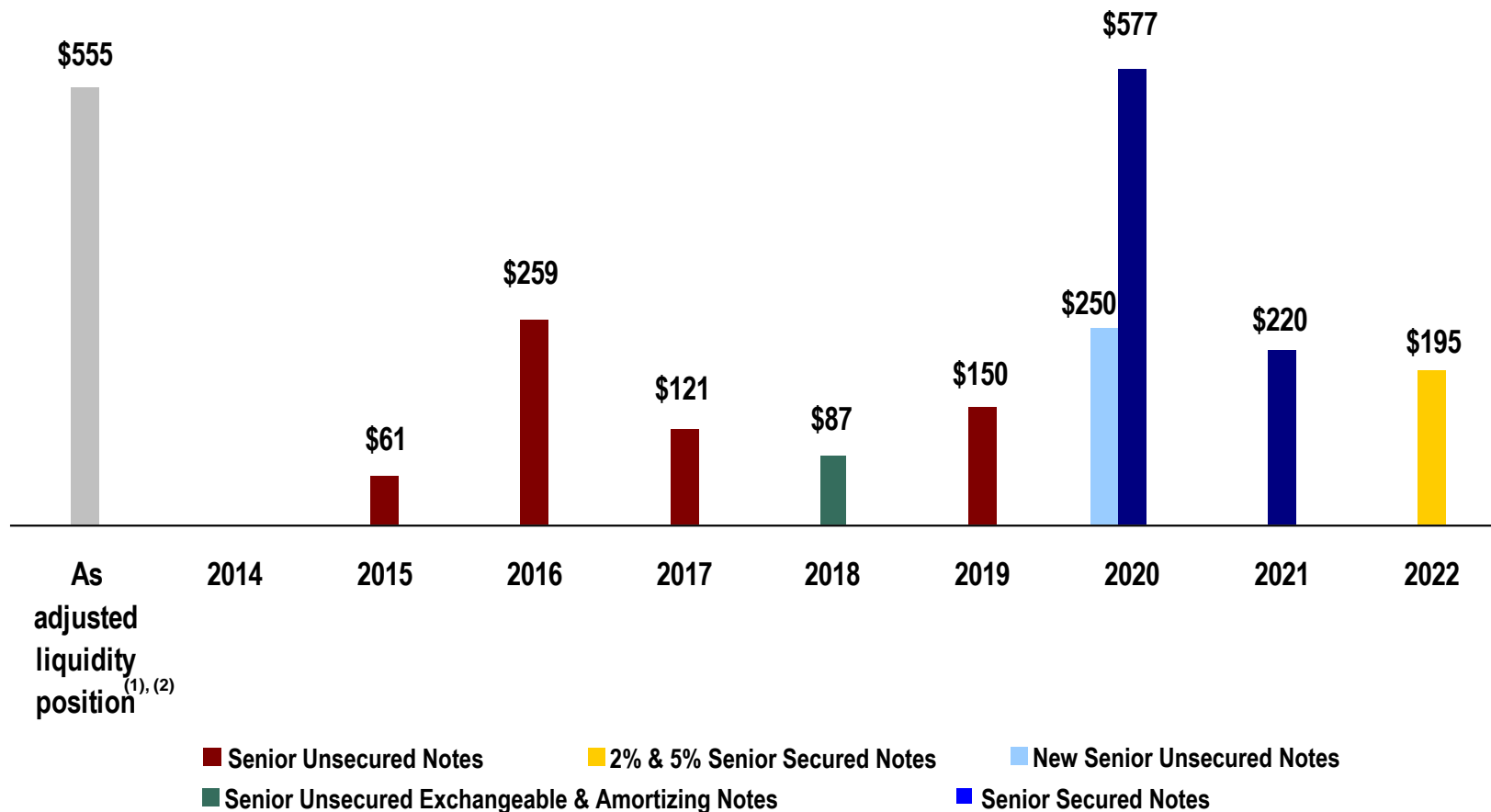
(\$ in Millions)



\*Pro forma for \$250 million New Senior Unsecured Notes

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

As Adjusted October 31, 2014<sup>1</sup> (\$ in millions)

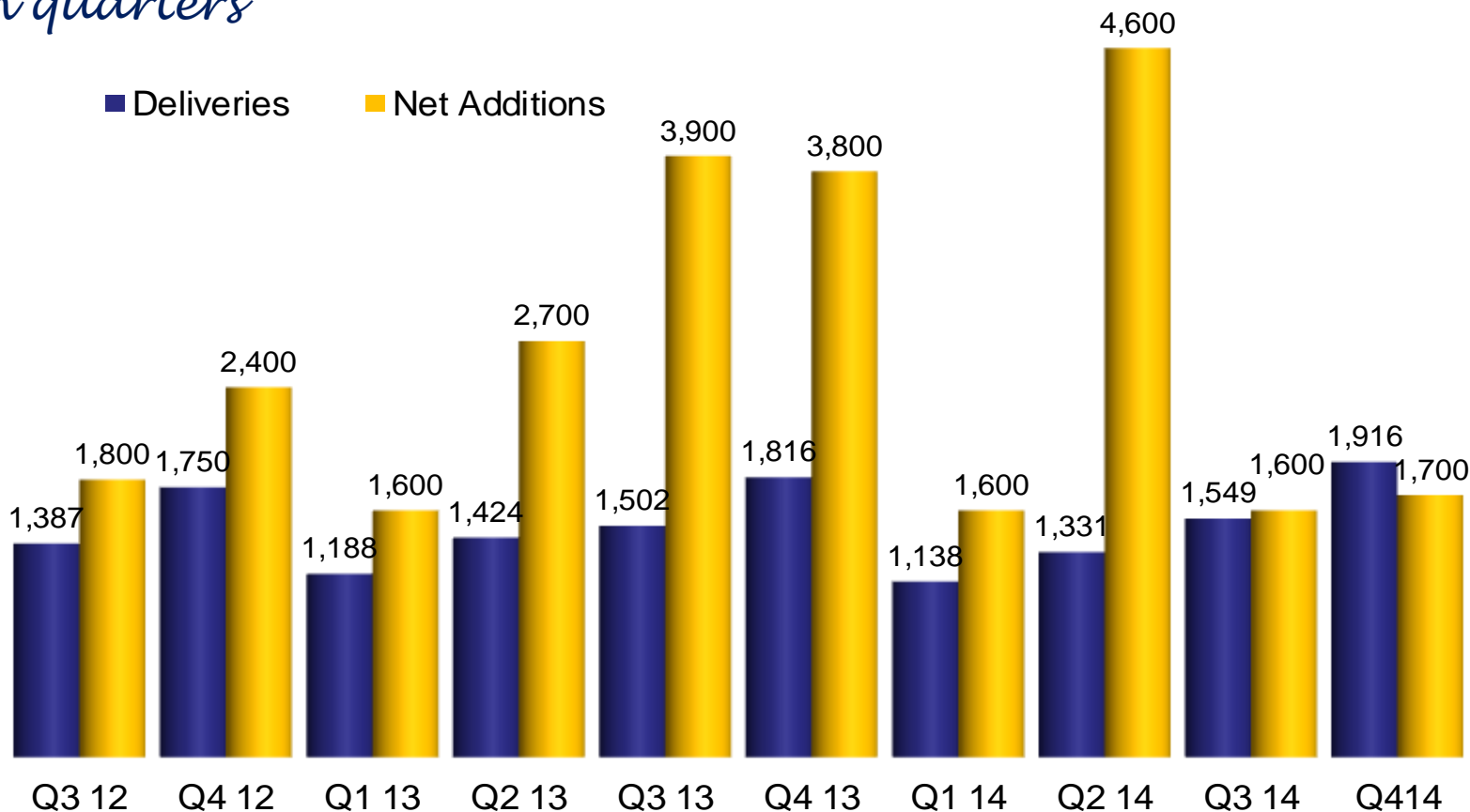


Note: Shown on a fiscal year basis, at face value.

<sup>1</sup> Pro forma for \$246 million of proceeds from \$250 million New Senior Unsecured Notes

<sup>2</sup> Liquidity position is \$261 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and \$48 million of availability under revolving credit facility as of October 31, 2014

*Net additions of approximately 10,700 lots in excess of deliveries, over ten quarters*



**Walk Aways**  
(\$ in millions)

\$0.5

\$0.9

\$0.1

\$1.3

\$0.5

\$0.7

\$0.7

\$0.4

\$0.6

\$2.3

*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.*



# Appendix

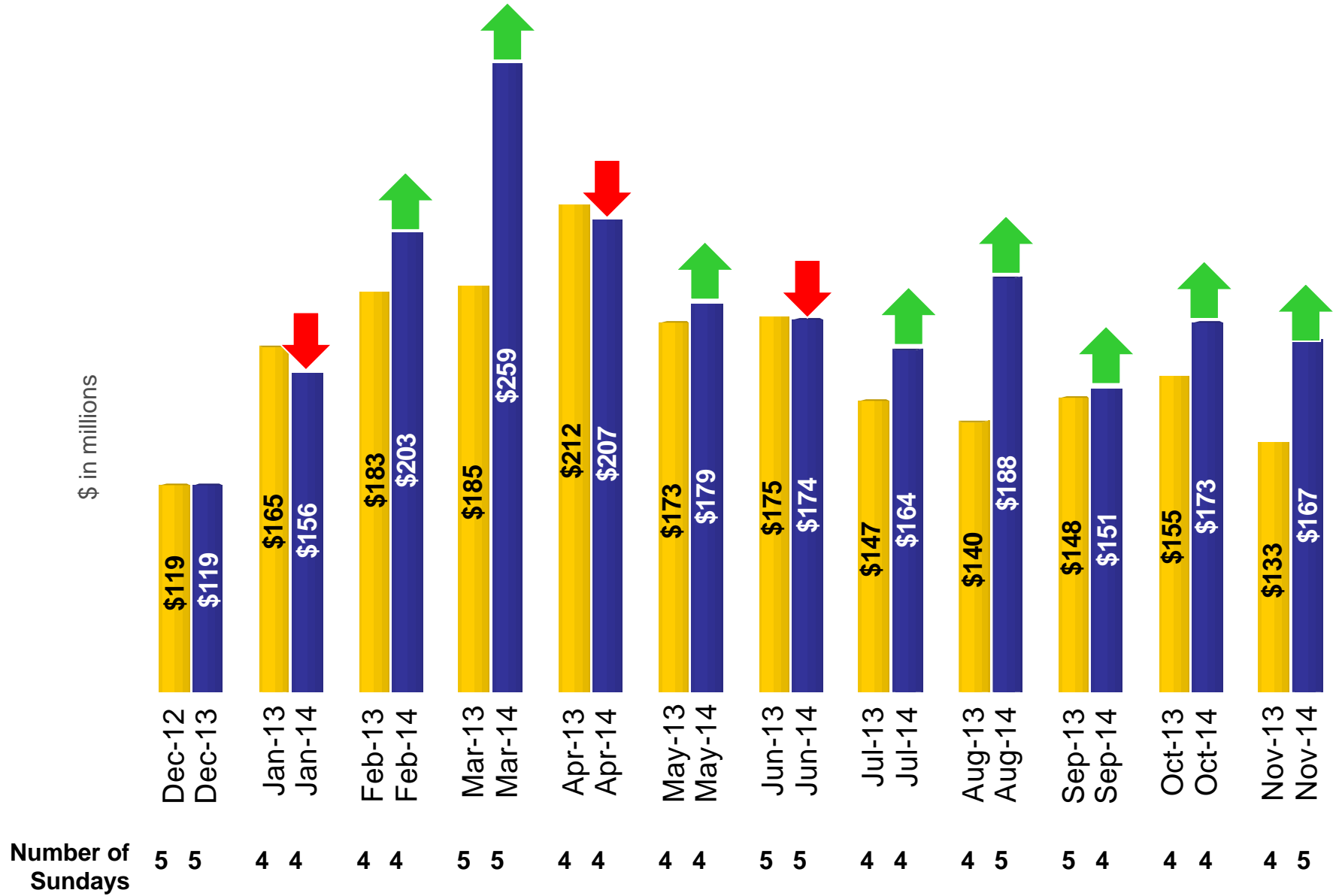


(\$ in millions)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
1) Net Contracts (\$ value) <sup>1</sup>	\$512	\$443	16%
2) Net Contracts (units) <sup>1</sup>	1,301	1,206	8%
3) Communities <sup>1</sup>	201	192	5%
4) Contracts per Community <sup>1</sup>	6.5	6.3	3%
5) Backlog (\$ value) <sup>1</sup>	\$856	\$762	12%
6) Backlog (units) <sup>1</sup>	2,229	2,167	3%
7) Deliveries <sup>1</sup>	1,762	1,608	10%
8) Total Revenues	\$698	\$592	18%
9) Homebuilding Gross Margin	19.3%	22.6%	-330 bps
10) Total SG&A as a Percentage of Total Revenues	9.3%	10.6%	-130 bps
11) Pretax Income	\$36	\$34	6%

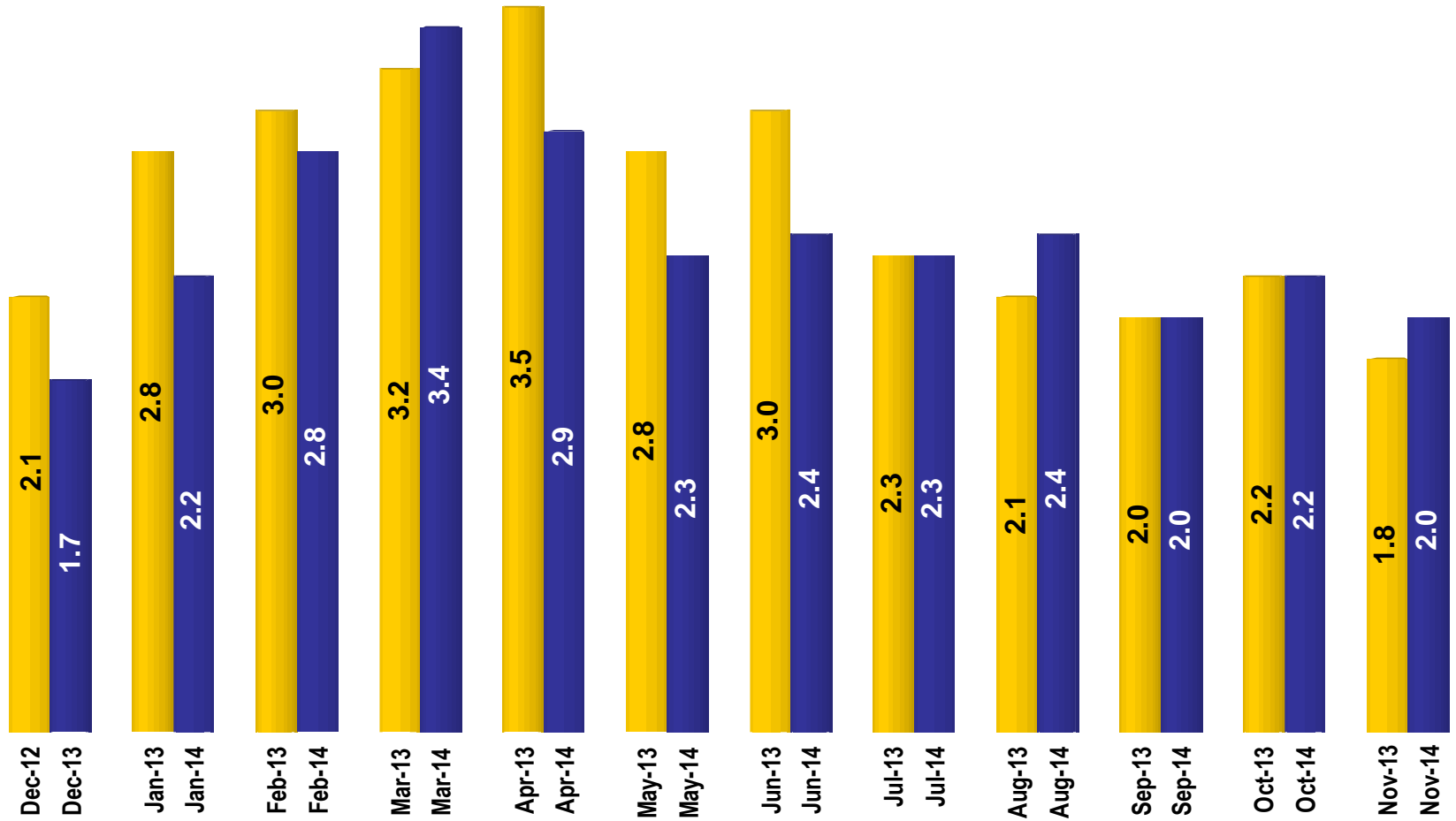
(1) Excludes unconsolidated joint ventures.

# Dollar Amount of Net Contracts Per Month



Excludes 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	5	5	4	4	4	4	5
	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	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14
Monthly Net Contracts	366	321	482	426	532	550	552	681	611	578	493	446	530	466	425	445	390	460	386	402	430	439	345	408

Excludes unconsolidated joint ventures.

## Lots Purchased or Optioned Since January 31, 2009

	Lots	Communities
Purchased	22,100	602 <sup>(1)</sup>
Optioned	15,700	
Joint Venture	5,600	39
<b>Total</b>	<b>43,400</b>	<b>641</b>

### Roll Forward First Quarter <sup>(2)</sup>

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

### Roll Forward Second Quarter <sup>(3)</sup>

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

### Roll Forward Third Quarter <sup>(4)</sup>

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

### Roll Forward Fourth Quarter <sup>(5)</sup>

Total Additions	3,200
Walk Aways	<u>-1,500</u>
Net Change	1,700

*As of October 31, 2014  
approximately 26,900 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.  
 (5) Fourth quarter 2014 total additions include 3,200 new options.

# Land Positions by Geographic Segment

October 31, 2014

**Years Supply**

---

**Owned**

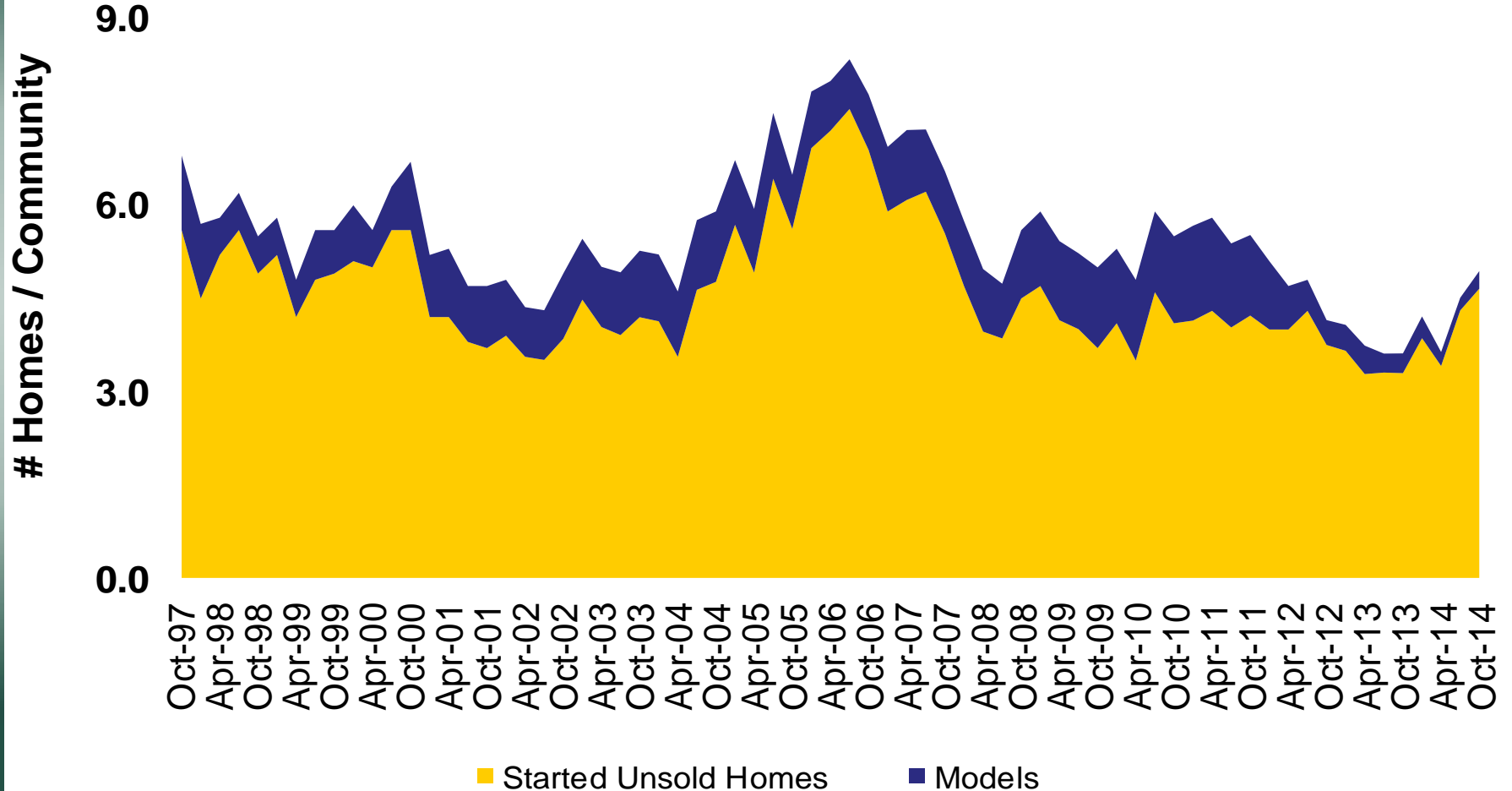
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Segment	TTM Deliveries	Years Supply			Total	Investment in Land (raw land, finished lots and lots under development) (\$ in millions)
		Excluding Mothballed Lots	Mothballed Lots	Optioned		
Northeast	550	2.2	1.6	5.8	9.6	\$197
Mid-Atlantic	701	3.4	0.4	4.7	8.5	\$103
Midwest	789	3.8	0.1	1.8	5.7	\$79
Southeast	652	2.0	0.6	7.4	9.9	\$59
Southwest	2,389	1.0	0.0	1.6	2.7	\$156
West	416	3.1	10.5	0.8	14.5	\$70
<b>Total</b>	<b>5,497</b>	<b>2.1</b>	<b>1.1</b>	<b>3.1</b>	<b>6.3</b>	<b>\$664</b>

Excluding unconsolidated joint ventures.

# Unsold Homes per Community

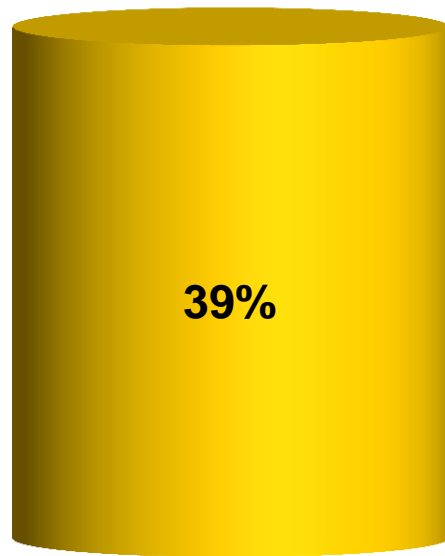
- ◆ 936 started unsold homes at 10/31/14, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of October 31, 2014, 4.6 started unsold homes per community



Excluding unconsolidated joint ventures.

# Owned Lots % Development Costs Spent

As of October 31, 2014



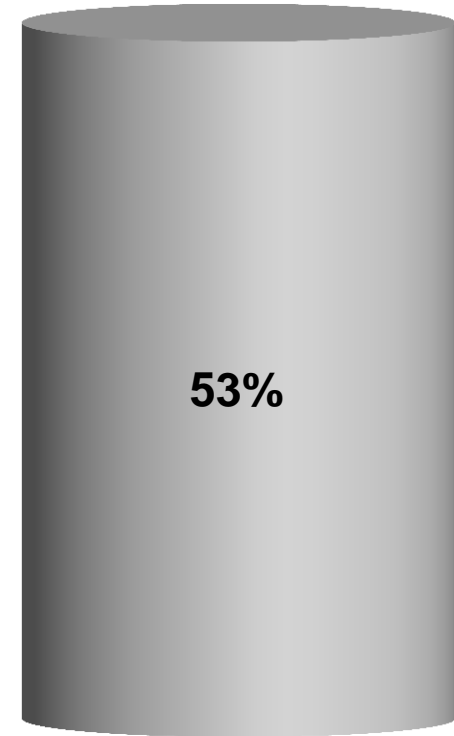
**39%**

**>80% developed**



**8%**

**30% - 80% developed**



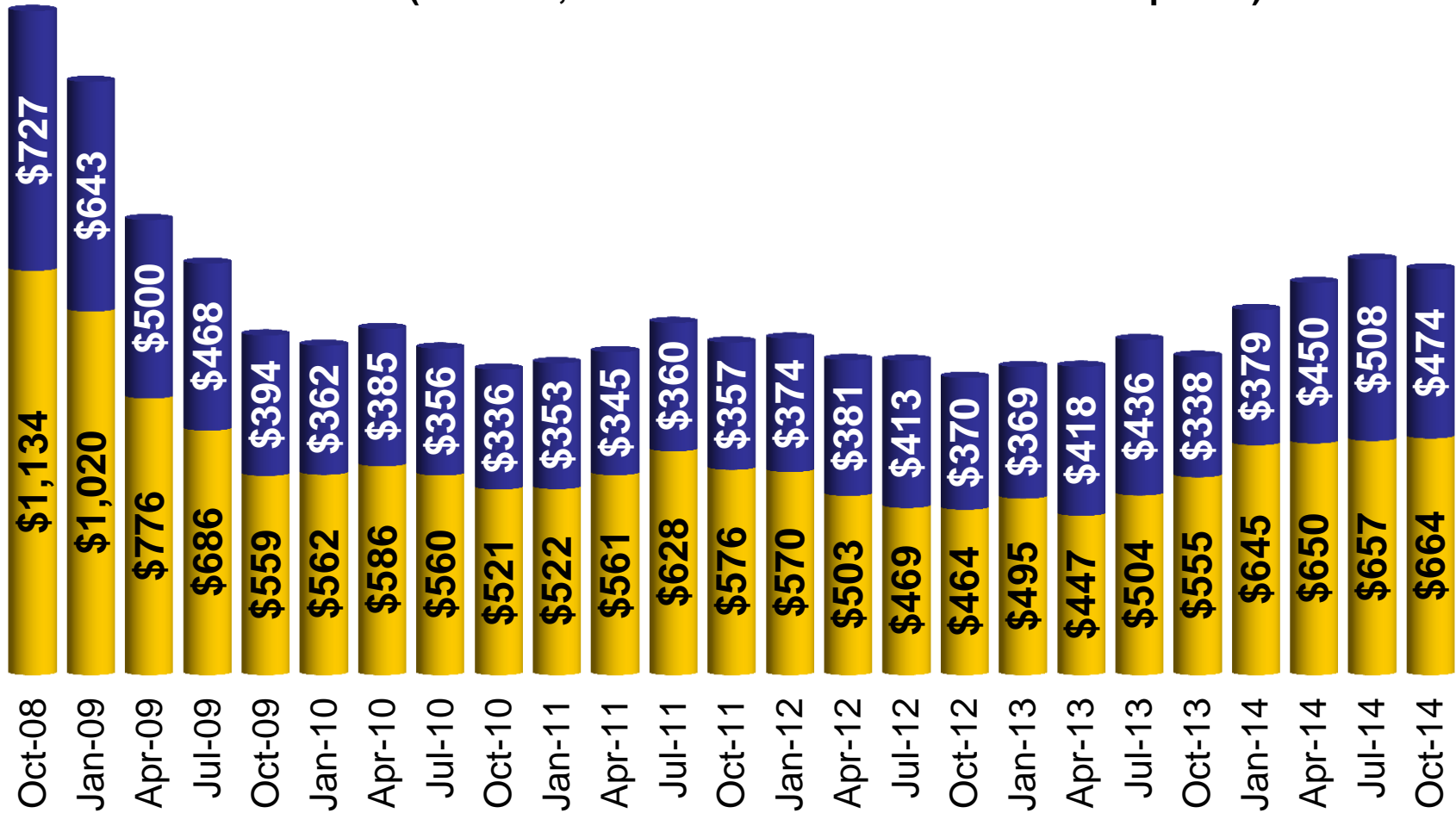
**53%**

**<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.

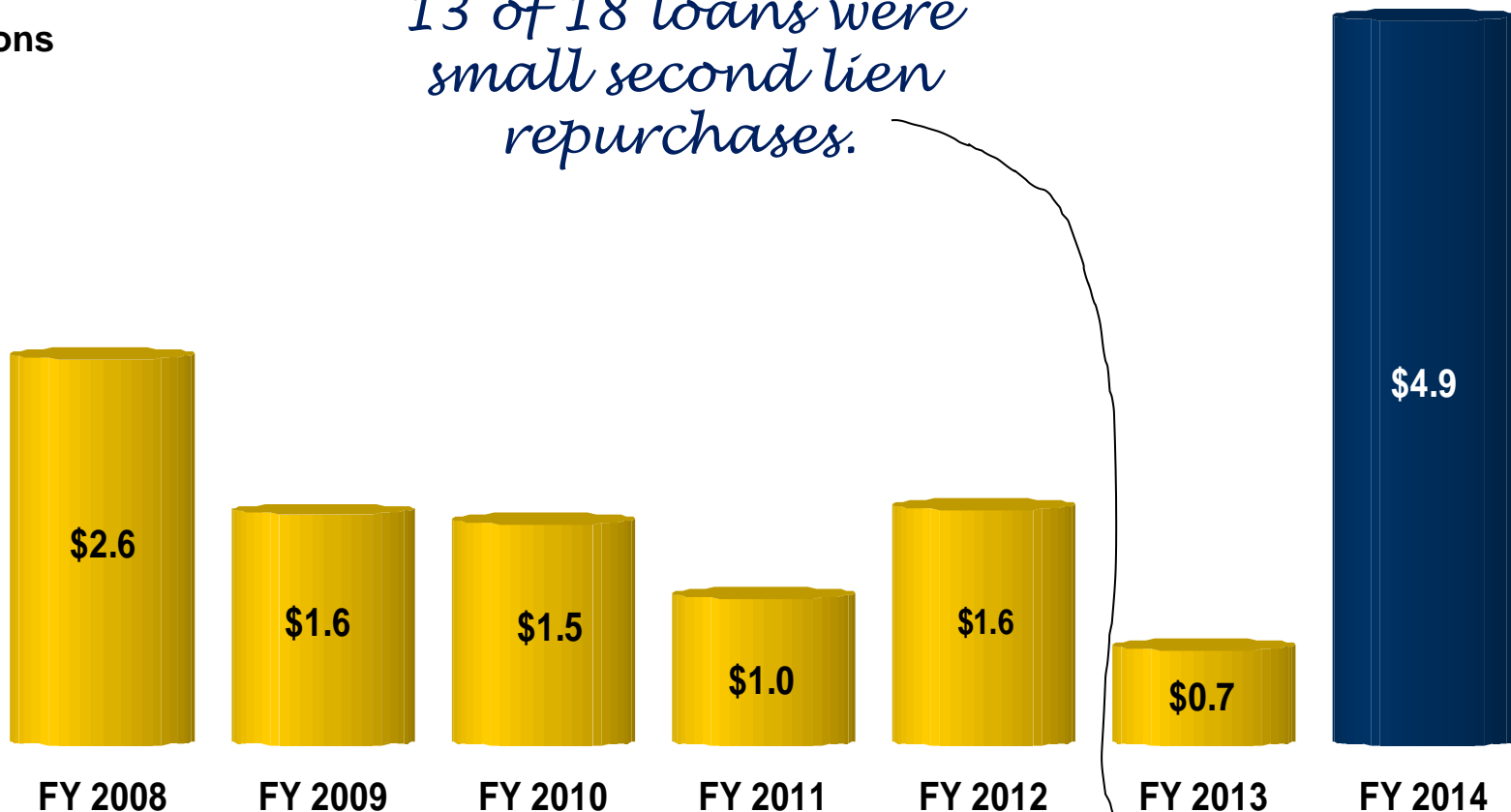


# Payments for Loan Repurchases and Make Whole Requests

As of October 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	108 loans
Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	78 loans

◆ As of October 31, 2014, reserve for loan repurchases and make whole requests was \$7.4 million.

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

