

Policy:

The Company will not tolerate or allow any of its directors, officers, managers, employees, associates, (collectively “Associates”), business partners or trade partners to engage in any type of activity that constitutes bribery, corruption or fraud. Fraud is generally defined as an intentional deception, misappropriation of resources or the manipulation of data to the advantage or disadvantage of a person or entity. Corruption is generally defined as the offering, giving, soliciting, or accepting of an inducement or reward that may improperly influence the action of a person or an entity. Bribery is generally defined as the offering, giving, receiving or soliciting of anything of value to influence action as official or in the discharge of a legal or public duty. Facilitation payments are considered bribes and are prohibited.

Background:

In addition to this Policy, the Company’s commitment to prohibiting any form of corruption, bribery or fraud is demonstrated and implemented through other policies and principles, including the following:

1. The Company’s Code of Ethics. The Company's Code of Ethics (“Code”), which is located on the Company’s internet and intranet websites, is a collection of principles regarding ethical conduct and integrity that Associates are required to comply with when interacting with each other, business partners, trade partners, customers, shareholders, governmental agencies and competitors. Associates are required to become familiar with the Code, which includes the following: (a) Associates have an affirmative obligation and responsibility to promptly report any conduct that the Associate believes in good faith, might be in violation of law, a Company policy or the Code; (b) The Company’s commitment to protect whistleblowers; (c) Detailed procedures for reporting and investigating alleged violations of the Code; and (d) The Code includes the following pertinent obligations: (i) To act honestly, ethically and with integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships; (ii) To comply with applicable laws, rules and regulations; and (iii) To refrain from taking opportunities that are discovered through the use of Company property, information or position without the consent of the Chief Executive Officer or the Chief Financial Officer.

2. Prohibition Against any Fraudulent Activity. As set forth in the Company’s Policy AS002-Anti-Fraud, the Company has a zero-tolerance policy for illegal activities and fraud. The Anti-Fraud Policy requires that any appearance of fraudulent activity be reported immediately to the Vice President of Corporate Audit Services or by anonymously reporting complaints through the Corporate Governance & Ethics Hotline or online through a secure Web Form. The Vice President of Corporate Audit Services is to coordinate all investigations regarding allegations of fraud with the Legal and/or the Human Resources Departments

3. Policies Concerning Conflicts of Interest, Business Relationships with Trade Partners, Acceptance of Gifts and Related Party Transactions. In addition to its detailed Code of Ethics and Anti-Fraud Policy, the Company has other Company-wide policies that all Associates are required to comply with and that are aimed at preventing corruption and transactions that may involve a conflict between an Associate’s personal interest and the interests of the Company. Two such policies are HR015- Acceptance of Gifts and or Services prohibits an Associate from

accepting cash or gift cards of any kind and limits all gift to a value of \$25 or less. HR066-Charitable and Political Contributions requires that before Company funds can be authorized for a charitable or political contribution a request form must be completed and review by Corporate Tax which then requires the approval of the CEO. Additional policies include: AS004-Internal Audit Standards; HR002-Associate Purchases of Materials and/or Trade Partner Services; HR025-Secondary Jobs; HR034-Employment of Relatives; HR051-Conflicts of Interest; HR054-Background Screening; LE015-Related Party Transactions; HR009-Discipline and Conduct; HR008-Associate Complaints and Concerns; These policies provide detailed purposes and procedures intended to guide the conduct of Associates and to protect the interests of the Company against potentially illegal or unethical conduct.

Purpose:

The objective of this Policy is to protect the interests of the Company and its Associates against activity that may potentially involve bribery, corruption, fraud or illegal activity (“Potentially Wrongful Activity”) by providing policies and procedures for detecting, deterring, reporting and investigating such activities.

Scope:

This Policy applies to Hovnanian Enterprises, Inc. (the “Company”), its wholly owned subsidiaries, any entity in which the Company holds more than 50% of the voting power in such entity, and their respective officers, directors, and associates.

Procedures:

1. Any appearance of Potentially Wrongful Activity that is detected or suspected must be reported immediately, as follows: (a) The Associate may inform the Associate’s immediate supervisor or department head (if these individuals were not involved in the alleged activities); (b) The Associate may inform the Vice President of the Corporate Audit Services Department; or (c) The Associate may notify the Company’s Board of Director’s Audit Committee anonymously and confidentially by (i) mailing the information as follows: “Confidential – To Be Opened Only By Addressee”: Attn: Audit Committee Chairman Hovnanian Enterprises, Inc. 90 Matawan Road, Fifth Floor Matawan, NJ 07747 or (ii) contacting the Corporate Governance & Ethics Hotline at (1-855-773-4657) or online at www.whistleblowerservices.com/HOV).

2. In situations where the Associate reports the Potentially Wrongful Activity to the Associate’s immediate supervisor or department head, then it is the responsibility of the supervisor or department head to forward such information to the Vice President of the Corporate Audit Services Department.

3. The Vice President of Audit Services will coordinate all investigations with the Legal and/or the Human Resources Departments.

4. In order to promote the discovery of Potentially Wrongful Activity, Associates, contractors, subcontractors or agents of the Company who, in good faith, report or assist in the investigation of the Potentially Wrongful Activity will not be discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated or retaliated against because of their involvement in the reporting and investigation of the Potentially Wrongful Activity.

5. The Associate reporting the activity of concern is not to discuss the matter and any allegations with anyone, including the suspected individual.

6. The Company's Audit Services Department has primary responsibility for the investigation of all Potentially Wrongful Activity. If the investigation substantiates that the alleged activities have occurred, the Audit Services Department will issue reports to the appropriate and designated members of Senior Management and to the Board of Directors through the Audit Committee. Decisions whether to refer the investigation's results to the appropriate law enforcement and/or regulatory agencies will be made by Senior Management, with the assistance of legal counsel.

7. All Associates and outside consultants and attorneys involved in any investigation will treat all information received as confidential and such information will not be disclosed without the approval of Senior Management, who may seek the assistance of legal counsel.

8. The Company's management is ultimately responsible for the detection and prevention of fraud, misappropriation of assets, and other irregularities. All managers should be familiar with the types of improprieties that might occur within their department or area of responsibility.

9. The Company has and will adopt and maintain internal guidelines, educational sessions, policies and procedures in an effort to deter, prevent and detect fraud, bribery and corruption.

10. Some of the practices and policies that the Company has adopted to prevent illegal and unethical activities include:

- All new Associates are subject to background investigations including a criminal background check.
- All Associates are required to annually acknowledge that they have read the Company's Code of Ethics and Conflict of Interest policies and procedures.
- The Company has established Corporate Governance Guidelines which emphasize "tone at the top" and involvement and oversight by Committees of the Board.
- Associates and outside business partners may anonymously report any misconduct complaints via the Company's Corporate Governance & Ethics Hotline or online at www.whistleblowerservices.com/HOV.
- The Company's Audit Committee is kept informed of all investigations of fraud or suspected fraud.
- The Company maintains stringent internal controls over financial reporting policies and procedures modeled on an integrated internal control framework (COSO).
- The Audit Services Department actively trains its staff for investigations related to detecting fraud and other violations of internal policies and procedures through its fraud program.
- Management actively seeks direction from independent auditors related to fraud deterrence and recognizes that fraud deterrence programs are a means to diminish risk, losses and to further achieve the Company's objectives.
- The inclusion of appropriate provisions in contracts with the Company's vendors, subcontractors, trade partners and material suppliers requiring such entities to comply with the relevant portions of this Policy and applicable laws and regulations.

11. Instances of Associate misconduct are subject to disciplinary action. Management may in its sole discretion determine that certain violations may be corrected through progressive discipline, a performance improvement plan or suspension. For serious offenses, such as an Associate's involvement in fraud, bribery or corruption, the Associate may be subject to termination. A recommendation for termination uncovered in an investigation by the Audit Services Department will be reviewed by the designated representatives from Human Resources, the Legal Department, and/or Senior Management as necessary. If the Audit Services Department concludes that Senior Management's decision concerning the disciplinary action is inappropriate, then the Audit Services Department may present the matter to the next level of Senior Management for consideration.

12. The Vice President of Audit Services is responsible for the administration, revision, interpretation, and applications of this Policy. This Policy will be reviewed annually and revised as needed.

13. Failure to comply with this Policy may result in disciplinary action, including termination.