



## Review of Financial Results Third Quarter Fiscal 2015

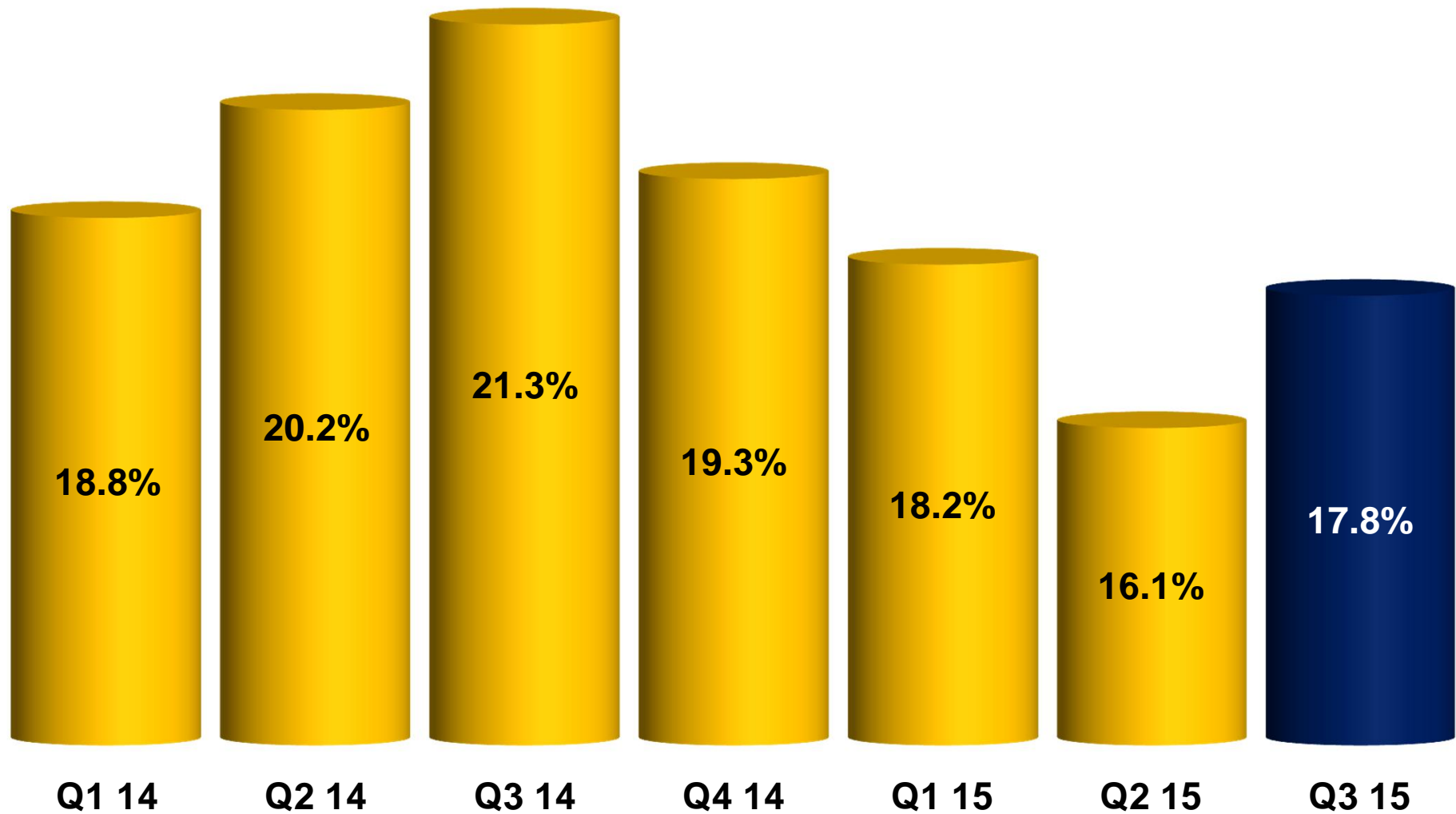


**Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and 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 (I) 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; gross margin; selling, general and administrative (SG&A) expense as a percentage of total revenues and adjusted pre-tax profit and (ii) the illustrative modeling scenarios provided with respect to inventory, inventory turnover, deliveries, homebuilding revenue, homebuilding gross margin, SG&A, interest, consolidated pretax earnings, homebuilding cash, homebuilding debt, stockholders’ equity and net debt to capital. Although we believe that any 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: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) 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 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; and (22) 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, 2014 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.**

(\$ in millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
1) Net Contracts (\$ value) <sup>1</sup>	\$619	\$517	20%
2) Net Contracts (units) <sup>1</sup>	1,533	1,357	13%
3) Communities <sup>1</sup>	206	196	5%
4) Contracts per Community <sup>1</sup>	7.4	6.9	7%
5) Backlog (\$ value) <sup>1</sup>	\$1,264	\$1,026	23%
6) Backlog (units) <sup>1</sup>	3,097	2,690	15%
7) Deliveries <sup>1</sup>	1,408	1,464	-4%
8) Total Revenues	\$541	\$551	-2%
9) Homebuilding Gross Margin	17.8%	21.3%	-350 bps
10) Total SG&A as a Percentage of Total Revenues	12.6%	12.2%	+40 bps
11) Pre-Tax (Loss) Income	(\$10)	\$15	-

(1) Excludes unconsolidated joint ventures.

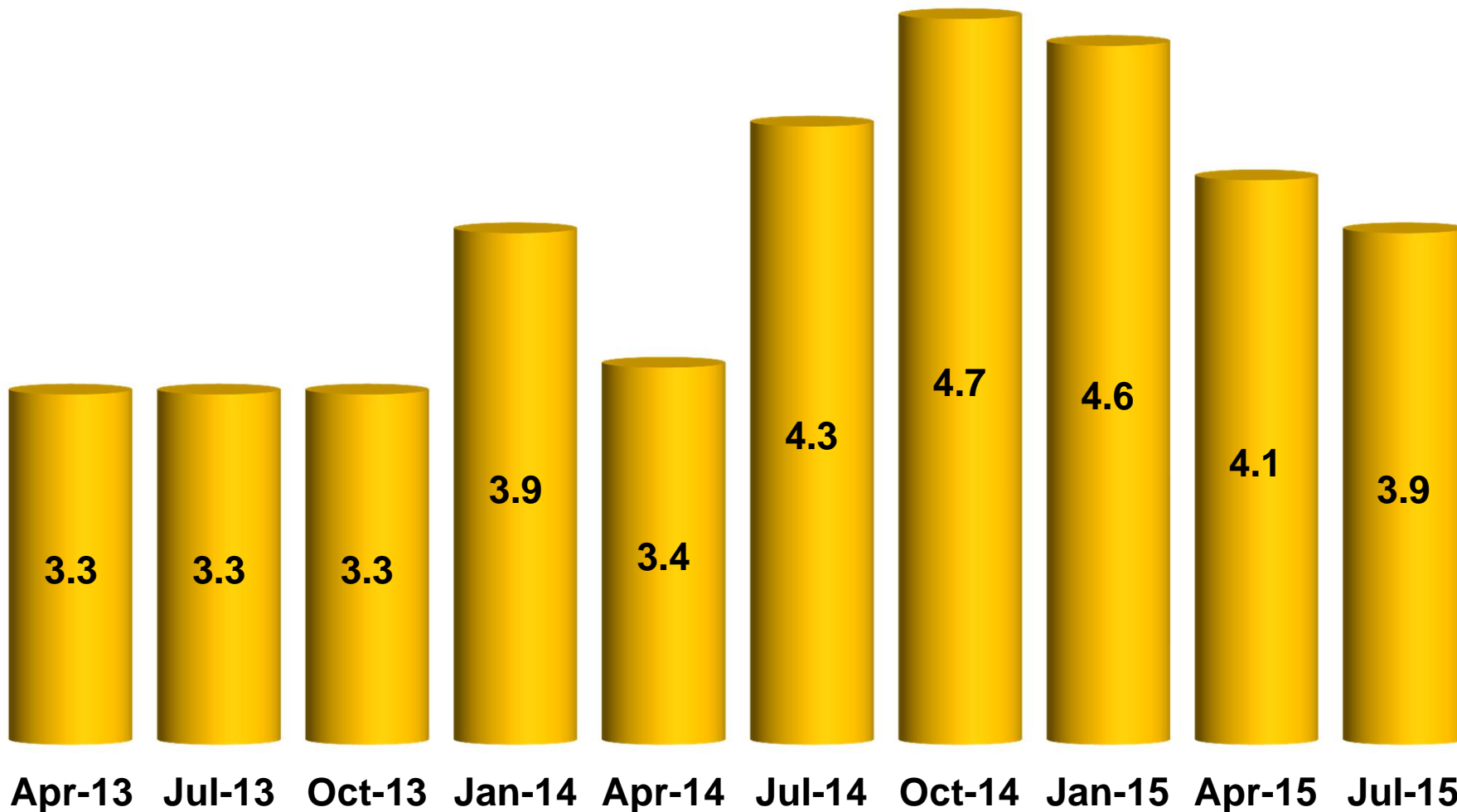


*Excludes interest related to homes sold and land charges.*

*During the third quarter of 2015, there were \$10.2 million of impairment reversals related to deliveries, compared to \$13.1 million in the third quarter of 2014.*

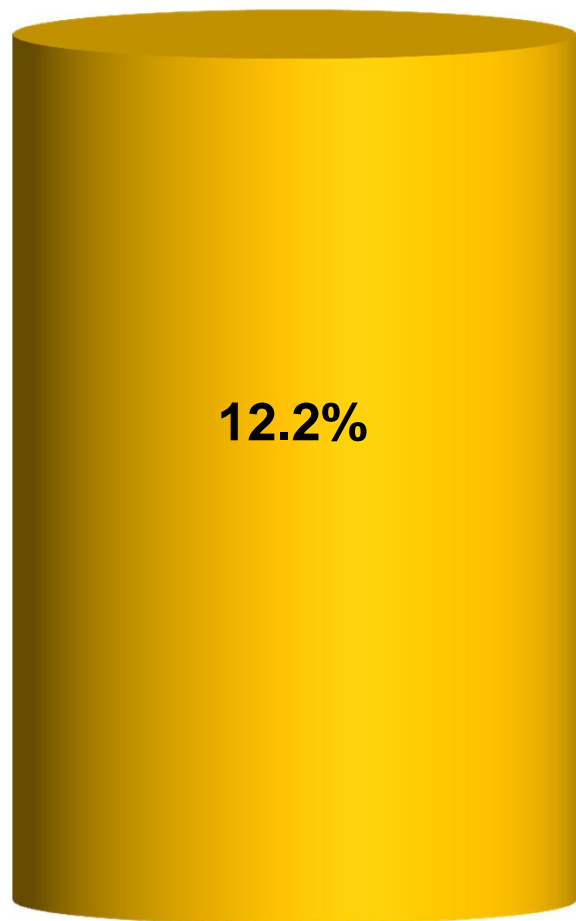
◆ 801 spec homes at 07/31/15, excluding models

# Homes / Community



*Excluding unconsolidated joint ventures and models.*

# Total SG&A as a % of Total Revenue



Q3 14



Q3 15

*Total SG&A up only \$1million while, net contract dollars up 20%*

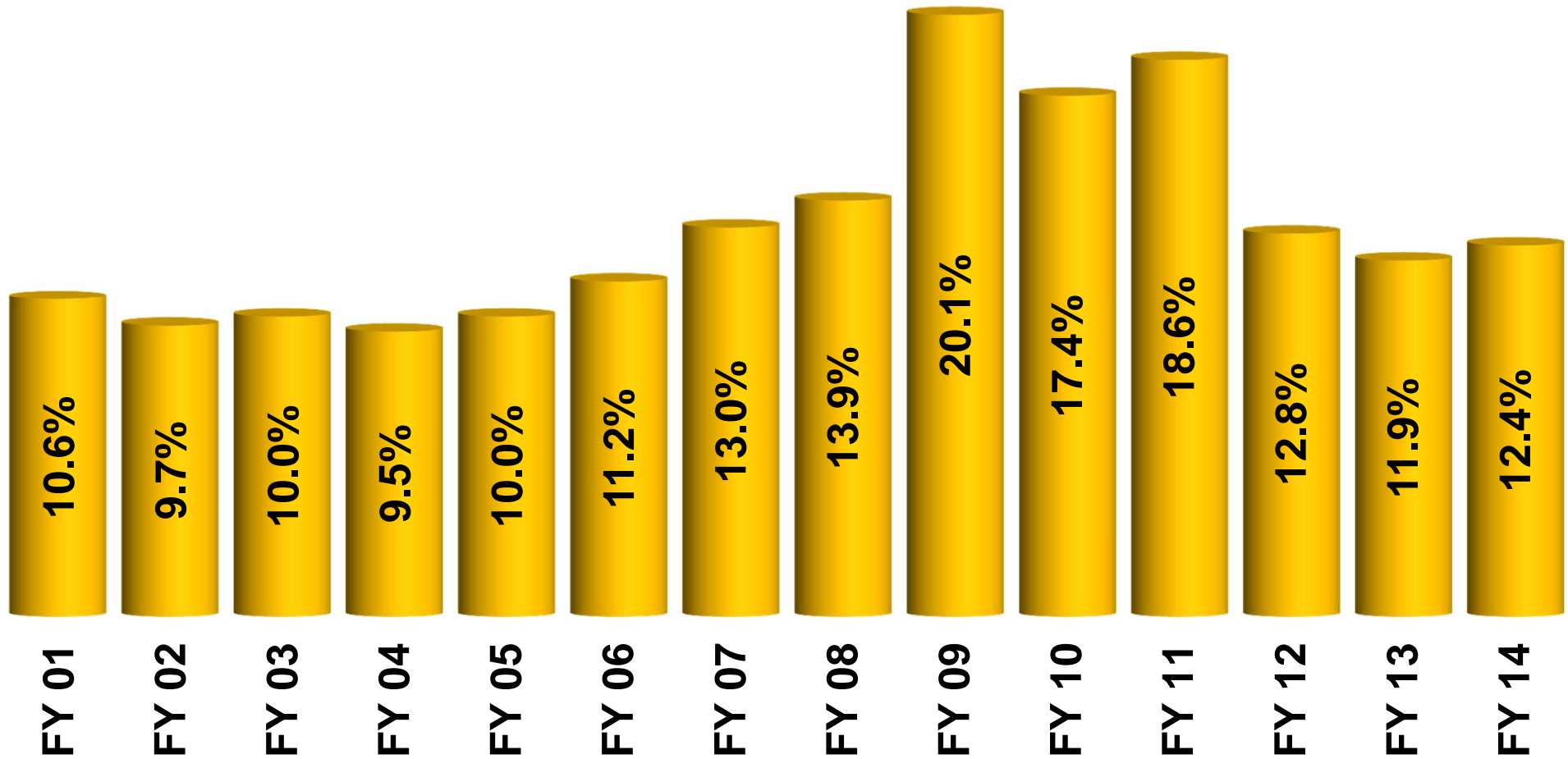
Total SG&A  
(\$ in millions)

\$67

\$68

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

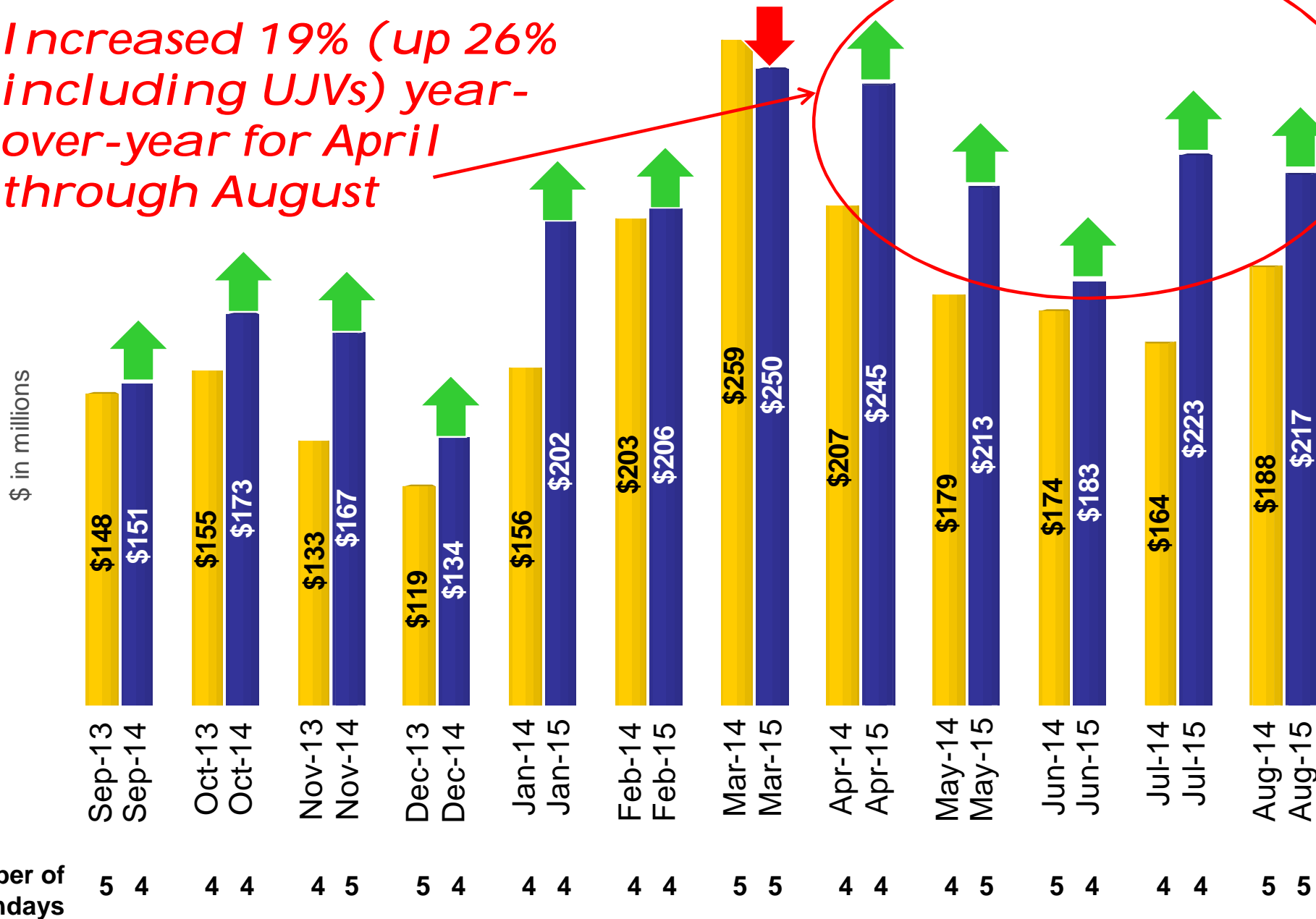
# Total SG&A as a Percentage of Total Revenues



*Excludes interest related to homes sold.*

# Dollar Amount of Net Contracts Per Month

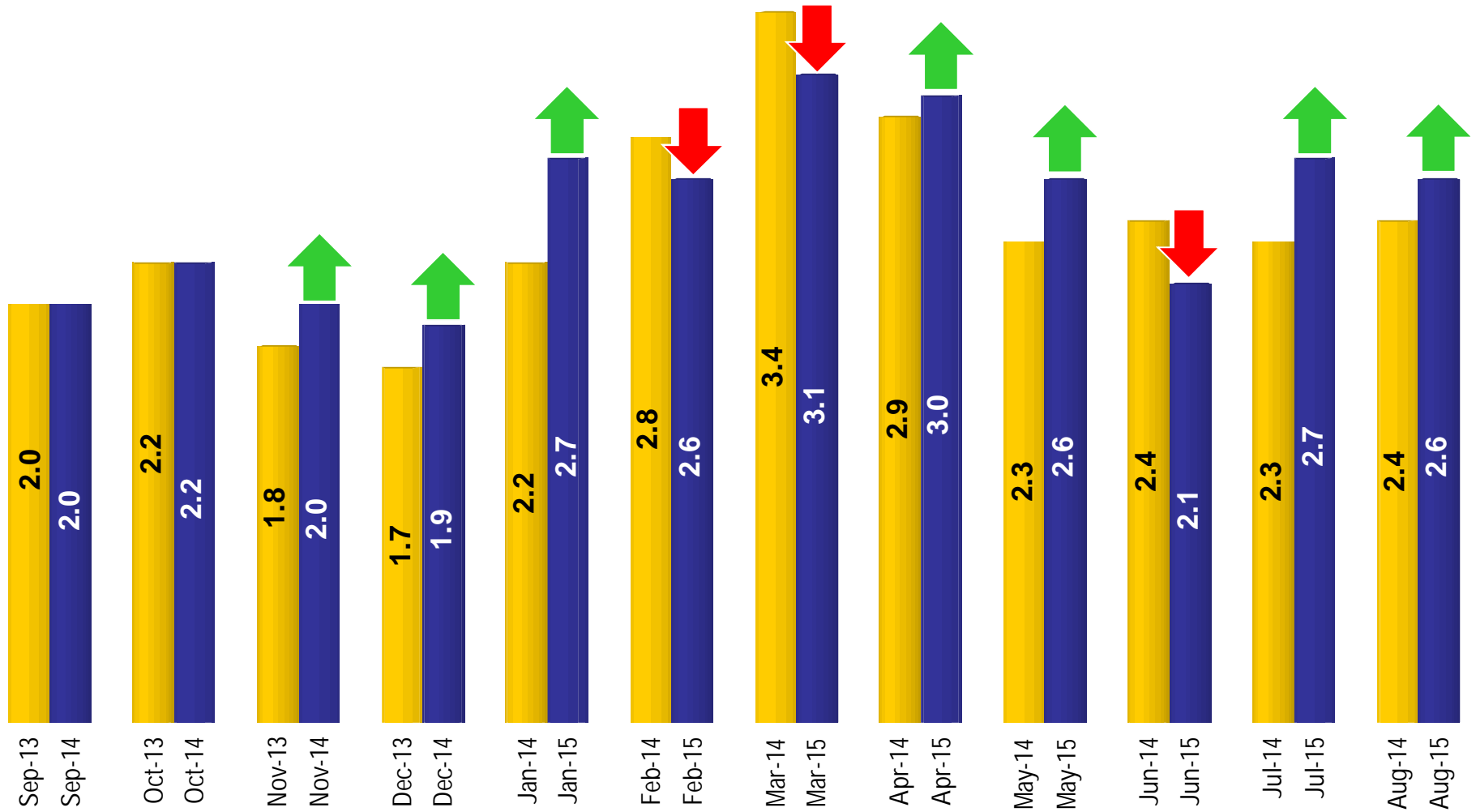
*Increased 19% (up 26% including UJVs) year-over-year for April through August*



Excludes unconsolidated joint ventures.



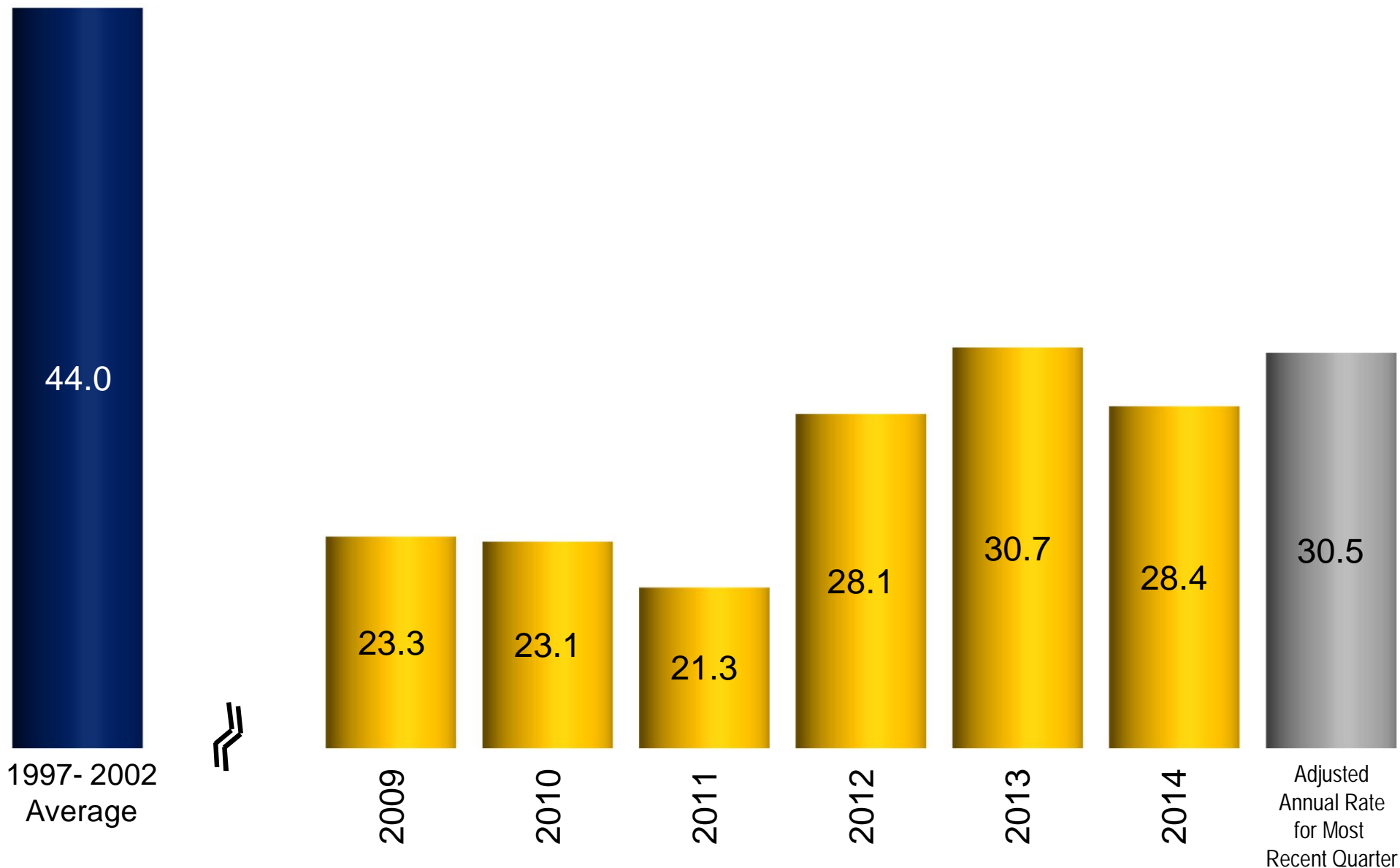
# Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14	Dec-13	Dec-14	Jan-14	Jan-15	Feb-14	Feb-15	Mar-14	Mar-15	Apr-14	Apr-15	May-14	May-15	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15
Monthly Net Contracts	386	402	430	439	345	408	321	380	426	531	550	539	681	634	578	623	446	529	466	442	445	562	460	531

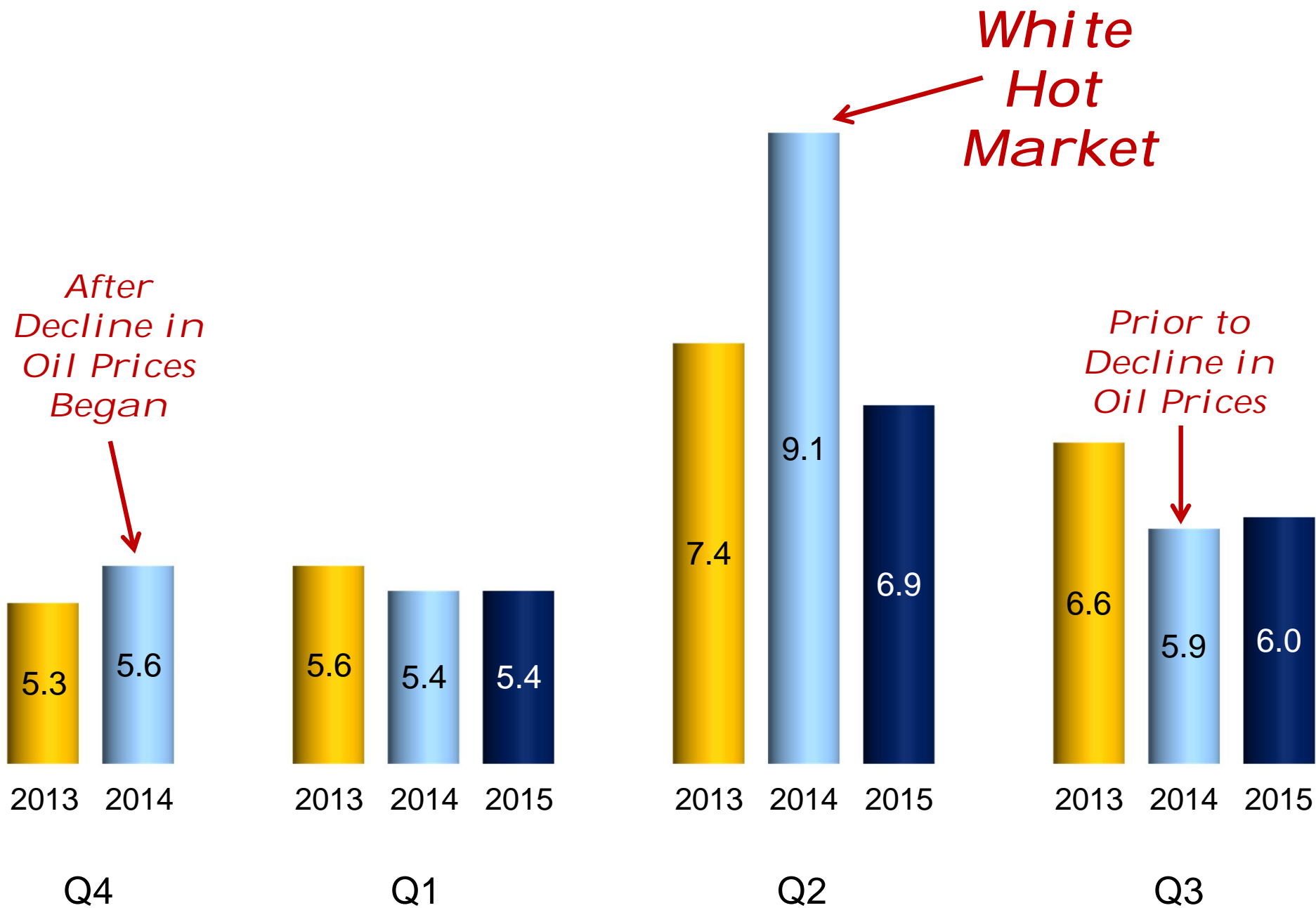
Excludes unconsolidated joint ventures.

# Annual Net Contracts Per Active Selling Community



*Note: Annual Net Contracts per Active Selling Community calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures. Adjusted Annual Rate for the most recent quarter is calculated by taking the year-over-year percentage increase in quarterly net contracts per active selling community of 7.25% for the third quarter of fiscal 2015 and applying that increase to the 2014 Annual Net Contracts per Active Selling Community.*

# Houston Quarterly Net Contracts per Community



- Houston Exposure as of July 31, 2015

	Houston as a % of Company Total
TTM Home Sale Revenues	16%
Homebuilding Inventory	10%

- Houston Lot Position as of July 31, 2015

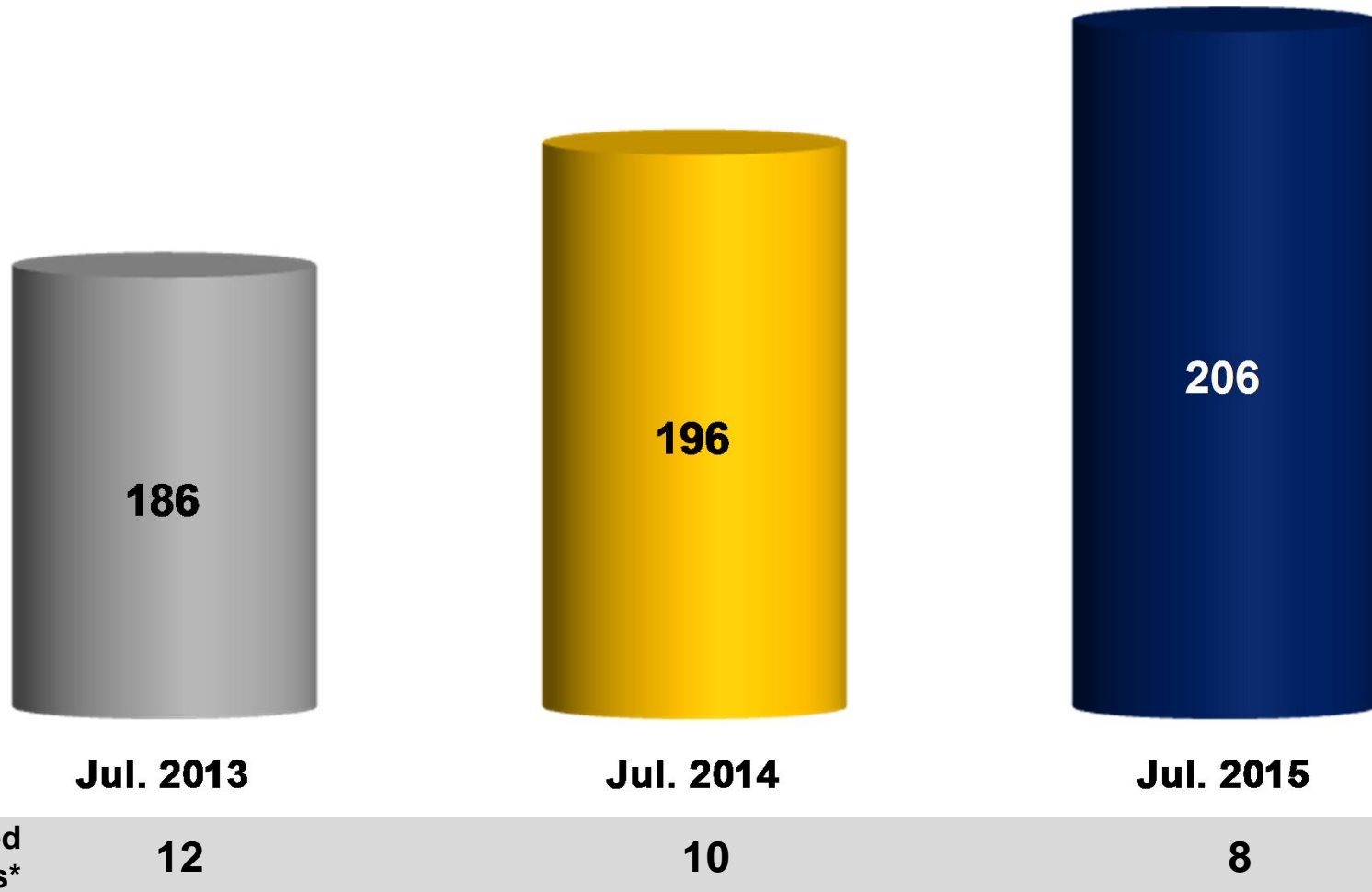
	Houston # Lots	Months Supply	
		Houston	Company Average <sup>(1)</sup>
Owned Lots	1,750	17	31
Optioned Lots	1,711	17	39
Total Lots	3,461	34	70

- Option Deposit

- Houston \$3,000 per lot vs. Company Average \$6,000 per lot

<sup>(1)</sup> Excluding Houston and Mothballed lots

*In the trailing twelve months, we opened 95 communities and closed out 85 communities.*



*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

July 31, 2015

# Lots

Owned

Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,177	855	3,629	5,661
Mid-Atlantic	2,429	280	3,073	5,782
Midwest	2,811	108	1,056	3,975
Southeast	1,734	362	3,141	5,237
Southwest	3,029	0	4,515	7,544
West	1,842	3,734	438	6,014
<b>Total</b>	<b>13,022</b>	<b>5,339</b>	<b>15,852</b>	<b>34,213</b>

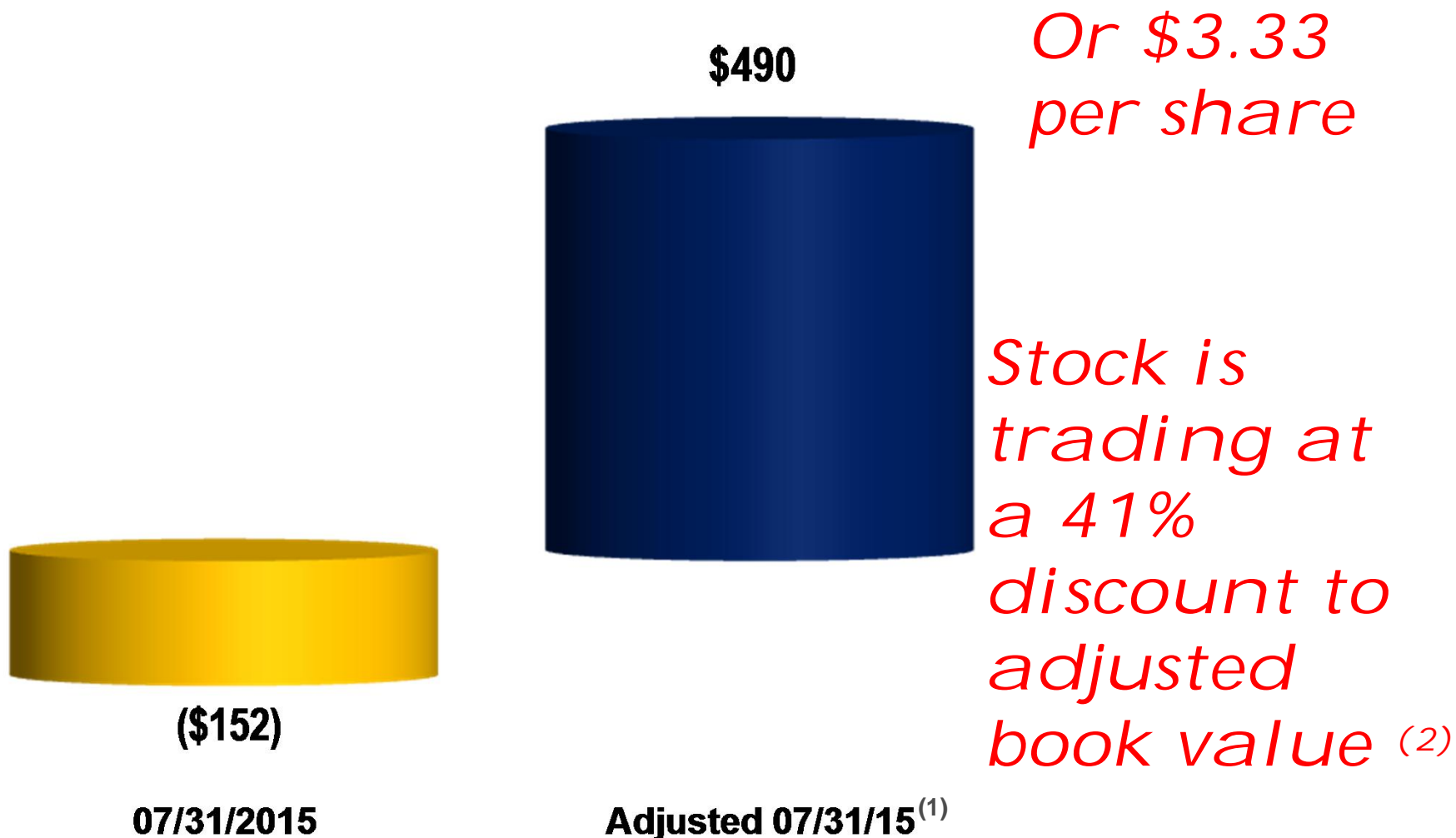
- ◆ *93% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 83% of owned and optioned lots are newly identified lots*

*Excluding unconsolidated joint ventures.*

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

# Adjusted Hovnanian Stockholders' Equity

\$ in millions



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

(1) Total Hovnanian Stockholders' Deficit of \$(152) million with \$642 million valuation allowance added back to Stockholders' Equity. The \$642 million valuation allowance consisted of a \$441 million federal valuation allowance and a \$201 million state valuation allowance.

(2) Based on closing price of \$1.96 on September 8, 2015.

*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.



# Collateral for 7.25% 1<sup>st</sup> Lien Notes and 9.125% 2<sup>nd</sup> Lien Note Due 2020

As of July 31, 2015  
(\$ in Thousands)

Cash and cash equivalents	\$166,400
Inventory	\$799,900
<b>Total Collateral for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020</b>	<b>\$966,300</b>
Principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	\$797,000
<b>Collateral Ratio</b>	<b>1.21X</b>
Assets in Excess of 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	\$169,300

# Coverage for 2% and 5% 1<sup>st</sup> Lien Notes Due 2021

As of July 31, 2015  
(\$ in Thousands)

Cash and cash equivalents	\$43,500
Inventory	\$147,100
<b>Total Collateral for 2% and 5% First Lien Notes due 2021</b>	<b>\$190,600</b>
Principal for 2% and 5% First Lien Notes due 2021	\$195,000
Collateral Ratio	0.98X
Total Collateral for 2% and 5% First Lien Notes due 2021	\$190,600
plus equity interest in Joint Ventures	\$63,500
<b>Total Assets Available for 2% and 5% First Lien Notes due 2021</b>	<b>\$254,100</b>
Principal for 2% and 5% First Lien Notes due 2021	\$195,000
<b>Asset Coverage Ratio</b>	<b>1.30X</b>
Assets in Excess of 2% and 5% First Lien Notes due 2021	\$59,100

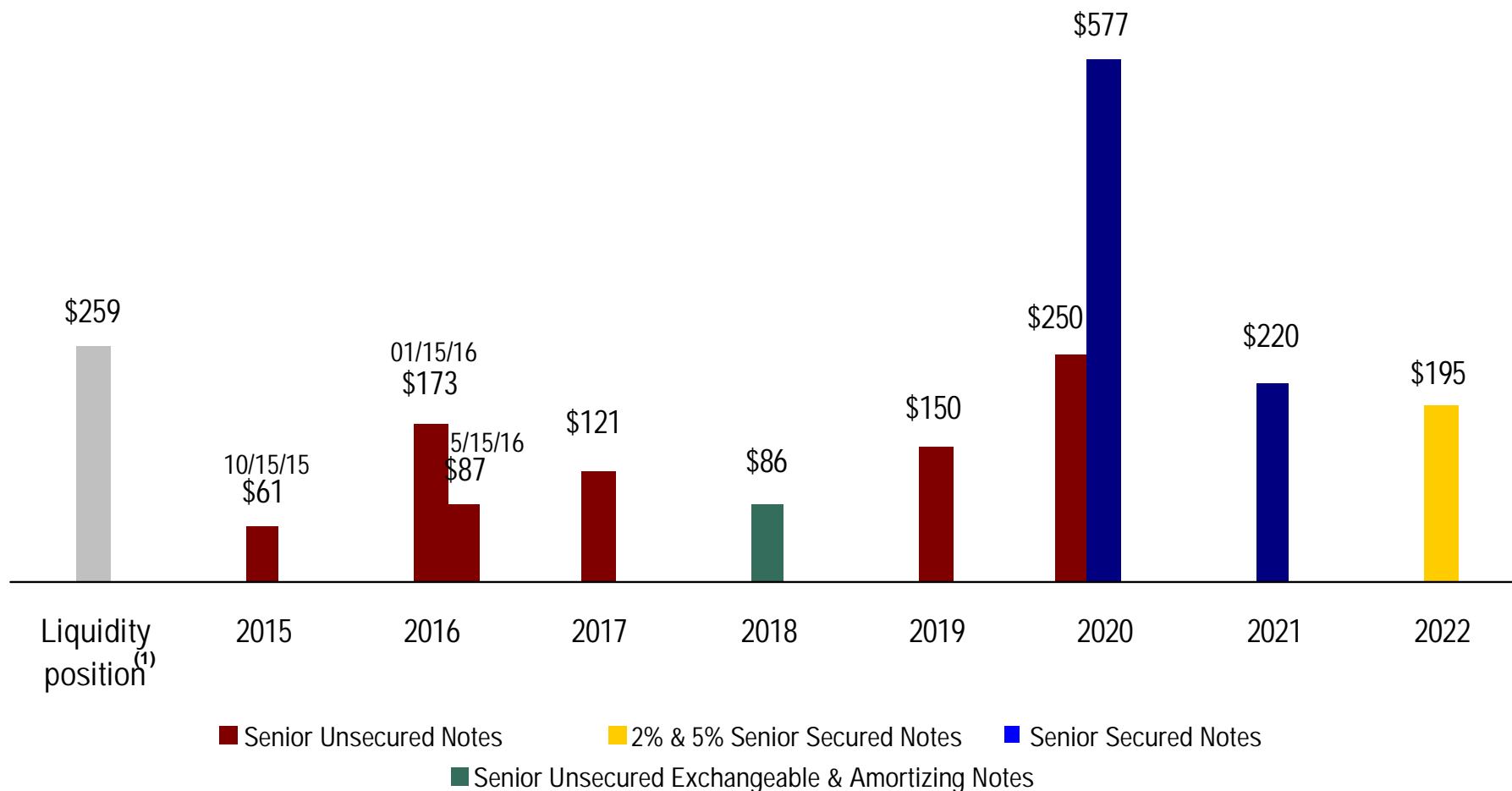
As of July 31, 2015  
 (\$ in Thousands)

Total Assets	\$2,549,344
less Income Tax Receivables	(\$303,790)
less Inventory Not Owned	(\$109,355)
less Financial Services Assets	(\$136,090)
<b>Assets Available to All Notes</b>	<b>\$2,000,109</b>
less non-recourse mortgages	(\$149,176)
less principal for 2% and 5% First Lien Notes due 2021	(\$195,000)
less principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	(\$797,000)
<b>Assets available to all Unsecured Notes</b>	<b>\$858,933</b>
All Unsecured Notes <sup>(1)</sup>	\$841,056
<b>Asset Coverage Ratio <sup>(2)</sup></b>	<b>1.02X</b>

(1) Excluding exchangeable notes.

(2) Does not take into account other liabilities.

July 31, 2015 (\$ in millions)

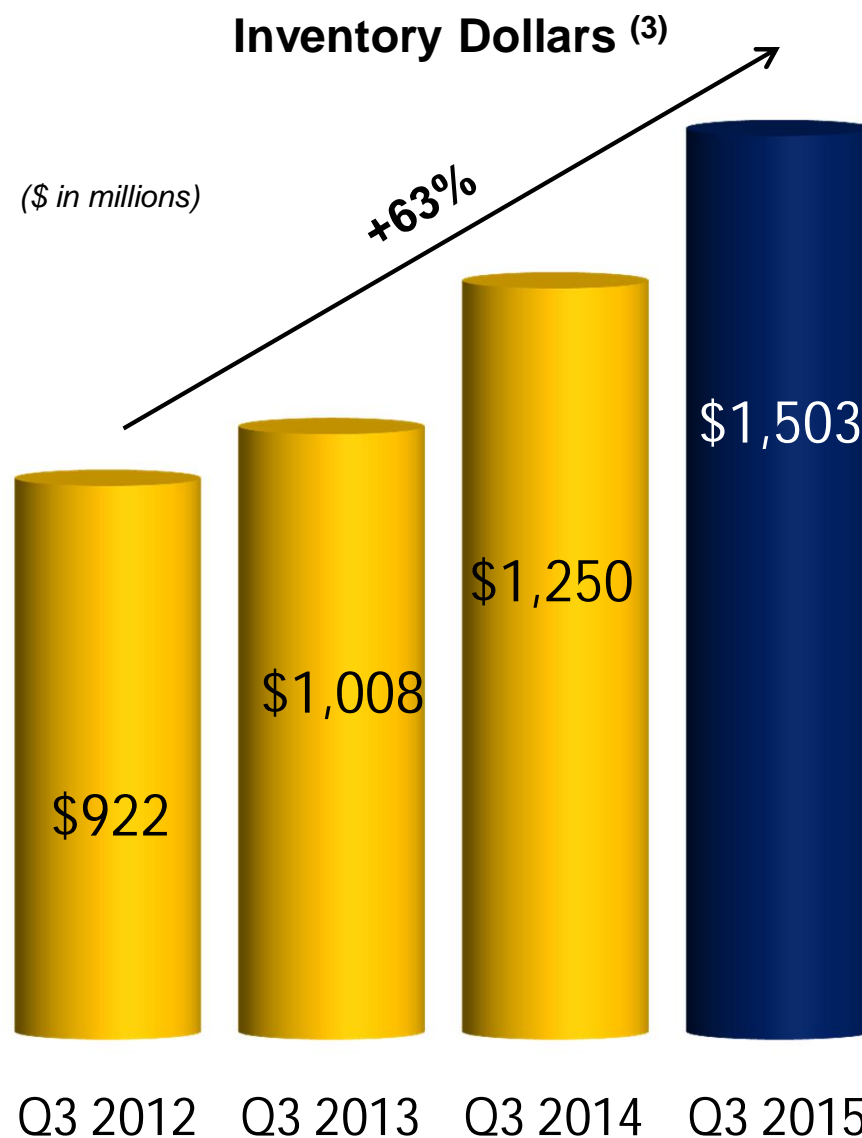
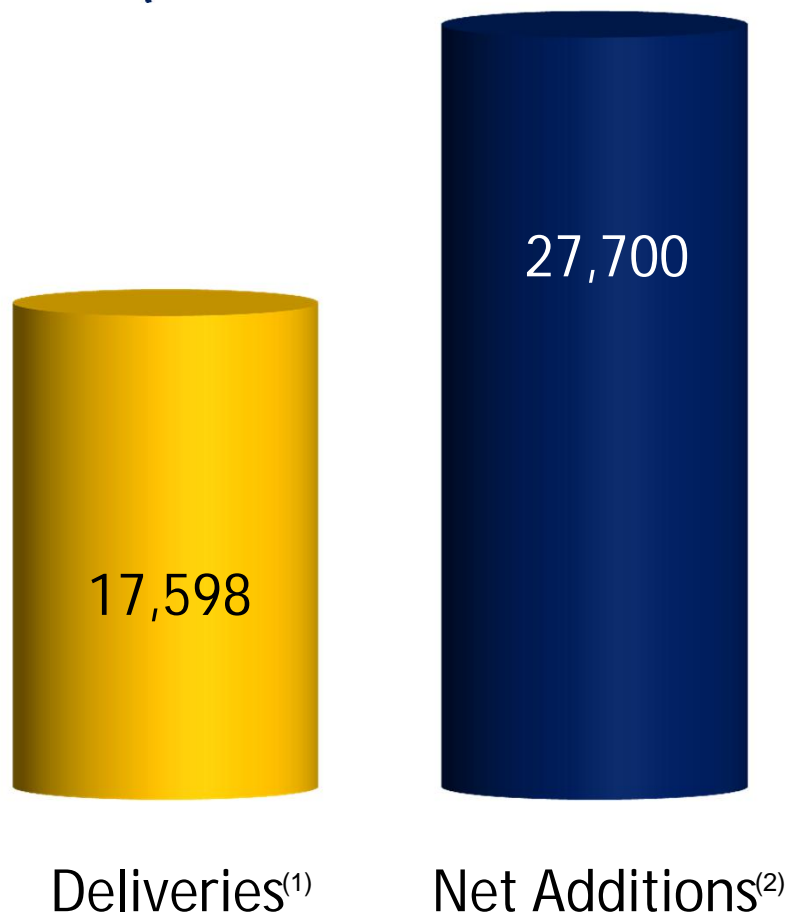


Note: Shown on a fiscal year basis, at face value.

<sup>1</sup> Liquidity position is \$210 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and \$49 million of availability under revolving credit facility as of July 31, 2015

- ◆ Additional land banking
  - Newly identified communities
  - Land we already own
- ◆ More joint ventures
- ◆ Increase use of non-recourse project specific loans
- ◆ Additional model sale leasebacks

*Net additions of approximately 10,000 lots in excess of deliveries, over twelve quarters*

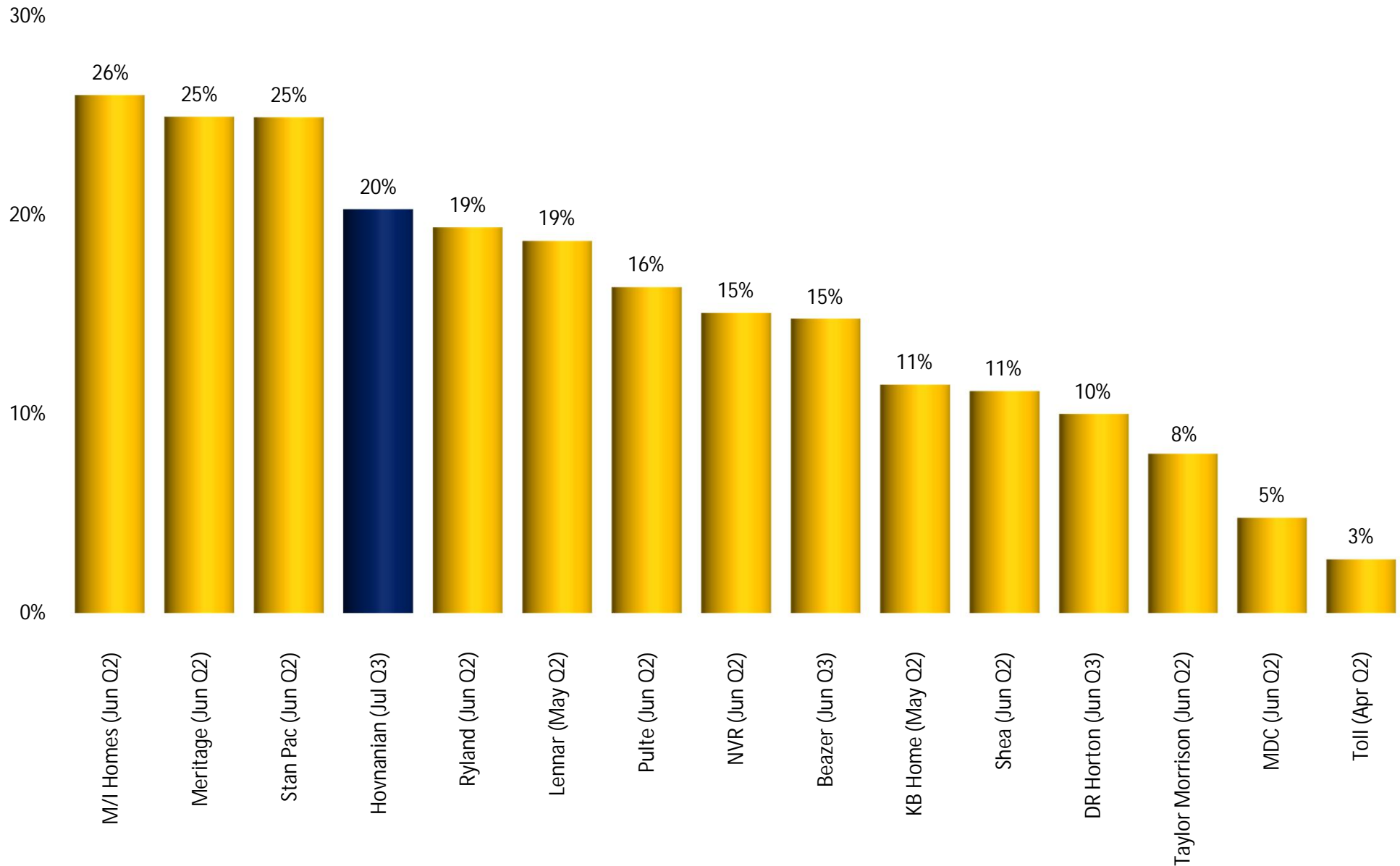


(1) Deliveries include unconsolidated joint ventures.

(2) Net additions include new options, new lots purchased but not previously optioned and walk aways from new options, including unconsolidated joint ventures

(3) Total inventories less inventory not owned.

# Year-Over-Year Change in Inventories



Source: Company SEC filings and press releases as of 09/09/15.

**Q4 2015**

**Total Revenues (\$ millions)**

**Approx. \$745**

**Gross Margin**

**Approx. 17.6%**

**Total SG&A as percentage of Total Revenues**

**Approx. 9.5%**

**Adjusted Pre Tax Profit<sup>(1)</sup> (\$ millions)**

**Approx. \$22**

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



**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%**

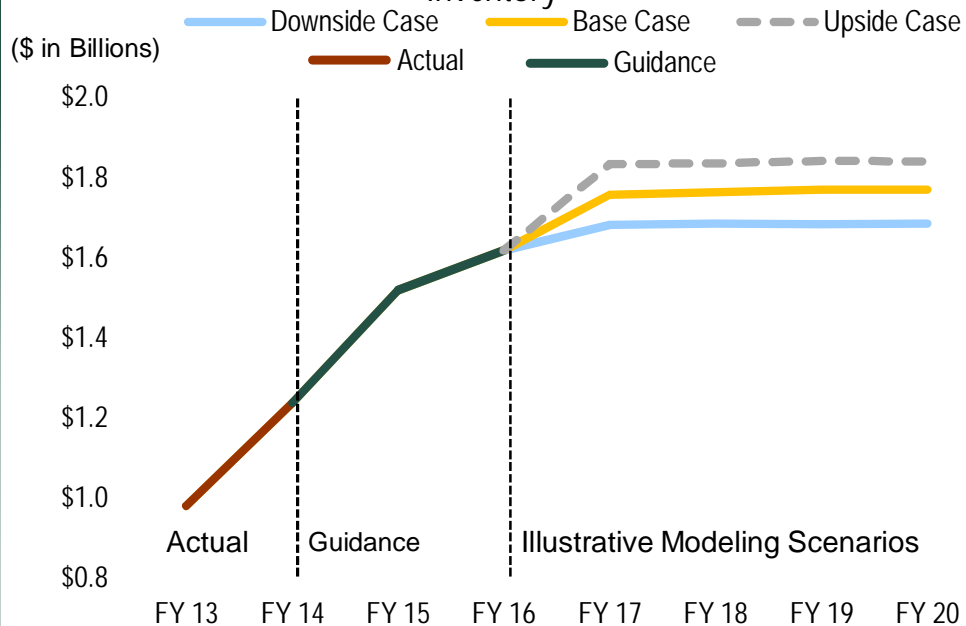
**Adjusted Pre Tax Profit<sup>(1)</sup> (\$ millions)**

**\$40 to \$100**

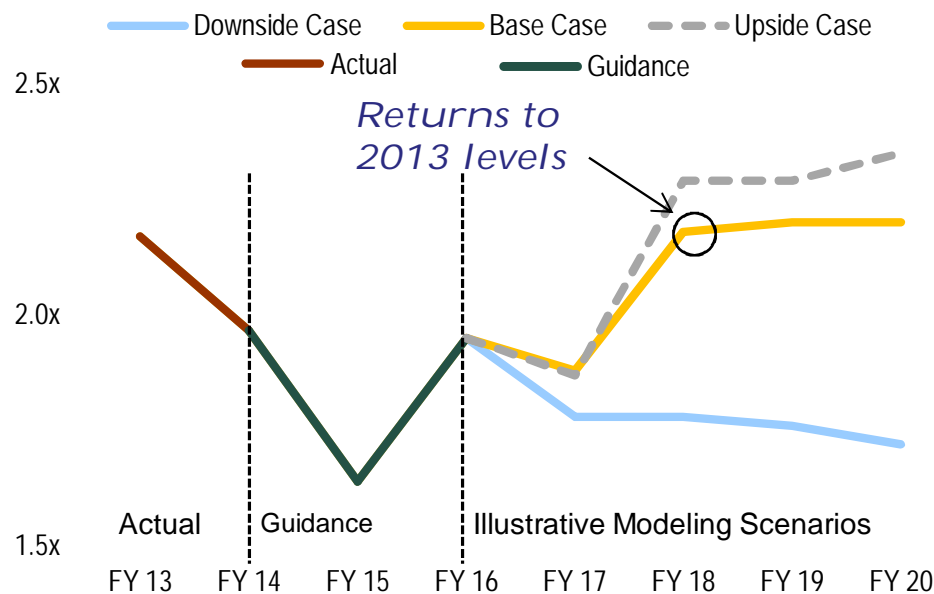
*(1) Excluding land related charges, gains or losses on extinguishment of debt and other non-recurring items such as legal settlements.*

The illustrative financial modeling scenarios, which are presented in slides 27 through 29 and the associated Appendix in slides 33 through 35, including the assumptions upon which they are based as discussed in slide 32, and our accompanying remarks are integrally related and are intended to be presented and understood together. Given the forward-looking and longer term nature of these scenarios you should keep in mind that the information presented for periods beyond 2016 sets out a range of potential outcomes for future periods and is not presented as management's current expectations of its financial performance for periods beyond fiscal 2016. A wide range of outcomes is possible given the volatile nature of the homebuilding industry and the Company's actual results may differ materially and adversely from these illustrative scenarios due to a variety of factors, including those described on slide 2 and in the Section entitled "*Risk Factors*," in our most recent report on Form 10-K. We do not intend to update these modeling scenarios and/or provide this type of longer term forward-looking information on a regular basis and undertake no obligation to do so.

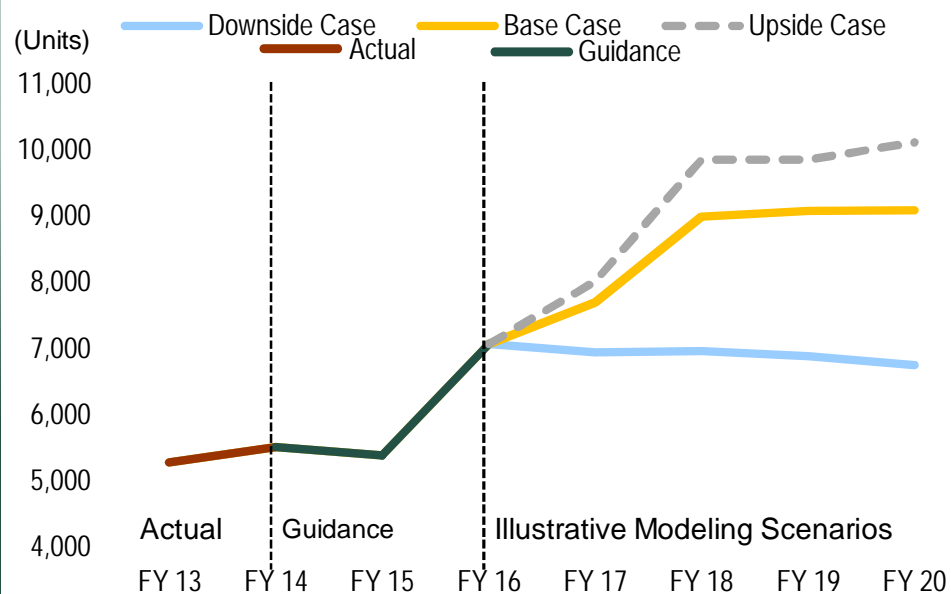
### Inventory



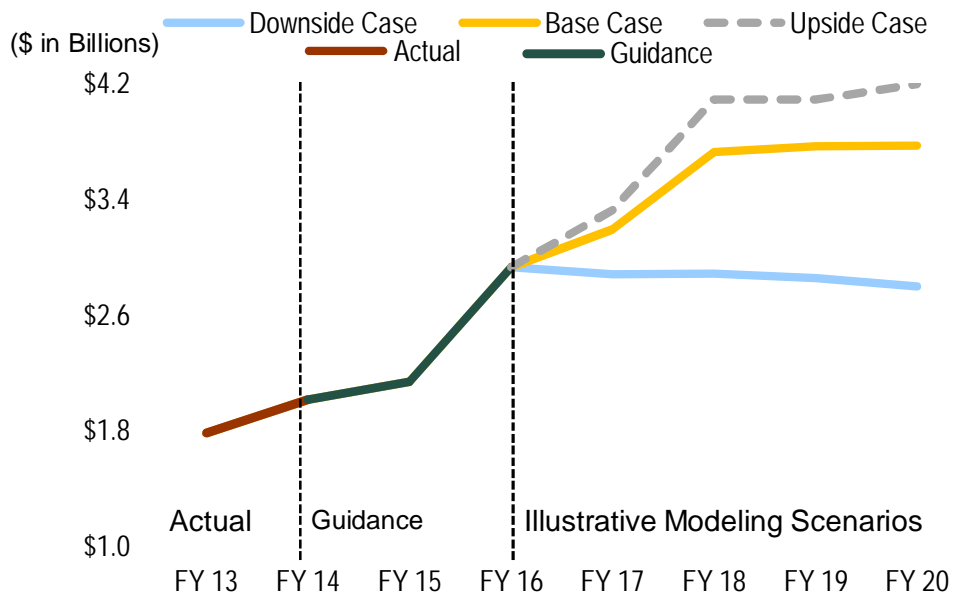
### Inventory Turnover



### Deliveries

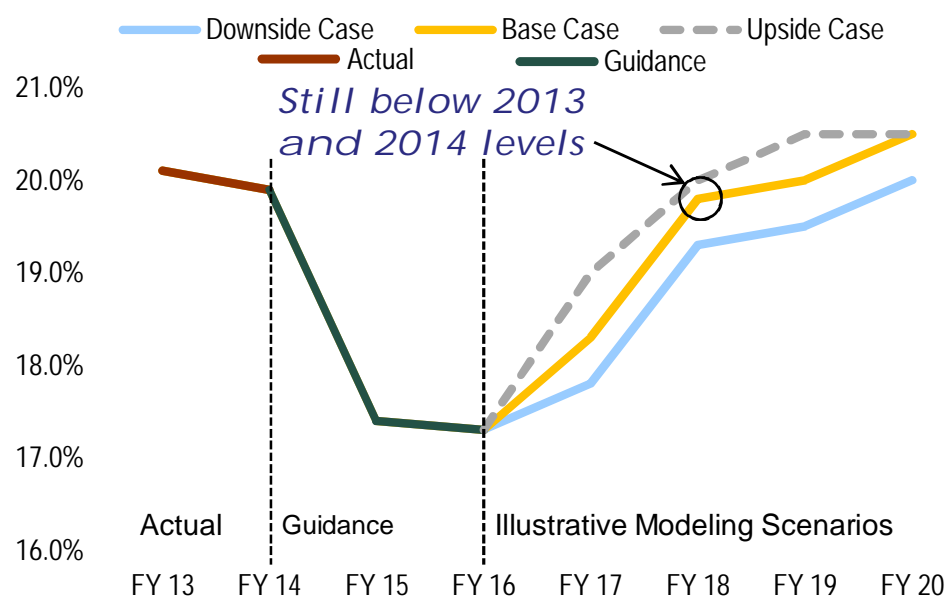


### Homebuilding Revenue

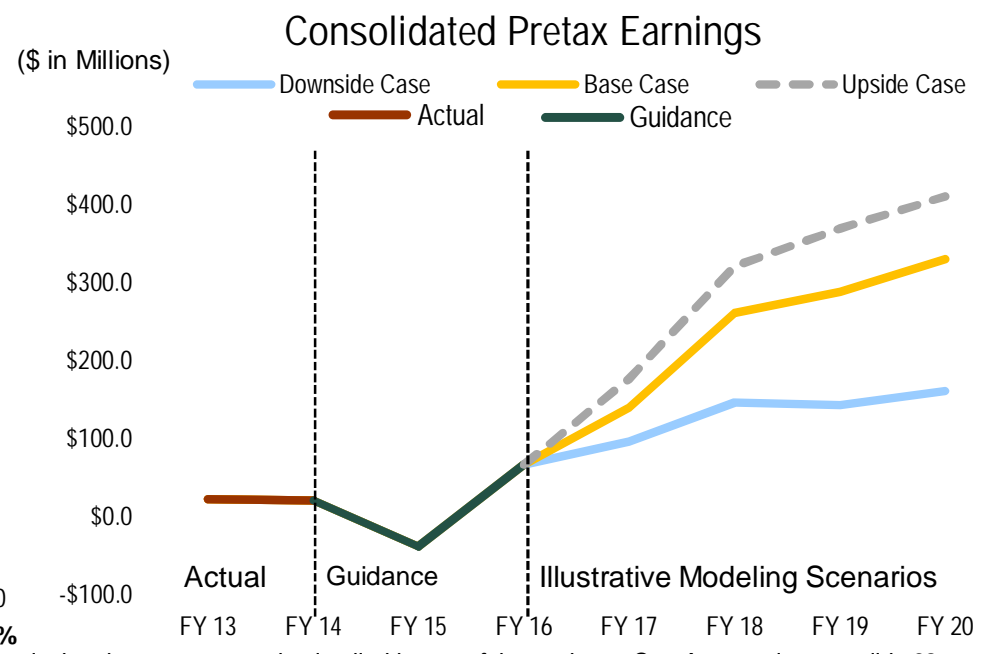
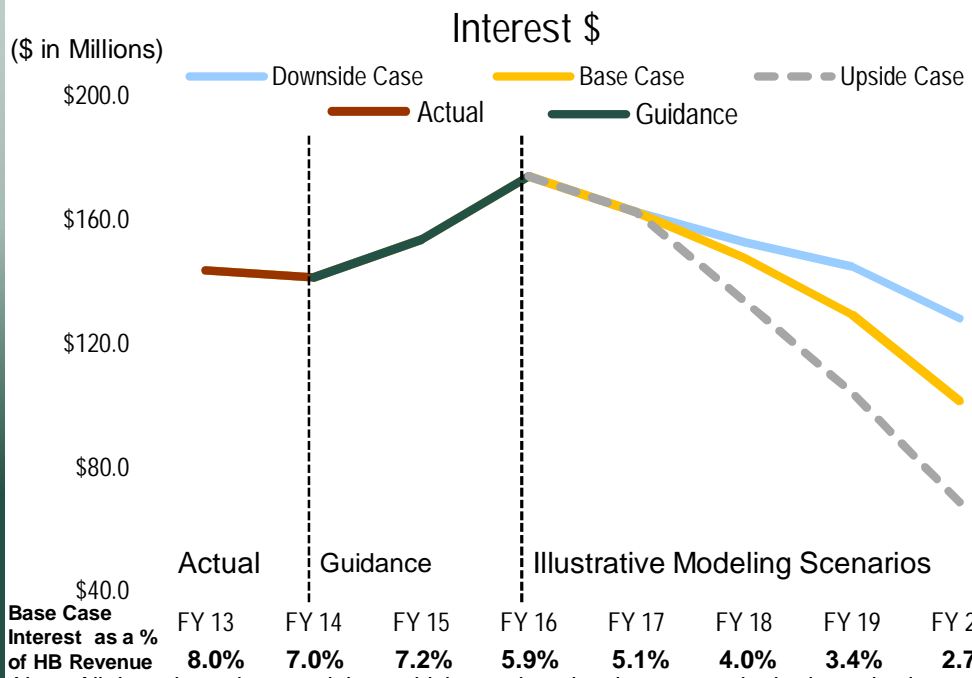
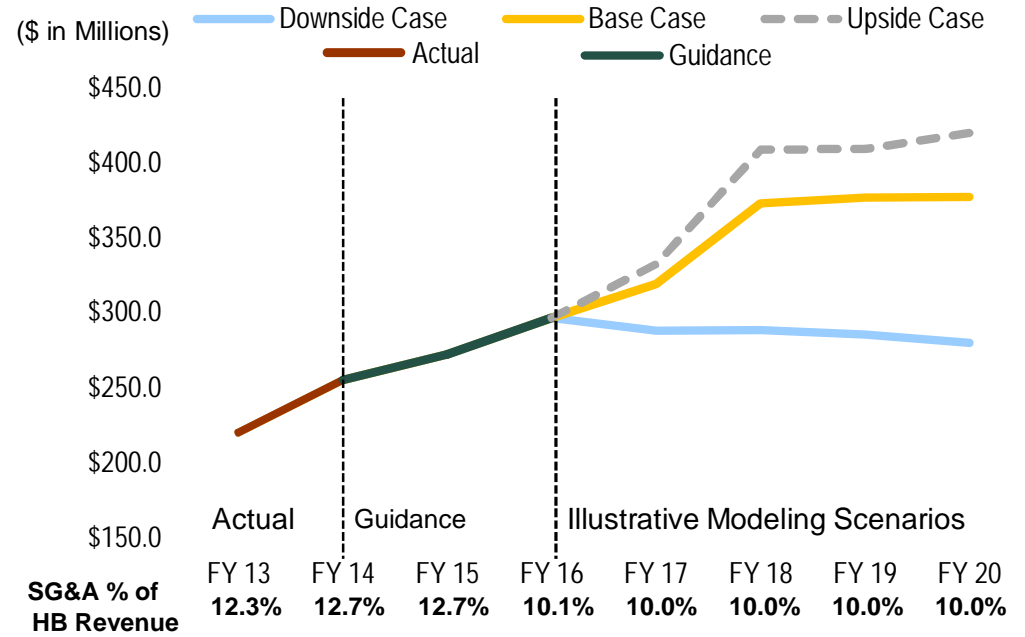


Note: All data shown is annual data, which are plotted at the year on the horizontal axis, quarterly data is not presented or implied in any of these charts. See Assumptions on slide 32.

### Homebuilding Gross Margin

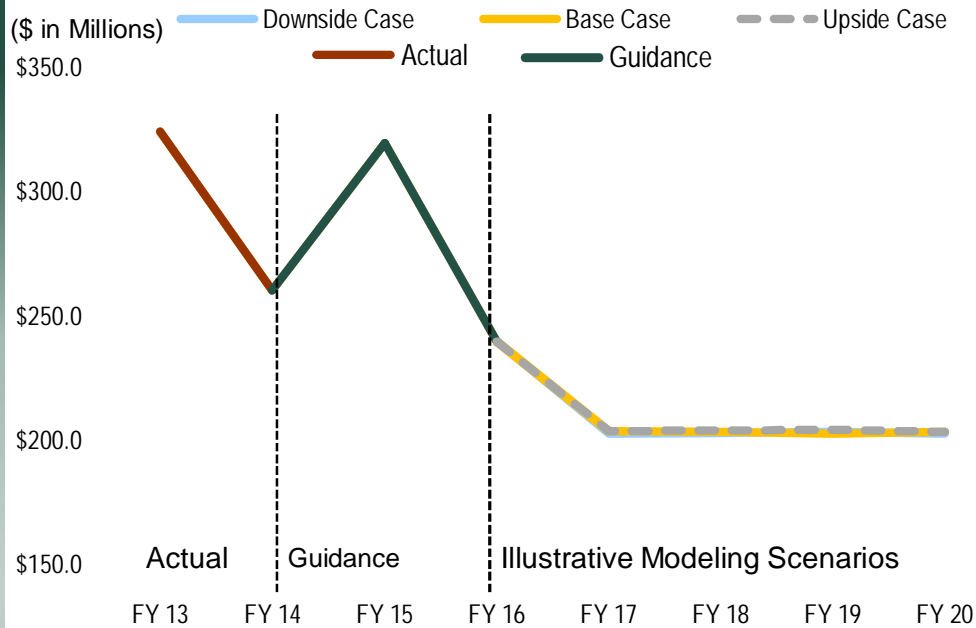


### SG&A

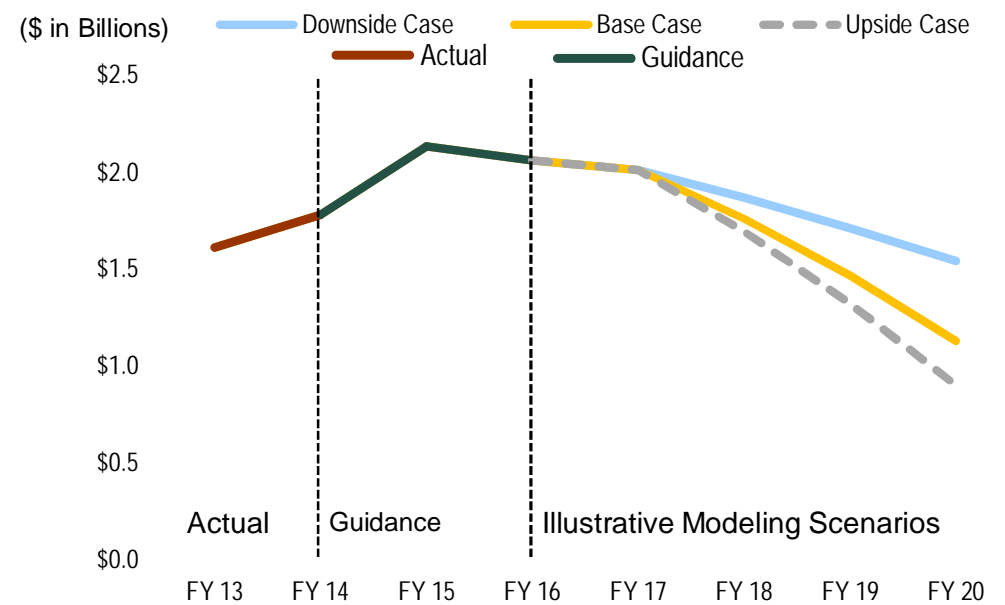


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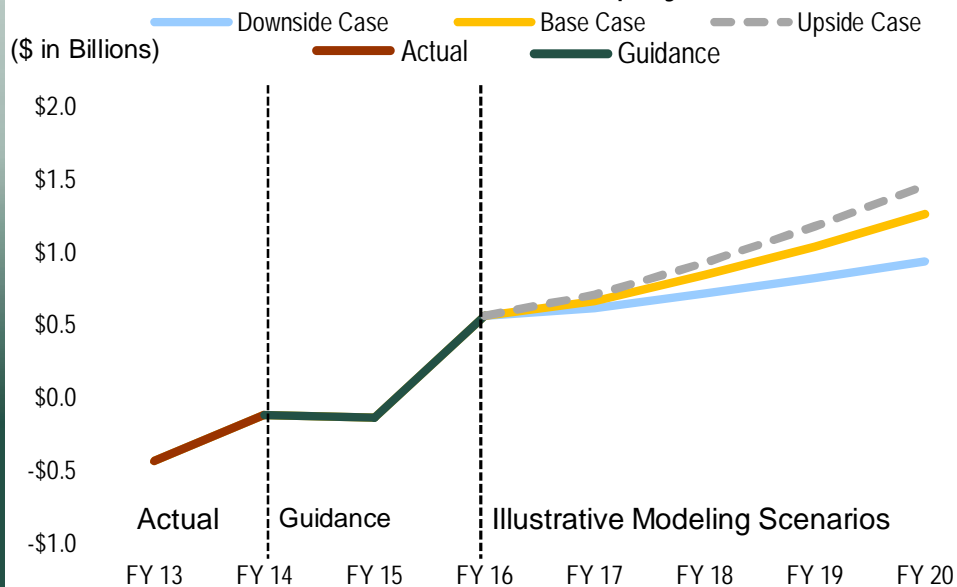
### Homebuilding Cash



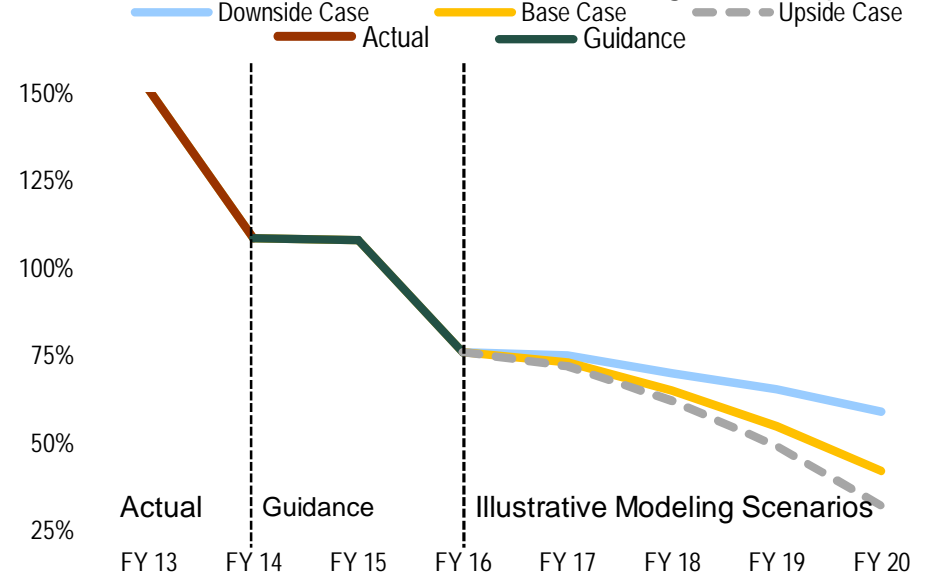
### Homebuilding Debt



### Stockholders' Equity



### Net Debt + Nonrecourse Financing/Total Capital



Note: All data shown is annual data, which are plotted at the year on the horizontal axis, quarterly data is not presented or implied in any of these charts. See Assumptions on slide 32.



# Appendix

## Operational Assumptions

	<b>Base Case</b>	<b>Downside</b>	<b>Upside</b>
Inventory Turns	2016 and 2017 are based on current sales pace and inventory from existing communities and estimated sales pace and inventory for assumed future communities that meet our hurdle rate. Inventory turns increase to 2.2x in 2018 - 2020 as we slow investment and reduce debt	Inventory turns decrease to approximately 1.8x in 2017 - 2020	Inventory turns increase to approximately 2.3x in 2018 - 2020
Average Sales Price	Held at \$415k from 2016 to 2020	Held at \$415k from 2016 to 2020	Held at \$415k from 2016 to 2020
Gross Margin %	Based on current sales price and costs for existing communities and estimated sales price and costs for assumed future communities that meet our hurdle rate.	Reduced 50 bps in 2016 - 2020 from the Base Case	Increased approx. 50 bps above the Base Case in 2016 - 2020
Total SG&A %	10% of Homebuilding Revenue 2016 - 2020	Held SG&A dollar consistent with midpoint of 2016 guidance which causes SG&A percent to be higher than 2016. Held at 10% of homebuilding revenue thereafter	10% of Homebuilding Revenue 2016 - 2020
Financial Services Profitability	Based on current profitability per home multiplied by assumed deliveries in that year	Based on current profitability per home multiplied by assumed deliveries in that year	Based on current profitability per home multiplied by assumed deliveries in that year
Total Liquidity	Target \$200mm Total Liquidity in all years	Target \$200mm Total Liquidity in all years	Target \$200mm Total Liquidity in all years

## Financial Assumptions

	<b>Base Case</b>	<b>Downside</b>	<b>Upside</b>
Interest Expense	Current run rate for Other Interest Expense and current interest expense as a % of Homebuilding Revenue for Cost of Sales Interest for 2016. Use assumed Interest Incurred in 2017 - 2020	Current run rate for Other Interest Expense and current interest expense as a % of Homebuilding Revenue for Cost of Sales Interest for 2016. Use assumed Interest Incurred in 2017 - 2020	Current run rate for Other Interest Expense and current interest expense as a % of Homebuilding Revenue for Cost of Sales Interest for 2016. Use assumed Interest Incurred in 2017 - 2020
Bond Refinancing	Assumes all Bonds are refinanced at maturity at 9.5%	Assumes all Bonds are refinanced at maturity at 9.5%	Assumes all Bonds are refinanced at maturity at 9.5%
Bond Repurchases	Excess cash* is used to repurchase Bonds at par in order of maturity	Excess cash* is used to repurchase Bonds at par in order of maturity	Excess cash* is used to repurchase Bonds at par in order of maturity
Deferred Tax Asset Valuation Allowance	Assumes the remainder of the DTA valuation allowance is reversed in Q4 of 2016	Assumes the remainder of the DTA valuation allowance is reversed in Q4 of 2016	Assumes the remainder of the DTA valuation allowance is reversed in Q4 of 2016

\*In all scenarios, we slow investment so that there is no growth in deliveries after 2018. The excess cash is used to repurchase bonds.



(\$ in Thousands)	Actual		Guidance		Illustrative Modeling Scenarios			
	FY '13	FY '14	FY '15	FY '16	FY '17	FY '18	FY '19	FY '20
<b>Total Housing Inventory</b>								
Downside Case - No Growth After 2018	\$977,901	\$1,235,457	\$1,513,610	\$1,583,688	\$1,680,277	\$1,682,649	\$1,682,113	\$1,683,724
Base Case - No Growth After 2018	\$977,901	\$1,235,457	\$1,517,018	\$1,616,811	\$1,754,889	\$1,761,738	\$1,768,122	\$1,768,785
Upside Case - No Growth After 2018	\$977,901	\$1,235,457	\$1,508,383	\$1,685,013	\$1,831,386	\$1,834,290	\$1,840,557	\$1,838,778
<b>Inventory Turnover (Revenue) - Excl. Capitalized Interest</b>								
Downside Case - No Growth After 2018	2.17x	1.97x	1.65x	1.87x	1.78x	1.78x	1.76x	1.72x
Base Case - No Growth After 2018	2.17x	1.97x	1.64x	1.95x	1.88x	2.18x	2.20x	2.20x
Upside Case - No Growth After 2018	2.17x	1.97x	1.65x	2.00x	1.87x	2.29x	2.29x	2.35x
<b>Homebuilding Revenue</b>								
Downside Case - No Growth After 2018	\$1,784,327	\$2,013,013	\$2,138,384	\$2,771,531	\$2,878,949	\$2,883,798	\$2,853,124	\$2,796,233
Base Case - No Growth After 2018	\$1,784,327	\$2,013,013	\$2,138,384	\$2,929,254	\$3,191,442	\$3,727,742	\$3,765,640	\$3,769,622
Upside Case - No Growth After 2018	\$1,784,327	\$2,013,013	\$2,138,384	\$3,068,987	\$3,322,909	\$4,087,364	\$4,087,851	\$4,194,199
<b>Deliveries - Total Wholly Owned</b>								
Downside Case - No Growth After 2018	5,266	5,497	5,560	6,678	6,937	6,949	6,875	6,738
Base Case - No Growth After 2018	5,266	5,497	5,560	7,058	7,690	8,983	9,074	9,083
Upside Case - No Growth After 2018	5,266	5,497	5,560	7,395	8,007	9,849	9,850	10,107
<b>Average Sales Price</b>								
Downside Case - No Growth After 2018	\$338,839	\$366,202	\$384,601	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
Base Case - No Growth After 2018	\$338,839	\$366,202	\$384,601	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
Upside Case - No Growth After 2018	\$338,839	\$366,202	\$384,601	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
<b>Homebldg Gross Margin (Excl Land Sale COS)</b>								
Downside Case - No Growth After 2018	20.1%	19.9%	17.4%	16.8%	17.8%	19.3%	19.5%	20.0%
Base Case - No Growth After 2018	20.1%	19.9%	17.4%	17.3%	18.3%	19.8%	20.0%	20.5%
Upside Case - No Growth After 2018	20.1%	19.9%	17.4%	18.0%	19.0%	20.0%	20.5%	20.5%

Note: See Assumptions on slide 32.

(\$ in Thousands)	Actual		Guidance		Illustrative Modeling Scenarios			
	FY '13	FY '14	FY '15	FY '16	FY '17	FY '18	FY '19	FY '20
<b>Total SG&amp;A (Homebuilding SG&amp;A plus Corporate Overhead)</b>								
Downside Case - No Growth After 2018	\$220,166	\$254,912	\$272,240	\$290,000	\$287,895	\$288,380	\$285,312	\$279,623
Base Case - No Growth After 2018	\$220,166	\$254,912	\$272,240	\$296,308	\$319,144	\$372,774	\$376,564	\$376,962
Upside Case - No Growth After 2018	\$220,166	\$254,912	\$272,182	\$306,899	\$332,291	\$408,736	\$408,785	\$419,420
<b>Total SG&amp;A as a % of Homebuilding Revenue</b>								
Downside Case - No Growth After 2018	12.3%	12.7%	12.7%	10.5%	10.0%	10.0%	10.0%	10.0%
Base Case - No Growth After 2018	12.3%	12.7%	12.7%	10.1%	10.0%	10.0%	10.0%	10.0%
Upside Case - No Growth After 2018	12.3%	12.7%	12.7%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Interest Expense</b>								
Downside Case - No Growth After 2018	\$143,574	\$141,344	\$153,526	\$169,641	\$162,431	\$152,663	\$144,833	\$128,171
Base Case - No Growth After 2018	\$143,574	\$141,344	\$153,526	\$174,079	\$162,431	\$147,542	\$129,308	\$101,391
Upside Case - No Growth After 2018	\$143,574	\$141,344	\$153,526	\$176,423	\$162,431	\$133,797	\$104,088	\$68,606
<b>Interest Expense - % Hmblgd Revenue</b>								
Downside Case - No Growth After 2018	8.0%	7.0%	7.2%	6.1%	5.6%	5.3%	5.1%	4.6%
Base Case - No Growth After 2018	8.0%	7.0%	7.2%	5.9%	5.1%	4.0%	3.4%	2.7%
Upside Case - No Growth After 2018	8.0%	7.0%	7.2%	5.7%	4.9%	3.3%	2.5%	1.6%
<b>Financial Services Profit</b>								
Downside Case - No Growth After 2018	\$18,668	\$13,798	\$22,678	\$23,527	\$30,875	\$30,927	\$30,598	\$29,988
Base Case - No Growth After 2018	\$18,668	\$13,798	\$22,678	\$24,872	\$34,226	\$39,977	\$40,384	\$40,426
Upside Case - No Growth After 2018	\$18,668	\$13,798	\$22,678	\$24,872	\$35,636	\$43,834	\$43,839	\$44,980
<b>Consolidated Pretax Earnings</b>								
Downside Case - No Growth After 2018	\$21,935	\$20,180	\$(38,285)	\$40,035	\$96,246	\$146,296	\$142,730	\$160,694
Base Case - No Growth After 2018	\$21,935	\$20,180	\$(38,285)	\$66,741	\$139,422	\$261,094	\$288,045	\$329,755
Upside Case - No Growth After 2018	\$21,935	\$20,180	\$(38,227)	\$100,059	\$176,142	\$320,763	\$368,874	\$410,362

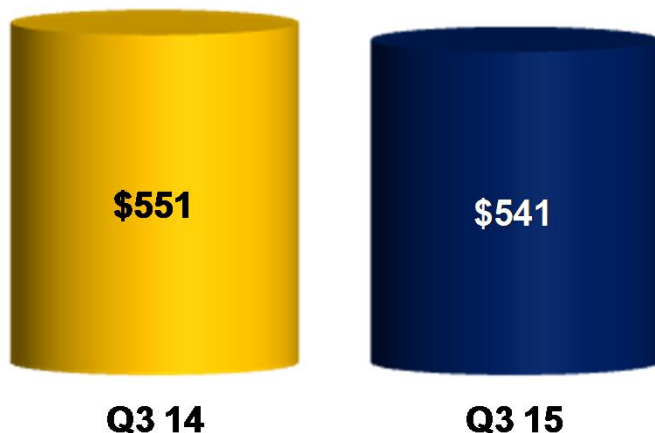
Note: See Assumptions on slide 32.

(\$ in Thousands)	Actual		Guidance		Illustrative Modeling Scenarios			
	FY '13	FY '14	FY '15	FY '16	FY '17	FY '18	FY '19	FY '20
<b>Homebuilding Cash</b>								
Downside Case - No Growth After 2018	\$324,242	\$260,217	\$322,895	\$240,352	\$202,695	\$202,971	\$203,337	\$202,679
Base Case - No Growth After 2018	\$324,242	\$260,217	\$319,594	\$239,599	\$203,510	\$203,251	\$202,673	\$203,310
Upside Case - No Growth After 2018	\$324,242	\$260,217	\$328,016	\$212,237	\$203,610	\$203,880	\$204,102	\$203,323
<b>Total HB Debt (Incl. Non Recourse)</b>								
Downside Case - No Growth After 2018	\$1,610,081	\$1,778,084	\$2,134,040	\$2,060,109	\$2,010,759	\$1,867,701	\$1,710,521	\$1,540,974
Base Case - No Growth After 2018	\$1,610,081	\$1,778,084	\$2,134,040	\$2,060,109	\$2,010,759	\$1,759,886	\$1,465,706	\$1,129,523
Upside Case - No Growth After 2018	\$1,610,081	\$1,778,084	\$2,134,040	\$2,060,109	\$2,010,759	\$1,692,609	\$1,320,918	\$899,116
<b>Total Stockholder's Equity</b>								
Downside Case - No Growth After 2018	\$(433,226)	\$(117,799)	\$(135,429)	\$539,653	\$612,022	\$716,923	\$819,506	\$933,766
Base Case - No Growth After 2018	\$(433,226)	\$(117,799)	\$(135,429)	\$560,262	\$660,695	\$840,215	\$1,037,253	\$1,261,403
Upside Case - No Growth After 2018	\$(433,226)	\$(117,799)	\$(135,931)	\$581,956	\$706,257	\$924,562	\$1,174,139	\$1,450,684
<b>Net Debt plus Nonrecourse Financing/Total Cap</b>								
Downside Case - No Growth After 2018	151%	108%	108%	77%	75%	70%	65%	59%
Base Case - No Growth After 2018	151%	108%	108%	76%	73%	65%	55%	42%
Upside Case - No Growth After 2018	151%	108%	108%	76%	72%	62%	49%	32%

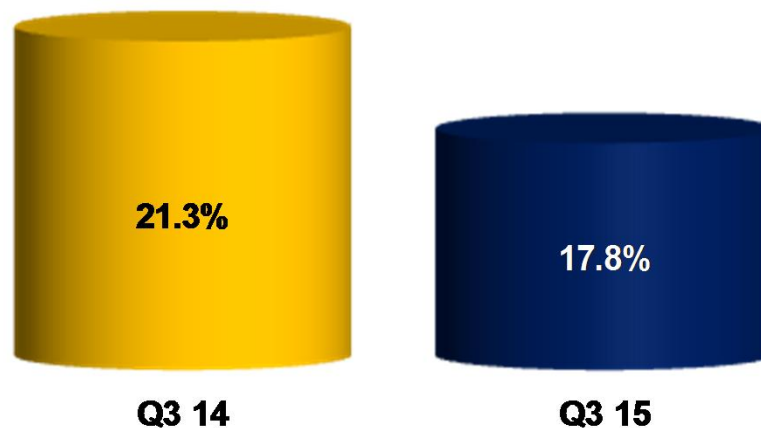
Note: See Assumptions on slide 32.

**Total Revenues**

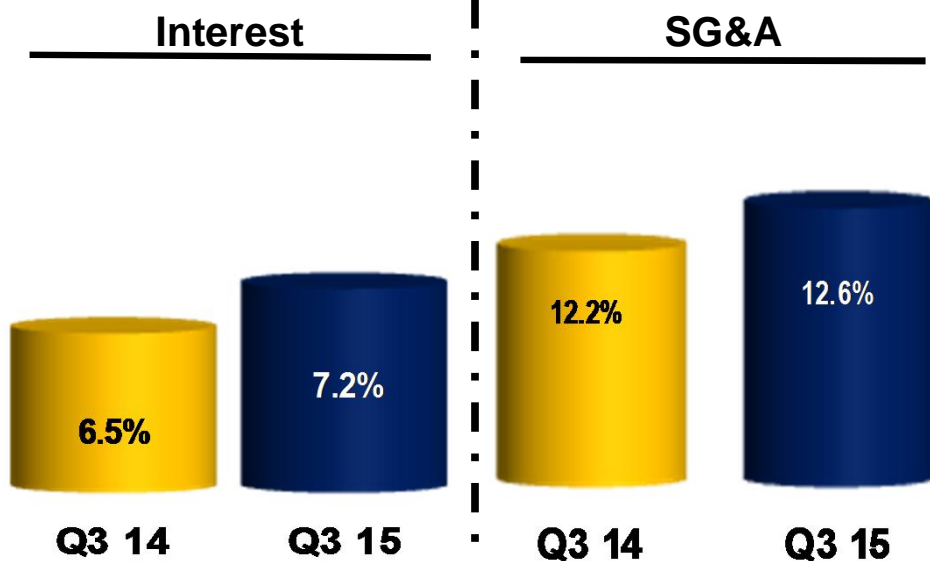
\$ in millions



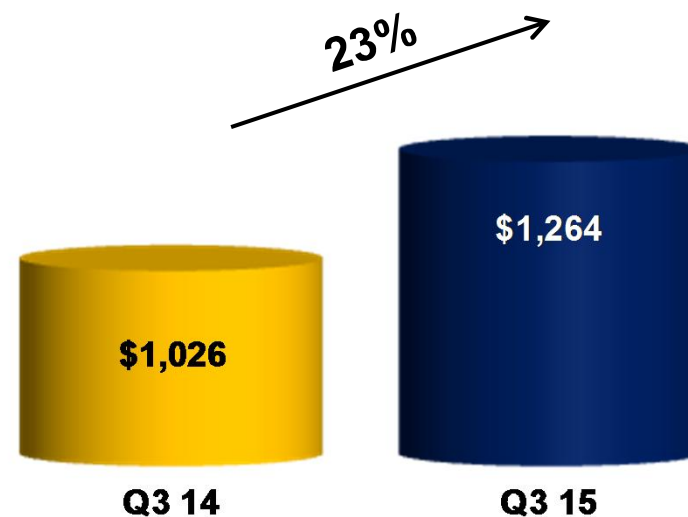
**Homebuilding Gross Margin**



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

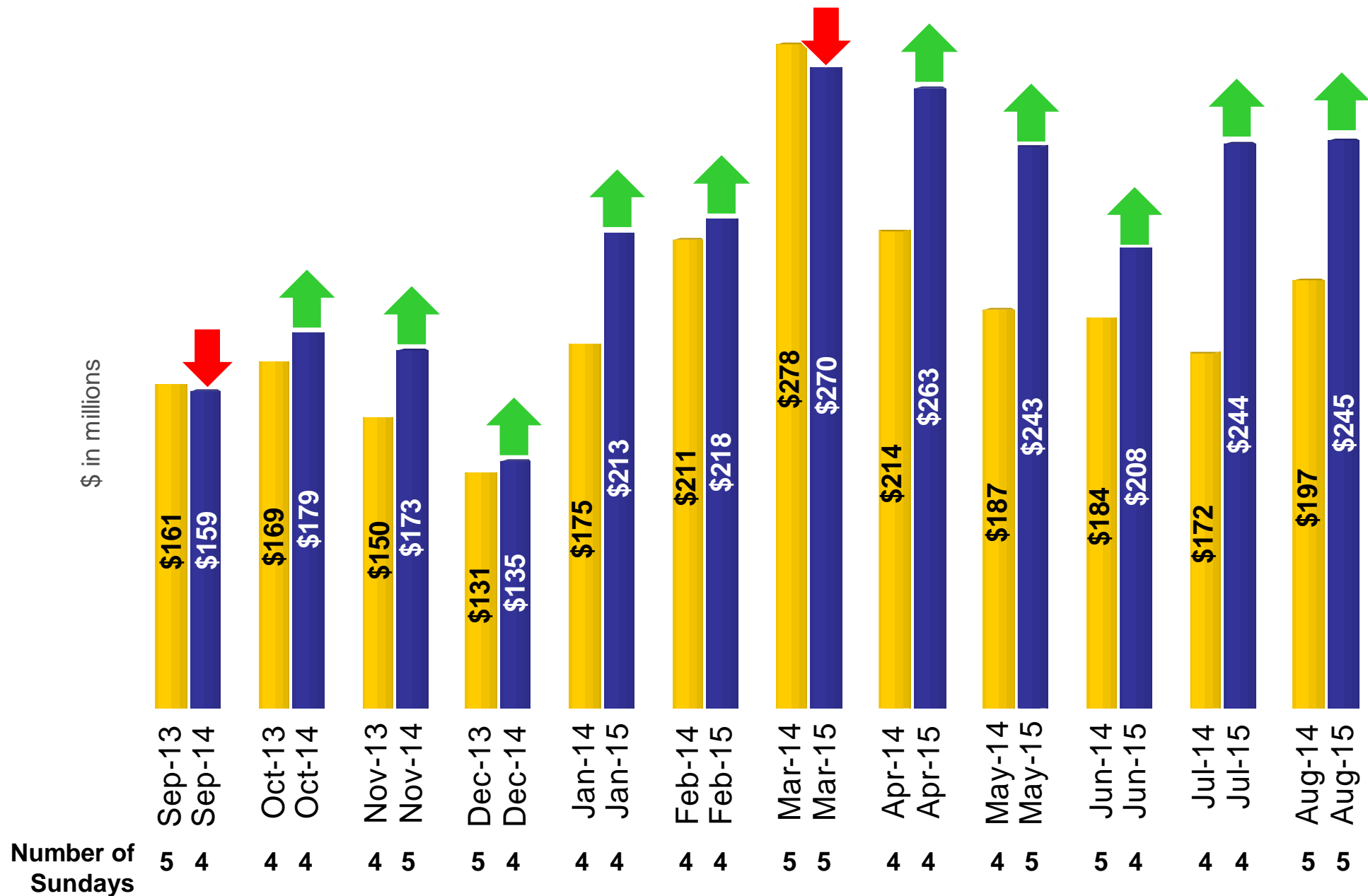


**Backlog \$**



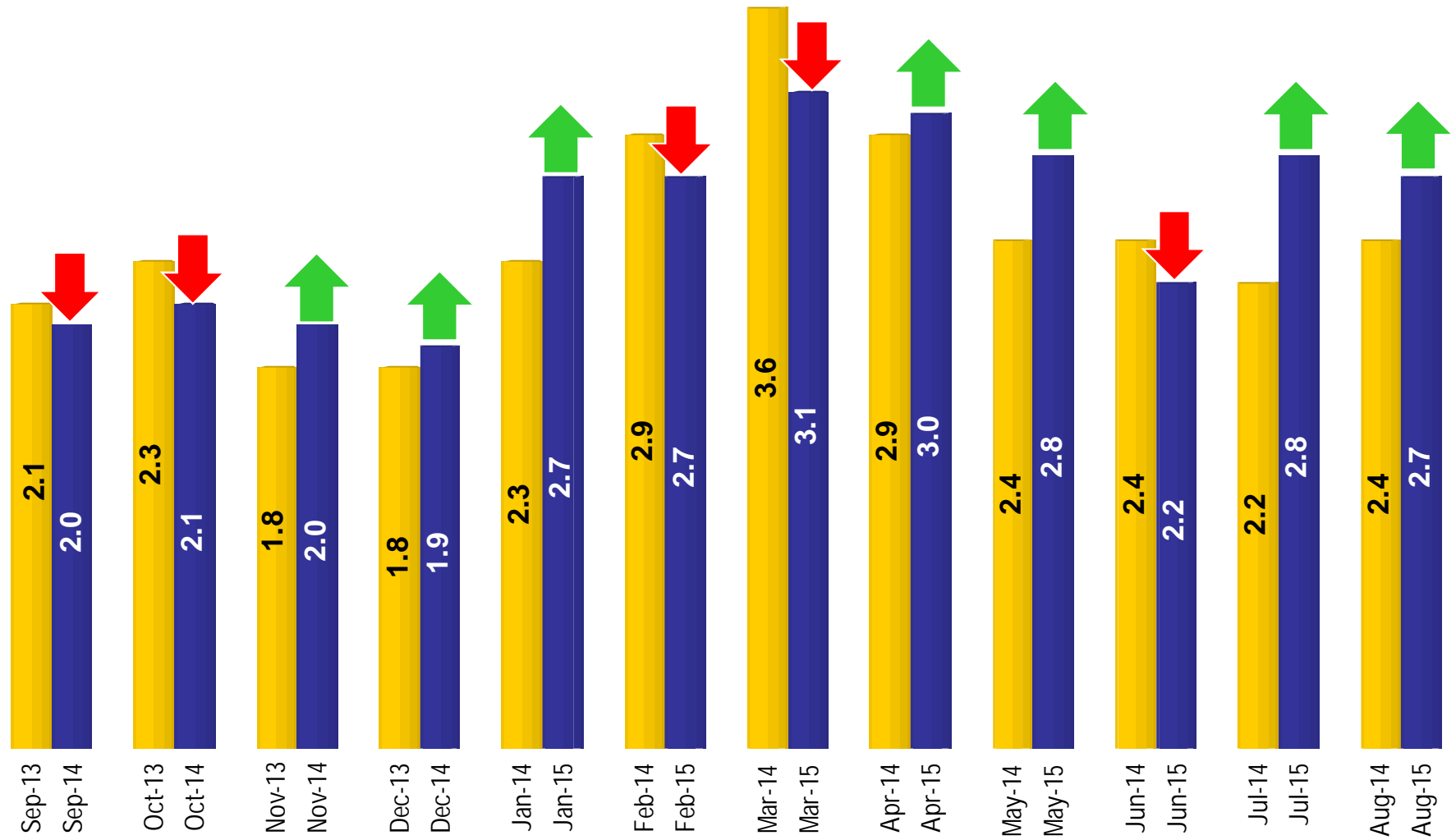
Note: Excluding unconsolidated joint ventures.

# Dollar Amount of Net Contracts Per Month



*Includes unconsolidated joint ventures.*

# Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	4	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4	4	4	5	5	
	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14	Dec-13	Dec-14	Jan-14	Jan-15	Feb-14	Feb-15	Mar-14	Mar-15	Apr-14	Apr-15	May-14	May-15	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15
Monthly Net Contracts	417	419	465	448	382	422	350	390	470	554	582	570	728	672	597	652	474	583	489	480	461	595	483	573

*Includes unconsolidated joint ventures.*

## Lots Purchased or Optioned Since January 31, 2009

	<u>Lots</u>	<u>Communities</u>
Purchased	26,300	} 670 <sup>(1)</sup>
Optioned	14,700	
Joint Venture	6,200	42
<b>Total</b>	<b>47,200</b>	<b>712</b>

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

Total Additions	2,100
Walk Aways	<u>-1,700</u>
Net Change	400

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

Total Additions	2,100
Walk Aways	<u>-500</u>
Net Change	1,600

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

Total Additions	2,800
Walk Aways	<u>-1,000</u>
Net Change	1,800

**As of July 31, 2015  
approximately 27,200 lots  
remaining.**

Notes: (1) Excludes 194 communities where we walked away from all of the lots in those communities.

(2) First quarter 2015 total additions included 2,100 new options and no lots purchased but not controlled prior to 11/01/14.

(3) Second quarter 2015 total additions include 2,100 new options and 2 lots purchased but not controlled prior to 02/01/15.

(4) Third quarter 2015 total additions include 2,800 new options and no lots purchased but not controlled prior to 05/01/15.

# Land Positions by Geographic Segment

July 31, 2015

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	426	2.8	2.0	8.5	13.3	\$229
Mid-Atlantic	842	2.9	0.3	3.6	6.9	\$132
Midwest	937	3.0	0.1	1.1	4.2	\$85
Southeast	633	2.7	0.6	5.0	8.3	\$102
Southwest	2,324	1.3	0.0	1.9	3.2	\$181
West	380	4.8	9.8	1.2	15.8	\$144
<b>Total</b>	<b>5,542</b>	<b>2.3</b>	<b>1.0</b>	<b>2.9</b>	<b>6.2</b>	<b>\$873</b>

*Excluding unconsolidated joint ventures.*



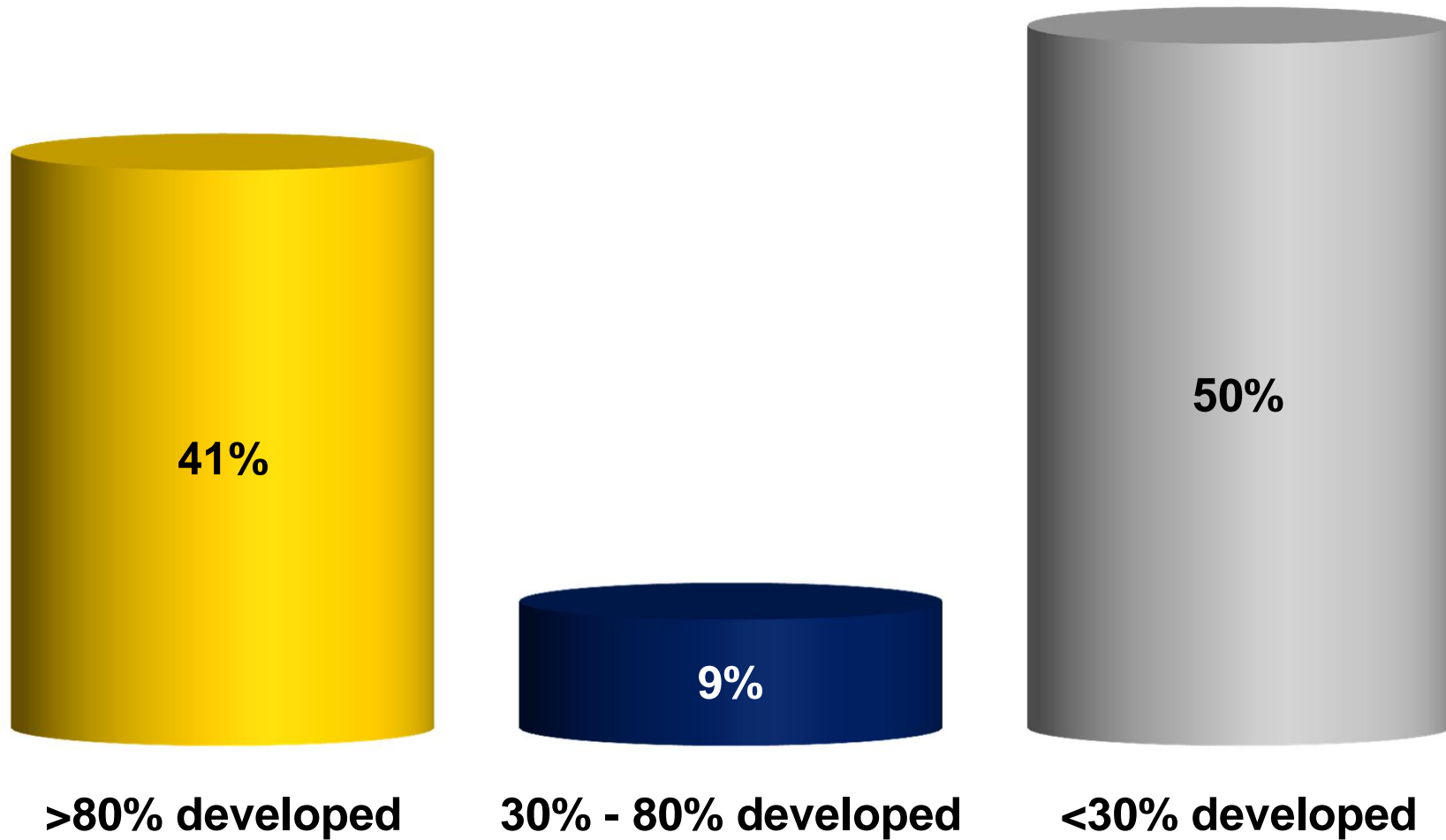
As of July 31, 2015

	<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>3,734</b>
<b>Total</b>	<b>5,339</b>

- ◆ *In 31 communities with a book value of \$100 million net of impairment balance of \$335 million*
- ◆ *Unmothballed approximately 4,800 lots in 82 communities since January 31, 2009*

# Owned Lots % Development Costs Spent

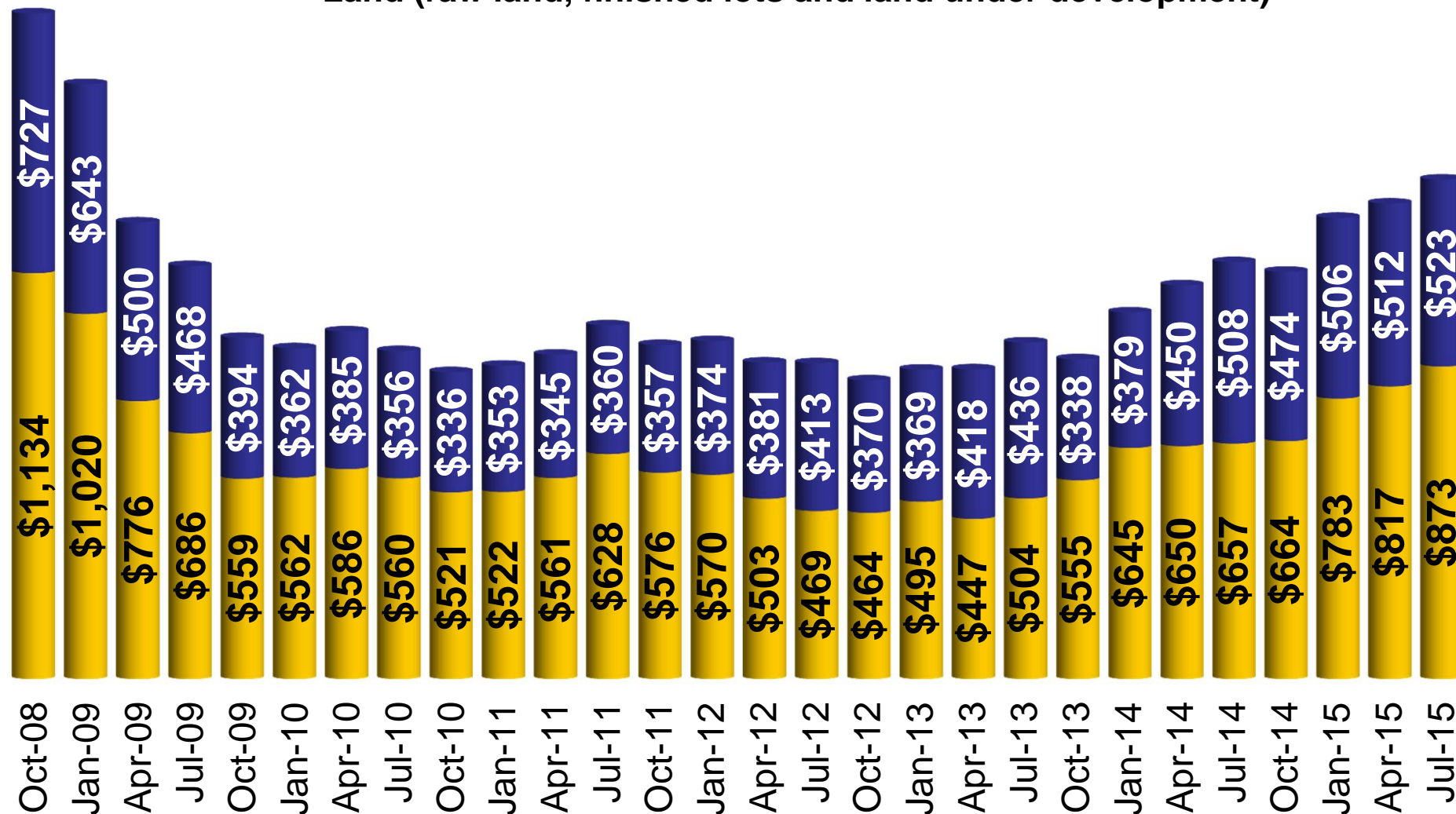
As of July 31, 2015



*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.

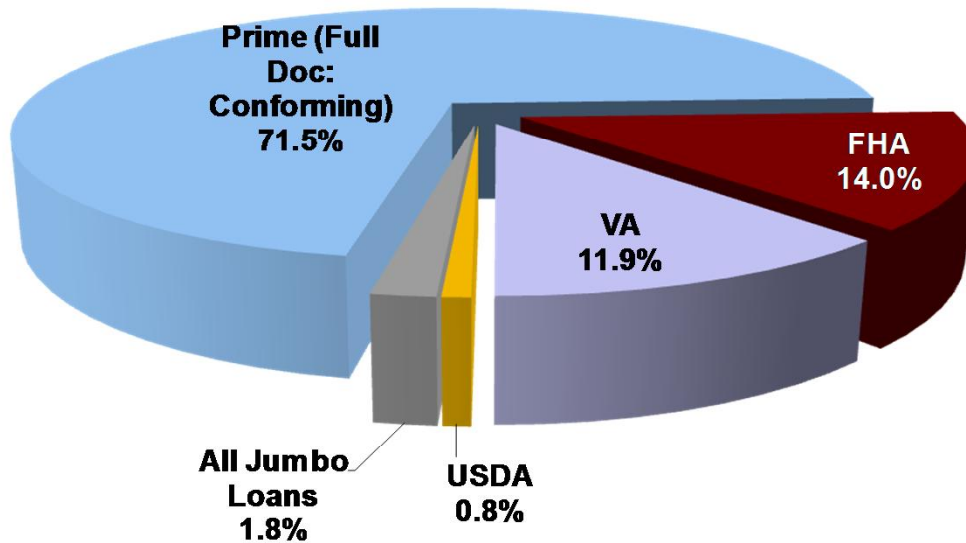
### Third Quarter 2015:

- Average LTV: 83%
- Average CLTV: 84%
- ARMs: 5.8%
- FICO Score: 747
- Capture Rate: 75%

### Fiscal Year 2014:

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

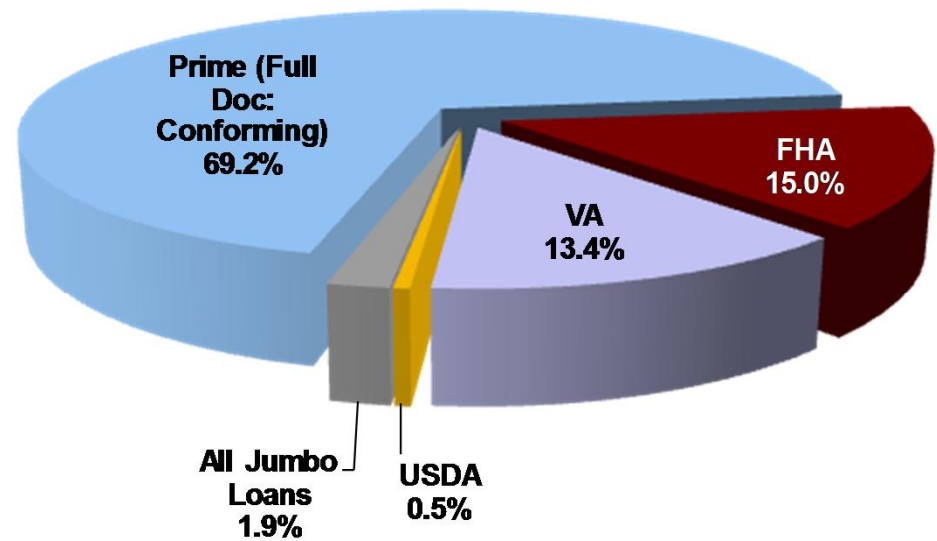
## Third Quarter 2015



## FHA Percentages

2010	2011	2012	2013	2014
38.0%	34.1%	27.8%	21.5%	15.0%

## Fiscal Year 2014



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

# Payments for Loan Repurchases and Make Whole Requests

As of July 31, 2015

\$ in millions



<b>Settlements</b>	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans <sup>(1)</sup>	108 loans	1 loan
<b>Repurchase Inquires</b>	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	78 loans	2 loans

◆ As of July 31, 2015, reserve for loan repurchases and make whole requests was \$8.0 million.

<sup>(1)</sup> 13 of 18 loans were small second lien repurchases.

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

