

ETHICAL STANDARDS OF OPERATIONS

Code of Ethics

WHAT IS THE PURPOSE OF THE CODE OF ETHICS

Hovnanian Enterprises, Inc. and its subsidiaries (collectively, the “Company”) consider ethical components such as integrity, honesty, and mutual respect to be of significant importance to standard business practices and expects all of its directors, officers, employees and associates of the Company (collectively, “Associates”) to act responsibly in this regard, especially when applying these principles in making day-to-day business decisions. It is the Company’s policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each Associate to adhere to the requirements imposed by the laws, rules and regulations in every jurisdiction where the Company operates.

The Code of Ethics is intended to remind Associates of core values of honest and ethical conduct which are the basis for our business practices and conduct, and to remind Associates of their responsibility to make decisions that foster a responsible and ethical working environment.

TO WHOM DOES THE CODE OF ETHICS APPLY

Except where specifically otherwise provided, the provisions of this Code of Ethics apply to all Associates of the Company.

Associates are reminded of their responsibility to promptly report violations of the Code of Ethics or conduct which appear to be in violation of the Code of Ethics. The Company will not tolerate or permit retaliation against persons making any such reports in good faith.

GENERAL PROCEDURE FOR REPORTING OF COMPLAINTS AND PROTECTION FOR WHISTLE BLOWERS
Associates should follow general procedures as outlined below for the reporting of various types of complaints.

1. Complaints Made to the Audit Committee (Related to Financial Reporting, Accounting, Internal Accounting Controls or Auditing Matters).

The nature of complaints to be addressed by the Audit Committee pertains to financial reporting, accounting, internal accounting controls or auditing matters. Any complaint that is made directly to management regarding such matters, whether openly, confidentially or anonymously, shall be promptly reported to the Audit Committee.

- **Audit Committee Related Complaints may be reported through the following channels:**

i. Mail

Any Associate may confidentially and/or anonymously deliver correspondence to the attention of the Audit Committee by mail to the following address which will be confidentially forwarded unopened to the attention of the Audit Committee Chairman:

(Label: Confidential – To Be Opened Only By Addressee):
Attn: Audit Committee Chairman
Hovnanian Enterprises, Inc.
90 Matawan Road
Matawan, NJ 07747

ii. Corporate Governance and Ethics Hotline

Any Associate may also anonymously call the Corporate Governance & Ethics Hotline ("Hotline") for reporting complaints to the Audit Committee or any other type of complaint as discussed below (other than customer-service complaints related to a home purchase) without divulging his or her name. Calls will be confidentially transcribed and

delivered via e-mail to the individuals referred to in the Hotline by an outside service vendor who specializes in the anonymous reporting of complaints.

The Hotline's telephone number (1-855-773-4657) is made available to Associates through various communication channels. They include the Company's public website under "Investor Relations/Code of Ethics" at www.khov.com. The Company's Corporate Human Resources Department may also be contacted for the Hotline's telephone number. The Hotline should not be referred to outside clients or customers for purposes of reporting customer-service related complaints.

2. Reporting of All Other Types of Complaints

The anonymous and confidential reporting of all other types of complaints is also available to Associates by calling the Hotline (e.g., human resources related complaints, allegations of retaliation, etc.). Complaints other than those reported to the Audit Committee will be transcribed and delivered confidentially to a member of the Audit Services Department, Corporate Human Resources or the Corporate Counsel as indicated and routed by the Hotline.

Associates are encouraged to discuss the nature of their complaints with their immediate supervisor. If discussion between an Associate and immediate supervisor does not produce a satisfactory result, the Associate should bring the matter to the attention of the department head. Before doing so, the Associate should advise the immediate supervisor that he or she plans to speak with someone at the next level. If, after speaking with the department head, the Associate still feels that the matter has not been properly addressed, the Associate should advise the department head that the issue should be brought to the attention of Human Resources.

The Associate may also choose to report a complaint anonymously or confidentially as discussed above or may choose to consult with a member of the following departments/individuals:

- Corporate Human Resources
- Audit Service Department
- Corporate Counsel
- Chief Financial Officer

Associates may also anonymously or confidentially mail a complaint to the attention of the above-mentioned departments/individual (Label: Confidential – To Be Opened Only By "Enter title of the department/individual") at Corporate Headquarters:

- 90 Matawan Road, Matawan, NJ 07747

3. Protection for Whistleblowers

Associates are encouraged, that if they see something, say something. Neither the Company, the Audit Committee nor any Associate, contractor, subcontractor or agent of the Company will discharge, demote, suspend, threaten, harass, directly or indirectly, or in any other manner discriminate or retaliate, against any person who, in good faith, makes a complaint to or otherwise assists the Audit Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, in investigating a complaint. These prohibitions also apply to the Company's subsidiaries and affiliates whose financial information is included in the consolidated financial statements of the Company.

Nothing in this Code of Ethics, nor any confidentiality or non-disclosure agreement (whether in writing or otherwise, including without limitation as part of an employment agreement, separation agreement or similar employment or compensation arrangement) or policies of the Company applicable to any current or former employees, prohibits or impedes any current or former employee from reporting, communicating, cooperating or filing a complaint on possible violations of federal, state or local law or regulation to or with any governmental agency or regulatory authority (collectively, a "Governmental Entity"), including, but not limited to, the SEC, FINRA, EEOC or NLRB, or from making other disclosures to any Governmental Entity that are protected under the whistleblower provisions of federal, state or local law or regulation, provided that (1) in each case such communications and disclosures are consistent with applicable

law and (2) the information subject to such disclosure was not obtained through a communication that was subject to the attorney-client privilege, unless such disclosure of that information would otherwise be permitted by an attorney pursuant to 17 CFR 205.3(d)(2), applicable state attorney conduct rules, or otherwise. Moreover, current or former employees do not need to give prior notice to (or get prior authorization from) the Company regarding any such communication or disclosure. The Company will not limit the right of any current or former employee to receive an award for providing information pursuant to the whistleblower provisions of any applicable law or regulation to any Governmental Entity. Any provisions of any agreement between the Company and any current or former director, officer, or employee that is inconsistent with the above language or that may limit the ability of any person to receive an award under the whistleblowing provisions of applicable law shall be deemed invalid and will not be enforced by the Company. In addition, the Company does not restrict employees from discussing, disclosing or inquiring about wages to the extent they in good faith believe consistent with applicable pay equity laws, or from engaging in activity protected by the National Labor Relations Act; e.g., non-managerial and non-supervisory employee discussions regarding their terms and conditions of employment.

CORE VALUES OF HONEST AND ETHICAL CONDUCT

The manner and quality with which our Company's Associates fulfill their duties and responsibilities are largely based upon compliance with our ethical standards in the ordinary course of business. Although all Associates are responsible for adhering to and advocating the following core values governing their professional and ethical conduct, they are particularly important for Associates with financial reporting responsibilities, including, without limitation, the Company's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller or persons performing similar functions, since their obligations are closely tied to making public reports that are accurate and timely. The following list includes the **essential ethical principles** to be followed by all Associates.

1. To act honestly, ethically and with integrity, avoiding actual or apparent **conflicts of interest between personal and professional relationships**, unless approved by the Chief Executive Officer or the Chief Financial Officer, being mindful that the interests of the Company cannot be compromised for personal gain. A "conflict" of interest can occur when an Associate has a private interest which interferes, or appears to interfere, with the Company as a whole. A conflict of interest can also arise when an Associate takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest can also arise when an Associate or a member of his or her family receives improper personal benefits as a result of his or her position in the Company. All Associates are expected to avoid any situation that involves a conflict of interest between personal and professional relationships. Associates have an ongoing obligation to disclose an actual or potential conflict of interest to the Chief Executive Officer or the Chief Financial Officer at the time it arises and have an ongoing duty to supplement disclosures as circumstances dictate. In addition, directors and executive officers are reminded of their obligations under the Company's Related Person Transaction Policy.
2. To **provide information** that is accurate, complete, objective, relevant, timely and understandable to all persons or entities who may act or rely on such information.
3. To furnish full, fair, accurate, timely and understandable **disclosure in reports and documents** that the Company files with, or submits to, the SEC and in other public communications made by the Company.
4. To never take, directly or indirectly, any action to coerce, manipulate, mislead or fraudulently influence the Company's internal or external auditors in the performance of their audit or review of the Company's financial statements.
5. To comply with applicable **laws, rules and regulations**.
6. To protect, safeguard and retain the **confidentiality of information** acquired in the course of work except when authorized or otherwise legally obligated to disclose and not to use such confidential information for personal advantage. Confidential information includes all non-public information that might be of use to competitors or harmful to the Company or its customers, if disclosed, as well as any proprietary or personal information on individuals and organizations collected in the ordinary course of business.

7. To act in good faith, responsibly, with due care, competence and diligence, without misrepresenting or omitting **material facts** or allowing independent judgment to be subordinated.
8. To promote **ethical behavior** on a consistent basis and be a responsible partner among Associates in the working environment and the community.
9. To protect and ensure the efficient use and control over all Company **assets and resources** employed or entrusted to the Associate. All Company assets should be used for legitimate business purposes.
10. To refrain from taking for themselves **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. No Associate may use the Company's property, information or position for improper personal gain and no Associate may compete with the Company directly or indirectly. Associates owe a duty to the Company to advance the Company's legitimate interests whenever possible.
11. To **promptly report any conduct** that the Associate believes, in good faith, might be in violation of law, Company policy or this Code of Ethics.
12. To share **knowledge** important and relevant to the needs of Associates so that informative decisions can be made based upon accurate and complete information.
13. To create a positive and safe **working environment**, which in turn will foster a climate of mutual respect among all Associates.
14. To **deal fairly** with the Company's customers, suppliers, competitors and other Associates. No Associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or similar unfair practice.

GENERAL GUIDANCE FOR PROMOTING ETHICAL STANDARDS IN THE WORKING ENVIRONMENT

The Company is committed to compliance with all securities laws, statutes, ordinances, rules and regulations. We recognize that a compilation of several key factors, which include the Company's core values, influence or "impact" consistency of ethical behavior within the organization. These factors are summarized as follows:

Your Ethical Standards Impact the Integrity of Our Company

- The Company recognizes that its Associates are its biggest asset. Internal business decisions made by Associates significantly affect the overall performance of the entire Company. To mitigate risk and preserve the firm's reputation, the Company expects that its Associates will have a high regard for ethical obligations under standard business practices.
- Decisions made without consideration of ethical standards may jeopardize the Company's adherence to legal requirements, negatively impact the Company's reputation, and may result in disciplinary action up to and including termination of the individual who fails to adhere to these ethical standards.
- All Associates are responsible for adhering to this Code of Ethics and all other policies and procedures which are applicable to the Associates' business unit and position in the Company. Since it is not feasible to list every scenario in which ethics may come to play as it relates to decision making, it is ultimately up to the individual Associate to make decisions that are fair, transparent, and in the best interest of the Company. The Associate should evaluate on a consistent basis how a decision may ultimately impact his or her department and the Company.

Managers Significantly Impact the Tone of the Organization

- As a supervisor, manager, senior executive, officer or director of the Company, high-level decisions are made more frequently and may involve areas of the Company which are closely connected to its overall effectiveness in

achieving sound operational, organizational, or financial strategies. A manager's commitment to the highest levels of integrity, including the preparation of and reporting of factual information, can significantly impact the quality and validity of the information which is ultimately made public.

- It is important for the manager to realize that he or she sets the ethical tone for the unit, department, or the Company as a whole, by demonstrating what is acceptable or not acceptable to others through his or her own decision-making examples or when giving guidance concerning decisions to be made by others.
- The manager should evaluate how the "impact" of his or her own actions may affect the tone of the Company and should regularly view principles of this Code of Ethics with subordinates.

Corporate Policies & Practices Impact Honest and Ethical Behavior

- Typically, corporate policy establishes a means for Associates to adhere to rules and regulations which govern standard business practices deemed to be fair and ethical.
- The Code of Ethics, coupled with the Company's other policies and procedures, assist the Associate to model behavior that is consistent with the Company's values of integrity.
- The Company's Anti-Fraud Policy (AS002) is intended to protect the interests of the Company, including its assets, operations and Associates against potential fraudulent activities by codifying policies and procedures related to the deterring, reporting and investigation of potential fraudulent activities.
- The Company's Securities Trading Policy (LE010) is intended to assure that Associates do not trade in the Company's stock while in possession of material non-public information and in compliance with insider trading rules and regulations.

Accountability Impacts Responsible Behavior

- Associates are responsible for following this Code of Ethics. Associates are also reminded of their obligations under each and all of the Company's internal policies and procedures applicable to their business unit and position within the Company. In the event of any inconsistency between this Code of Ethics and any other Company policy or procedure applicable to their business unit and position within the Company, an Associate should abide by the more restrictive requirement.
- Compliance with this Code of Ethics is a condition of employment and any violations of this Code of Ethics may result in disciplinary action, up to and including termination of employment and/or other measures as permitted by law.
- If an Associate becomes aware of a matter that he or she considers, in good faith, to be in violation of this Code of Ethics or recognizes an activity to be "questionable" or "unethical," he/she is obligated to report the violation through various channels that are made available for the Associate to report this information as discussed in this Code of Ethics.

Core Values Impact Attitudes & Behaviors Toward Standard Activities

- As discussed above, the Section "*Core Values of Honest and Ethical Conduct*" provides Associates with consistent, general guidance when applying ethical approaches or responsibilities to common business activities and relationships.
- The Company believes these principles are at the heart of preserving its reputation by encouraging values of honesty and integrity.

Passing the "Scrutiny Test" When Making Decisions

- We encourage our managers to evaluate what the impact of a decision may be as it relates to their department and the Company overall.
- Making an important business decision should pass the scrutiny of a more experienced manager or supervisor or other Associate who may possess similar or more diversified skills. Being able to “tell” or “talk” about a particular business decision demonstrates the transparency of the issues at hand and a level of comfort that the decision was made in compliance with this Code of Ethics and other internal policies and procedures.
- Decisions should be made with both short-term and long-term implications in mind.
- In situations whereby this Code of Ethics and other Company policies and procedures may not specifically address ethical uncertainties that may arise in the course of making day-to-day business decisions, we encourage our Associates to investigate thoroughly, seek good counsel and utilize common sense and good judgment.

PUBLIC DISSEMINATION OF COMPANY INFORMATION

It is particularly important that external communications are accurate, consistent and do not violate the Company’s confidentiality obligations or applicable laws, rules and regulations. Published information can have a significant effect on the Company’s reputation as well as business and legal consequences. External communications include, but are not limited to, communications to the news media, financial and industry analysts, governmental entities, investors, the Company’s industry colleagues, customers and other members of outside groups. Only certain persons are authorized to communicate information concerning the Company with market participants, as described in the Company’s Policy and Procedures for Compliance with Regulation FD, or the media. If you are approached by the media, an investor or an analyst that wishes to publish information or make an external presentation, you should contact the offices of the President and Chief Executive Officer, the Chief Financial Officer or the Vice President – Investor Relations for advice.

The ease of electronic communication means that information about the Company that you did not intend to become public may end up becoming widely disseminated through the Internet. Given this potentiality, Associates must exercise caution with respect to correspondence related to the Company. In the event of unintended disclosure of work-related information in violation of Company policy or applicable laws, rules and regulations, the Associate should promptly notify the Corporate Counsel.

In summary, the Company recognizes a variety of factors that influence the degree of compliance to ethical standards in the working environment. We encourage all of our Associates to recognize the significance of their role in promoting ethical standards.

AUTHORITY AND WAIVERS

The Chief Executive Officer, the Chief Financial Officer or the Corporate Counsel may grant exceptions to, or waivers of compliance with, certain provisions of this Code of Ethics for Associates, other than executive officers or directors, in appropriate circumstances. Any Associate who believes that a situation may warrant such an exception or waiver should contact the Chief Executive Officer, the Chief Financial Officer or the Corporate Counsel.

Any exception to, or waiver of a provision of this Code of Ethics for executive officers or directors may be made only by the Board of Directors or a committee thereof and will be promptly disclosed to shareholders as required by law.

The Corporate Counsel is responsible for interpreting and applying this Code of Ethics in specific situations in which questions may arise.