

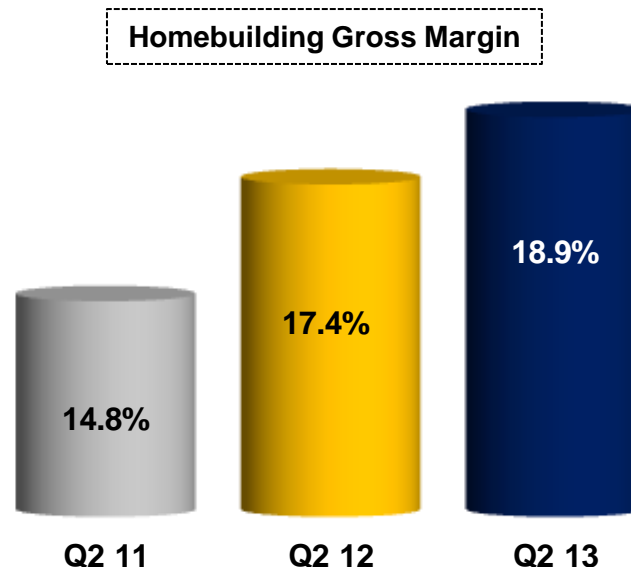
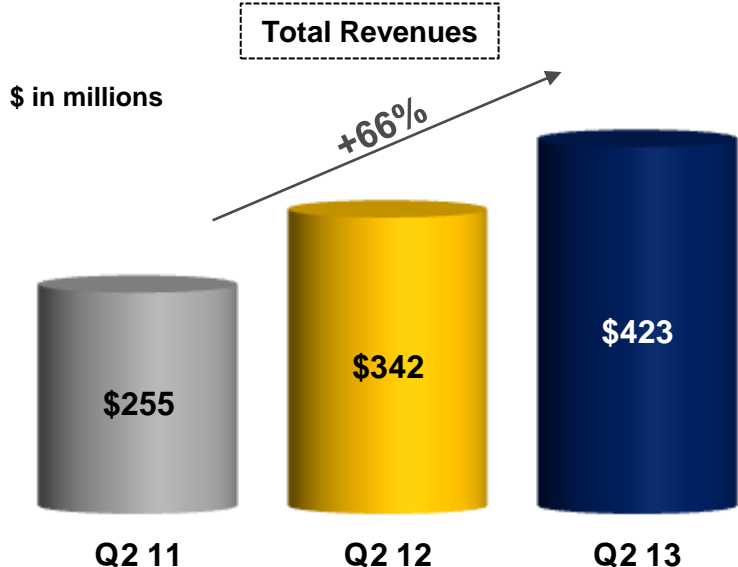


## Review of Financial Results Second Quarter Fiscal 2013



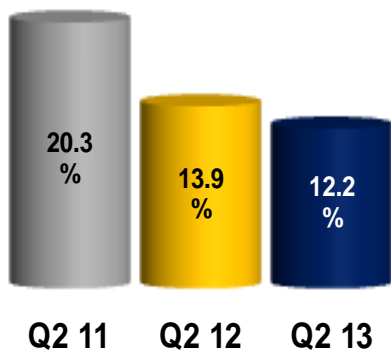
Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different 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 and 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 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 year ended October 31, 2012. 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.

# Improving Operating Results

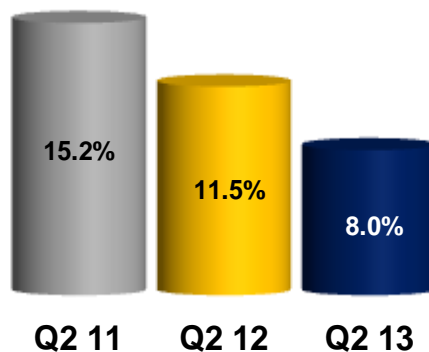


**Total SG&A & Interest Expenses as a % of Total Revenues**

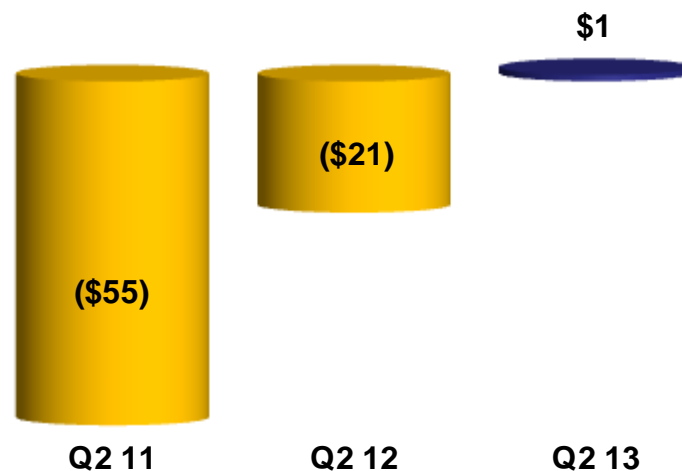
**SG&A**



**Interest**

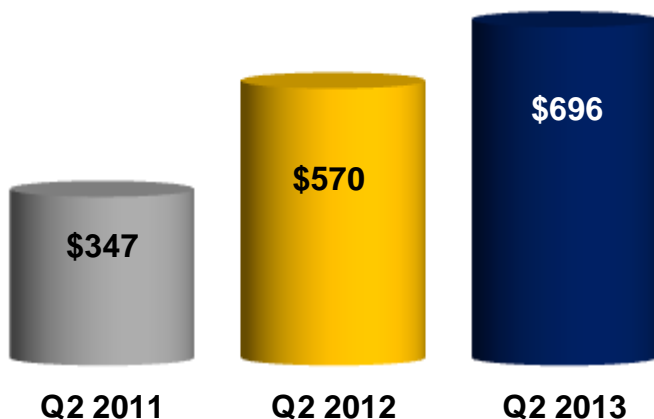


**Pre-tax Income (Loss) Excluding Land Related Charges, Expenses Associated with Debt Exchange Offer and Gain on Extinguishment of Debt**

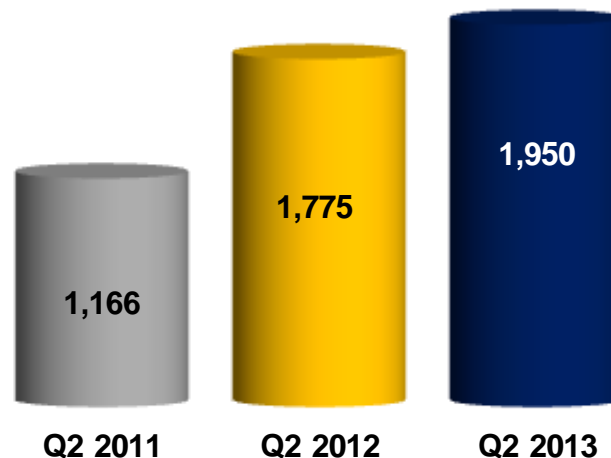


## Net Contract \$

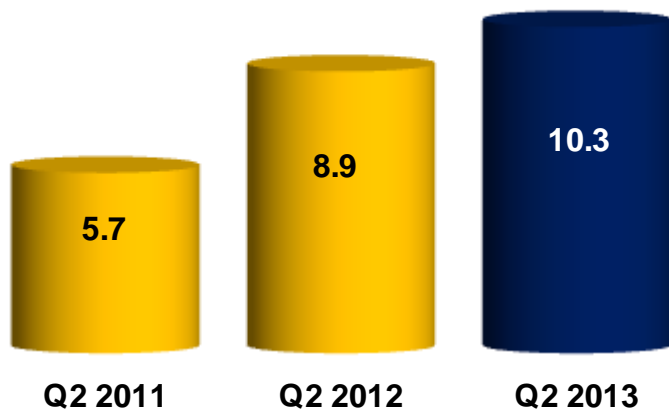
(\$ in millions)



## Net Contract #

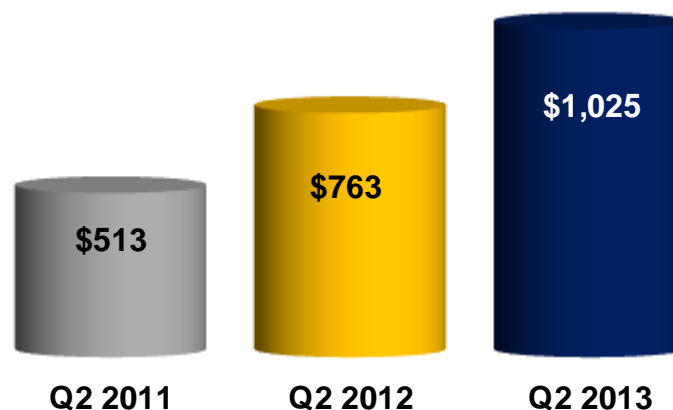


## Net Contract per Community



## Contract Backlog \$

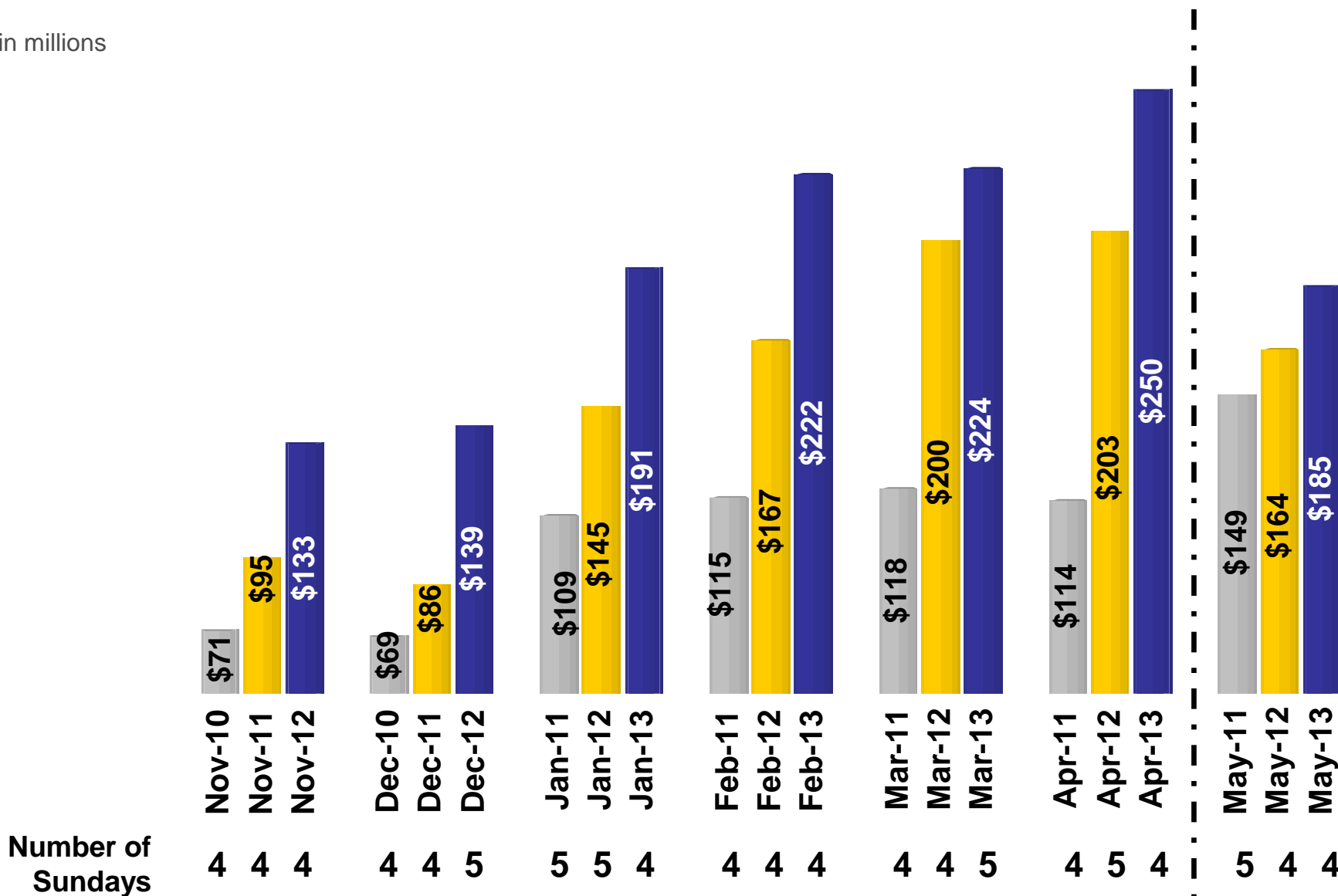
(\$ in millions)



*Includes unconsolidated joint ventures.*

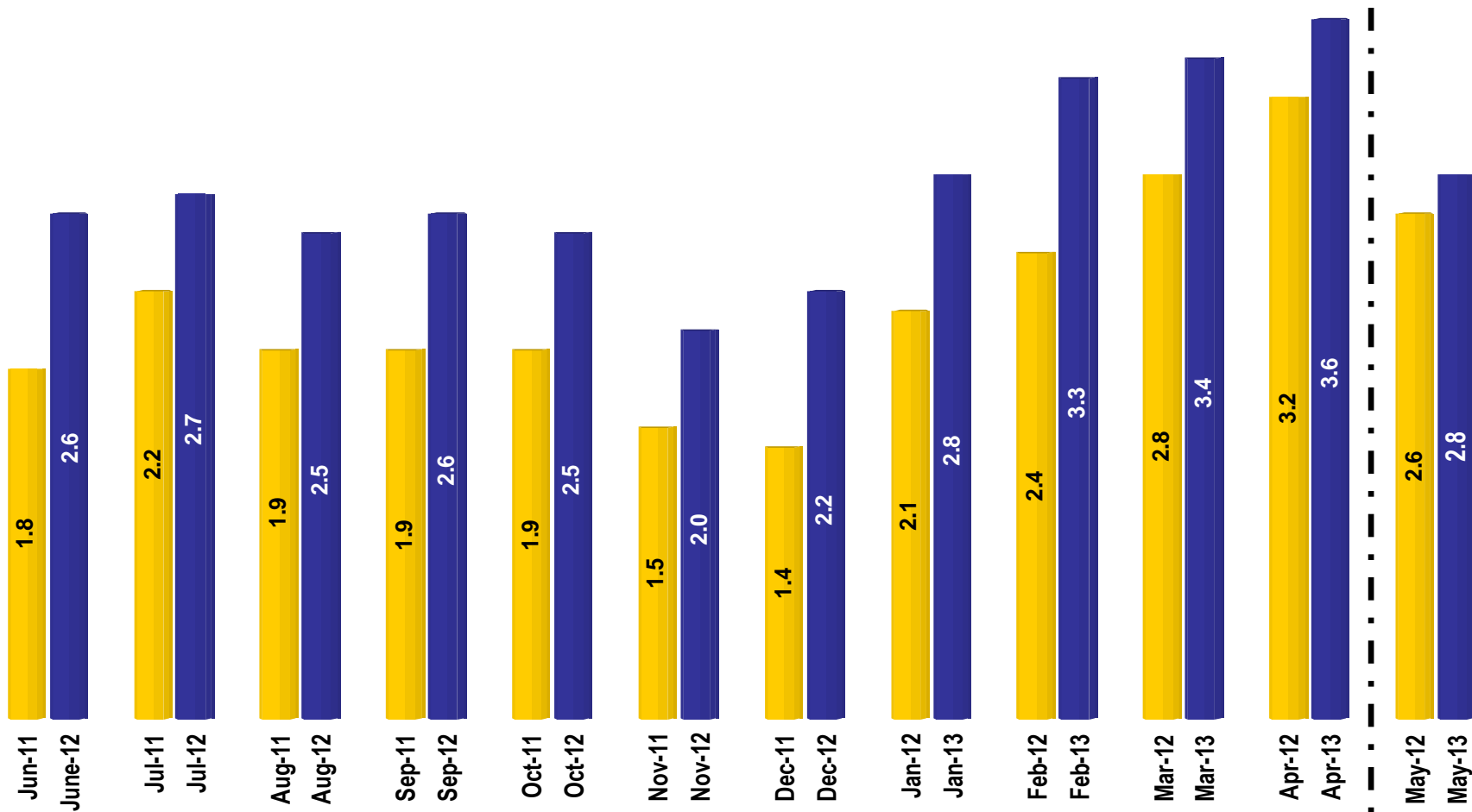
# Dollar Amount of Net Contracts Per Month

\$ in millions



Includes unconsolidated joint ventures.

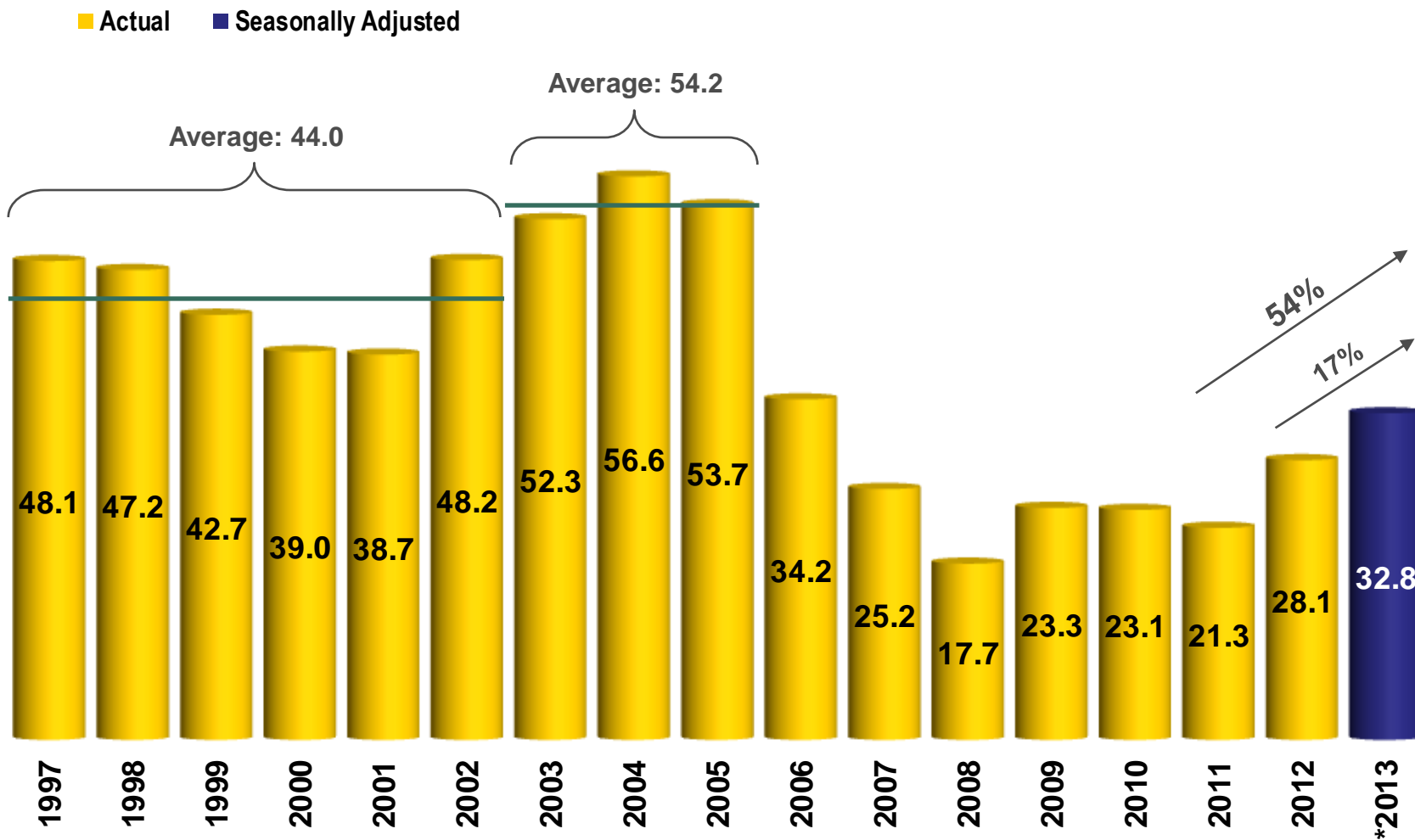
# Monthly Net Contracts Per Active Selling Community



Number of Sundays	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	4	5	5	4	4	4
	Jun-11	Jun-12	Jul-11	Jul-12	Aug-11	Aug-12	Sep-11	Sep-12	Oct-11	Oct-12	Nov-11	Nov-12	Dec-11	Dec-12	Jan-12	Jan-13	Feb-12	Feb-13	Mar-12	Mar-13	Apr-12	Apr-13	May-12	May-13
Monthly Net Contracts	359	506	437	529	384	484	382	495	409	464	325	385	297	409	457	550	528	622	612	640	635	688	506	534

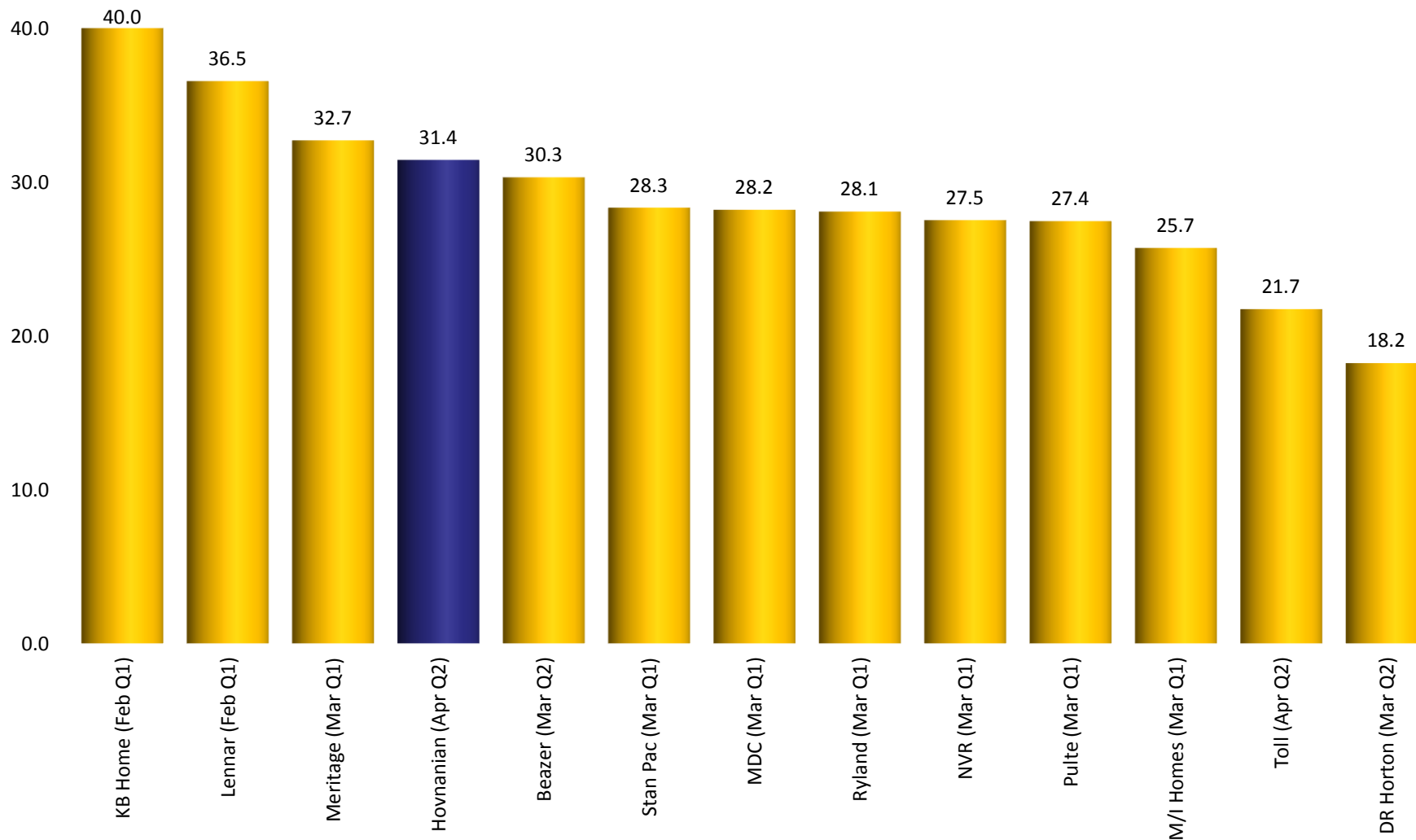
Includes unconsolidated joint ventures.

# Annual Net Contracts Per Active Selling Community



\*2013 is seasonally adjusted net contract pace based on sales pace in first six months of fiscal 2013.  
Calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

# Net Contracts per Community, Trailing Twelve Months

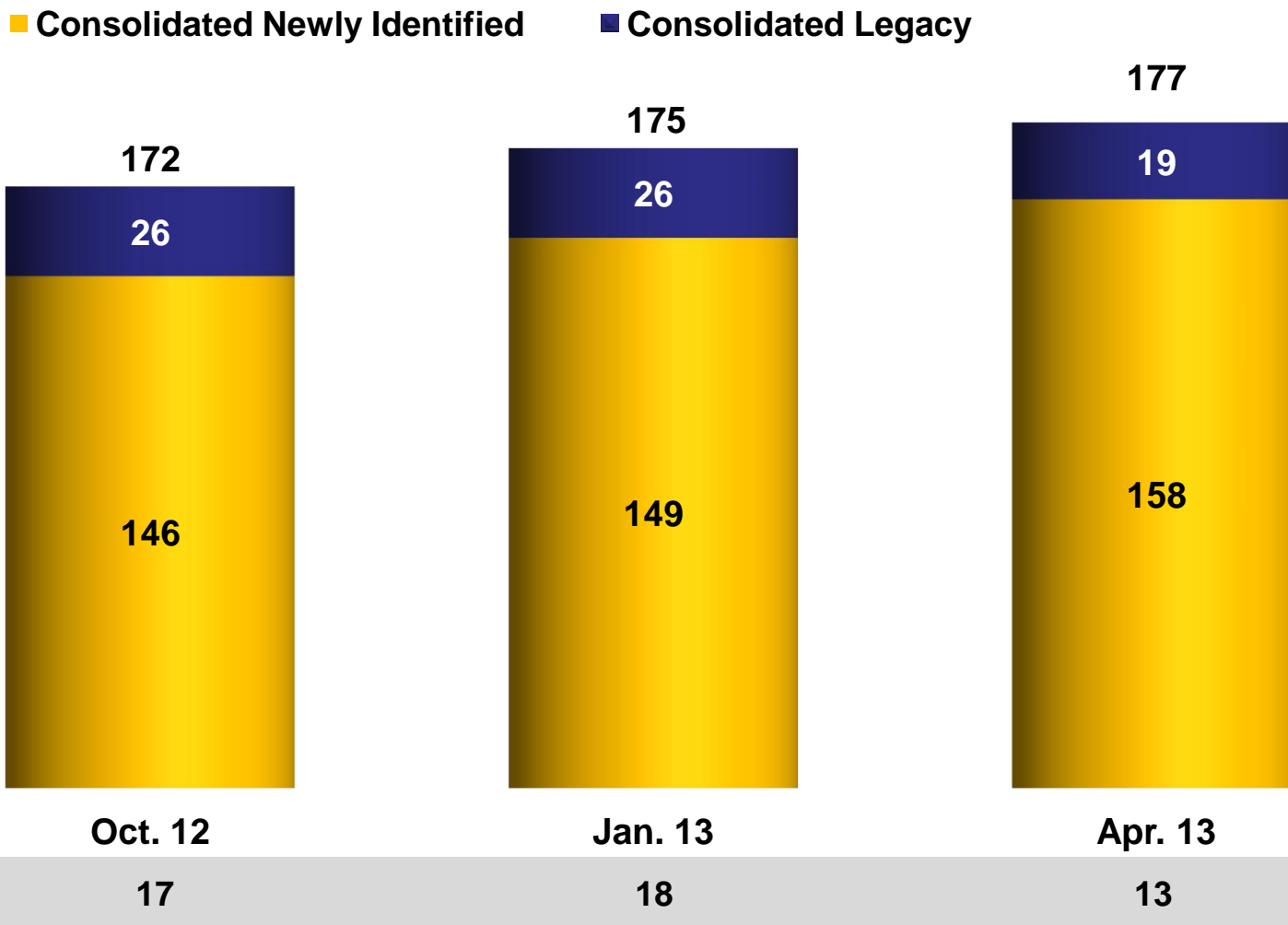


*Excludes unconsolidated joint ventures.*

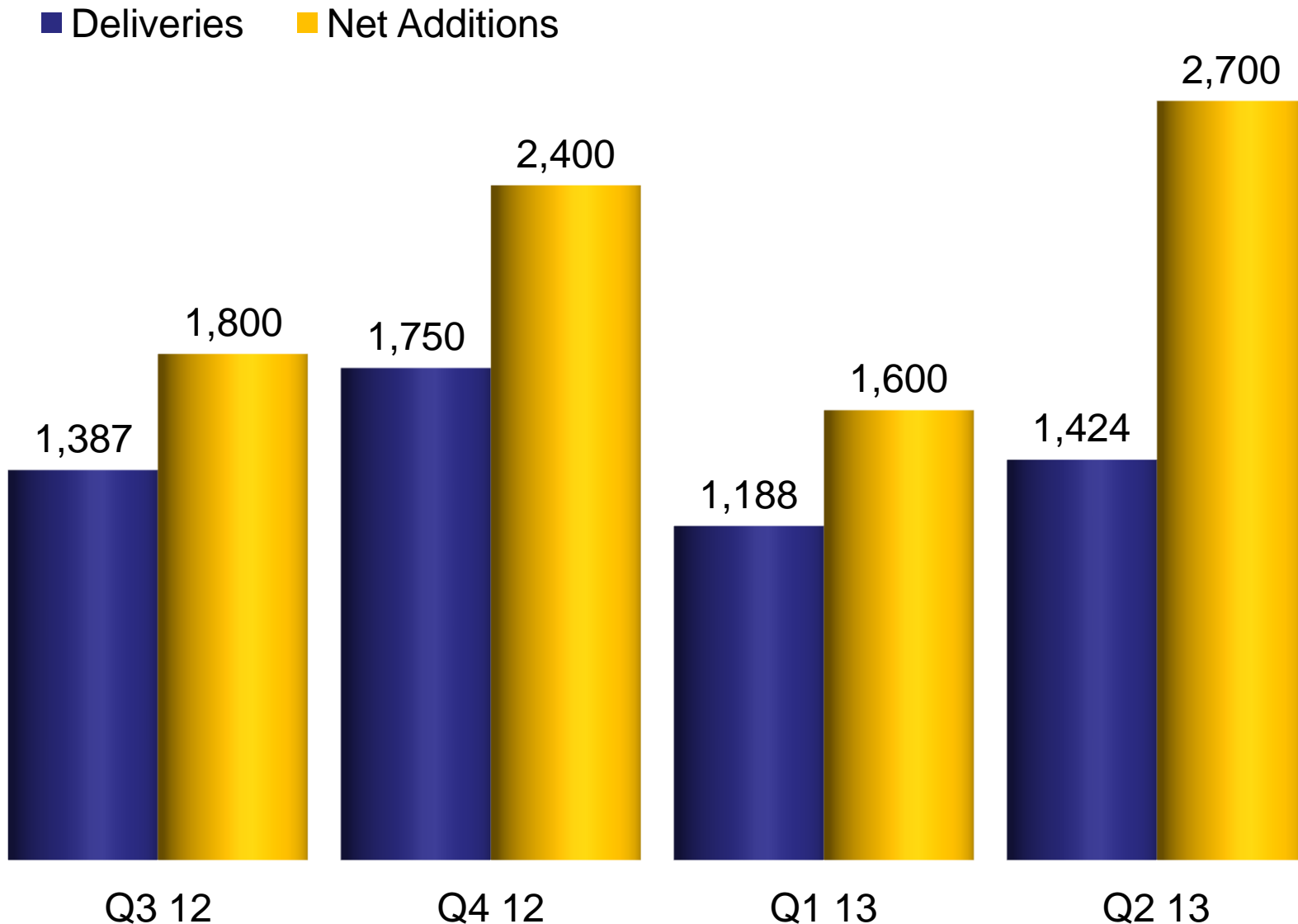
*Source: Company SEC filings, press releases as of 06/05/13*



During fiscal 2013 to date, we have opened 51 communities and closed out 46 communities.



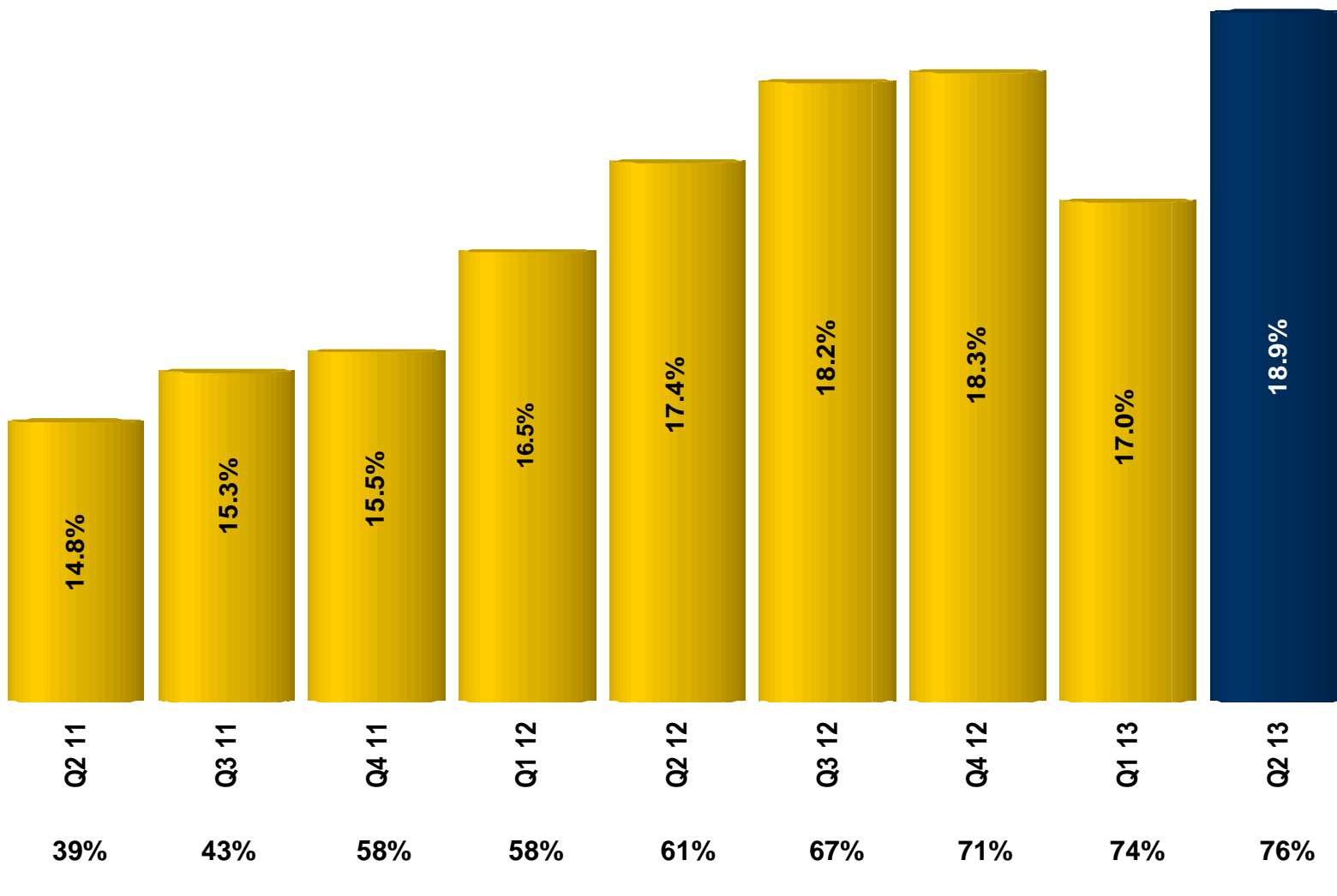
Active selling communities are open for sale communities with 10 or more home sites available.



*Note: Net additions include new options, new lots purchased but not previously optioned and walk aways from new options.*

*Note: Deliveries include unconsolidated joint ventures.*

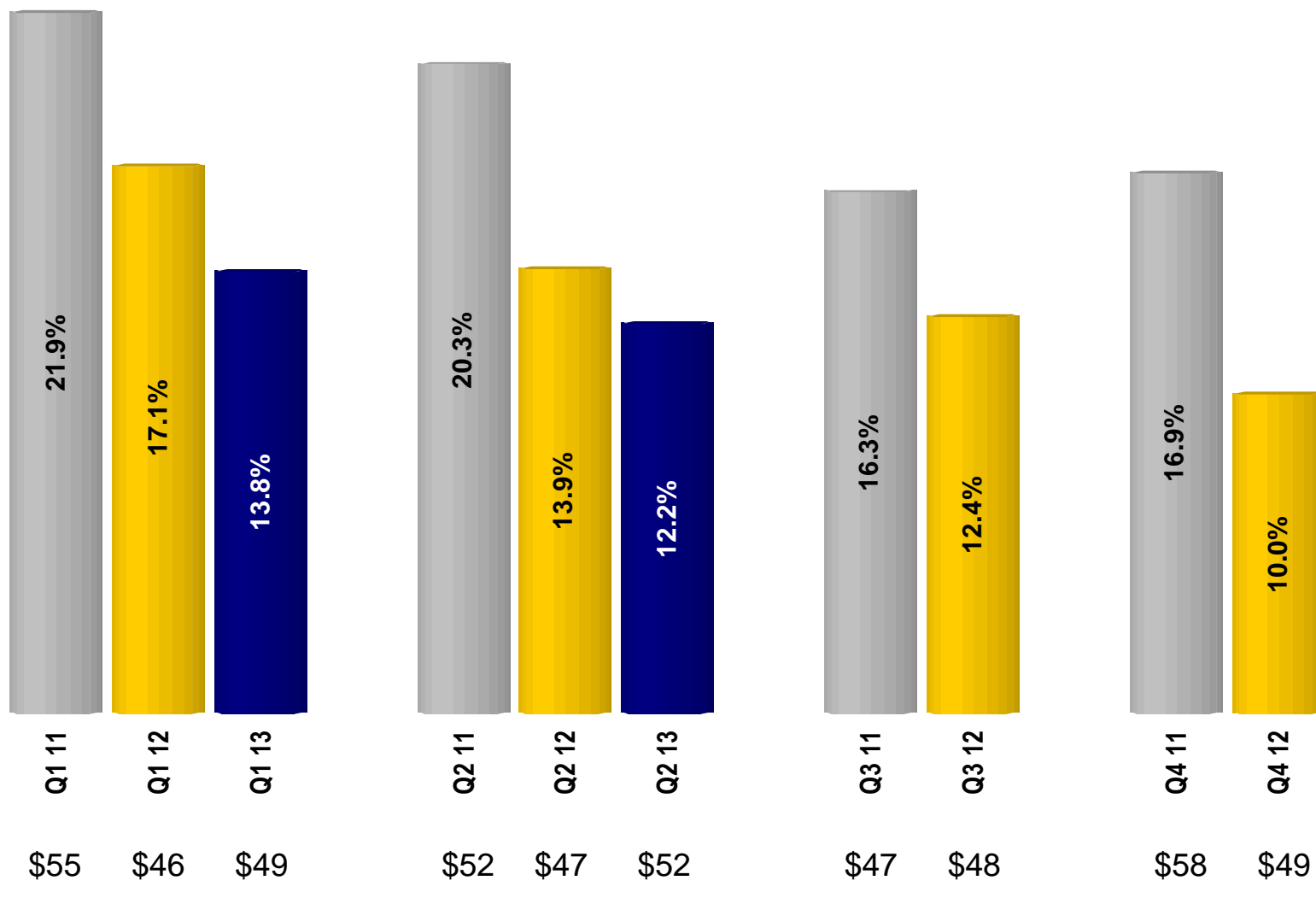
# Gross Margin Improvements



% of Deliveries  
from Newly  
Acquired Land

*Excludes interest related to homes sold.*

# Leveraging our SG&A Expenses



\$ in millions

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

	Lots	Communities
Purchased	12,600	419 <sup>(1)</sup>
Optioned	9,900	
Joint Venture	3,700	31
<b>Total</b>	<b>26,200</b>	<b>450</b>

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

Total Additions	1,800
Walk Aways	-200
<b>Net Change</b>	<b>1,600</b>

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

Total Additions	3,100
Walk Aways	-400
<b>Net Change</b>	<b>2,700</b>

**As of April 30, 2013  
approximately 15,400 lots  
remaining.**

Notes: (1) Excludes 99 communities where we walked away from all of the lots in those communities.

(2) First quarter 2013 total additions included 1,800 new options and no lots purchased but not controlled prior to 11/01/12.

(3) Second quarter 2013 total additions included 3,100 new options and no lots purchased but not controlled prior to 02/01/13.

# Land Positions by Geographic Segment

April 30, 2013

# Lots

Owned

Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,466	948	2,107	4,521
Mid-Atlantic	2,102	280	2,748	5,130
Midwest	2,047	108	1,216	3,371
Southeast	614	612	1,243	2,469
Southwest	2,148	0	4,047	6,195
West	741	4,846	869	6,456
<b>Total</b>	<b>9,118</b>	<b>6,794</b>	<b>12,230</b>	<b>28,142</b>

- ◆ *81% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 72% of owned and optioned lots are newly identified lots*

*Excluding unconsolidated joint ventures.*

As of April 30, 2013

	<u># of Lots</u>
<b>Northeast (NJ, PA)</b>	<b>948</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>612</b>
<b>Southwest (AZ, TX)</b>	<b>0</b>
<b>West (CA)</b>	<b>4,846</b>
<b>Total</b>	<b>6,794</b>

- ◆ *In 52 communities with a book value of \$125 million net of impairment balance of \$455 million*
- ◆ *Unmothballed approximately 3,400 lots in 61 communities since January 31, 2009*

# Northern California Home Price Increases

(\$ in thousands)			Price and % change provided during 1 <sup>st</sup> quarter call		Current price and % change	
Community	City	Average Net Price from Dec. 2, 2012	Average Net Price at Feb. 24, 2013	% Change From Nov. – Feb.	Average Net Price at May 26, 2013	% Change From Dec. - May
Settler's Ridge	Roseville	\$310	\$345	11.3%	\$365	17.7%
Calabria at Positano	Dublin	\$850	\$940	10.6%	\$1,040	22.4%
Aviana	Gilroy	\$605	\$655	8.3%	\$702	16.0%
Eagles Ridge	Santa Nella	\$215	\$227	5.6%	\$232	7.9%
Stone Mill	Roseville	\$405	\$425	4.9%	\$470	16.0%
Mesa Ridge	Gilroy	\$561	\$580	3.4%	<b>SOLD OUT</b>	
Heritage & Terrazzo at Muirfield	Dinuba	\$163	\$167	2.5%	<b>SOLD OUT</b>	

Note: Average net price is average base price net of concessions and does not include options and upgrades.



# Phoenix Arizona Home Price Increases

(\$ in thousands)

Community	City	Average Net Price from Nov. 2012	Average Net Price at May 26, 2013	% Change
Vintage at Crossriver	Sun City	\$200	\$230	15.0%
Enclave at Stetson Valley	Phoenix	\$233	\$256	9.9%
Regency at Carrara Estates	Gilbert	\$421	\$461	9.5%
Enclave at Provence	Glendale	\$189	\$203	7.4%
Avalon at Verrado	Buckeye	\$163	\$174	6.7%
The Estates at Blackstone	Peoria	\$309	\$326	5.5%
Vintage at Verrado	Buckeye	\$207	\$217	4.8%

*Note: Average net price is average base price net of concessions and does not include options and upgrades.*

# Adjusted Hovnanian Stockholders' Equity

\$ in millions



04/30/2013



Adjusted 04/30/2013<sup>(1)</sup>

(1) Total Hovnanian Stockholders' Deficit of \$(479) million with \$942 million valuation allowance added back to Stockholders' Equity .

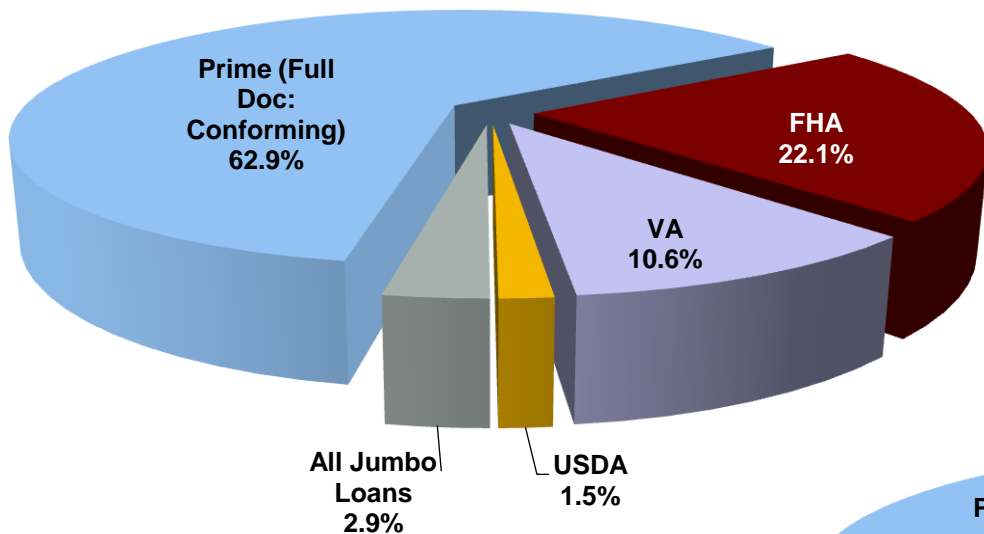
## Second Quarter 2013:

- Average LTV: 85%
- Average CLTV: 85%
- ARMs: 2.2%
- FICO Score: 747
- Capture Rate: 72%

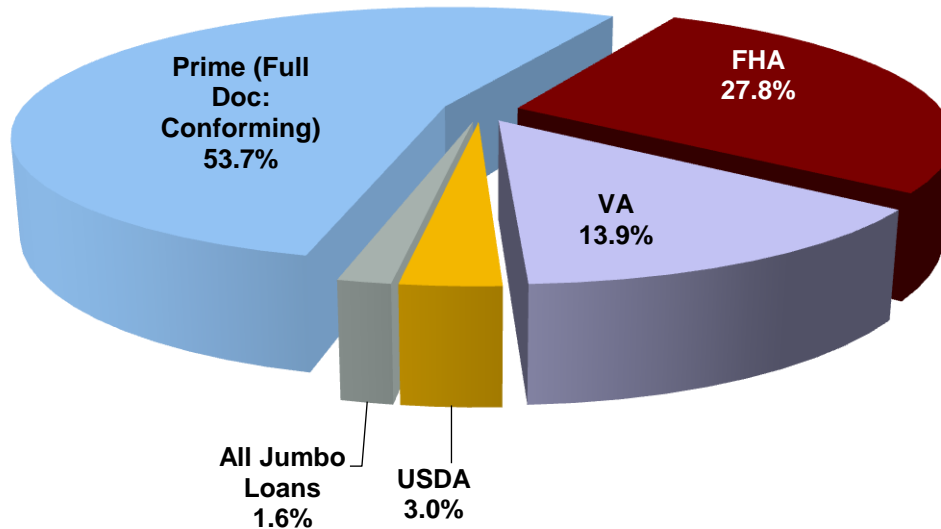
## Fiscal Year 2012:

- Average LTV: 87%
- Average CLTV: 87%
- ARMs: 2.3%
- FICO Score: 739
- Capture Rate: 76%

## Second Quarter 2013



## Fiscal 2012



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

# Payments for Loan Repurchases and Make Whole Requests

As of April 30, 2013

\$ in millions

13 of 18 loans were small second lien repurchases.



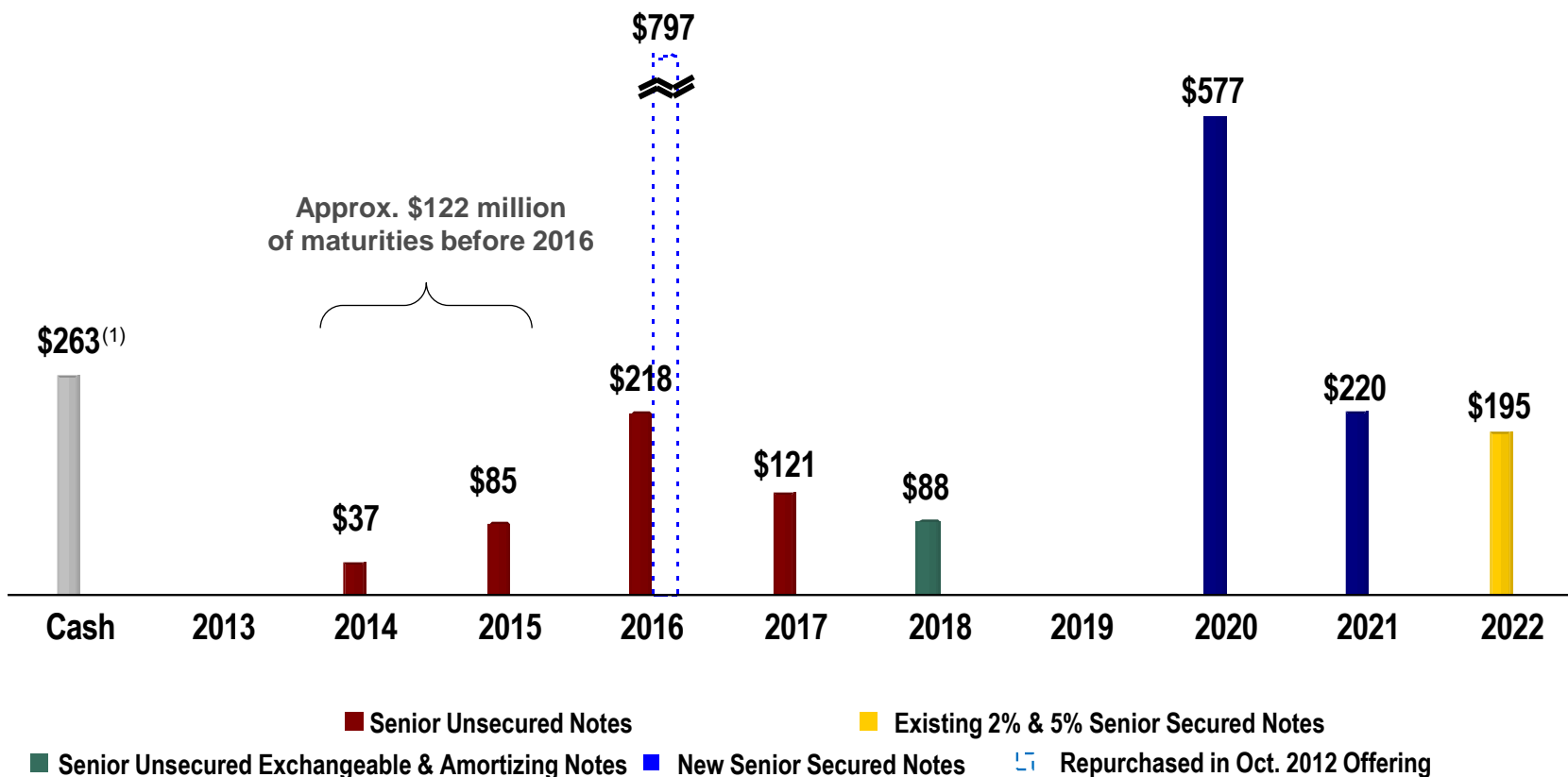
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 YTD
Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans
Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	24 loans

◆ As of April 30, 2013, reserve for loan repurchases and make whole requests was \$9.8 million.

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

April 30, 2013 (\$ in millions)

*Since October 2008, reduced debt by more than \$975 million*



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

(1) Includes \$27.0 million of restricted cash required to collateralize letters of credit.

We are comfortable at the lower end of the range

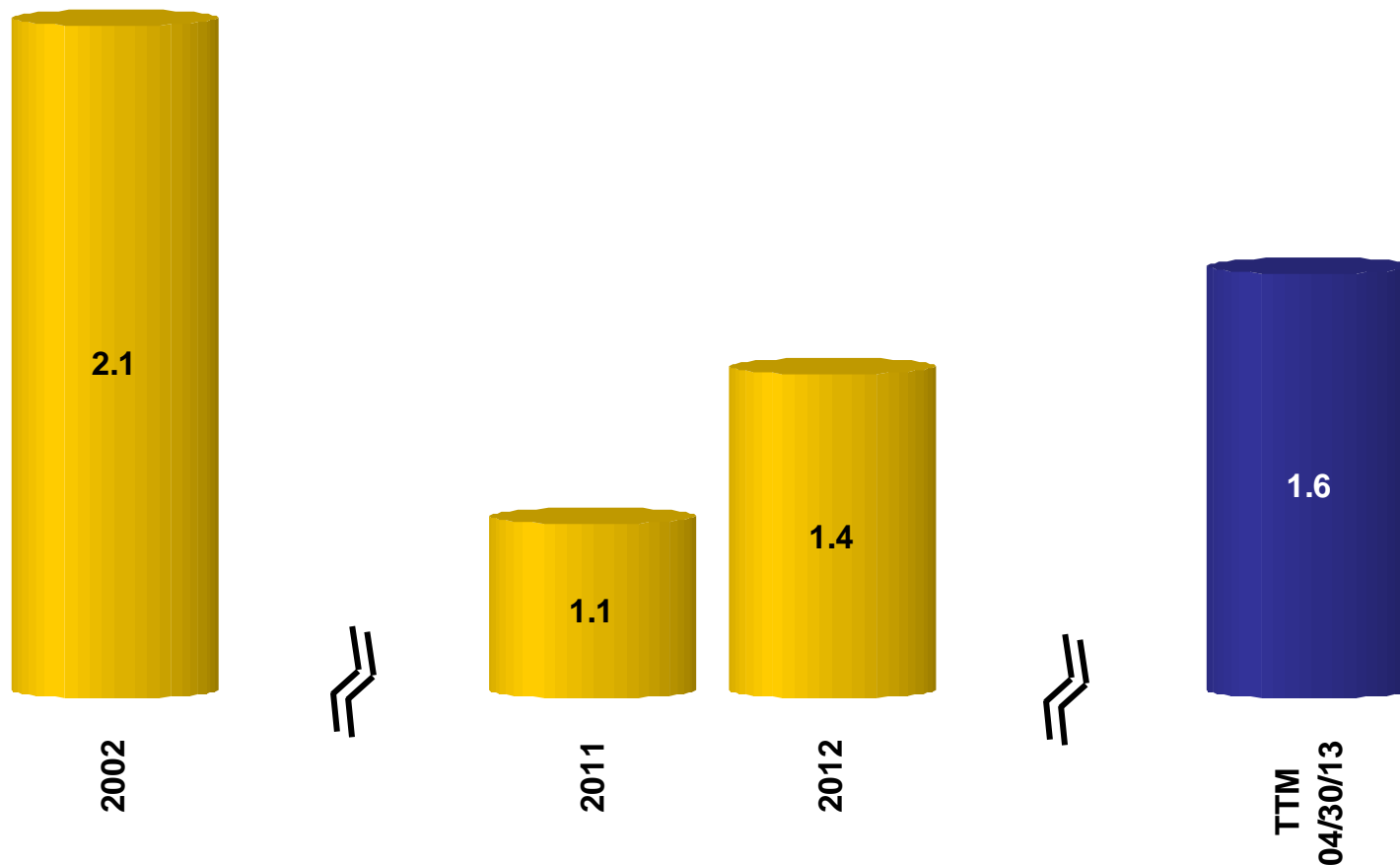


**Actual 04/30/13**



**Cash Target Range**

(1) Homebuilding cash includes \$27.0 million for April 30, 2013 of restricted cash required to collateralize letters of credit.

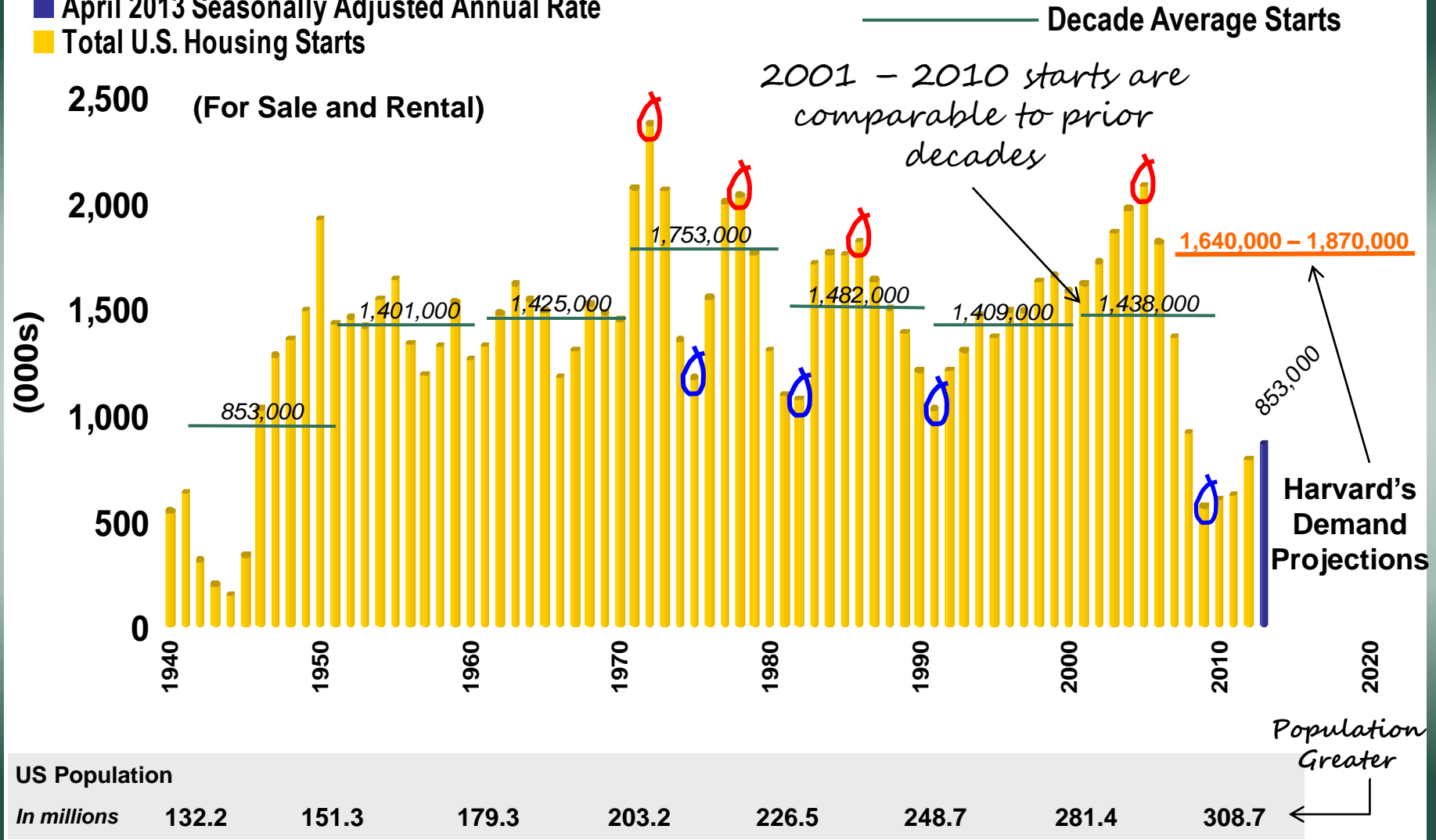


*Inventory turnover derived by dividing cost of sales, excluding capitalized interest, by the five quarter average homebuilding inventory, excluding capitalized interest and inventory not owned.*



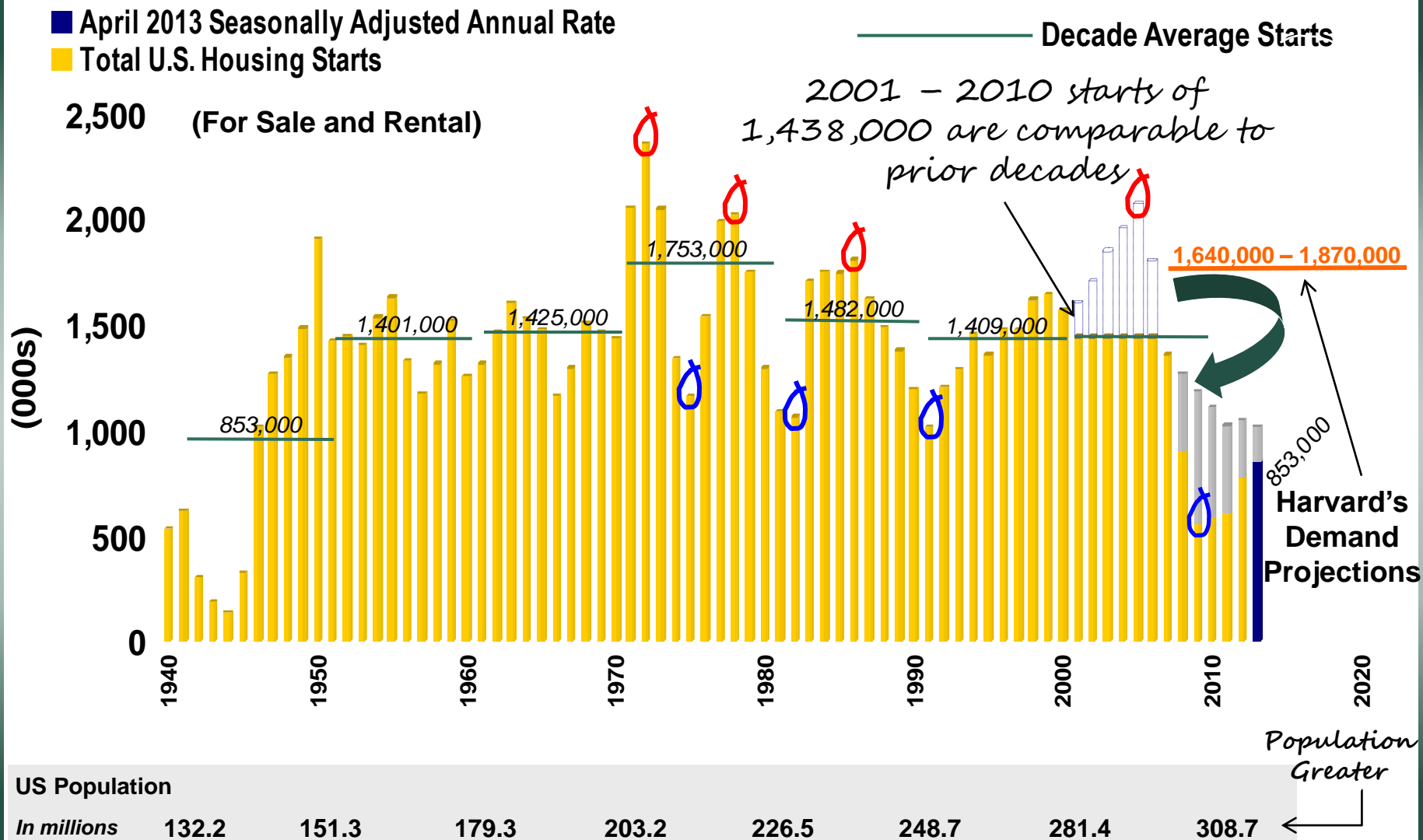
# US Housing Production in Retrospective

■ April 2013 Seasonally Adjusted Annual Rate  
 ■ Total U.S. Housing Starts



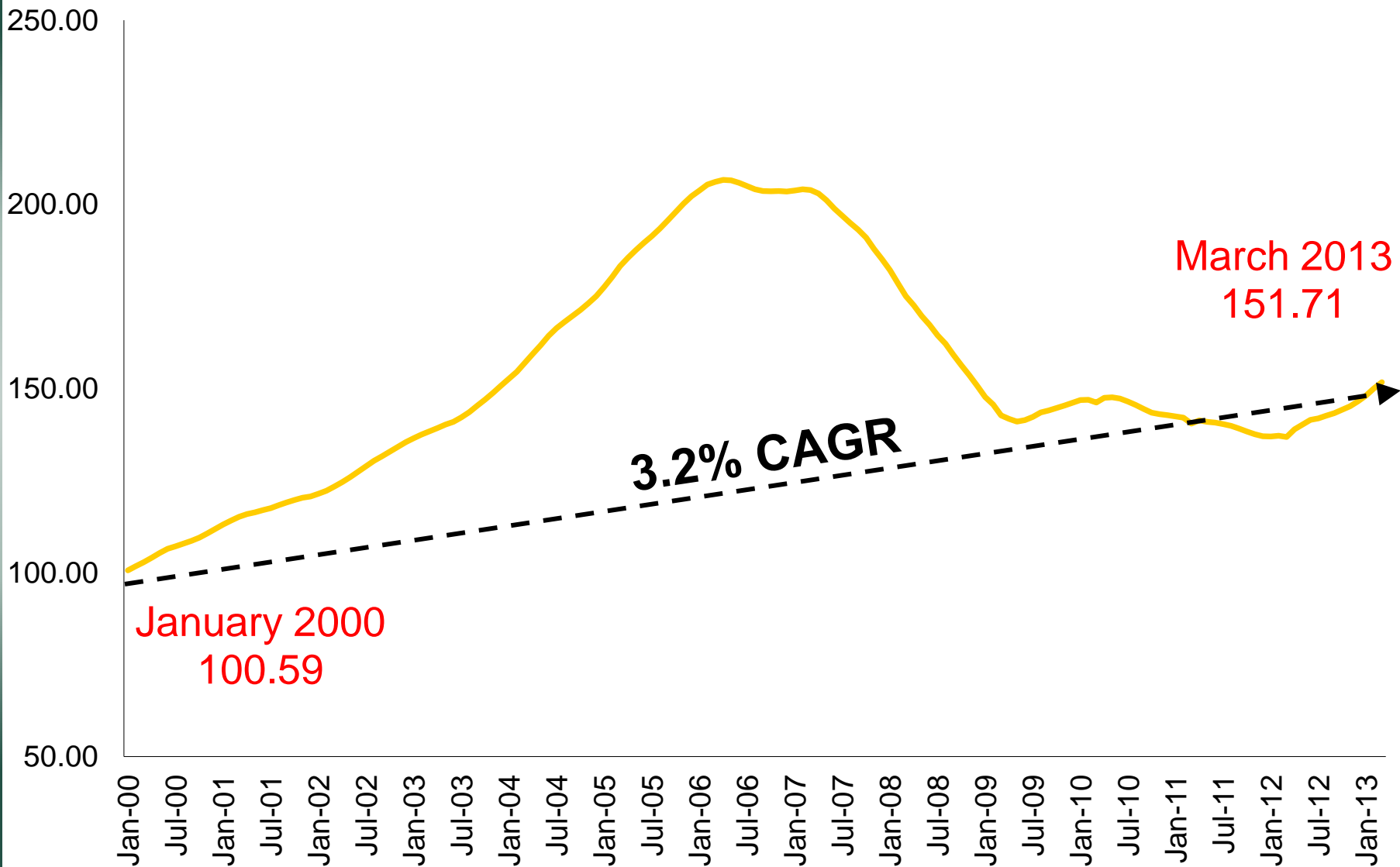
Source: U.S. Census Bureau. 2011 - 2020 demand projections are from Joint Center for Housing Studies of Harvard University.

# US Housing Production in Retrospective



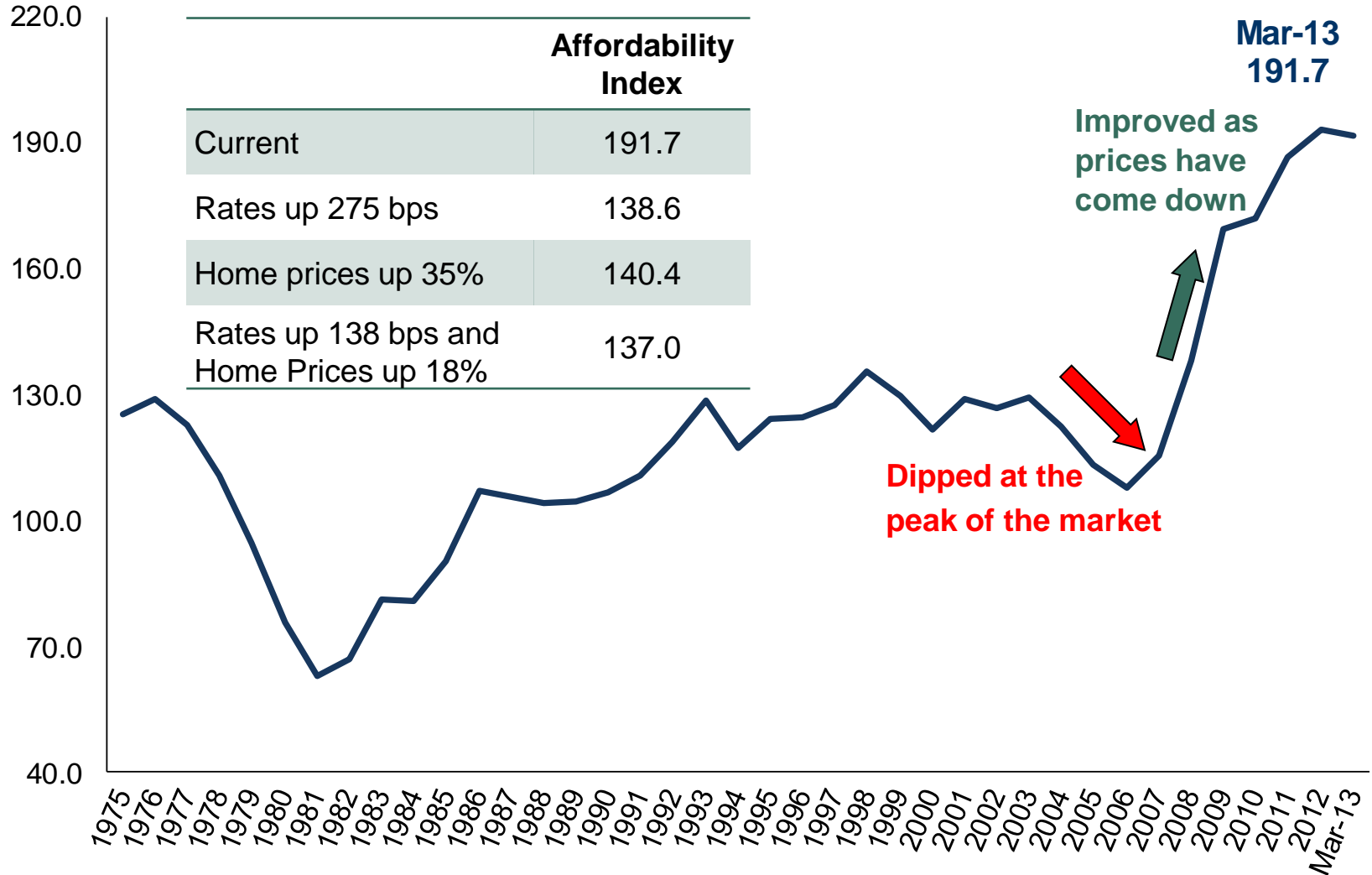
Source: U.S. Census Bureau. 2011 - 2020 demand projections are from Joint Center for Housing Studies of Harvard University.

# Case-Shiller 20 City Composite Index



Source: S&P/Case-Shiller Home Price Indices – Seasonally Adjusted

“The higher the affordability Index the better.”



Note: Based on a 25% qualifying ratio for monthly housing expense to gross monthly income with a 20% down payment.

Source: NAR, Freddie Mac and US Census Bureau.

# Appendix

(\$ in millions)

	<u>2013</u>	<u>2012</u>	<u>% Change</u>
1) Net Contracts (\$ value) <sup>1</sup>	\$696	\$570	22%
2) Net Contracts (units) <sup>1</sup>	1,950	1,775	10%
3) Communities <sup>1</sup>	190	199	-5%
4) Contracts per Community <sup>1</sup>	10.3	8.9	16%
5) Backlog (\$ value) <sup>1</sup>	\$1,025	\$763	34%
6) Backlog (units) <sup>1</sup>	2,827	2,298	23%
7) Deliveries <sup>1</sup>	1,424	1,207	18%
8) Total Revenues	\$423	\$342	24%
9) Homebuilding Gross Margin	18.9%	17.4%	+150 bps
10) Total SG&A as a Percentage of Total Revenues	12.2%	13.9%	-170 bps
Income (Loss) Before Income Taxes Excluding Land- 11) Related Charges, Expenses Associated with the Debt Exchange Offer and Gain on Extinguishment of Debt <sup>(2)</sup>	\$1	(\$21)	

(1) Includes unconsolidated joint ventures.

(2) Includes inventory impairment loss and lot option write-offs, as well as unconsolidated joint venture investment and land-related charges.

# Land Positions by Geographic Segment

**April 30, 2013**

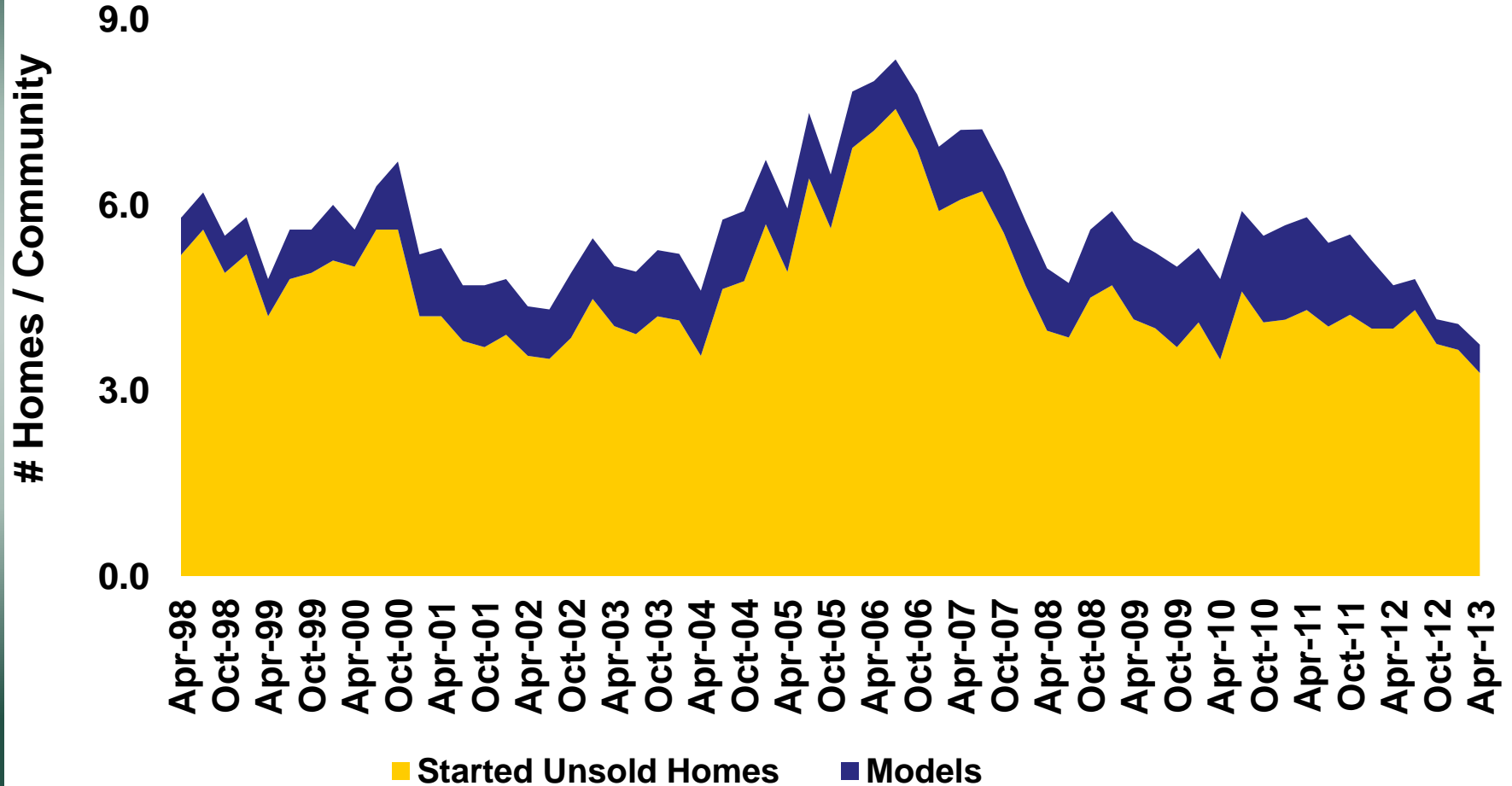
**Years Supply**

**Owned**

Segment	TTM Deliveries	Excluding		Optioned	Total	Investment in Land (raw land, finished lots and lots under development) (\$ in millions)
		Mothballed Lots	Mothballed Lots			
Northeast	551	2.7	1.7	3.8	8.2	\$191
Mid-Atlantic	618	3.4	0.5	4.4	8.3	\$60
Midwest	585	3.5	0.2	2.1	5.8	\$28
Southeast	546	1.1	1.1	2.3	4.5	\$25
Southwest	2,188	1.0	0.0	1.8	2.8	\$81
West	573	1.3	8.5	1.5	11.3	\$62
<b>Total</b>	<b>5,061</b>	<b>1.8</b>	<b>1.3</b>	<b>2.4</b>	<b>5.6</b>	<b>\$447</b>

# Unsold Homes per Community

- ◆ 581 started unsold homes at 04/30/13, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of April 30, 2013, 3.3 started unsold homes per community

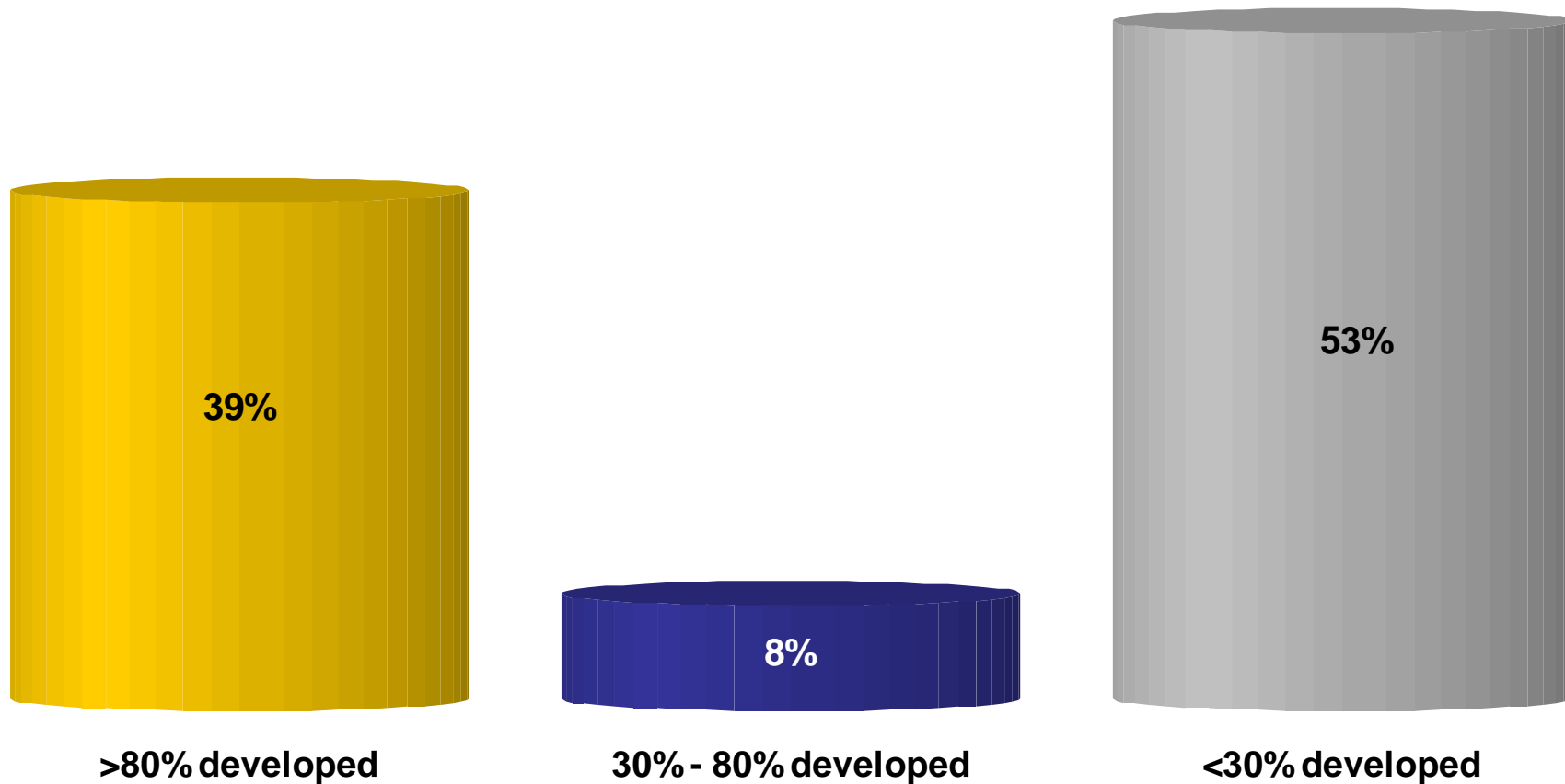


Excluding unconsolidated joint ventures.



# Owned Lots % Development Costs Spent

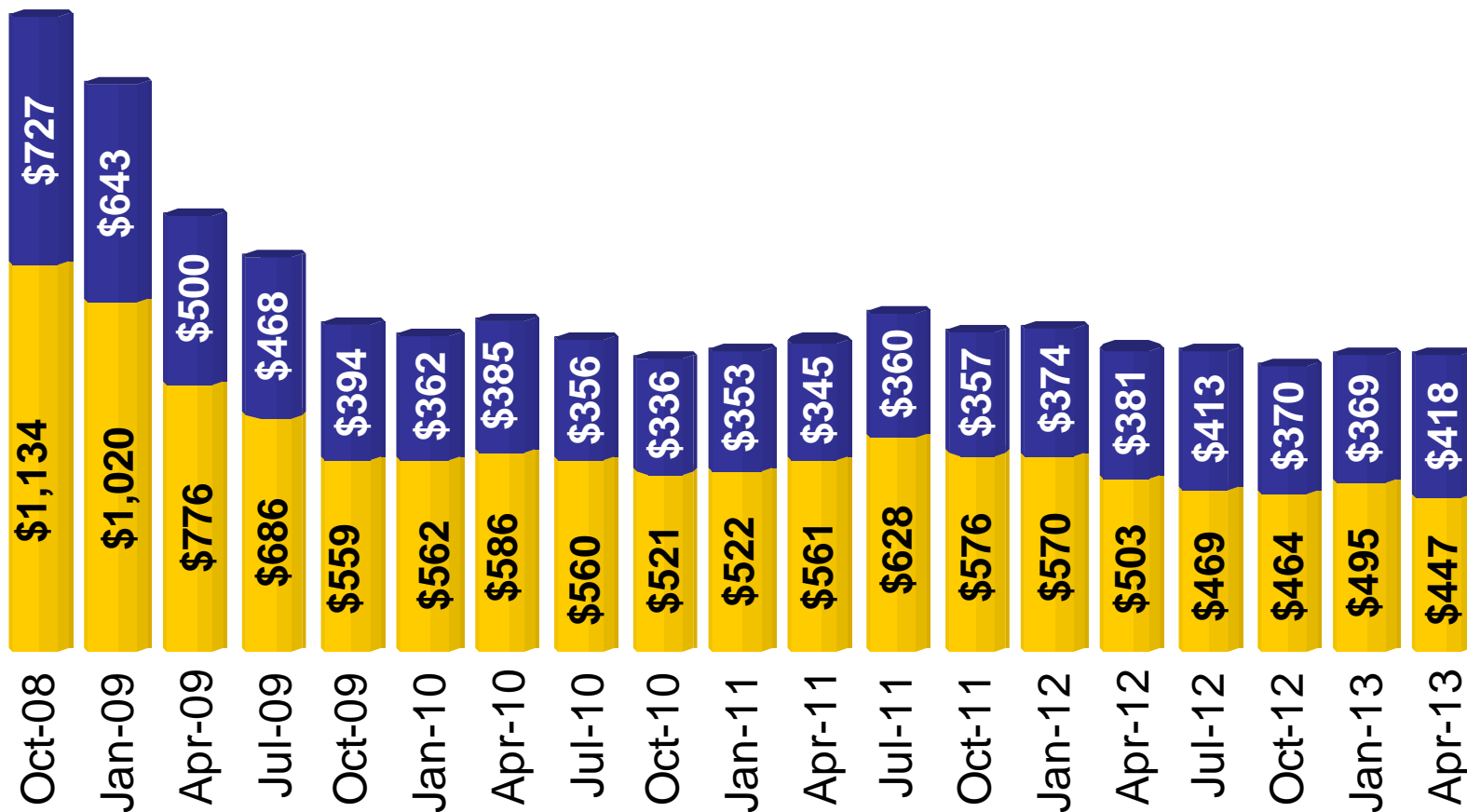
As of April 30, 2013



*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.

