



Review of Financial Results Second Quarter Fiscal 2015



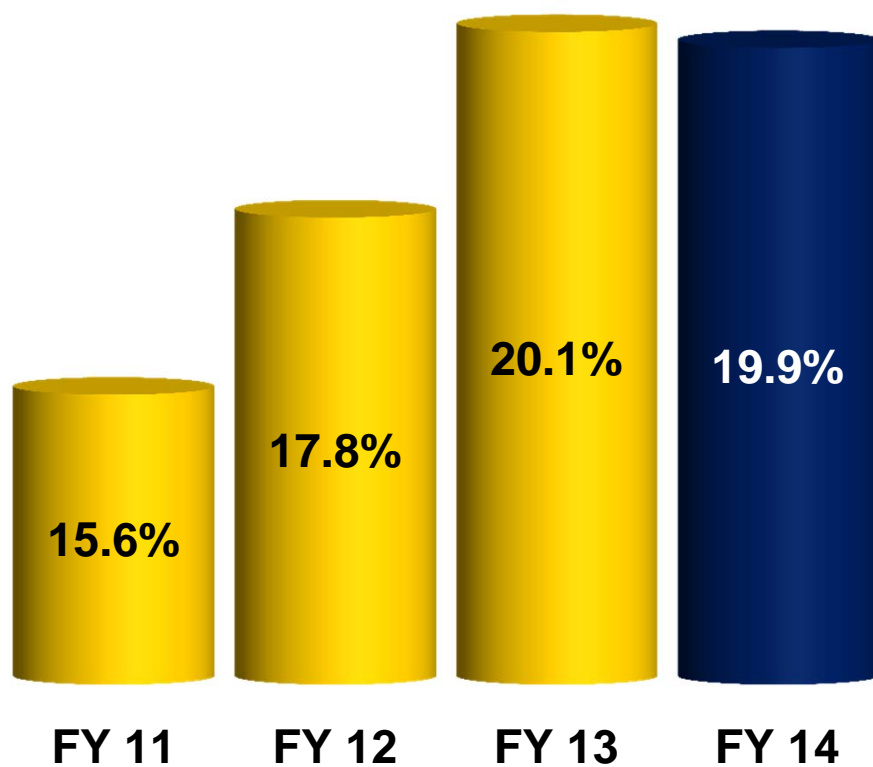
Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other 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. 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) 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 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)

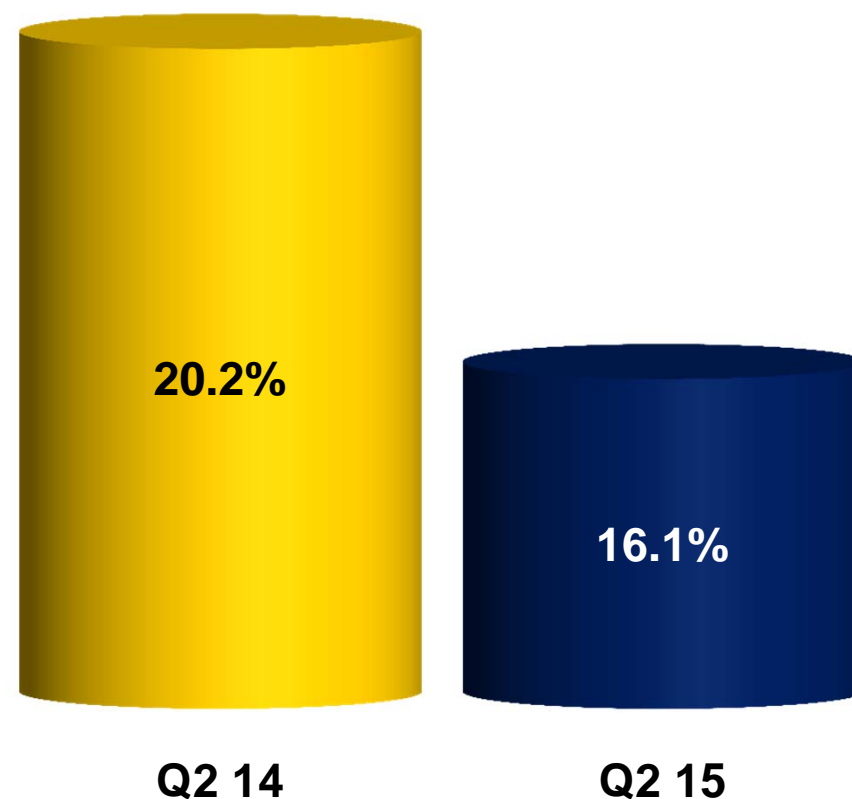
	<u>2015</u>	<u>2014</u>	<u>% Change</u>
1) Net Contracts (\$ value) ¹	\$701	\$669	5%
2) Net Contracts (units) ¹	1,796	1,809	-1%
3) Communities ¹	207	196	6%
4) Contracts per Community ¹	8.7	9.2	-5%
5) Backlog (\$ value) ¹	\$1,171	\$1,046	12%
6) Backlog (units) ¹	2,972	2,797	6%
7) Deliveries ¹	1,223	1,235	-1%
8) Total Revenues	\$469	\$450	4%
9) Homebuilding Gross Margin	16.1%	20.2%	-410 bps
10) Total SG&A as a Percentage of Total Revenues	14.7%	13.9%	+80 bps
11) Net Loss	(\$20)	(\$8)	-

(1) Excludes unconsolidated joint ventures.

Annually



Quarterly

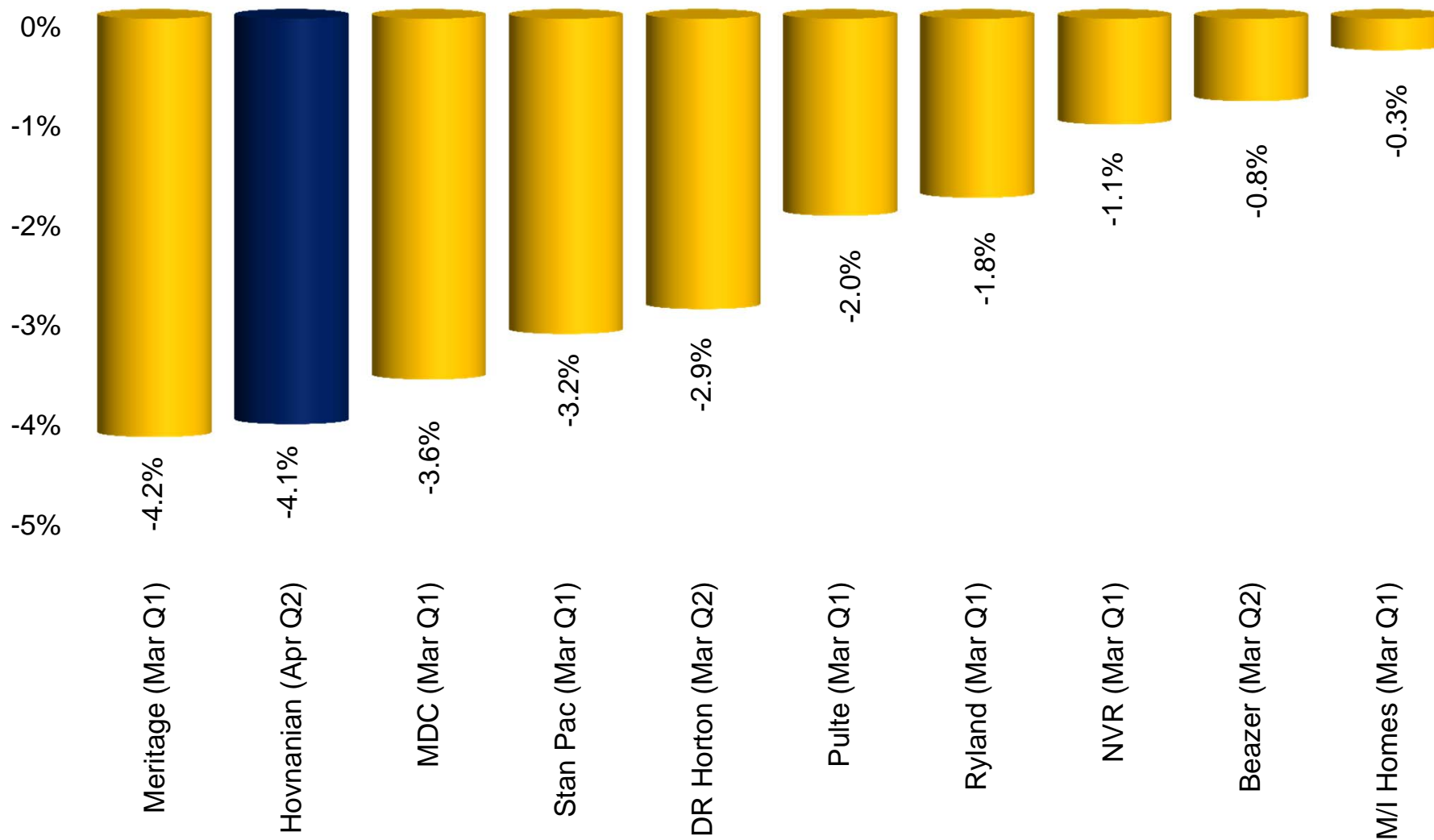


Excludes interest related to homes sold.

During the second quarter of 2015, there were \$8.3 million of impairment reversals related to deliveries, compared to \$11.0 million in the second quarter of 2014.

Year – Over – Year Change Adjusted Gross Margin Percentage, **Most Recent Quarter**

(adjusted for sales commissions)

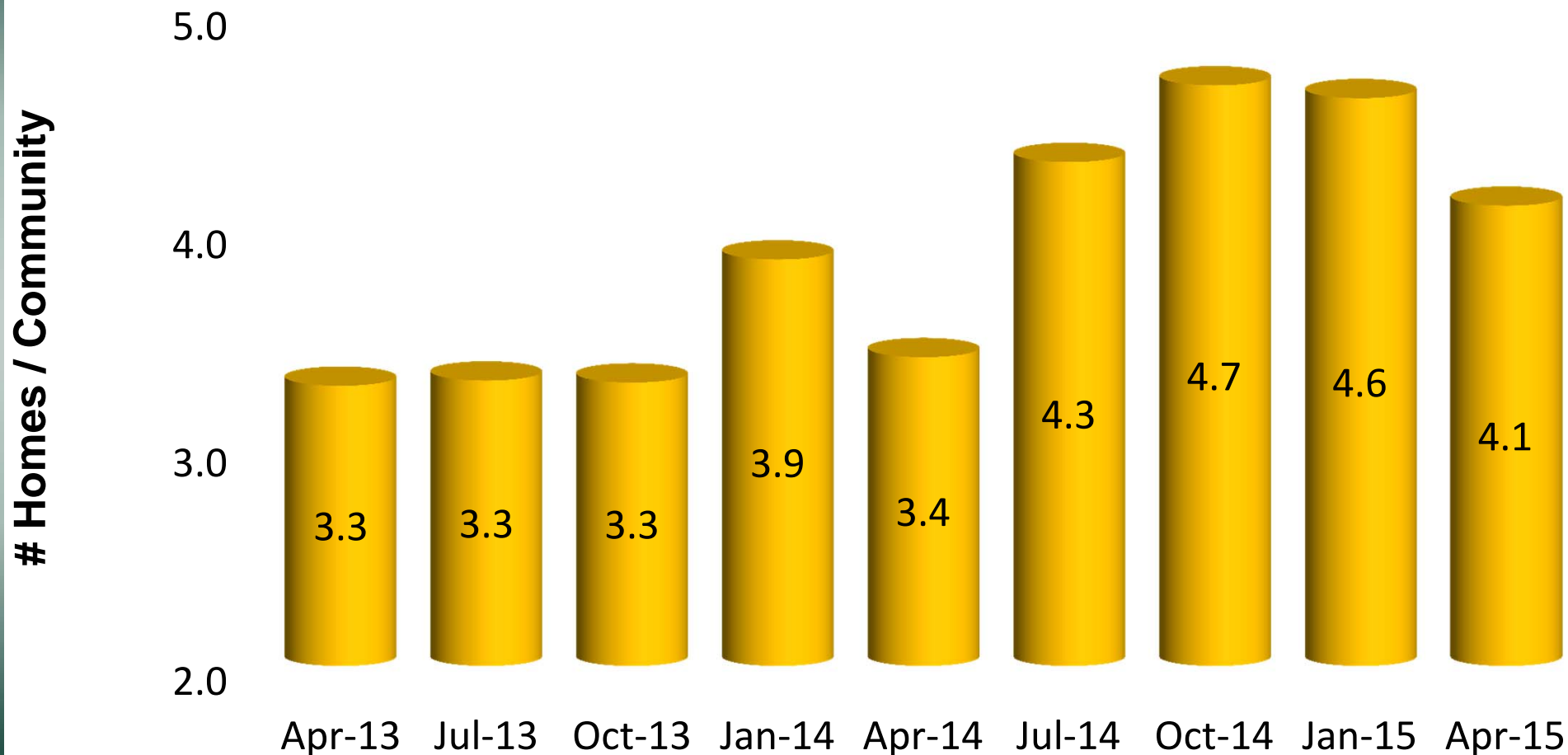


Note: Hovnanian sales commission 3.6 % in most recent quarter and 3.4% in the same quarter a year ago. Reduced MDC, Meritage, M/I Homes, Ryland and Standard Pacific publicly reported results by full 3.6% and 3.4 % because all of their sales commissions are reported in SG&A. Reduced DR Horton publicly reported results by 1.8% and 1.7% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 4.2%.

Note: Excluding interest and impairments.

Source: Company SEC filings and press releases as of 05/15/15.

◆ 850 spec homes at 04/30/15, excluding models



Excluding unconsolidated joint ventures and models.

	<u>Q2 2015</u>
Year-over-Year To Be Built Margin Decline	-220 bps
Year-over-Year Spec Homes Margin Decline	-450 bps
Year-over-Year Increase in Margin Difference Between Spec and to be Built Homes	230 bps

	<u>Q2 2015</u>	<u>Q2 2014</u>
Spec Homes as a Percentage of Deliveries	52%	42%

◆ 25% of Second Quarter deliveries were sold in the quarter.

**Q2 2014 discount on spec homes
compared with to be built homes**

250 bps

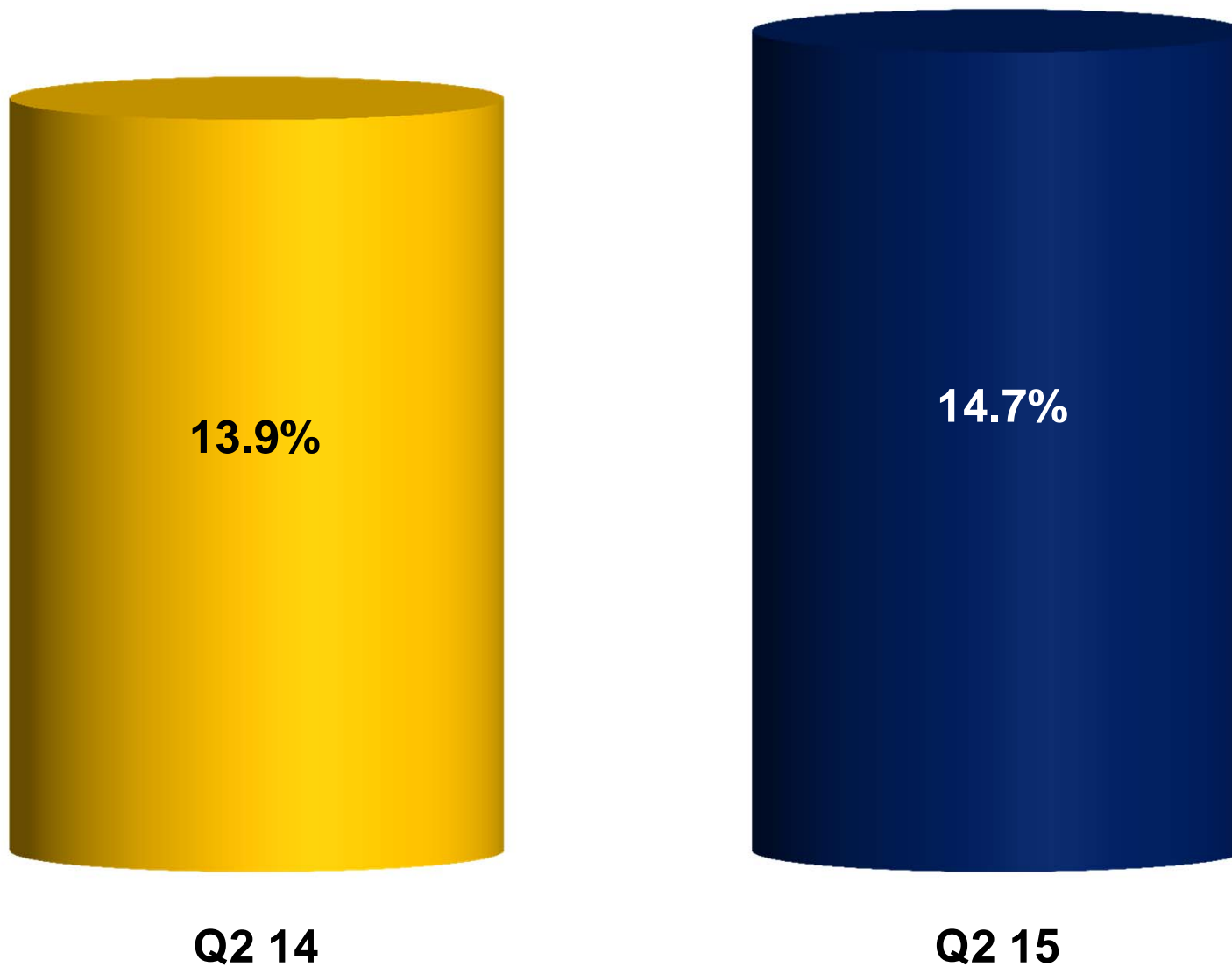
**Q2 2015 discount on spec homes
compared with to be built homes**

480 bps

**Year-over-year increase in discount
on spec homes**

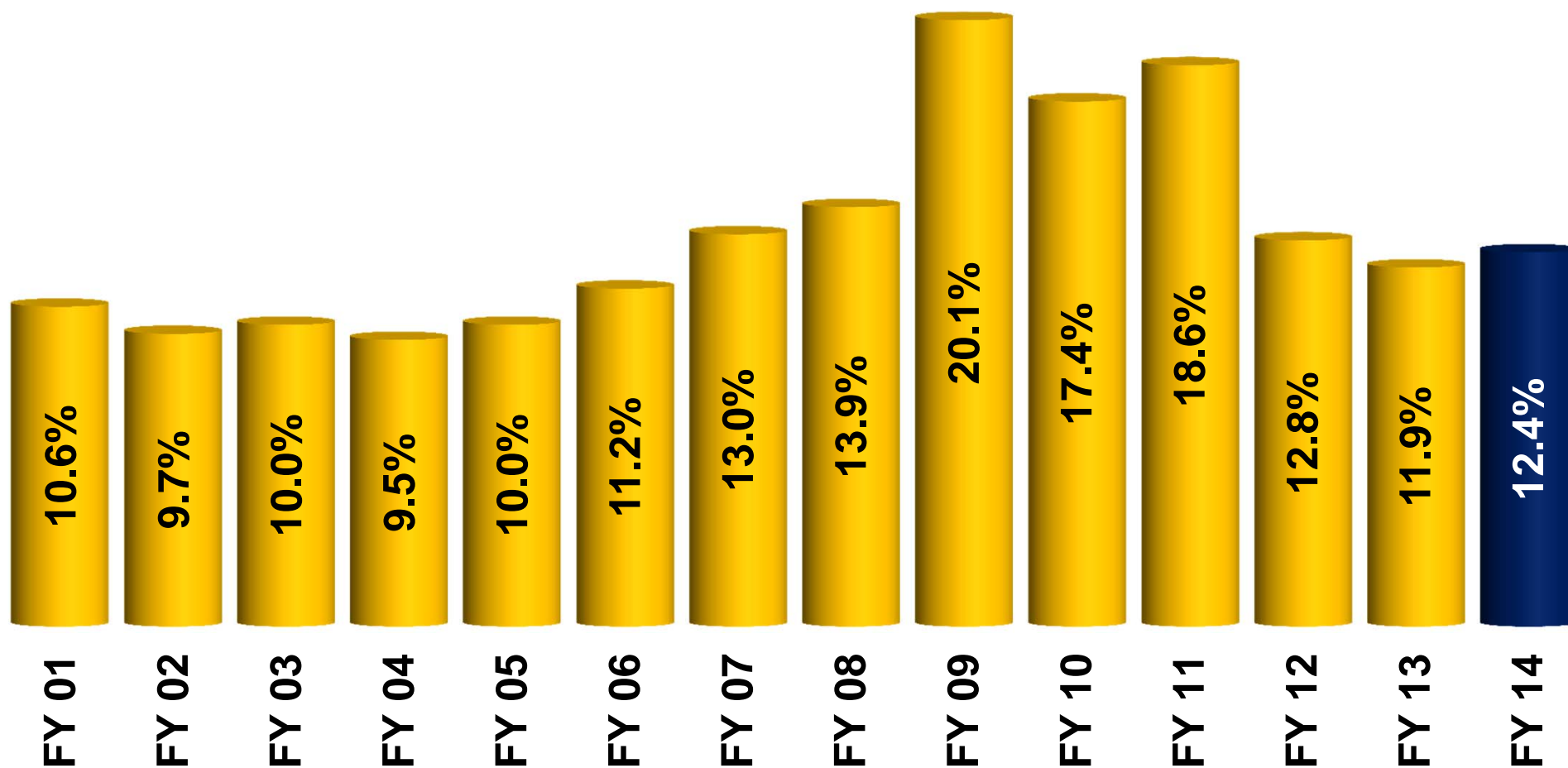
230 bps

Total SG&A as a % of Total Revenue



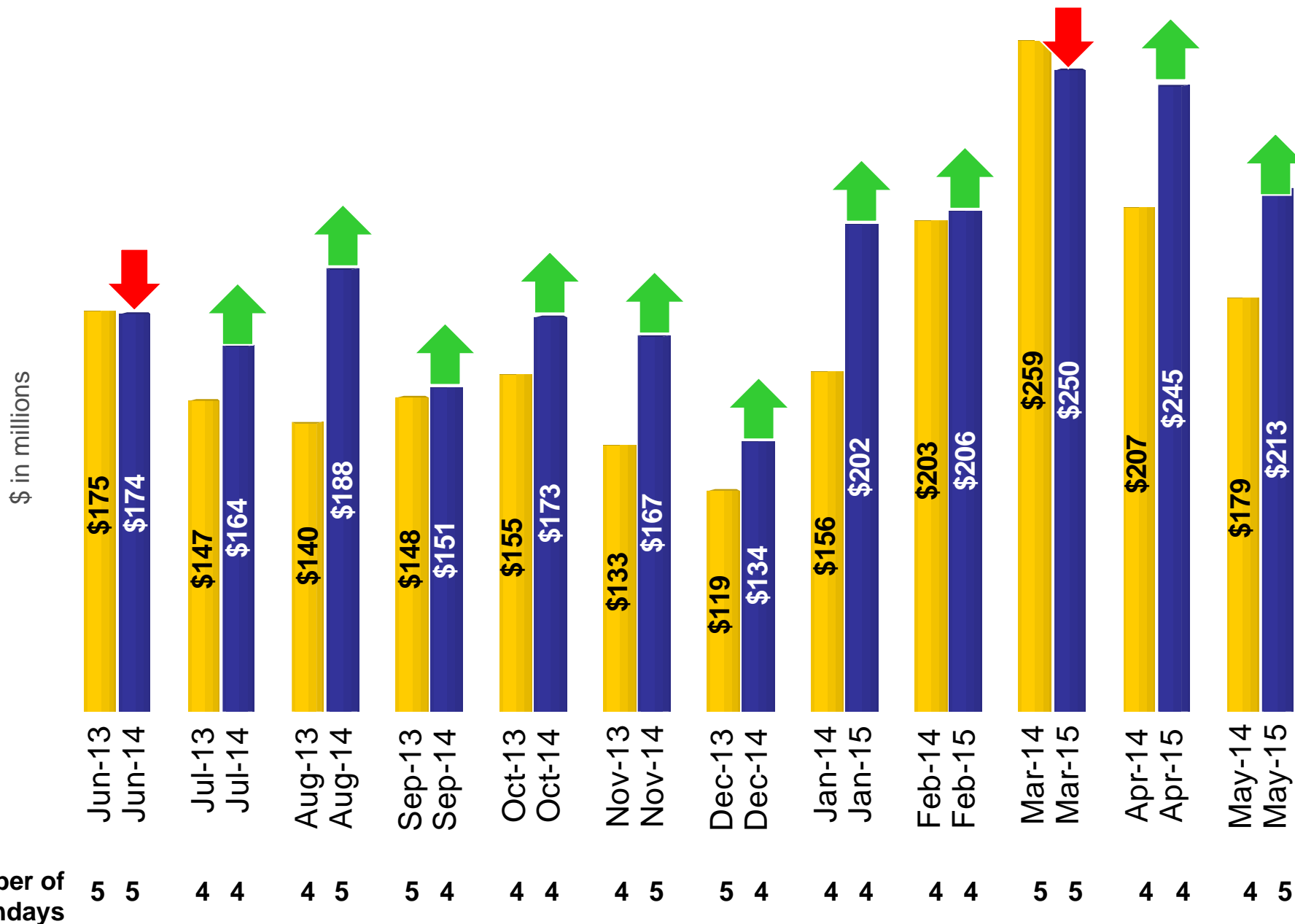
Note: Total SG& A as a percentage of total revenues. Total SG&A includes homebuilding selling, general and administrative and corporate general and administrative.

Total SG&A as a Percentage of Total Revenues



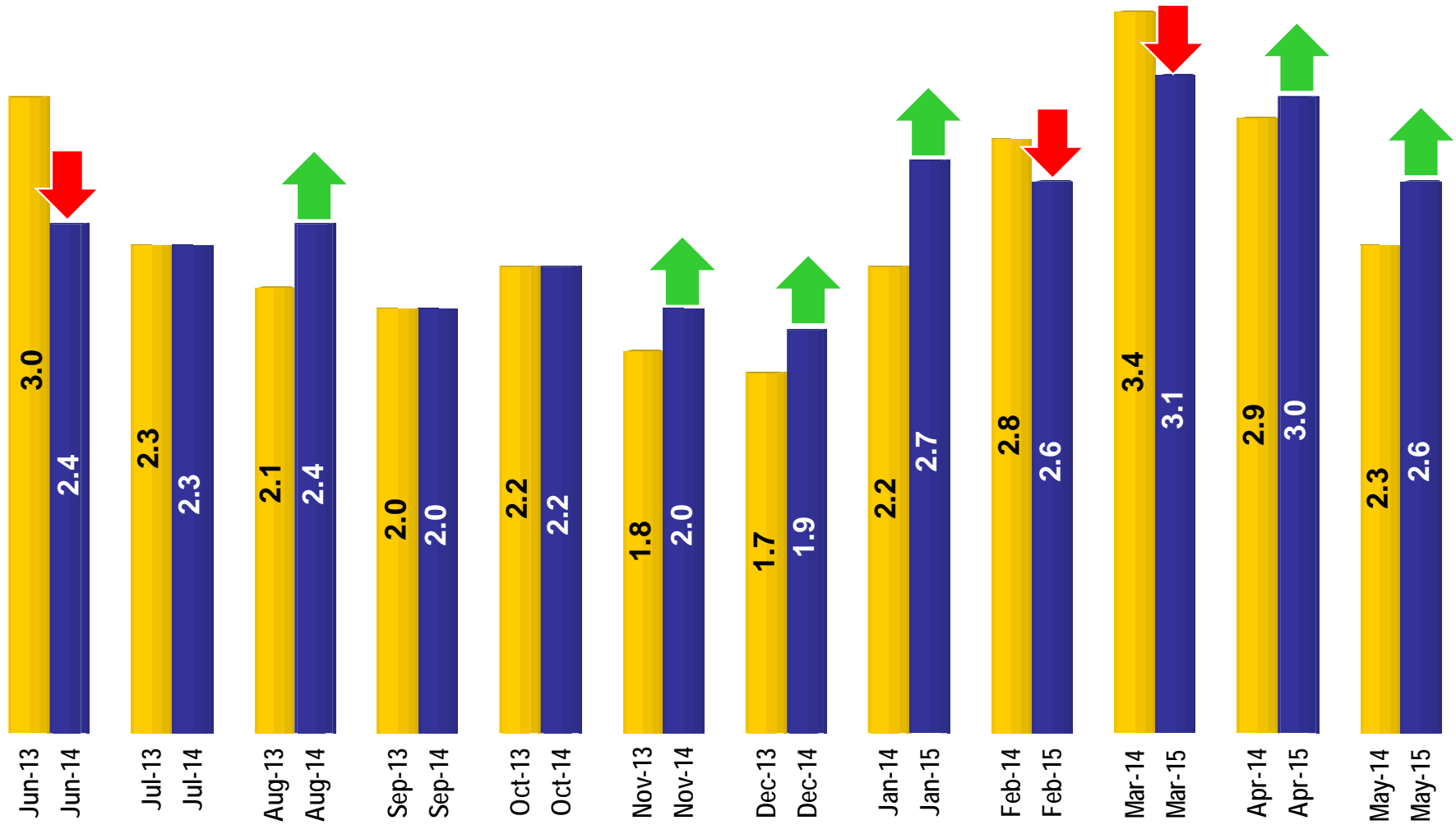
Excludes interest related to homes sold.

Dollar Amount of Net Contracts Per Month



Excludes unconsolidated joint ventures.

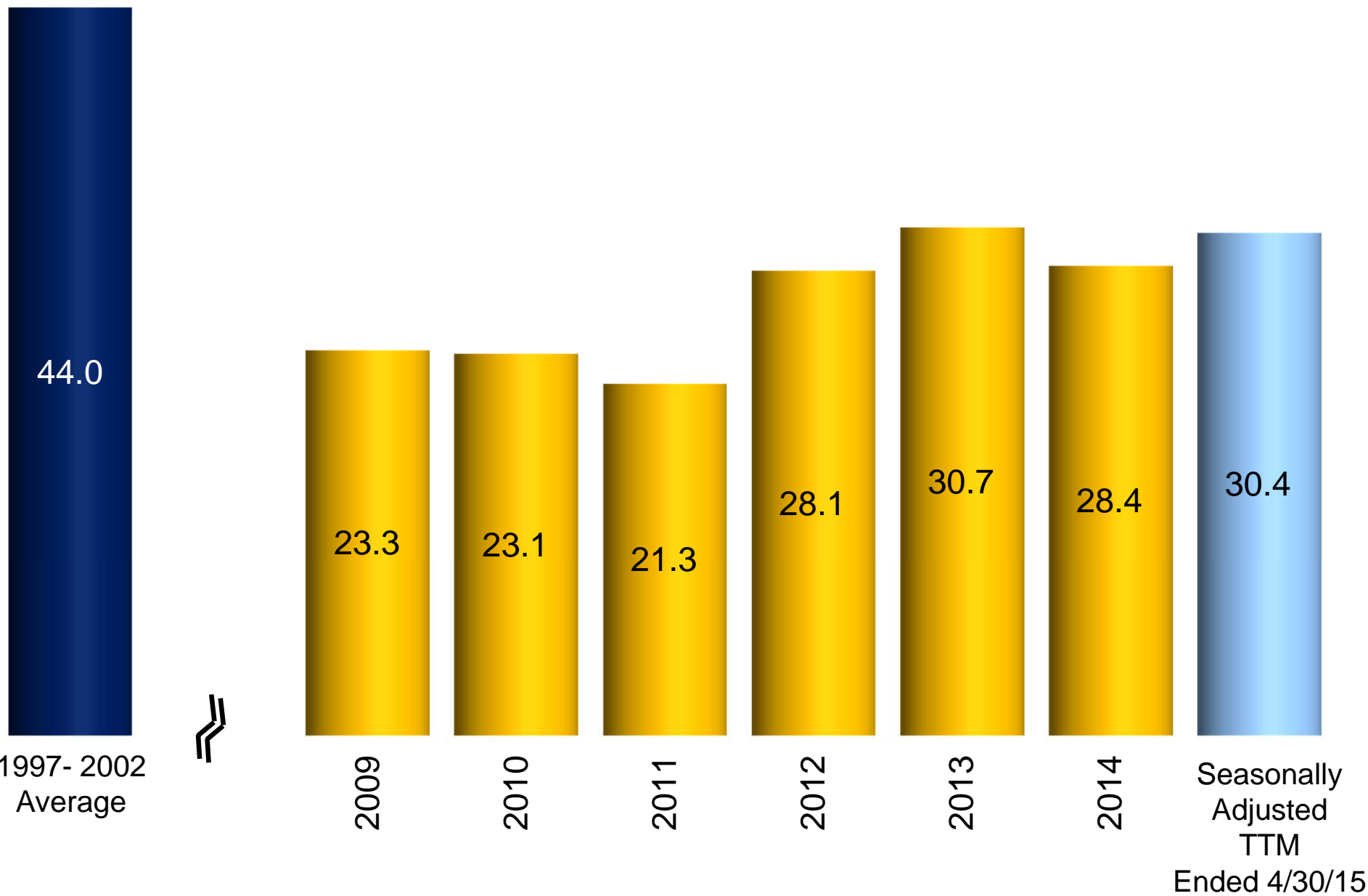
Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	5	4	4	4	5	5	4	4	4	4	4	4	4	4	4	4	4	4	4	4	5		
	Jun-13	Jun-14	Jul-13	Jul-14	Aug-13	Aug-14	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
Monthly Net Contracts	530	466	425	445	390	460	386	402	430	439	345	408	321	380	426	531	550	539	681	634	578	623	446	529

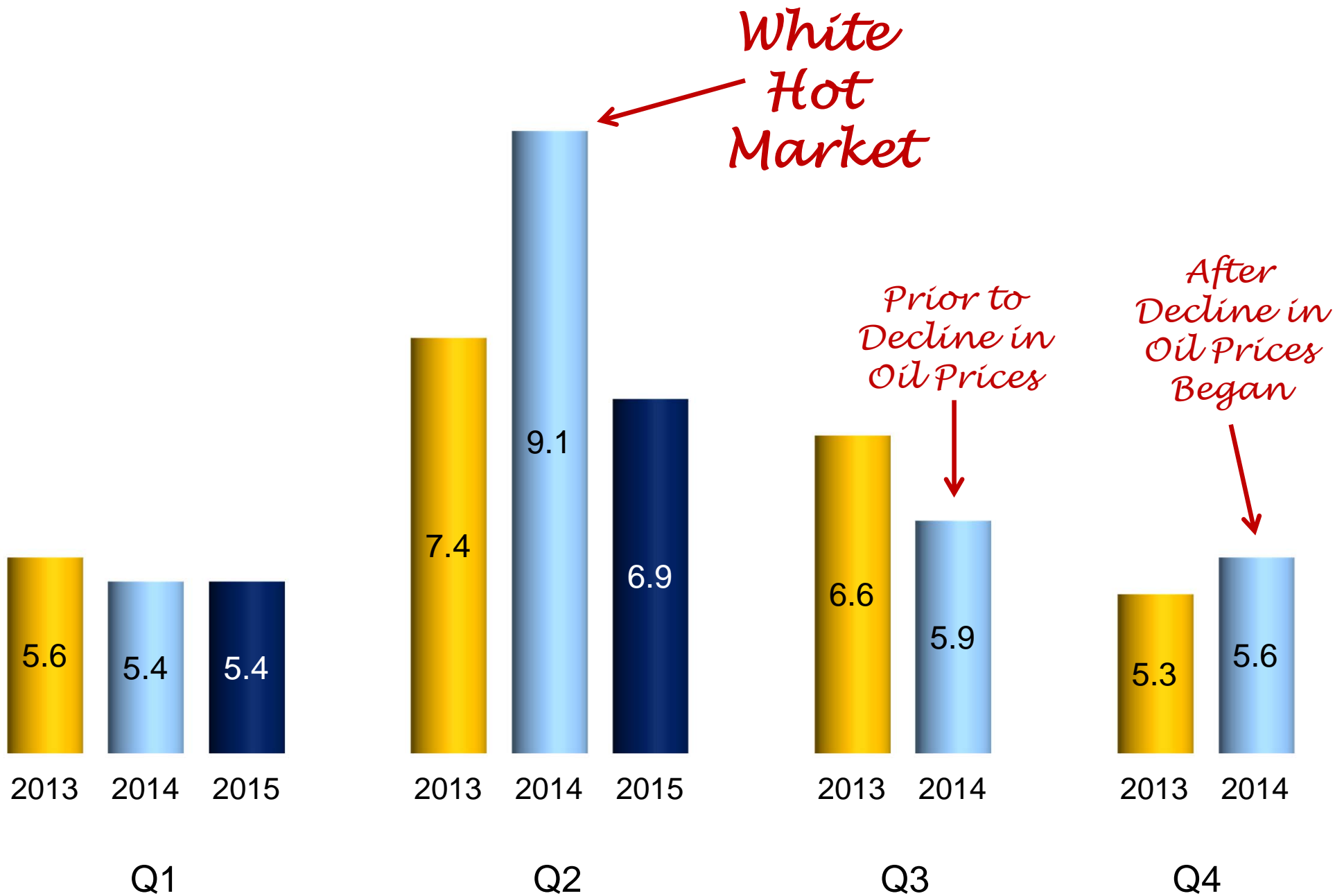
Excludes unconsolidated joint ventures.

Annual Net Contracts Per Active Selling Community



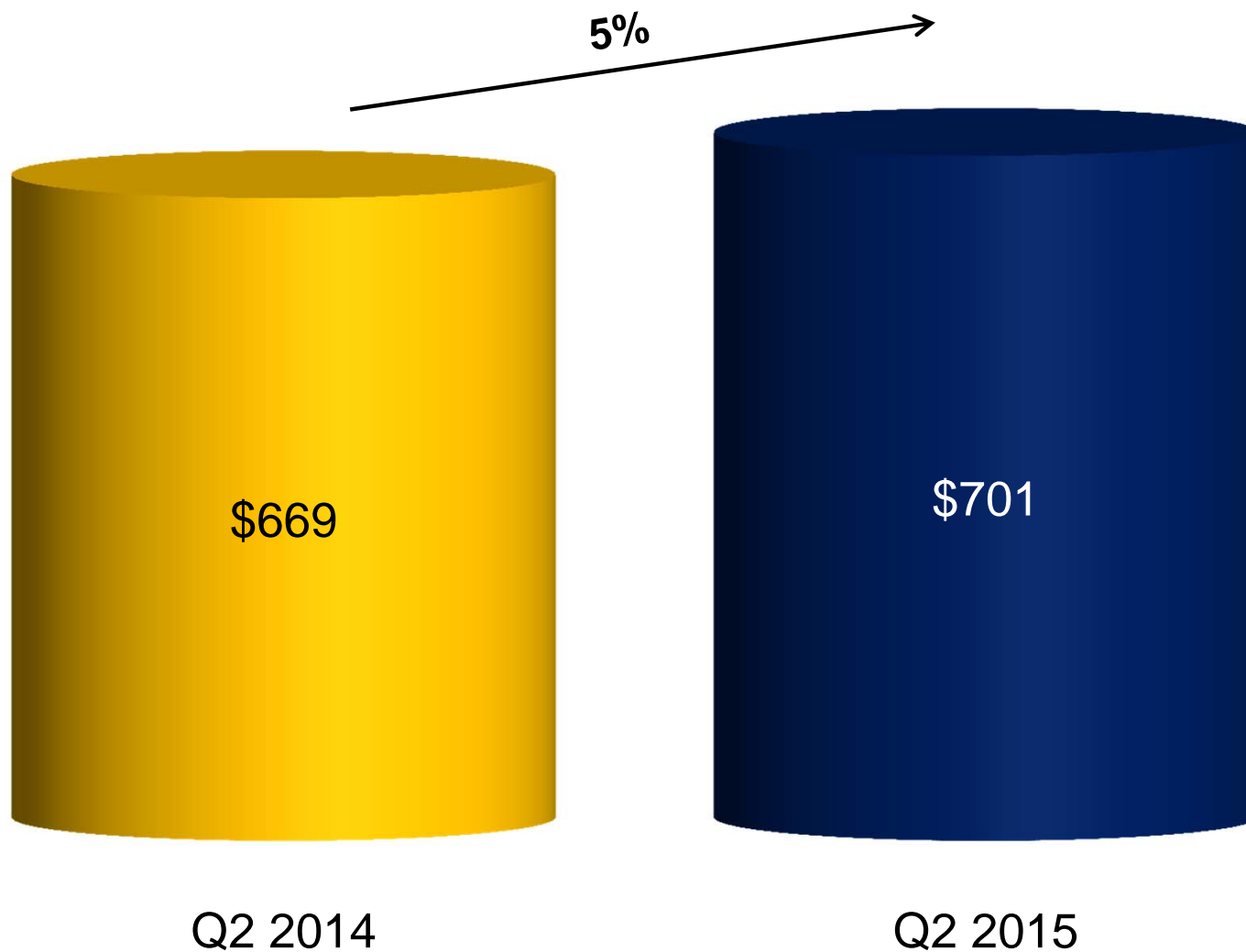
Note: Calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

Houston Quarterly Net Contracts per Community



Continued Growth in Net Contract Dollars

\$ in millions



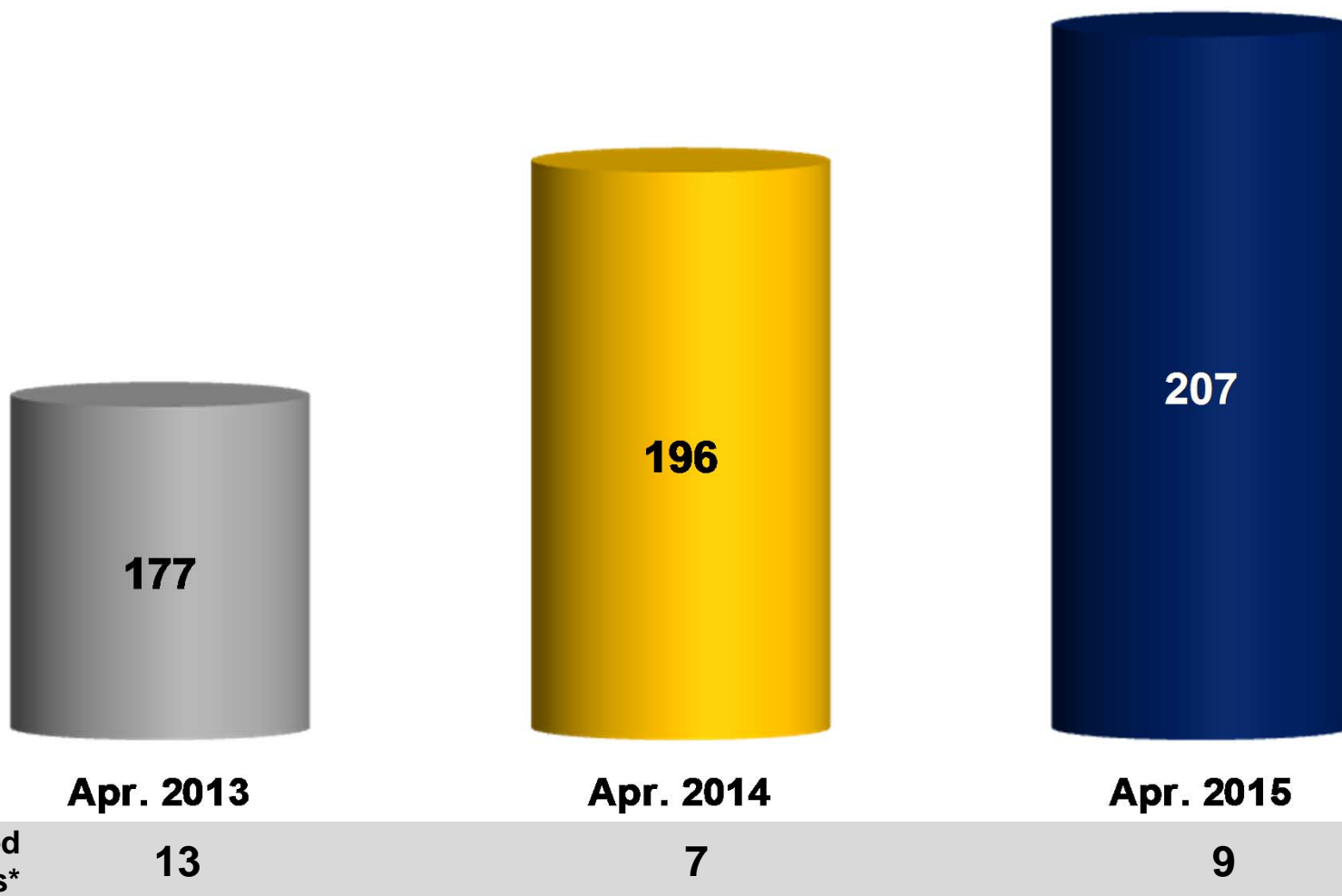
of Homes

1,809

1,796

Note: Consolidated total

In the trailing twelve months, we opened 97 communities and closed out 86 communities.

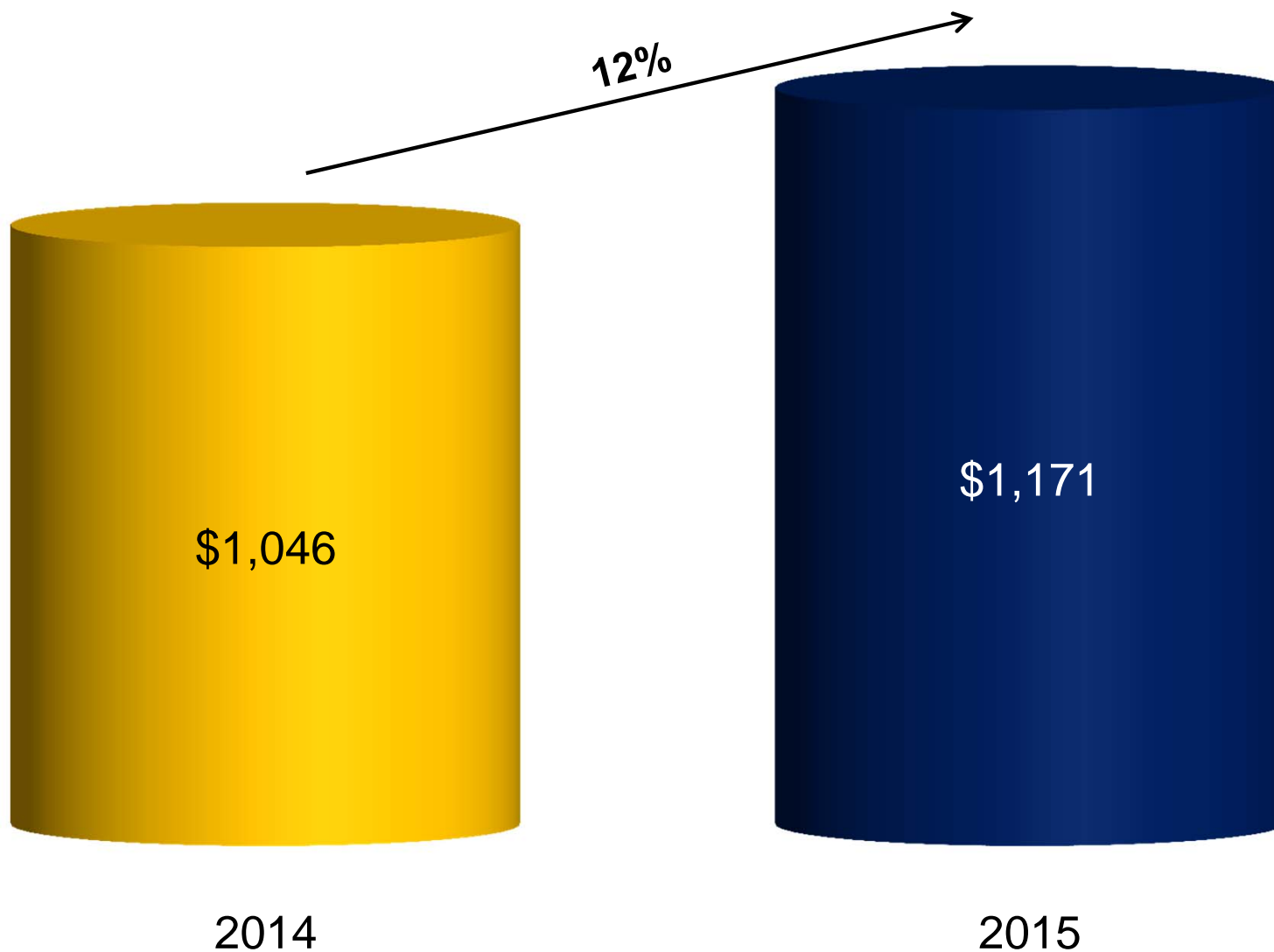


Active selling communities are open for sale communities with 10 or more home sites available.

**Unconsolidated joint venture communities are not included above.*

As of April 30,

\$ in millions



of Homes

2,797

2,972

Note: Consolidated total

Land Positions by Geographic Segment

April 30, 2015

Lots

Owned

Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned	Total
Northeast	1,202	855	3,194	5,251
Mid-Atlantic	2,530	280	3,123	5,933
Midwest	2,885	108	797	3,790
Southeast	1,794	362	3,755	5,911
Southwest	2,976	0	3,918	6,894
West	1,283	4,366	466	6,115
Total	12,670	5,971	15,253	33,894

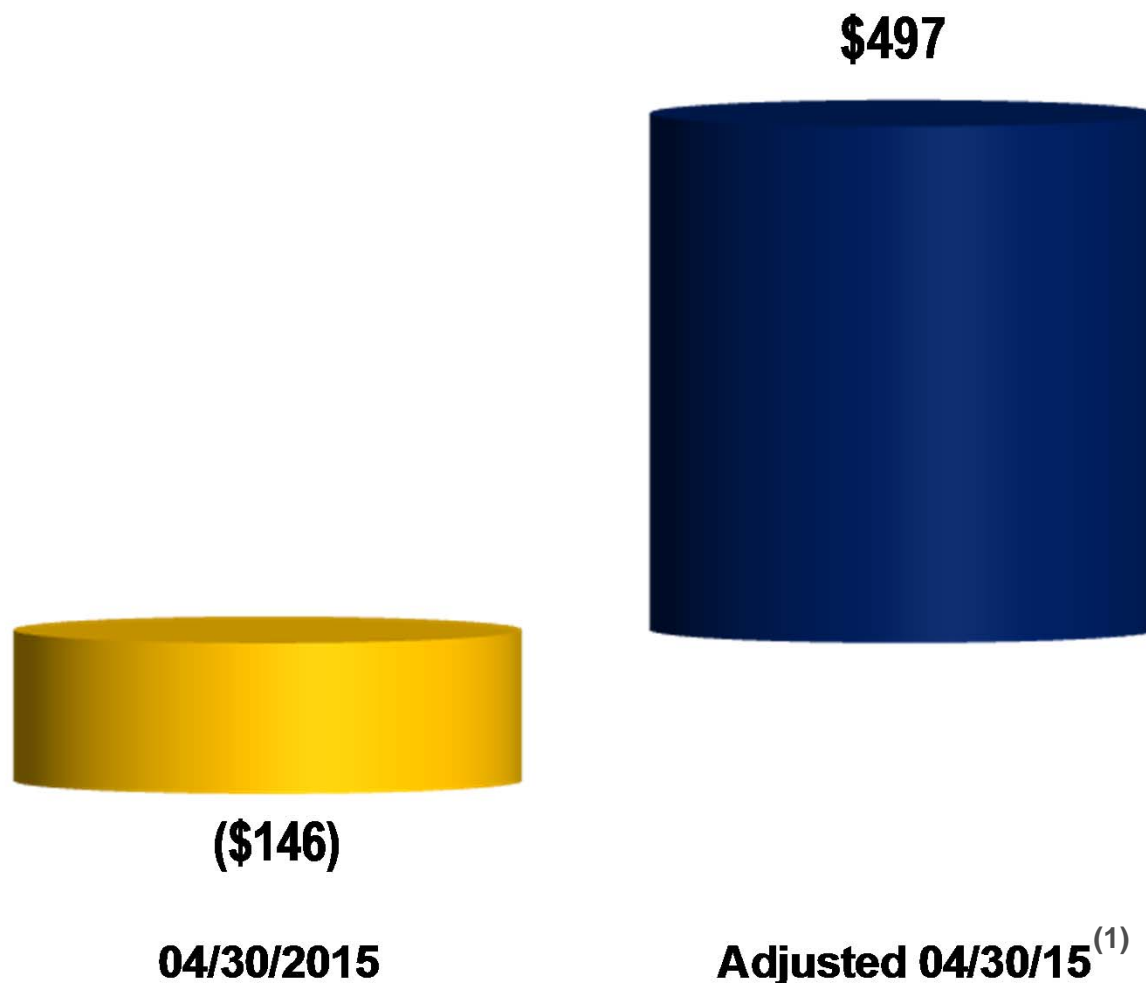
- ◆ *92% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 84% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.

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

Adjusted Hovnanian Stockholders' Equity

\$ in millions

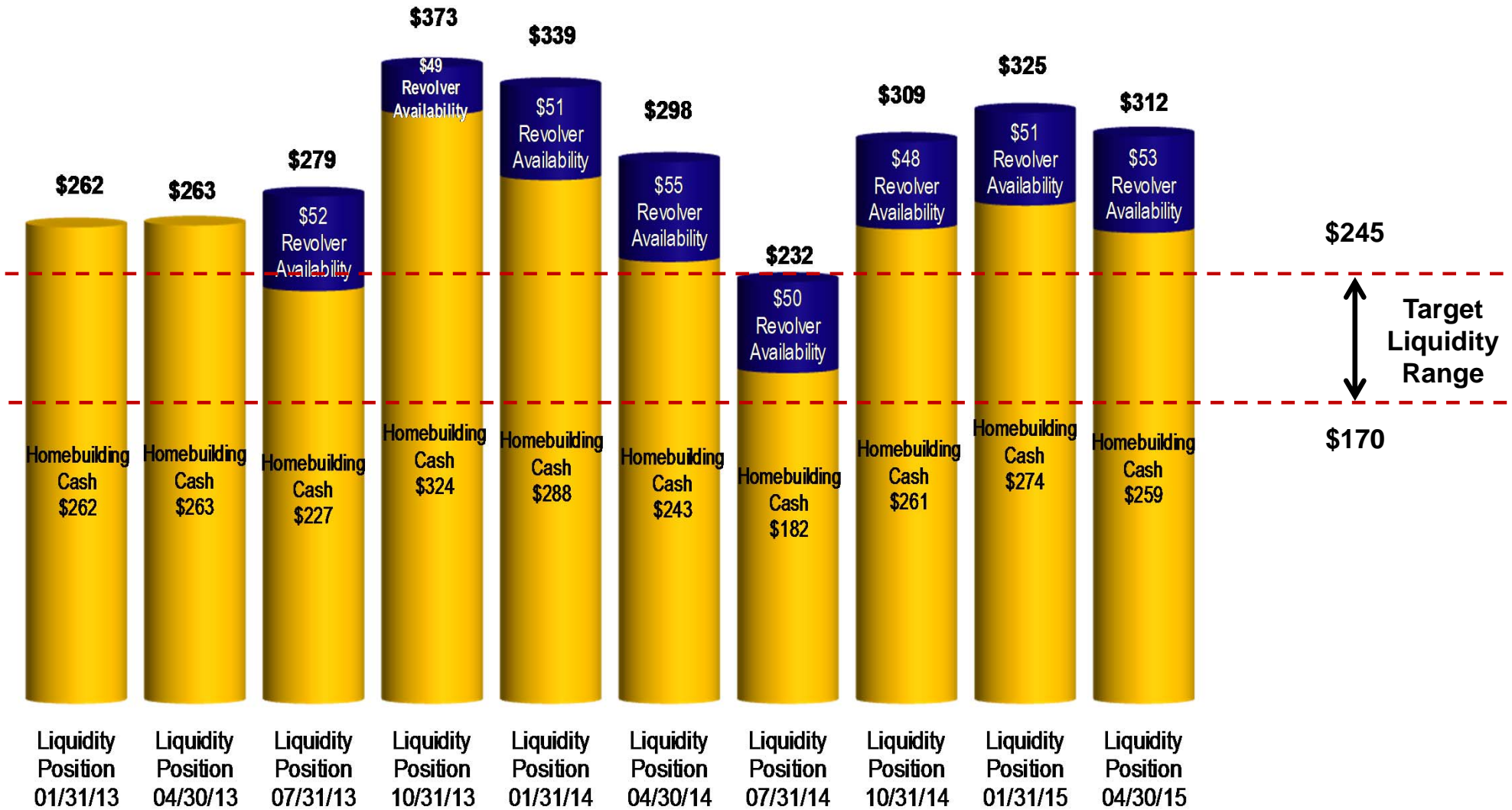


(1) Total Hovnanian Stockholders' Deficit of \$(146) million with \$643 million valuation allowance added back to Stockholders' Equity. The \$643 million valuation allowance consisted of a \$441 million federal valuation allowance and a \$202 million state valuation allowance.

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

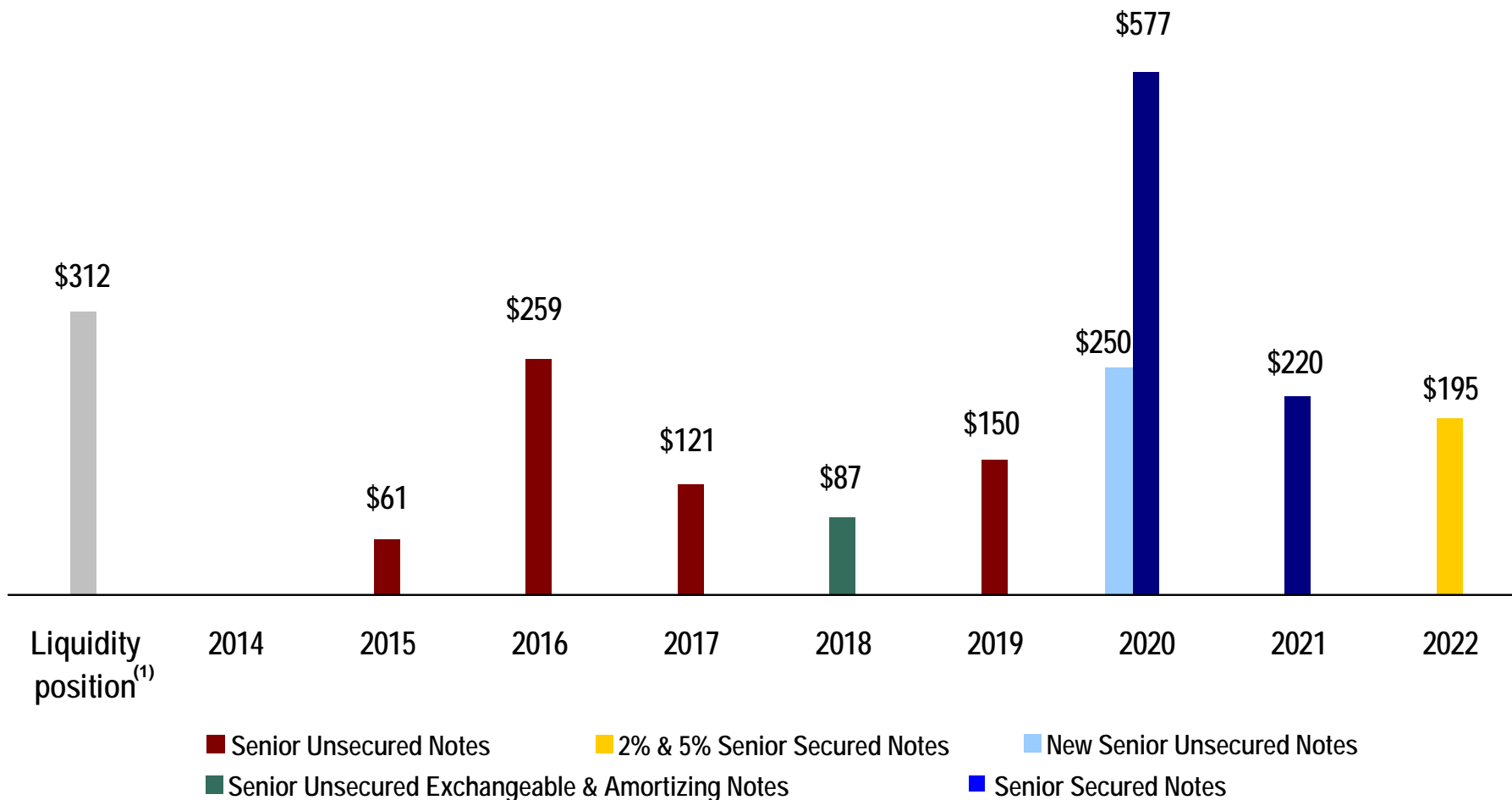
We are comfortable operating at the lower end of the range

(\$ in Millions)



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

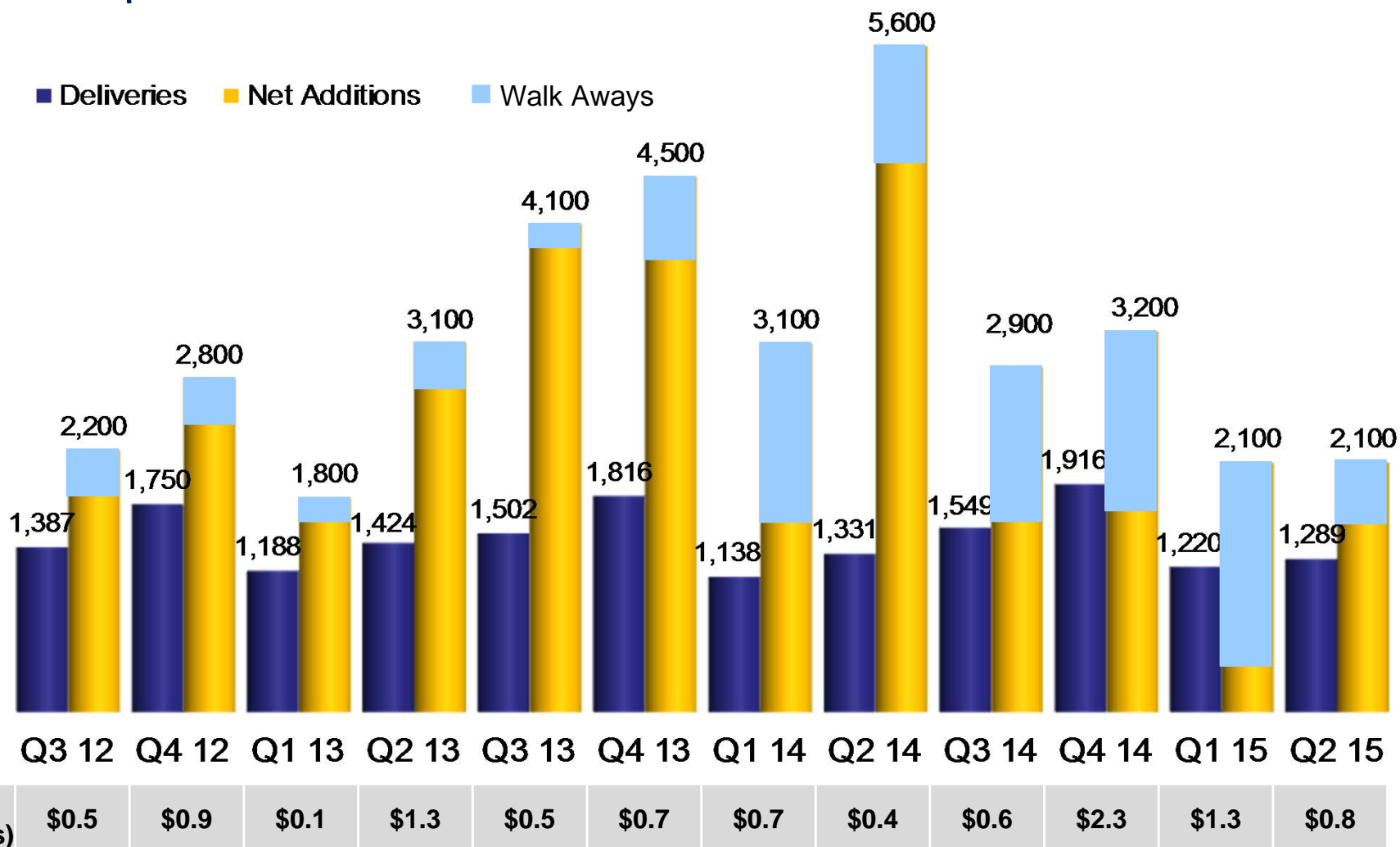
April 30, 2015 (\$ in millions)



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

¹ Liquidity position is \$259 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and \$53 million of availability under revolving credit facility as of April 30, 2015

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



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.

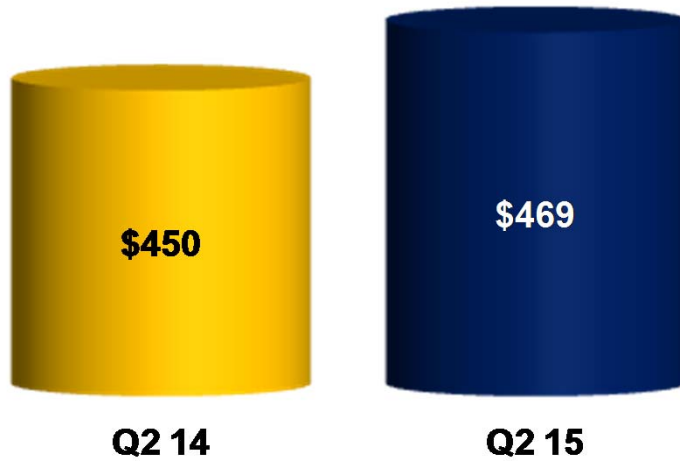
	<u>FY 2014</u>	<u>FY 2015</u>
Total Revenues (\$ billions)	\$2.1	\$2.2 - \$2.3
Gross Margin	19.9%	17.4% - 17.8%
Total SG&A as percentage of Total Revenues	12.4%	12.1% - 12.4%
Pre Tax Profit (Loss) Excluding Land-Related Charges(\$ millions)	\$25	(\$15) - (\$30)



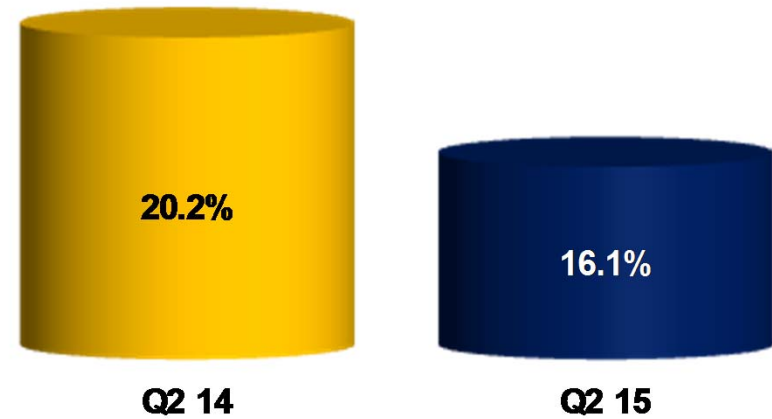
Appendix

Total Revenues

\$ in millions

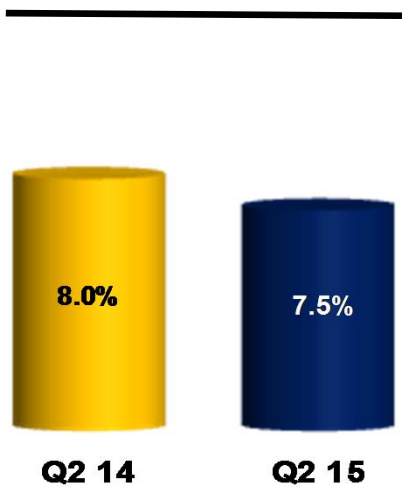


Homebuilding Gross Margin

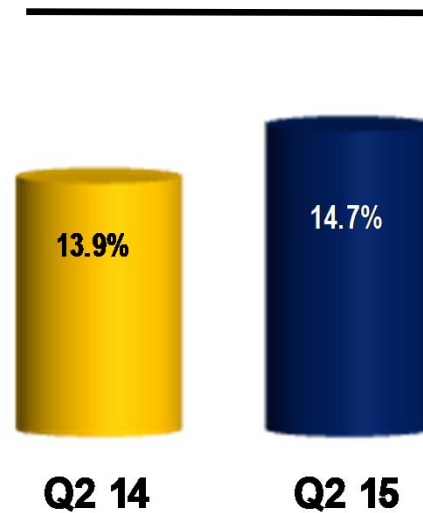


Total Interest & SG&A Expenses as a % of Total Revenues

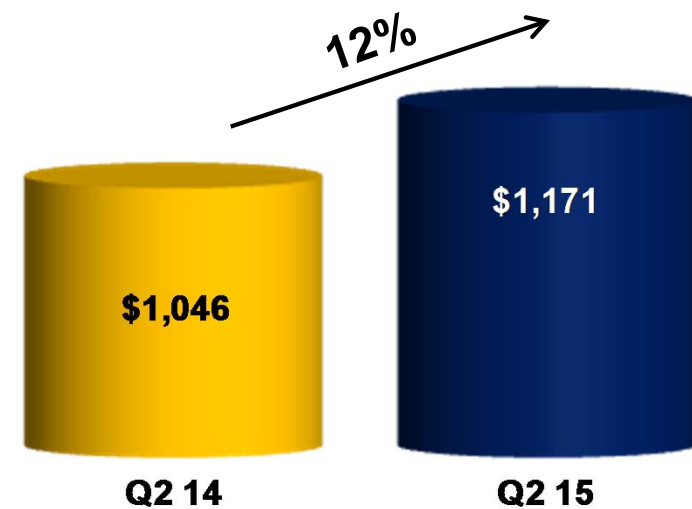
Interest



SG&A

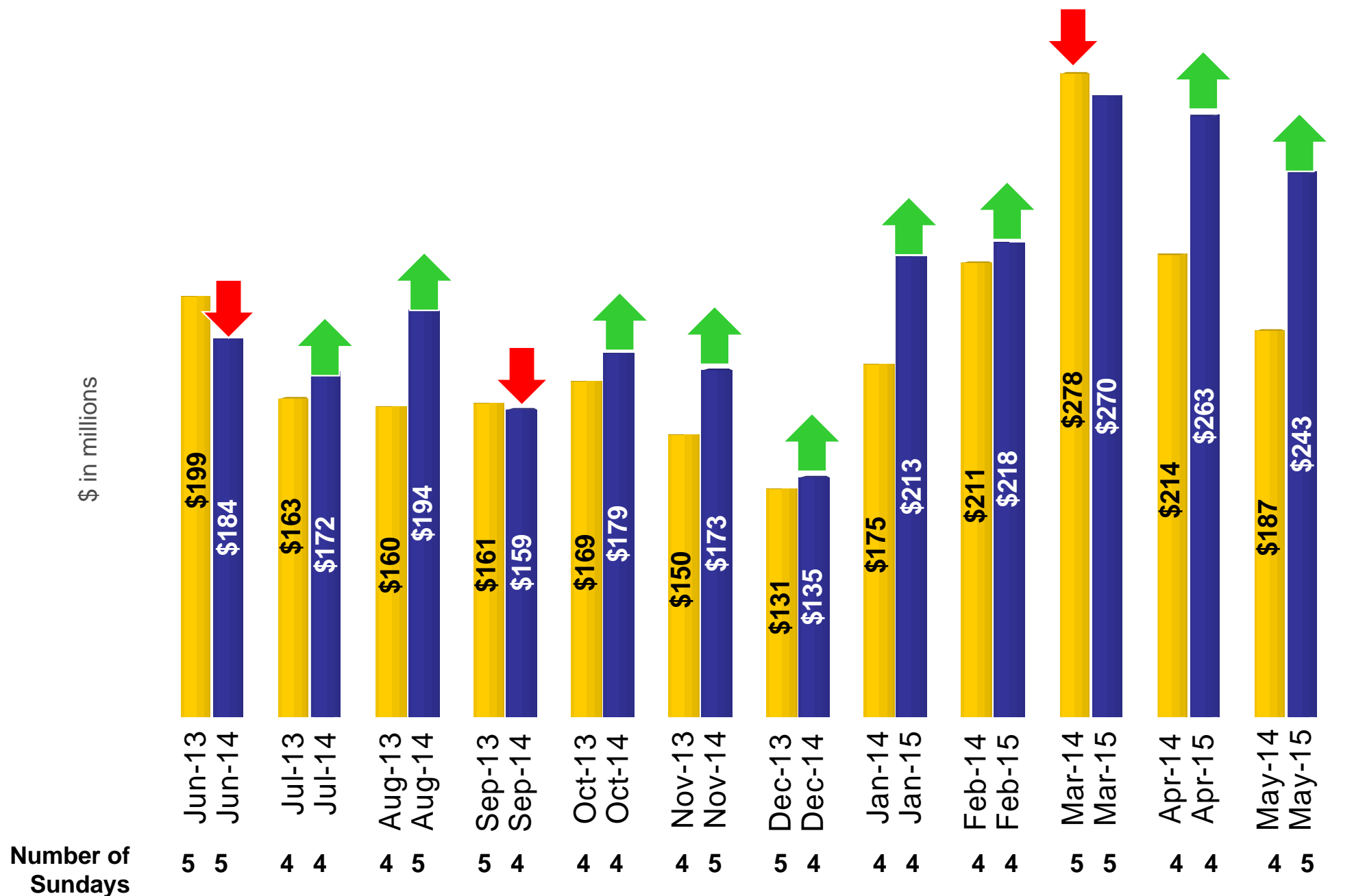


Backlog \$



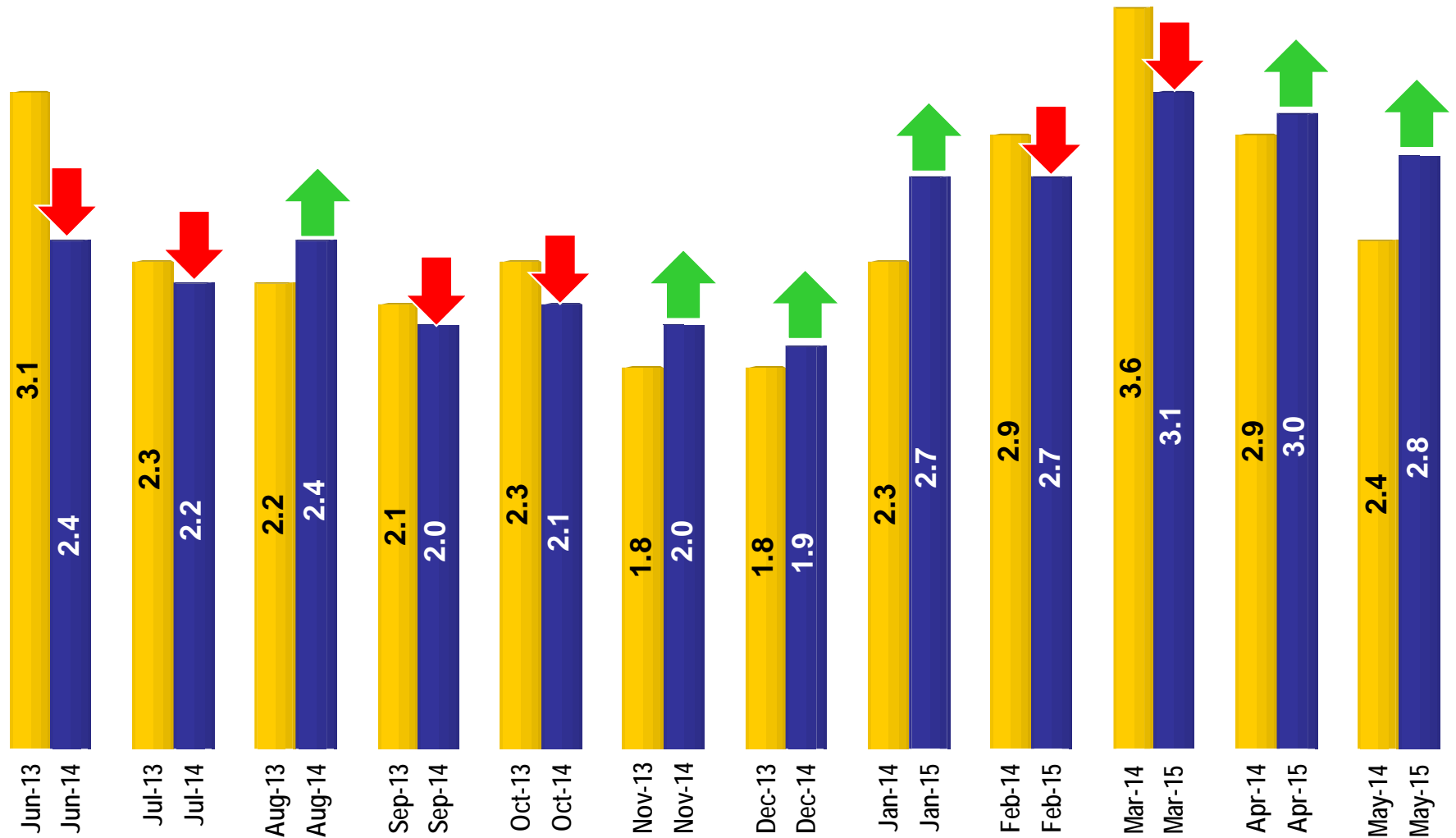
Note: Excluding unconsolidated joint ventures.

Dollar Amount of Net Contracts Per Month



Includes unconsolidated joint ventures.

Number of Monthly Net Contracts Per Active Selling Community



Number of Sundays	Jun-13	Jun-14	Jul-13	Jul-14	Aug-13	Aug-14	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
Monthly Net Contracts	583	489	451	461	433	483	417	419	465	448	382	422	350	390	470	554	582	570	728	672	597	652	474	583

Includes unconsolidated joint ventures.

Lots Purchased or Optioned Since January 31, 2009

	<u>Lots</u>	<u>Communities</u>
Purchased	25,200	634 ⁽¹⁾
Optioned	14,100	
Joint Venture	6,100	42
Total	45,400	676

Roll Forward First Quarter⁽²⁾

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

Roll Forward Second Quarter⁽³⁾

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

*As of April 30, 2015
approximately 26,700 lots
remaining.*

Notes: (1) Excludes 187 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.

Land Positions by Geographic Segment

April 30, 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	476	2.5	1.8	6.7	11.0	\$217
Mid-Atlantic	786	3.2	0.4	4.0	7.5	\$130
Midwest	874	3.3	0.1	0.9	4.3	\$80
Southeast	636	2.8	0.6	5.9	9.3	\$98
Southwest	2,406	1.2	0.0	1.6	2.9	\$171
West	420	3.1	10.4	1.1	14.6	\$121
Total	5,598	2.3	1.1	2.7	6.1	\$817

Excluding unconsolidated joint ventures.

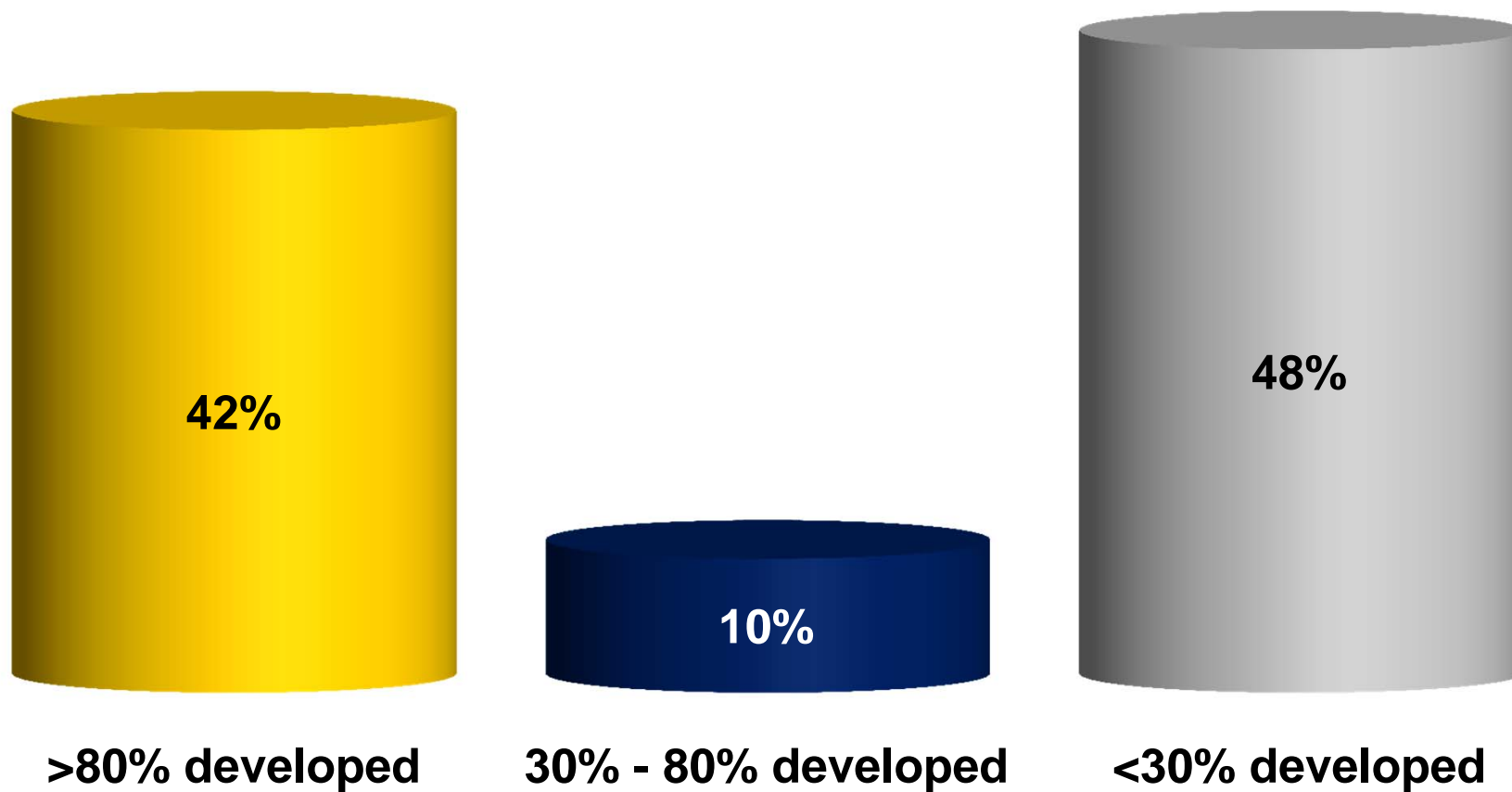
As of April 30, 2015

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

- ◆ *In 45 communities with a book value of \$105 million net of impairment balance of \$412 million*
- ◆ *Unmothballed approximately 4,100 lots in 68 communities since January 31, 2009*

Owned Lots % Development Costs Spent

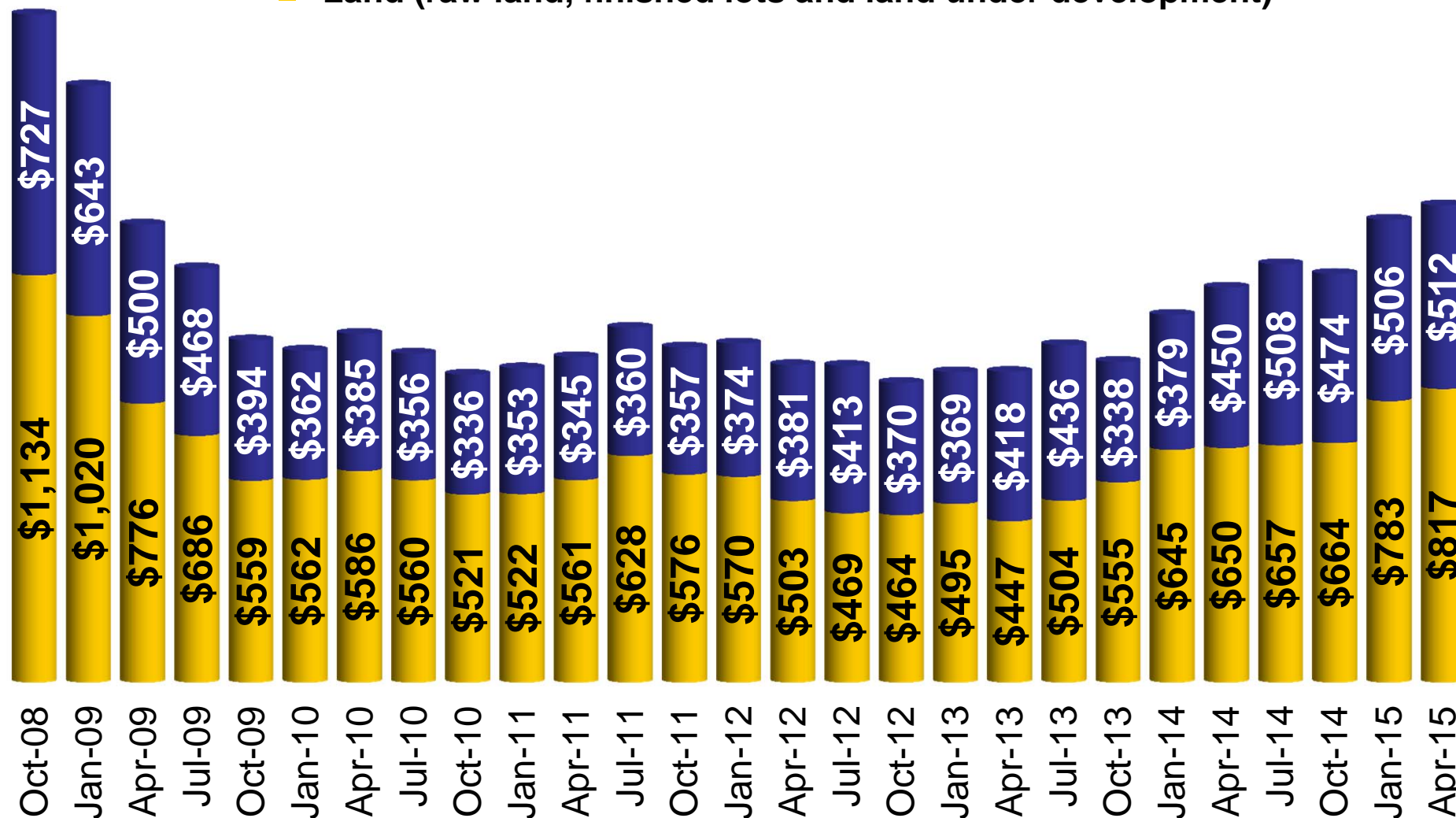
As of April 30, 2015



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.

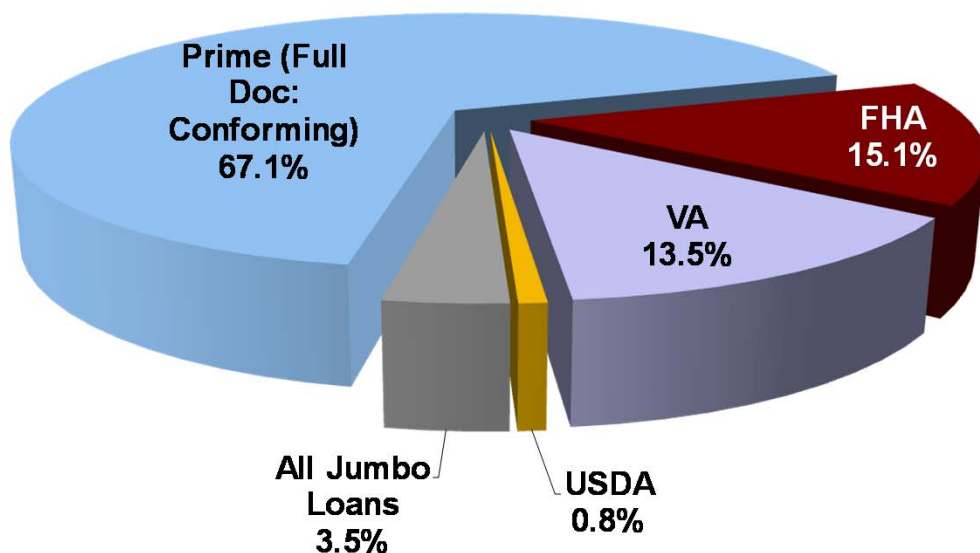
Second Quarter 2015:

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 2.9%
- FICO Score: 742
- Capture Rate: 73%

Fiscal Year 2014:

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

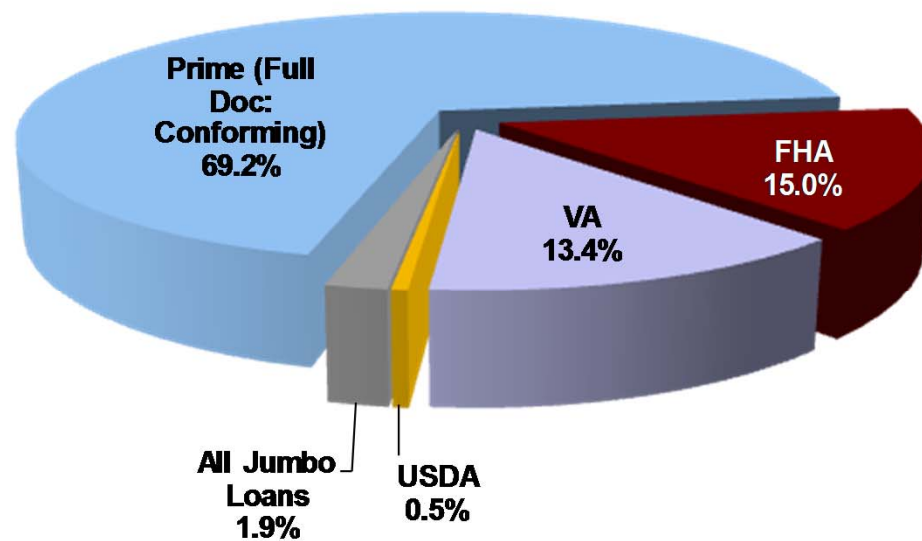
Second Quarter 2015



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 April 30, 2015

\$ in millions



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

◆ As of April 30, 2015, reserve for loan repurchases and make whole requests was \$7.9 million.

⁽¹⁾ 13 of 18 loans were small second lien repurchases.

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

