

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A
(Amendment No. 2)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended OCTOBER 31, 2020

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-8551

Hovnanian Enterprises, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

22-1851059

(I.R.S. Employer Identification No.)

90 Matawan Road, Fifth Floor, Matawan, NJ

(Address of Principal Executive Offices)

07747

(Zip Code)

732-747-7800

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock \$0.01 par value per share	HOV	New York Stock Exchange
Preferred Stock Purchase Rights(1)	N/A	New York Stock Exchange
Depository Shares each representing 1/1,000th of a share of 7.625% Series A Preferred Stock	HOVNP	Nasdaq Global Market

(1) Each share of Common Stock includes an associated Preferred Stock Purchase Right. Each Preferred Stock Purchase Right initially represents the right, if such Preferred Stock Purchase Right becomes exercisable, to purchase from the Company one ten-thousandth of a share of its Series B Junior Preferred Stock for each share of Common Stock. The Preferred Stock Purchase Rights currently cannot trade separately from the underlying Common Stock.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Nonaccelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and nonvoting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity as of April 30, 2020 (the last business day of the registrant's most recently completed second fiscal quarter) was \$64,080,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 5,520,359 shares of Class A Common Stock and 622,201 shares of Class B Common Stock were outstanding as of December 11, 2020.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III — Those portions of the registrant’s definitive proxy statement filed pursuant to Regulation 14A in connection with registrant’s annual meeting of stockholders to be held on March 30, 2021, which are responsive to those parts of Part III, Items 10, 11, 12, 13 and 14 as identified herein.

EXPLANATORY NOTE

This Amendment No. 2 on Form 10-K/A (“Amendment No. 2”) amends the Annual Report on Form 10-K for the year ended October 31, 2020 of Hovnanian Enterprises, Inc. (“HEI”), which HEI filed with the Securities and Exchange Commission (“SEC”) on December 22, 2020 and which was amended by Amendment No. 1 filed with the SEC on December 23, 2020 (as amended by Amendment No. 1, the “Original Form 10-K”). HEI is filing this Amendment No. 2 to amend Item 15 of the Original Form 10-K to include the consolidated financial statements and the related reports of the independent auditors of its equity method investees, Port Imperial Partners, LLC and Hovsite Holdings III LLC, as of and for the years ended December 31, 2020, 2019 and 2018 (the “financial statements”), in accordance with Rule 3-09 of Regulation S-X, and also to include the related consents of independent auditors. The financial statements were not included in the Original Form 10-K because Port Imperial Partners, LLC’s and Hovsite Holdings III LLC’s fiscal years ended on December 31, 2020, which was after the date of the filing of the Original Form 10-K.

This Amendment No. 2 includes new certifications under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 by our Chief Executive Officer and Chief Financial Officer as Exhibits 31(a), 31(b), 32(a) and 32(b). Except as otherwise described above, this Amendment No. 2 does not modify or update in any way (i) the consolidated balance sheets, the consolidated statements of operations, equity and cash flows of HEI or (ii) the disclosures in or exhibits to the Original Form 10-K; nor does it reflect events occurring after the filing of the Original Form 10-K. Accordingly, this Amendment No. 2 should be read in conjunction with the Original Form 10-K and HEI’s other filings made with the SEC subsequent to the filing of the Original Form 10-K.

ITEM 15

Exhibits:

- 3(a) [Restated Certificate of Incorporation of the Registrant \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 3(b) [Amended and Restated Bylaws of the Registrant \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 3, 2018\).](#)
- 4(a) [Specimen Class A Common Stock Certificate \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 4(b) [Specimen Class B Common Stock Certificate \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 4(c) [Certificate of Designations, Powers, Preferences and Rights of the 7.625% Series A Preferred Stock of Hovnanian Enterprises, Inc., dated July 12, 2005 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 13, 2005\).](#)
- 4(d) [Certificate of Designations of the Series B Junior Preferred Stock of Hovnanian Enterprises, Inc., dated August 14, 2008 \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2008 of the Registrant\).](#)
- 4(e) [Rights Agreement, dated as of August 14, 2008, between Hovnanian Enterprises, Inc. and National City Bank, as Rights Agent, which includes the Form of Certificate of Designation as Exhibit A, Form of Right Certificate as Exhibit B and the Summary of Rights as Exhibit C \(Incorporated by reference to Exhibits to the Registration Statement on Form 8-A of the Registrant filed August 14, 2008\).](#)
- 4(f) [Amendment No. 1 to Rights Agreement, dated as of January 11, 2018, between Hovnanian Enterprises, Inc. and Computershare Trust Company, N.A \(as successor to National City Bank\), as Rights Agent, which includes the amended and restated Form of Rights Certificate as Exhibit 1 and the amended and restated Summary of Rights as Exhibit 2 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed January 11, 2018\).](#)
- 4(g) [Indenture, dated as of February 1, 2018, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, by and among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Trustee, including the forms of 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed February 2, 2018\).](#)
- 4(h) [Second Supplemental Indenture, dated as of May 30, 2018, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed May 30, 2018\).](#)
- 4(i) [Sixth Supplemental Indenture, dated as of October 31, 2019, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(j) [Indenture dated as of July 27, 2017, relating to the 10.000% Senior Secured Notes due 2022 and the 10.500% Senior Secured Notes due 2024, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the forms of 10.000% Senior Secured Notes due 2022 and the 10.500% Senior Secured Note due 2024 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 28, 2017\).](#)
- 4(k) [Second Supplemental Indenture, dated January 16, 2018, relating to the 10.500% Senior Secured Notes due 2024, by and among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed January 16, 2018\).](#)
- 4(l) [Ninth Supplemental Indenture, dated as of October 30, 2019, relating to the 10.000% Senior Secured Notes due 2022 and 10.500% Senior Secured Notes due 2024, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(m) [Indenture, dated as of November 5, 2014, relating to the 8.000% Senior Notes due 2027, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Trustee, including the form of 8.000% Senior Notes \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed November 5, 2014\).](#)
- 4(n) [Eighteenth Supplemental Indenture, dated as of October 17, 2019, relating to the 8.000% Senior Notes due 2027, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(o) [Nineteenth Supplemental Indenture, dated as of October 31, 2019, relating to the 8.000% Senior Notes due 2027, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(p) [Twentieth Supplemental Indenture, dated as of November 1, 2019, relating to 8.000% Senior Notes due 2027, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed November 5, 2019\).](#)
- 4(q) [Indenture, dated as of October 31, 2019, relating to the 7.75% Senior Secured 1.125 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 7.75% Senior Secured 1.125 Lien Notes due 2026 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(r) [First Supplemental Indenture, dated as of November 27, 2019, relating to the 7.75% Senior Secured 1.125 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 3, 2019\).](#)

- 4(s) [Indenture, dated as of October 31, 2019, relating to the 10.5% Senior Secured 1.25 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 10.5% Senior Secured 1.25 Lien Notes due 2026 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(t) [First Supplemental Indenture, dated as of November 27, 2019, relating to the 10.5% Senior Secured 1.25 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 3, 2019\).](#)
- 4(u) [Tenth Supplemental Indenture, dated as of December 6, 2019, relating to the 10.500% Senior Secured Notes due 2024, by and among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on form 8-K of the Registrant filed December 6, 2019\).](#)
- 4(v) [Indenture, dated as of October 31, 2019, relating to the 11.25% Senior Secured 1.5 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 11.25% Senior Secured 1.5 Lien Notes due 2026 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(w) [First Supplemental Indenture, dated as of November 27, 2019, relating to the 11.25% Senior Secured 1.5 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 3, 2019\).](#)
- 4(x) [Indenture, dated as of December 10, 2019, relating to the 10.000% Senior Secured 1.75 Lien Notes due 2025, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 10.000% Senior Secured 1.75 Lien Notes due 2025 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 4(y) [Description of the Registrant's securities.\(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2019 of the Registrant\).](#)
- 4(z) [Fourth Supplemental Indenture, dated as of March 25, 2020, relating to the additional 11.25% Senior Secured 1.5 Lien Notes due 2026, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the subsidiary guarantors named therein and Wilmington Trust, National Association, as Trustee and Collateral Agent, including the form of the additional 11.25% Senior Secured 1.5 Lien Notes due 2026 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 26, 2020\).](#)
- 10(a) [Credit Agreement, dated as of October 31, 2019, by and among K. Hovnanian Enterprises Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(b) [First Amendment, dated as of November 27, 2019, to the Credit Agreement, dated as of October 31, 2019, among Hovnanian Enterprises, Inc., K. Hovnanian Enterprises Inc., the subsidiary guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 3, 2019\).](#)
- 10(c) [\\$212,500,000 Credit Agreement, dated as of January 29, 2018, by and among K. Hovnanian Enterprises Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed February 2, 2018\).](#)
- 10(d) [First Amendment, dated as of May 14, 2018, to the \\$212,500,000 Credit Agreement, dated as of January 29, 2018, among Hovnanian Enterprises, Inc., K. Hovnanian Enterprises Inc., the subsidiary guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed May 14, 2018\).](#)
- 10(e) [Second Amendment, dated as of October 31, 2019, to the \\$212,500,000 Credit Agreement, dated as of January 29, 2018, among Hovnanian Enterprises, Inc., K. Hovnanian Enterprises Inc., the subsidiary guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2019 of the Registrant\).](#)
- 10(f) [Collateral Agency Agreement, dated as of July 27, 2017, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto, Wilmington Trust, National Association, as Notes Collateral Agent and Wilmington Trust, National Association, as Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 28, 2017\).](#)
- 10(g) [Security Agreement, dated as of July 27, 2017, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 28, 2017\).](#)
- 10(h) [Pledge Agreement, dated as of July 27, 2017, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 28, 2017\).](#)
- 10(i) [Third Amended and Restated Mortgage Tax Collateral Agency Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Mortgage Tax Collateral Agent, Notes Collateral Agent and Junior Joint Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(j) [Trademark Security Agreement, dated as of July 27, 2017, between K. HOV IP II, Inc. and Wilmington Trust, National Association, as Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 28, 2017\).](#)
- 10(k) [Second Amended and Restated Intercreditor Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Administrative Agent, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent, Joint First Lien Collateral Agent, Mortgage Tax Collateral Agent, 10.000% Junior Trustee, 10.000% Junior Collateral Agent, 10.500% Junior Trustee, 10.500% Junior Collateral Agent and Junior Joint Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(l) [Credit Agreement, dated as of December 10, 2019, relating to the 1.75 Lien Term Loans, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the subsidiary guarantors named therein, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(m) [Joinder, dated as of December 10, 2019, to the Second Amended and Restated Intercreditor Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the subsidiary guarantors named therein and Wilmington Trust, National Association, as 1.75 Lien Trustee, 1.75 Term Loan Administrative Agent and 1.75 Pari Passu Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)

- 10(n)* [Form of 2019 Long-Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended April 30, 2019 of the Registrant\).](#)
- 10(o)* [Form of Non-Qualified Stock Option Agreement \(2012\) for Ara K. Hovnanian \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2012 the Registrant\).](#)
- 10(p)* [Amended and Restated 2008 Hovnanian Enterprises, Inc. Stock Incentive Plan \(Incorporated by reference to Appendix A to the Registrant's definitive Proxy Statement on Schedule 14A of the Registrant filed on February 1, 2010\).](#)
- 10(q)* [Management Agreement dated August 12, 1983, for the management of properties by K. Hovnanian Investment Properties, Inc \(Incorporated by reference to Exhibits to Registration Statement \(No. 2-85198\) on Form S-1 of the Registrant\).](#)
- 10(r)* [Management Agreement dated December 15, 1985, for the management of properties by K. Hovnanian Investment Properties, Inc \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2003 of the Registrant\).](#)
- 10(s)* [Executive Deferred Compensation Plan as amended and restated on January 1, 2014 \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2018 of the Registrant\).](#)
- 10(t)* [Death and Disability Agreement between the Registrant and Ara K. Hovnanian, dated February 2, 2006 \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2006 of the Registrant\).](#)
- 10(u)* [Form of Nonqualified Stock Option Agreement \(Class B shares\) \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2008 of the Registrant\).](#)
- 10(v)* [Form of Stock Option Agreement for Directors \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2008 of the Registrant\).](#)
- 10(w)* [Form of 2018 Long-Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2018 of the Registrant\).](#)
- 10(x)* [Form of 2016 Long Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2016 of the Registrant\).](#)
- 10(y)* [Form of Change in Control Severance Protection Agreement entered into with Brad G. O'Connor \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2012 of the Registrant\).](#)
- 10(z)* [Form of Amendment to Outstanding Stock Option Grants \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended April 30, 2012 of the Registrant\).](#)
- 10(aa)* [Form of Amendment to 2011 Non-Qualified Stock Option Agreement for Ara K. Hovnanian \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended April 30, 2012 of the Registrant\).](#)
- 10(bb)* [Form of Amendment to 2011 Incentive Stock Option Agreement for J. Larry Sorsby \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended April 30, 2012 of the Registrant\).](#)
- 10(cc)* [Form of Incentive Stock Option Agreement \(2012\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2012 of the Registrant\).](#)
- 10(dd)* [Form of Stock Option Agreement \(2012\) for Directors \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2012 of the Registrant\).](#)
- 10(ee)* [Form of Letter Agreement entered into with Lucian Theon Smith III \(Incorporated by reference to Annual Report on Form 10-K for the year ended October 31, 2017 of the Registrant\).](#)
- 10(ff)* [Amendment to Form of Letter Agreement entered into with Lucian Theon Smith III \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2018 of the Registrant\).](#)
- 10(gg)* [Form of Incentive Stock Option Agreement \(2014 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2014 of the Registrant\).](#)
- 10(hh)* [Form of Restricted Share Unit Agreement \(2014 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2014 of the Registrant\).](#)
- 10(ii)* [Form of Stock Option Agreement for Directors \(2014 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2014 of the Registrant\).](#)
- 10(jj)* [2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan \(Incorporated by reference to Appendix A to the Registrant's definitive Proxy Statement on Schedule 14A filed on February 4, 2019\).](#)
- 10(kk)* [Form of 2020 Long-Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(ll)* [Form of Letter Agreement Relating to Change in Control Severance Protection Agreement entered into with Brad G. O'Connor \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2015 of the Registrant\).](#)
- 10(mm)* [Market Share Unit Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(nn)* [Market Share Unit Agreement Class B \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(oo)* [Market Share Unit Agreement \(Gross Margin Performance Vesting\) Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(pp)* [Market Share Unit Agreement \(Gross Margin Performance Vesting\) Class B \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(qq)* [Market Share Unit Agreement \(Debt Reduction Performance Vesting\) Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(rr)* [Market Share Unit Agreement \(Debt Reduction Performance Vesting\) Class B \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(ss)* [Premium-Priced Incentive Stock Option Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(tt)* [Premium-Priced Non-qualified Stock Option Agreement Class B \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)

- 10(uu)* [Incentive Stock Option Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(vv)* [Restricted Share Unit Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(ww)* [Director Restricted Share Unit Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(xx)* [Market Share Unit Agreement \(Pre-tax Profit performance Vesting\) Class A \(2017 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2017 of the Registrant\).](#)
- 10(yy)* [Market Share Unit Agreement \(Pre-tax Profit performance Vesting\) Class B \(2017 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2017 of the Registrant\).](#)
- 10(zz)* [Market Share Unit Agreement \(Gross Margin Improvement Performance Vesting\) Class A \(2017 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2017 of the Registrant\).](#)
- 10(aaa)* [Market Share Unit Agreement \(Gross Margin Improvement Performance Vesting\) Class B \(2017 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2017 of the Registrant\).](#)
- 10(bbb)* [Market Share Unit Agreement Class A \(Pre-tax Profit Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(ccc)* [Market Share Unit Agreement Class B \(Pre-tax Profit Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(ddd)* [Market Share Unit Agreement Class A \(Stock Multiplier Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(eee)* [Market Share Unit Agreement Class B \(Stock Multiplier Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(fff)* [Market Share Unit Agreement Class A \(Community Count Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(ggg)* [Market Share Unit Agreement Class B \(Community Count Performance Vesting\) \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(hhh)* [Premium-Priced Incentive Stock Option Agreement Class A \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(iii)* [Premium-Priced Non-Qualified Stock Option Agreement Class B \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(jjj)* [Incentive Stock Option Agreement Class A \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(kkk)* [Non-Qualified Stock Option Agreement Class B \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(III)* [Director Stock Option Agreement Class A \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(mmm)* [Retirement Agreement, dated as of May 18, 2020, between Hovnanian Enterprises, Inc. and Lucian T. Smith III \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended April 30, 2020 of the Registrant\).](#)
- 10(nnn)* [2020 Hovnanian Enterprises, Inc. Stock Incentive Plan \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 25, 2020\).](#)
- 10(ooo) [Security Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as Administrative Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(ppp) [Pledge Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto to Wilmington Trust, National Association, as Administrative Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(qqq) [Trademark Security Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, made by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as Administrative Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(rrr) [1.125 Lien Security Agreement, dated as of October 31, 2019, relating to the 7.75% Senior Secured 1.125 Lien Notes due 2026, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(sss) [1.125 Lien Pledge Agreement, dated as of October 31, 2019, relating to the 7.75% Senior Secured 1.125 Lien Notes due 2026, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto to Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(ttt) [1.125 Lien Trademark Security Agreement, dated as of October 31, 2019, made by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(uuu) [1.25 Lien Security Agreement, dated as of October 31, 2019, relating to the 10.5% Senior Secured 1.25 Lien Notes due 2026, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(vvv) [1.25 Lien Pledge Agreement, dated as of October 31, 2019, relating to the 10.5% Senior Secured 1.25 Lien Notes due 2026, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto to Wilmington Trust, National Association, as the 1.25 Lien Collateral Agent and the Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(www) [1.25 Lien Trademark Security Agreement, dated as of October 31, 2019, by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)

- 10(xxx) [1.5 Lien Security Agreement, dated as of October 31, 2019, relating to the 11.25% Senior Secured 1.5 Lien Notes due 2026, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as the 1.5 Lien Collateral Agent and the Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(yyy) [1.5 Lien Pledge Agreement, dated as of October 31, 2019, relating to the 11.25% Senior Secured 1.5 Lien Notes due 2026, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto to Wilmington Trust, National Association, as the 1.5 Lien Collateral Agent and the Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(zzz) [1.5 Lien Trademark Security Agreement, dated as of October 31, 2019, made by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as 1.5 Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(aaaa) [1.75 Lien Security Agreement, dated as of December 10, 2019, relating to the 10.000% Senior Secured 1.75 Lien Notes due 2025 and the 1.75 Lien Term Loans, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as the 1.75 Lien Pari Passu Collateral Agent, the Joint First Lien Collateral Agent, Administrative Agent and 1.75 Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(bbbb) [1.75 Lien Pledge Agreement, dated as of December 10, 2019, relating to the 10.000% Senior Secured 1.75 Lien Notes due 2025 and the 1.75 Lien Term Loans, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as the 1.75 Lien Pari Passu Collateral Agent and the Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(cccc) [1.75 Lien Trademark Security Agreement, dated as of December 10, 2019, made by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as 1.75 Lien Pari Passu Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(dddd) [First Lien Collateral Agency Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Administrative Agent, 1.125 Lien Collateral Agent, 1.25 Lien Collateral Agent, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(eeee) [First Lien Intercreditor Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(ffff) [Joinder No. 1, dated as of December 10, 2019, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as 1.75 Lien Trustee and 1.75 Pari Passu Lien Collateral Agent, and acknowledged by Wilmington Trust, National Association, as 1.75 Lien Collateral Agent, with acknowledged receipt by Wilmington Trust, National Association, as Senior Credit Agreement Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(gggg) [Joinder No. 2, dated as of December 10, 2019, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as Administrative Agent and 1.75 Pari Passu Lien Collateral Agent, with acknowledged receipt by the Senior Credit Agreement Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(hhhh)* [Form of 2020 Performance Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(iiii)* [Form of 2020 Performance Share Unit Agreement \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(jjjj)* [Form of 2020 Associate Restricted Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(kkkk)* [Form of 2020 Associate Restricted Share Unit Agreement \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(IIII)* [Form of Director Restricted Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 21 [Subsidiaries of the Registrant. \(Incorporated by reference to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 23(a) [Consent of Deloitte & Touche LLP. \(Incorporated by reference to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 23(b) [Consent of Deloitte & Touche LLP. \(Incorporated by reference to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 23(c) [Consent of Deloitte & Touche LLP. \(Incorporated by reference to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 23(d) [Consent of Deloitte & Touche LLP.](#)
- 23(e) [Consent of Deloitte & Touche LLP.](#)
- 31(a) [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Executive Officer.](#)
- 31(b) [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Financial Officer.](#)
- 32(a) [Section 1350 Certification of Chief Executive Officer.](#)
- 32(b) [Section 1350 Certification of Chief Financial Officer.](#)
- 99(a) [Financial Statements of GTIS – HOV Holdings V, L.L.C. \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 99(b) [Financial Statements of GTIS – HOV Holdings VI, L.L.C. \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant\).](#)
- 99(c) [Financial Statements of Port Imperial Partners, LLC.](#)
- 99(d) [Financial Statements of Hovsite Holdings III LLC.](#)
- 101 The following financial information from our Annual Report on Form 10-K for the year ended October 31, 2020, formatted in inline Extensible Business Reporting Language (Inline XBRL): (i) the Consolidated Balance Sheets at October 31, 2020 and October 31, 2019, (ii) the

Consolidated Statements of Operations for the years ended October 31, 2020, 2019 and 2018, (iii) the Consolidated Statements of Changes in Equity Deficit for years ended October 31, 2020, 2019 and 2018 (iv) the Consolidated Statements of Cash Flows for the years ended October 31, 2020, 2019 and 2018, and (v) the Notes to Consolidated Financial Statements (incorporated by reference to the Annual Report on Form 10-K for the year ended October 31, 2020 of the Registrant).

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* *Management contracts or compensatory plans or arrangements.*

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 2 to Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.

By: /s/ BRAD G. O'CONNOR
Brad G. O'Connor
Senior Vice President, Treasurer and Chief Accounting
Officer
March 24, 2021

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of our report dated March 26, 2019, relating to the consolidated financial statements of Port Imperial Partners, LLC and its subsidiaries appearing in this Amendment No. 2 to the Annual Report on Form 10-K of Hovnanian Enterprises, Inc. for the year ended October 31, 2020:

1. Registration Statements Nos. 333-113758, 333-106756, and 333-92977 on Form S-8 pertaining to the Amended and Restated 2008 Hovnanian Enterprises, Inc. Stock Incentive Plan (which superseded and replaced the Amended and Restated 1999 Hovnanian Enterprises, Inc. Stock Incentive Plan), and Hovnanian Enterprises, Inc. Senior Executive Short-Term Incentive Plan, as amended and restated;
2. Registration Statement No. 333-56972 on Form S-8 pertaining to the Hovnanian Enterprises, Inc. 1983 Stock Option Plan as amended and restated;
3. Registration Statement No. 333-56640 on Form S-8 pertaining to the Washington Homes Employee Stock Option Plan;
4. Registration Statement No. 333-180668 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Stock Incentive Plan;
5. Registration Statement Nos. 333-194542, 333-210218 and 333-230417 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan; and
6. Registration Statement No. 333-239045 on Form S-8 pertaining to the 2020 Hovnanian Enterprises, Inc. Stock Incentive Plan.

/s/ Deloitte & Touche LLP

New York, New York
March 24, 2021

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of our report dated February 26, 2021, relating to the consolidated financial statements of Hovsite Holdings III LLC and its subsidiaries appearing in this Amendment No. 2 to the Annual Report on Form 10-K of Hovnanian Enterprises, Inc. for the year ended October 31, 2020:

1. Registration Statements Nos. 333-113758, 333-106756, and 333-92977 on Form S-8 pertaining to the Amended and Restated 2008 Hovnanian Enterprises, Inc. Stock Incentive Plan (which superseded and replaced the Amended and Restated 1999 Hovnanian Enterprises, Inc. Stock Incentive Plan), and Hovnanian Enterprises, Inc. Senior Executive Short-Term Incentive Plan, as amended and restated;
2. Registration Statement No. 333-56972 on Form S-8 pertaining to the Hovnanian Enterprises, Inc. 1983 Stock Option Plan as amended and restated;
3. Registration Statement No. 333-56640 on Form S-8 pertaining to the Washington Homes Employee Stock Option Plan;
4. Registration Statement No. 333-180668 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Stock Incentive Plan.
5. Registration Statement Nos. 333-194542, 333-210218 and 333-230417 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan; and
6. Registration Statement No. 333-239045 on Form S-8 pertaining to the 2020 Hovnanian Enterprises, Inc. Stock Incentive Plan.

/s/ Deloitte & Touche LLP

New York, New York
March 24, 2021

CERTIFICATIONS
Exhibit 31(a)

I, Ara K. Hovnanian, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K for the year ended October 31, 2020 (the “report”) of Hovnanian Enterprises, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

Date: March 24, 2021

/s/ARA K. HOVNANIAN

Ara K. Hovnanian

Chairman, President and Chief Executive Officer

CERTIFICATIONS
Exhibit 31(b)

I, J. Larry Sorsby, certify that:

1. I have reviewed this Amendment No. 2 to the Annual Report on Form 10-K for the year ended October 31, 2020 (the “report”) of Hovnanian Enterprises, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

Date: March 24, 2021

/s/J. LARRY SORSBY

J. Larry Sorsby

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Amendment No. 2 to the Annual Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-K for the year ended October 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ara K. Hovnanian, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2021

/s/ARA K. HOVNANIAN

Ara K. Hovnanian

Chairman, President and Chief Executive Officer

Exhibit 32(b)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Amendment No. 2 to the Annual Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-K for the year ended October 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Larry Sorsby, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2021

/s/ J. LARRY SORSBY

J. Larry Sorsby

Executive Vice President and Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

PORT IMPERIAL PARTNERS, LLC
AS OF DECEMBER 31, 2020 AND 2019 AND FOR THE YEARS ENDED
DECEMBER 31, 2020, 2019 AND 2018 WITH INDEPENDENT
AUDITORS' REPORT

Port Imperial Partners, LLC

Consolidated Financial Statements

As Of December 31, 2020 and 2019 and For The
Years Ended December 31, 2020, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
Port Imperial Partners, LLC
Matawan, New Jersey

We have audited the accompanying consolidated financial statements of Port Imperial Partners, LLC and its subsidiaries (the "Company"), which comprise the consolidated statements of operations, changes in member's equity, and cash flows for the year ended December 31, 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

New York, New York
March 26, 2019

Port Imperial Partners, LLC

Consolidated Balance Sheets
(Dollars in Thousands)

	December 31,	
	2020	2019
	(Unaudited)	(Unaudited)
Assets		
Cash	\$ 1,773	\$ 364
Restricted cash	1,504	1,133
Receivables and deposits	3,064	2,789
Inventories:		
Land and land development	7,278	14,052
Construction in process	43,933	85,093
Total inventories	51,211	99,145
Prepaid expenses	1,706	3,250
Total assets	<u>\$ 59,258</u>	<u>\$ 106,681</u>
Liabilities and Members' equity		
Notes payable, net of debt issuance costs	\$ 29,326	\$ 25,083
Accounts payable and other liabilities	1,952	2,161
Customers' deposits	653	510
Accrued interest	149	192
Total liabilities	32,080	27,946
Commitments and contingencies (Note 5)		
Members' equity	27,178	78,735
Total liabilities and members' equity	<u>\$ 59,258</u>	<u>\$ 106,681</u>

See notes to consolidated financial statements.

Port Imperial Partners, LLC

Consolidated Statements of Operations
(Dollars in Thousands)

	Years Ended December 31,		
	2020 (Unaudited)	2019 (Unaudited)	2018 (Audited)
Revenue:			
Sale of homes	\$ 69,195	\$ 68,375	\$ 125,265
Other revenue	2	1	5
Total revenue	69,197	68,376	125,270
Expenses:			
Direct costs:			
Land and land development	6,817	6,452	11,392
Construction	38,009	33,111	57,519
Other	7,729	6,857	9,520
Direct cost of sales	52,555	46,420	78,431
Cost of sales interest	2,425	2,557	6,883
Indirect cost of sales:			
Construction and service overhead	1,141	1,329	1,476
Other	466	532	866
Total indirect cost of sales	1,607	1,861	2,342
Selling, general and administrative expense	4,628	5,074	9,454
Interest expense	1,898	4,643	2,680
Net income	\$ 6,084	\$ 7,821	\$ 25,480

See notes to consolidated financial statements.

Port Imperial Partners, LLC

Consolidated Statements of Changes in Members' Equity
(Dollars in Thousands)

For The Years Ended December 31, 2020, 2019 and 2018

	K. Hovnanian at Port Imperial Investment, LLC	TRI-FIVE Port Imperial, LLC	Total
Balance at January 1, 2018 (unaudited)	\$ 14,618	\$ 58,471	\$ 73,089
Capital contributions	229	916	1,145
Capital distribution		(21,400)	(21,400)
Net income	5,096	20,384	25,480
Balance at December 31, 2018 (audited)	19,943	58,371	78,314
Capital distributions	-	(7,400)	(7,400)
Net income	1,564	6,257	7,821
Balance at December 31, 2019 (unaudited)	21,507	57,228	78,735
Capital distributions	(8,950)	(48,691)	(57,641)
Net income	1,217	4,867	6,084
Balance at December 31, 2020 (unaudited)	<u>\$ 13,774</u>	<u>\$ 13,404</u>	<u>\$ 27,178</u>

See notes to consolidated financial statements.

Port Imperial Partners, LLC

Consolidated Statement of Cash Flows
(Dollars in Thousands)

	Years Ended December 31,		
	2020	2019	2018
	(Unaudited)	(Unaudited)	(Audited)
Operating activities			
Net income	\$ 6,084	\$ 7,821	\$ 25,480
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization of deferred financing costs	246	537	836
Changes in operating assets and liabilities:			
Depreciation	10		
Receivables, deposits and prepaid expenses	1,259	1,354	1,582
Inventories	47,934	40,850	42,617
Accounts payable, other liabilities and accrued interest	(252)	(6,152)	(12,565)
Customers' deposits	143	252	(3,740)
Net cash provided by operating activities	55,424	44,662	54,210
Financing activities			
Member contributions	-	-	1,145
Member distributions	(57,641)	(7,400)	(21,400)
Proceeds from notes payable	42,835	-	30,632
Payments related to notes payable	(38,203)	(39,342)	(69,059)
Deferred financing costs from model financing program and notes payable	(635)	(272)	(191)
Net cash used in financing activities	(53,644)	(47,014)	(58,873)
Net increase (decrease) in cash and restricted cash	1,780	(2,352)	(4,663)
Cash and restricted cash balance, beginning of year	1,497	3,849	8,512
Cash and restricted cash balance, end of year	\$ 3,277	\$ 1,497	\$ 3,849
Supplemental disclosures of cash flows:			
Cash paid for interest, net of amounts capitalized	\$ 2,182	\$ 4,800	\$ 2,481
Reconciliation of cash and restricted cash			
Cash	\$ 1,773	\$ 364	\$ 3,071
Restricted cash	1,504	1,133	778
Total cash and restricted cash	\$ 3,277	\$ 1,497	\$ 3,849

See notes to consolidated financial statements.

Port Imperial Partners, LLC

Notes to Consolidated Financial Statements

As Of and For The Years Ended December 31, 2020 (unaudited),
2019 (unaudited) and 2018 (audited)

1. Description of Business

Port Imperial Partners, LLC (with its subsidiaries, the “Company”) is a residential home developer that markets its products in New Jersey. All construction activity is performed by a general contractor supervised by the Company.

On November 4, 2015, K. Hovnanian at Port Imperial Investment, LLC (“K-Hov”) (a subsidiary of K. Hovnanian Enterprises, Inc.) entered into a joint venture agreement with Tri-Five Port Imperial, LLC (“Tri Five”) (an affiliate of Tri Pacific Capital Advisors, LLC) to develop, construct, and sell single family attached condominium units. The Company purchased the property from another subsidiary of K. Hovnanian Enterprises, Inc. This property was purchased at fair value.

The Company is a limited-life entity. As the existing units are built and sold, operations will decline and cease when all the units within the high-rise building have been delivered. Capital was contributed by K-Hov and Tri Five in the following proportion: 20% by K-Hov; and 80% by Tri Five. The joint venture agreement specifies how profits and losses and cash distributions are allocated to the investors. Also, in accordance with the joint venture agreement, K-Hov is the managing member, with all significant decisions shared equally by both members.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the Company’s accounts and those of its wholly owned subsidiaries after elimination of all intercompany balances and transactions.

Revenue Recognition

Income from home sales is recorded when title is conveyed to the buyer, adequate cash payment has been received, and there is no continued involvement. Nonrefundable deposits received from customers upon the signing of a sales contract are recognized as other revenue if the contract is terminated by the customer.

Cash

Cash includes deposits in checking accounts. Cash balances are held at a financial institution and may, at times, exceed insurable amounts. The Company believes that it mitigates the risk by depositing the cash in a major financial institution.

Restricted cash

Restricted cash includes cash collateralizing the per home warranty service dollars discussed below.

Inventories

Inventories are stated at cost unless the inventory is determined to be impaired, in which case the inventory is written down to its fair value. Inventories of units include all direct costs of construction, plus capitalized costs, including construction administration, property taxes, interest, and legal fees that relate to development projects. Direct construction costs, land, land development, and common facility costs are accumulated and allocated to each unit and relieved through cost of sales using the relative sales value method.

Start-up costs incurred in connection with planned developments are expected to be recovered from the sale of homes and are capitalized. Management periodically reviews the feasibility of planned developments and expenses the costs of developments that are abandoned or which cannot be recovered through the realization of future sales revenue.

The Company records impairment losses on inventories related to communities or units under development when events and circumstances indicate they may be impaired and the Company will not be able to recover its recorded investment. The Company has not recorded any inventory impairments in the years ended December 31, 2020, 2019 and 2018.

Interest

Interest attributable to properties under development during the land development and home construction period is capitalized and expensed along with the associated cost of sales as the related inventories are sold. Interest incurred in excess of interest capitalized is expensed immediately.

Notes to Consolidated Financial Statements (continued)

Warranty Allowances

The Company warrants a home for most ordinary defects generally for the first year of ownership and for major structural defects for the first 10 years of ownership. All warranty services will be provided by and are the responsibility of an affiliate of K-Hov. The Company pays a fixed fee per unit at closing. These fees are deposited into a restricted cash account maintained by the Company until approvals are granted which allow for reimbursement to be paid to such affiliate, K. Hovnanian JV Services Company, L.L.C., to cover the cost of the warranty services after they have been incurred. Additions and charges to the warranty reserve, which is included in accounts payable and other liabilities on the accompanying consolidated balance sheets, were as follows:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance, beginning of period	\$ 1,133	\$ 777
Additions	385	399
Charges	(15)	(43)
Balance, end of period	<u>\$ 1,503</u>	<u>\$ 1,133</u>

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs totaled \$0.4 million, \$0.8 million and \$1.5 for the years ended December 31, 2020, December 31, 2019 and December 31, 2018, respectively, and are included in Selling, general and administrative expense on the accompanying consolidated statements of operations.

Income Taxes

A limited liability company is not subject to the payment of federal or state income taxes, as the components of its income and expenses flow through directly to the members. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and these differences could have a significant impact on the consolidated financial statements.

3. Related-Party Transactions

As the administrative and development member of the Company, K-Hov provides certain services to the Company. In connection with providing these services, K-Hov receives fees, which are summarized as follows:

Administrative charge	4% of home sales revenue
Warranty services charge	\$7,000 per home sold

In addition, as investor member of the Company, Tri Five receives fees, which are summarized as follows:

Investor member charge	1% of Home Sales Revenue
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The administrative and investor member charges are included in Selling, general and administrative expense and the warranty services charge is included in Indirect cost of sales – Other on the consolidated statements of operations.

The following table summarizes the related party fees incurred:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
Administrative charge	\$ 2,768	\$ 2,703	\$ 5,080
Warranty services charge	\$ 385	\$ 356	\$ 777
Investor member charge	\$ 741	\$ 636	\$ 1,261

4. Notes Payable

The Company had a secured construction loan with American Life Insurance Company that had an original maturity of June 1, 2019. The Company had options to extend the term of the loan for two successive one-year terms, upon notice to the lender sent no earlier than January 31, 2019 or January 31, 2020, respectively, and sent no later than May 1, 2019 or April 30, 2020, respectively. The Company notified the lender of its intention to extend the loan within the notification period referred to above. As such, the maturity date was extended to June 1, 2020. As of December 31, 2019, the note had a principal balance of \$25.1 million, respectively. There was \$0.2 million of accrued, unpaid interest as of December 31, 2019, respectively. Interest on the loan was LIBOR plus 6.00% and, therefore, can fluctuate, but was payable monthly at a rate of 8.35% and 7.37% per annum as of December 31, 2019, which can be deferred and added to the unpaid principal balance, and thereafter, can be subject to interest at the note rate. The note was secured by all of the Company's property and improvements. In August 2020, the Company refinanced the loan with Western Alliance Bank, at which time the existing loan was paid off. The total commitment is \$42.8 million and matures on August 14, 2022. As of December 31, 2020, the note had an outstanding principal balance of \$29.8 million. There was \$0.1 million of accrued, unpaid interest as of December 31, 2020. Interest on the loan is payable monthly at a rate of LIBOR plus 3.75% with a floor rate of 5.25% and, therefore, can fluctuate. The note is secured by all of the Company's property and improvements.

5. Commitments and Contingencies

The Company is not currently involved in any claims and legal actions arising in the ordinary course of business. If the Company were to become involved in any, management would decide if the ultimate disposition of these matters will have a material adverse effect or not on the Company's consolidated financial statements.

6. Subsequent Events

The Company evaluated subsequent events that took place after December 31, 2020, through March 24, 2021, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events that require disclosure in or adjustments to the consolidated financial statements as of December 31, 2020.

CONSOLIDATED FINANCIAL STATEMENTS

HOVSITE HOLDINGS III LLC
AS OF DECEMBER 31, 2020 AND 2019 AND FOR THE YEARS
ENDED DECEMBER 31, 2020, 2019 AND 2018 WITH INDEPENDENT
AUDITORS' REPORT

Hovsite Holdings III LLC

Consolidated Financial Statements

As Of December 31, 2020 And 2019 And For The
Years Ended December 31, 2020, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
Hovsite Holdings III LLC
Matawan, New Jersey

We have audited the accompanying consolidated financial statements of Hovsite Holdings III LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in members' equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hovsite Holdings III LLC and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
New York, New York
February 26, 2021

Hovsite Holdings III LLC

Consolidated Balance Sheets
(Dollars in Thousands)

	December 31,	
	2020	2019
Assets		
Cash	\$ 8,557	\$ 3,919
Restricted cash and cash equivalents	1,839	1,591
Receivables and deposits	-	223
Inventories:		
Land and land development	64,436	78,476
Construction in process	10,026	11,208
Consolidated inventory not owned	4,432	7,459
Total inventories	78,894	97,143
Prepaid expenses and other assets	4,301	4,283
Total assets	<u>\$ 93,591</u>	<u>\$ 107,159</u>
Liabilities and Members' equity		
Notes payable	\$ 16,100	\$ 28,541
Liabilities from inventory not owned, net of debt issuance costs	3,780	6,492
Accounts payable and other liabilities	4,430	4,034
Customers' deposits	1,064	299
Accrued Interest	157	223
Total liabilities	25,531	39,589
Commitments and contingencies (Note 5)		
Members' equity	68,060	67,570
Total liabilities and members' equity	<u>\$ 93,591</u>	<u>\$ 107,159</u>

See notes to consolidated financial statements.

Hovsite Holdings III LLC

Consolidated Statements of Operations
(Dollars in Thousands)

	Years Ended December 31,		
	2020	2019	2018
Revenue:			
Sale of homes	\$ 52,373	\$ 44,341	\$ 25,163
Other revenue	45	184	35
Total revenue	52,418	44,525	25,198
Expenses:			
Direct costs:			
Land and land development	20,565	17,548	10,280
Construction	21,102	17,411	9,799
Other	2,814	2,089	1,327
Direct cost of sales	44,481	37,048	21,406
Cost of sales interest	1,622	981	737
Indirect cost of sales:			
Construction and service overhead	1,385	1,550	974
Other	1,708	1,689	655
Total indirect cost of sales	3,093	3,239	1,629
Selling, general and administrative expense	1,686	1,852	2,094
Interest expense	1,046	1,791	2,743
Net income (loss)	\$ 490	\$ (386)	\$ (3,411)

See notes to consolidated financial statements.

Hovsite Holdings III LLC

Consolidated Statements of Changes in Members' Equity
(Dollars in Thousands)

For The Years Ended December 31, 2020, 2019 and 2018

	GTIS HR III Aggregator LLC	K. Hovnanian Hovsite III Investment, LLC	Total
Balance at January 1, 2018	\$ 46,644	\$ 22,723	\$ 69,367
Capital contributions	-	2,000	2,000
Net loss	(2,076)	(1,335)	(3,411)
Balance at December 31, 2018	44,568	23,388	67,956
Net loss	(253)	(133)	(386)
Balance at December 31, 2019	44,315	23,255	67,570
Net income	322	168	490
Balance at December 31, 2020	<u>\$ 44,637</u>	<u>\$ 23,423</u>	<u>\$ 68,060</u>

See notes to consolidated financial statements.

Hovsite Holdings III LLC

Consolidated Statement of Cash Flows
(Dollars in Thousands)

	Years Ended December 31,		
	2020	2019	2018
Operating activities			
Net income (loss)	\$ 490	\$ (386)	\$ (3,411)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Amortization of deferred financing costs	94	-	71
Changes in operating assets and liabilities:			
Receivables, deposits and prepaid expenses	205	(245)	3,703
Inventories	18,249	7,862	2,959
Accounts payable, other liabilities and accrued interest	330	587	(7,095)
Customers' deposits	765	31	268
Net cash provided by (used in) operating activities	20,133	7,849	(3,505)
Financing activities			
Member contributions	-	-	2,000
Payments related to notes payable	(12,441)	(5,182)	(1,722)
Payment related to model sale leaseback financing program	(2,806)	-	-
Net cash (used in) provided by financing activities	(15,247)	(5,182)	278
Net increase (decrease) in cash and restricted cash and cash equivalents	4,886	2,667	(3,226)
Cash and restricted cash and cash equivalents balance, beginning of year	5,510	2,843	6,069
Cash and restricted cash and cash equivalents balance, end of year	\$ 10,396	\$ 5,510	\$ 2,843
Supplemental disclosures of cash flows:			
Cash paid for interest, net of amounts capitalized	\$ 1,112	\$ 1,840	\$ 3,976
Reconciliation of cash and restricted cash and cash equivalents:			
Cash	\$ 8,557	\$ 3,919	\$ 1,618
Restricted cash and cash equivalents	1,839	1,591	1,225
Total cash and restricted cash and cash equivalents	\$ 10,396	\$ 5,510	\$ 2,843

See notes to consolidated financial statements.

Hovsite Holdings III LLC

Notes to Consolidated Financial Statements

As Of And For The Years Ended December 31, 2020, 2019 and 2018

1. Description of Business

Hovsite Holdings III LLC (with its subsidiaries, the “Company”) is a residential home developer that markets its products in Florida. All construction activity is performed by subcontractors supervised by the Company.

On September 29, 2014, K. Hovnanian Hovsite III Investment, LLC (“K-Hov”) (a subsidiary of K. Hovnanian Enterprises, Inc.) entered into a joint venture agreement with GTIS HR III Aggregator LLC (“GTIS”) (an affiliate of GoldenTree InSite Partners) to develop, construct, and sell residential communities. The Company purchased property in Florida from a third-party seller at fair value.

The Company is a limited-life entity, where no additional properties are to be optioned, purchased, or developed, other than under specific circumstances as provided for under the joint venture agreement. As the existing lots are developed, built on, and sold, operations will decline and cease when all the homes have been delivered. In accordance with the joint venture agreement, dissolution must ultimately occur no later than December 31, 2059. Tier One Capital, as defined in the joint venture agreement, was contributed by K-Hov and GTIS in the following proportion: 20% by K-Hov; and 80% by GTIS. The joint venture agreement specifies how profits and losses and cash distributions are allocated to the investors. Until cumulative profits allocated to the investors generate a 12% internal rate of return on Tier One Capital, allocations will generally be based on the investor’s proportionate amount of Tier One Capital. As of December 31, 2020, this threshold has not been achieved. Also, in accordance with the joint venture agreement, K-Hov is the managing member, with all significant decisions shared equally by both members.

In February 2018, with an effective date as of December 2017, both members signed an amendment to the joint venture agreement to convert existing notes payable to affiliates into capital contributions. As a result, the amended sharing percentages as of December 31, 2018 and December 31, 2017 were 34.415% and 32.757% for the K-Hov member, respectively, and 65.585% and 67.243% for the GTIS member, respectively. Such percentages are still in effect as of December 31, 2020.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the Company's accounts and those of its wholly owned subsidiaries after elimination of all intercompany balances and transactions.

Revenue Recognition

Income from home sales is recorded when title is conveyed to the buyer, adequate cash payment has been received, and there is no continued involvement. Nonrefundable deposits received from customers upon the signing of a sales contract are recognized as other revenue if the contract is terminated by the customer.

Cash

Cash includes deposits in checking accounts. Cash balances are held at a financial institution and may, at times, exceed insurable amounts. The Company believes that it mitigates the risk by depositing the cash in a major financial institution.

Restricted cash and cash equivalents

Restricted cash and cash equivalents include cash collateralizing surety bonds, which is held in a money market account, as well as cash collateralizing the per home warranty service dollars discussed below.

Inventories

Inventories are stated at cost unless the inventory is determined to be impaired, in which case the inventory is written down to its fair value. Inventories of houses include all direct costs of construction, plus capitalized costs, including construction administration, property taxes, interest, and legal fees that relate to development projects. Land, land development, and common facility costs are accumulated by development and are allocated to homes within each development based on buildable acres to product types within each community, which, along with direct construction costs, are allocated to each unit and relieved through cost of sales using the specific identification method. Start-up costs incurred in connection with planned developments are expected to be recovered from the sale of homes and are capitalized. Management periodically reviews the feasibility of planned developments and expenses the costs of developments that are abandoned or which cannot be recovered through the realization of future sales revenue.

Hovsite Holdings III LLC

Notes to Consolidated Financial Statements (continued)

The Company records impairment losses on inventories related to communities under development when events and circumstances indicate they may be impaired and the Company will not be able to recover its recorded investment. The Company has not recorded any inventory impairments since inception.

“Consolidated inventory not owned” consists of certain model sale leasebacks that are included on the balance sheet in accordance with GAAP. Some of the assets acquired by the Company included certain model homes sold and leased back with the right to participate in the potential profit when each home is sold to a third party at the end of the respective lease. As a result of this continued involvement, for accounting purposes in accordance with Accounting Standards Codification (“ASC”) 606-10, “Revenue from Contracts with Customers,” these sale and leaseback transactions are considered a financing rather than a sale. Therefore, for purposes of the balance sheet, at December 31, 2020 and 2019, inventory \$4.4 million and \$7.5 million was recorded to “Consolidated inventory not owned,” with a corresponding amount of \$3.8 million and \$6.5 million recorded to “Liabilities from inventories not owned, net of debt issuance costs.”

Interest

Interest attributable to properties under development during the land development and home construction period is capitalized and expensed along with the associated cost of sales as the related inventories are sold. Interest incurred in excess of interest capitalized is expensed immediately.

Warranty Allowances

The Company warranties a home for most ordinary defects generally for the first year of ownership and for major structural defects for the first 10 years of ownership. All warranty services will be provided by and are the responsibility of an affiliate of K-Hov. The Company pays a fixed fee per house at closing. These fees are deposited into restricted cash accounts maintained by the Company until approvals are granted which allow for reimbursement to be paid to such affiliate, K. Hovnanian JV Services Company, L.L.C., to cover the cost of the warranty services after they have been incurred. Additions and charges to the warranty reserve, which is included in accounts payable and other liabilities on the accompanying consolidated balance sheets, were as follows:

(In Thousands)

	Years Ended December 31,	
	2020	2019
Balance, beginning of period	\$ 958	\$ 589
Additions	445	369
Charges	(63)	-
Balance, end of period	\$ 1,340	\$ 958

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs \$0.4 million, \$0.6 million and \$0.9 million, for the years ended December 31, 2020, 2019 and 2018, respectively, and are included in Selling, general and administrative expense on the accompanying consolidated statements of operations.

Income Taxes

A limited liability company is not subject to the payment of federal or state income taxes, as the components of its income and expenses flow through directly to the members. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and these differences could have a significant impact on the consolidated financial statements.

3. Related-Party Transactions

As the managing member of the Company, K-Hov provides certain services to the Company. In connection with providing these services, K-Hov receives fees, which are summarized as follows:

Administrative charge	4% of home sales revenue
Insurance charge	\$4,500 per home sold
Warranty services charge	\$5,500 per home sold

Notes to Consolidated Financial Statements (continued)

The administrative and insurance charges are included in Selling, general and administrative expense and the warranty services charge is included in Indirect cost of sales – Other on the consolidated statements of operations. The administrative charge has been suspended from being paid on the first 238 homes delivered after December 4, 2017 and will begin being paid thereafter. As a result, there was no administrative charge for the year ended December 31, 2020 and 2019.

The following table summarizes the related party fees incurred:

(In thousands)	Years Ended December 31,		
	2020	2019	2018
Administrative charge	\$ -	\$ -	\$ -
Insurance charge	\$ 365	\$ 302	\$ 185
Warranty services charge	\$ 445	\$ 369	\$ 226

4. Notes Payable

The Company has a secured promissory note with a lender that matures on November 24, 2022. As of December 31, 2020 and 2019, the note had a principal balance of \$16.1 million and \$28.5 million, respectively, plus \$0.2 million of accrued unpaid interest for both periods. Interest is payable monthly at a rate of 8.25%, for the first year, then the interest rate will be fixed at the Prime Interest Rate plus a margin of 500 basis points, which will be set annually on each adjustment date. The interest rate has a floor of 8.0% and a ceiling of 9.50%. The note is secured by all of the Company's property and improvements.

5. Commitments and Contingencies

The Company is not currently involved in any claims or legal actions arising in the ordinary course of its business. If the Company were to become involved in any, management would decide, based on the facts and circumstances at that time, if the ultimate disposition of these matters could have a material adverse effect or not on the Company's consolidated financial statements and assess whether a contingent liability would be necessary.

6. Subsequent Events

The Company evaluated subsequent events that took place after December 31, 2020, through February 26, 2021, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events that require disclosure in or adjustments to the consolidated financial statements as of December 31, 2020.
