



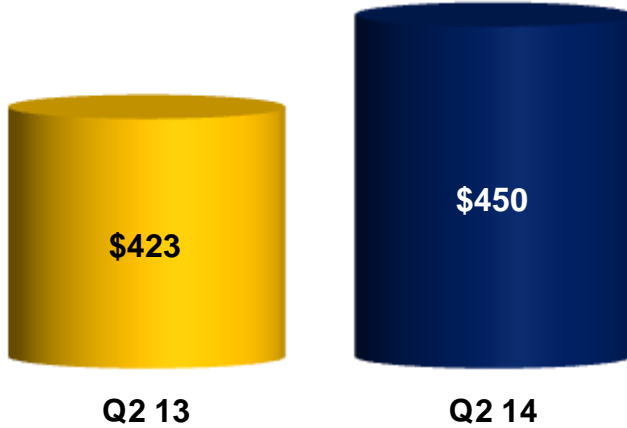
## Review of Financial Results Second Quarter Fiscal 2014



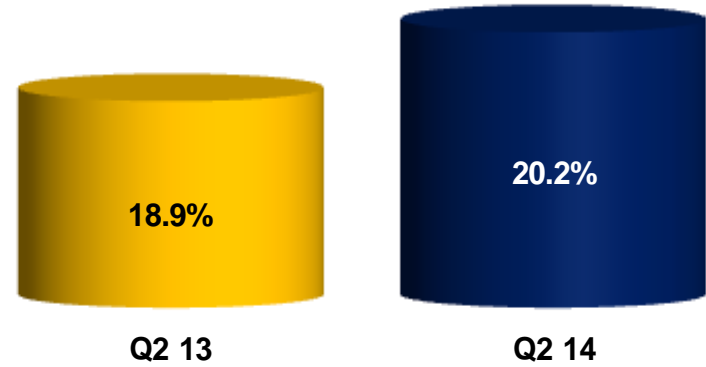
**Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward looking statements are reasonable, we can give no assurance that such plans, intentions, or expectations will be achieved. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic, industry and business conditions and impacts of the sustained homebuilding downturn, (2) adverse weather and other environmental conditions and natural disasters, (3) changes in market conditions and seasonality of the Company’s business, (4) changes in home prices and sales activity in the markets where the Company builds homes, (5) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws, and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in, and price fluctuations of, raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) levels of indebtedness and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness, (13) the Company’s sources of liquidity, (14) changes in credit ratings, (15) availability of net operating loss carryforwards, (16) operations through joint ventures with third parties, (17) product liability litigation, warranty claims and claims made by mortgage investors, (18) successful identification and integration of acquisitions, (19) significant influence of the Company’s controlling stockholders, (20) changes in tax laws affecting the after-tax costs of owning a home, (21) geopolitical risks, terrorist acts and other acts of war, and (22) other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2013 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.**

**Total Revenues**

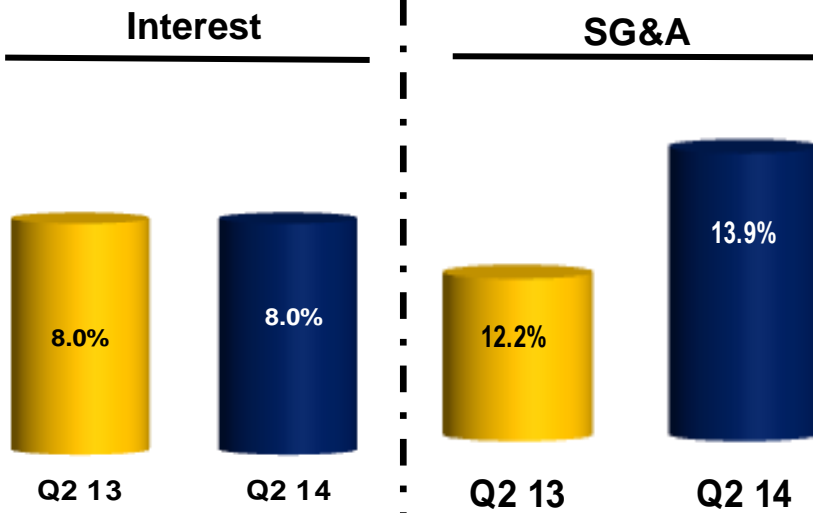
\$ in millions



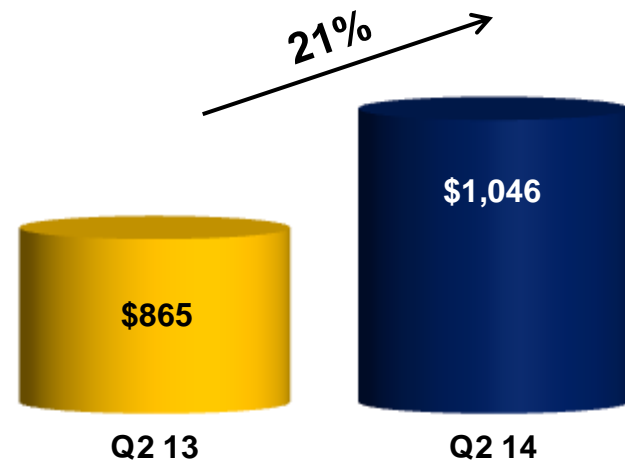
**Homebuilding Gross Margin**



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



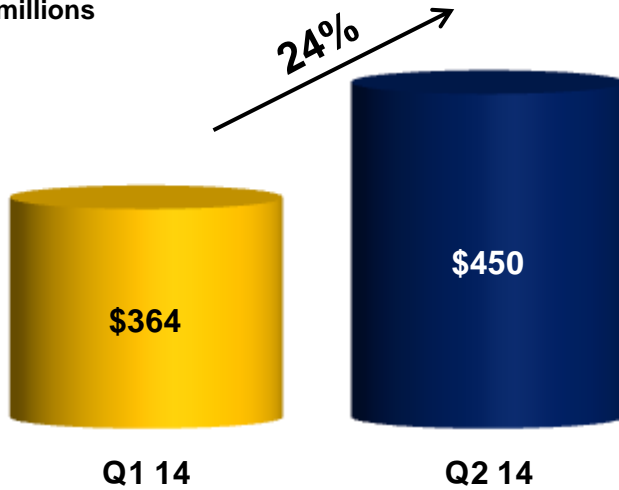
**Backlog \$**



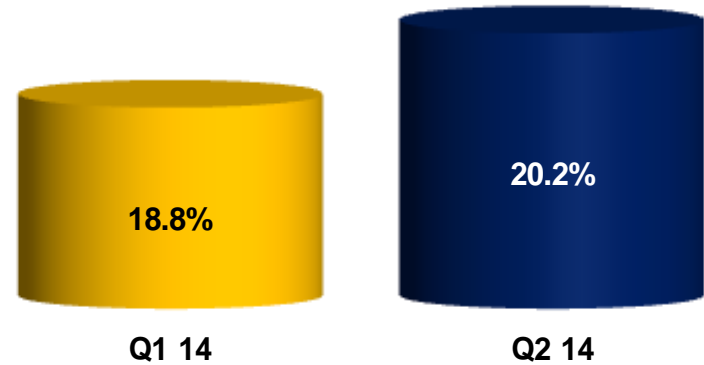
Note: Excluding unconsolidated joint ventures.

Total Revenues

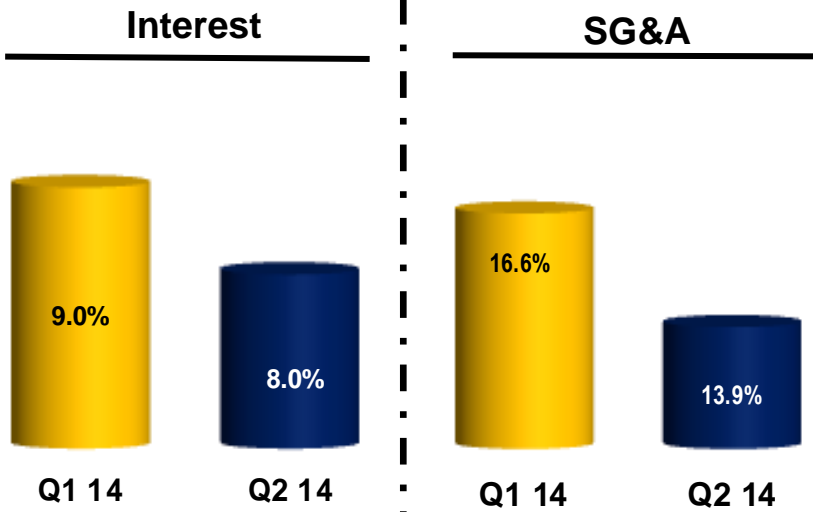
\$ in millions



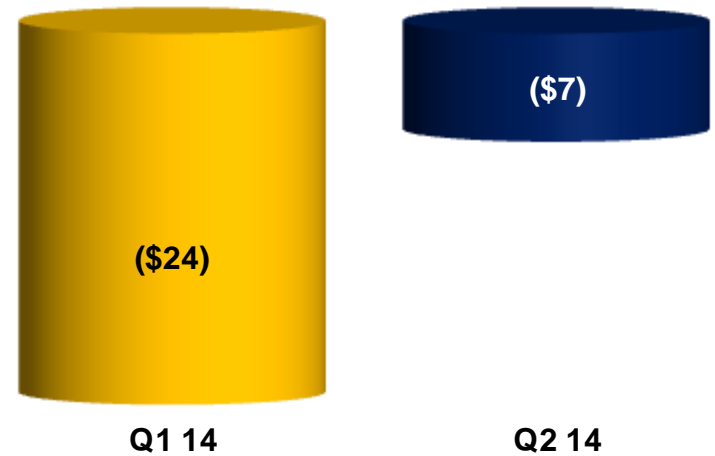
Homebuilding Gross Margin



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



Pre-tax Loss

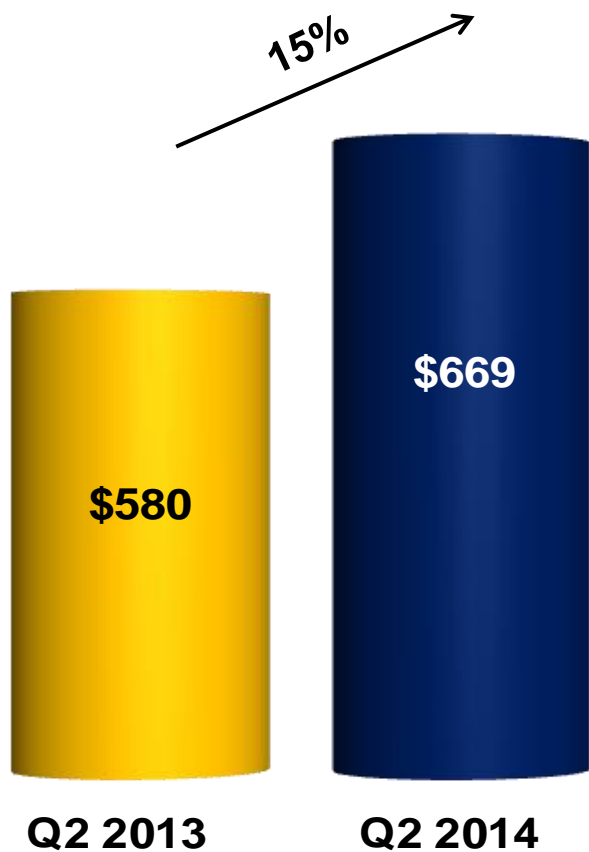


Note: Excluding unconsolidated joint ventures.

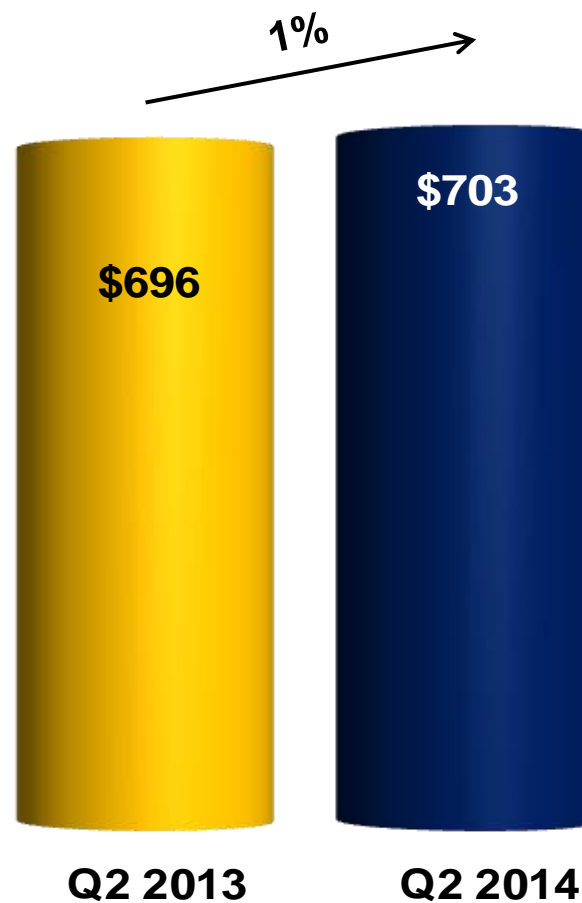
# Dollar Value of Net Contracts

\$ in millions

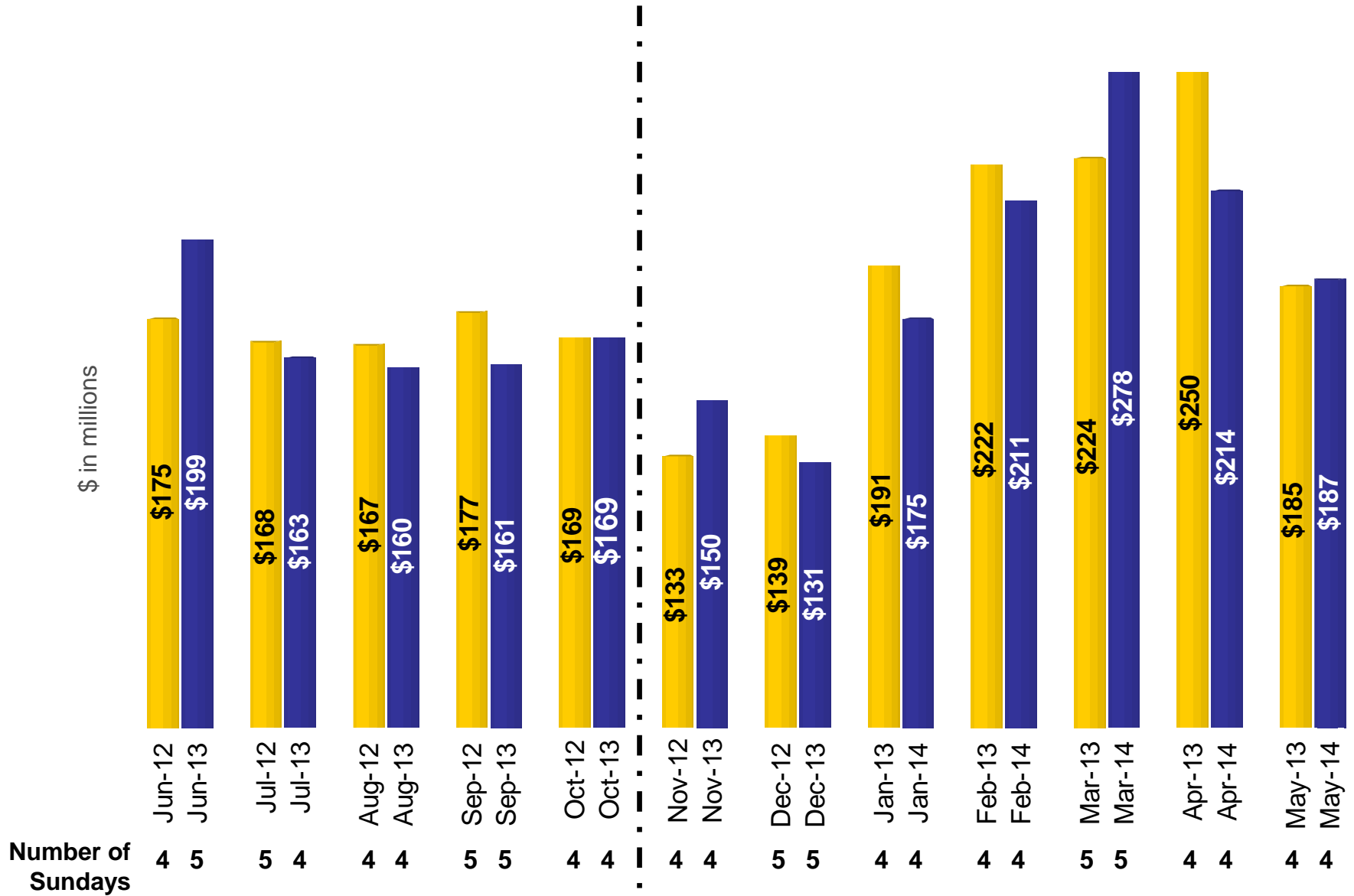
## Consolidated



## Including Unconsolidated Joint Ventures

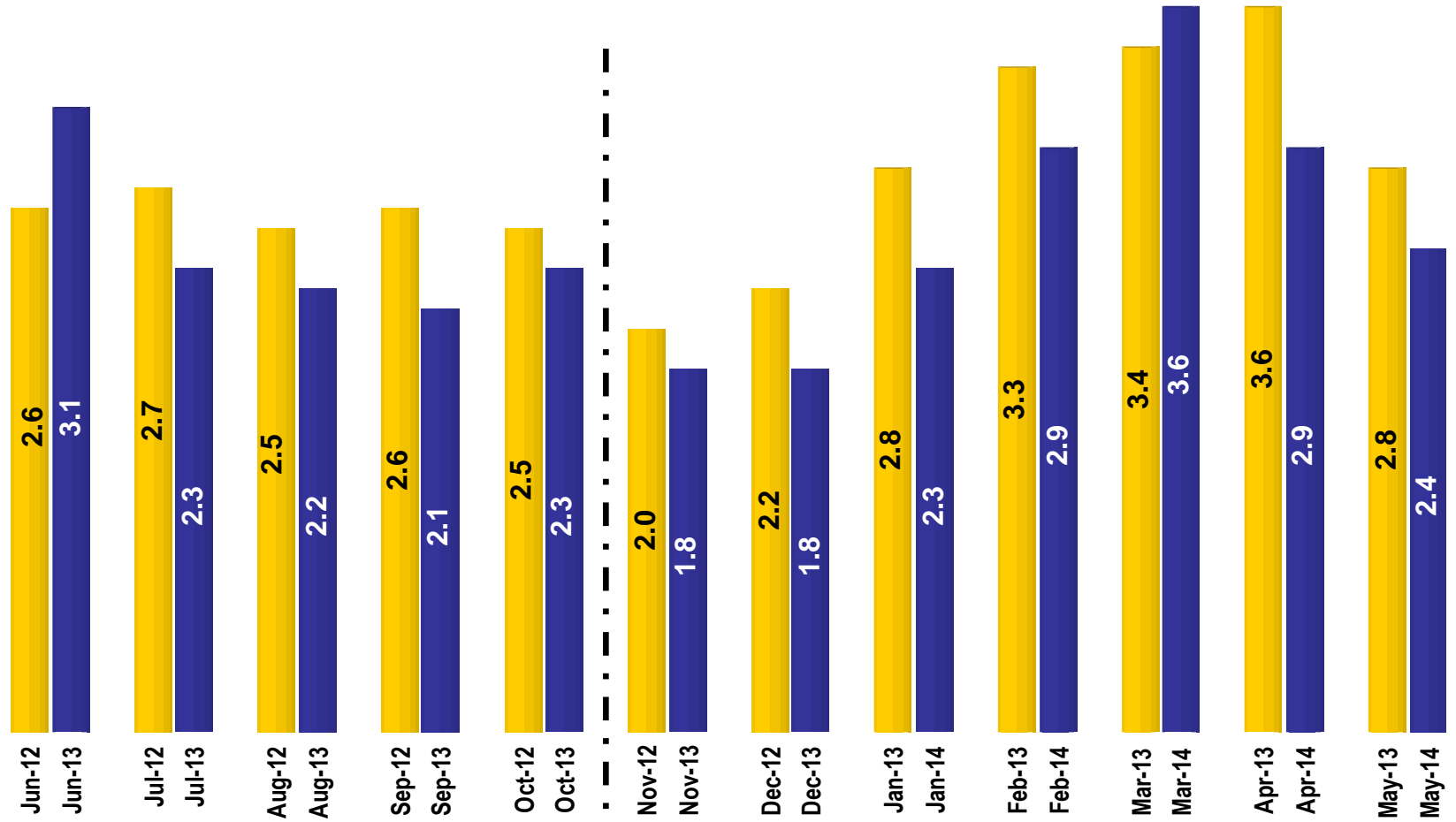


# Dollar Amount of Net Contracts Per Month



Includes unconsolidated joint ventures.

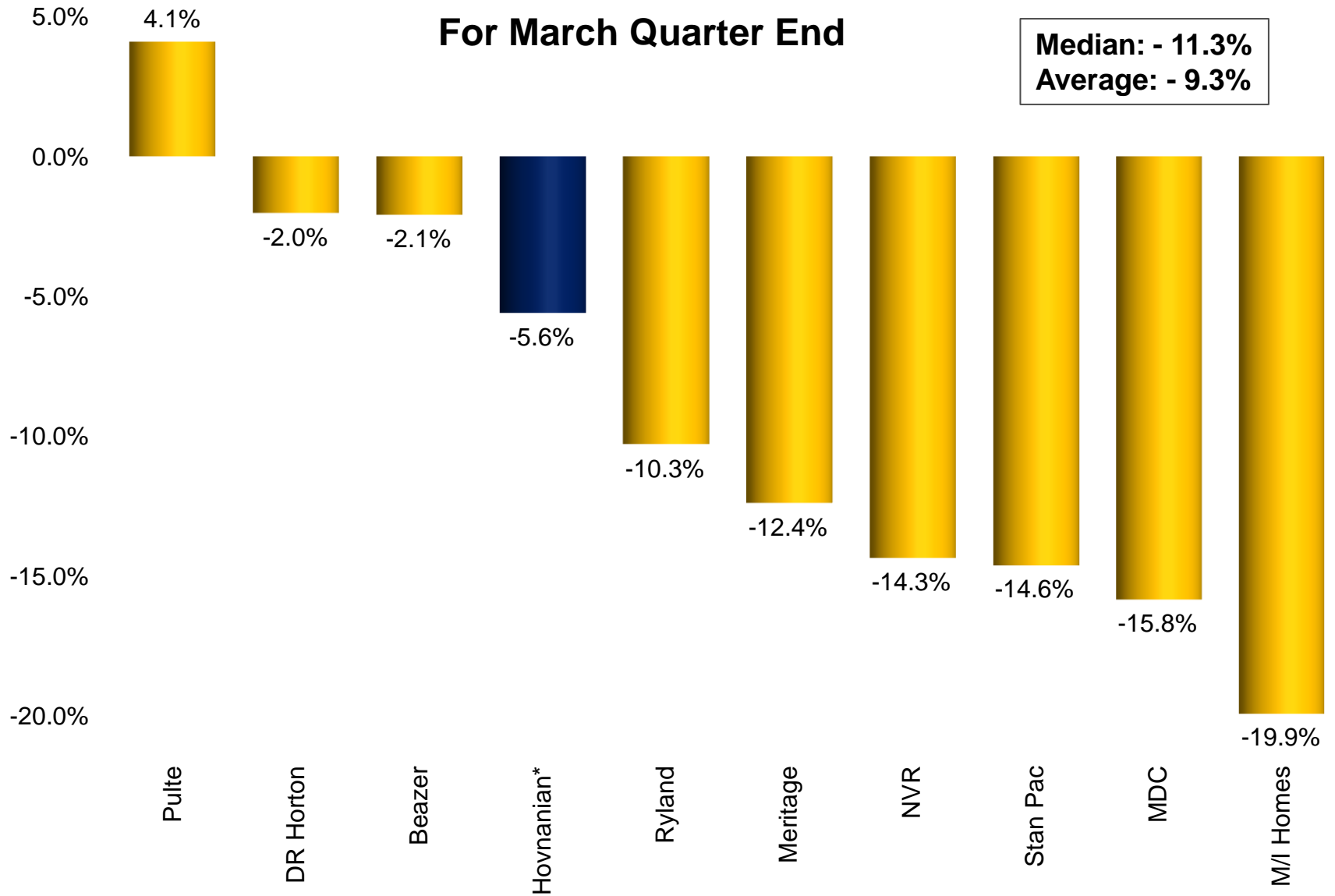
# Monthly Net Contracts Per Active Selling Community



Number of Sundays	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	5	5	4	4	4	4		
	Jun-12	Jun-13	Jul-12	Jul-13	Aug-12	Aug-13	Sep-12	Sep-13	Oct-12	Oct-13	Nov-12	Nov-13	Dec-12	Dec-13	Jan-13	Jan-14	Feb-13	Feb-14	Mar-13	Mar-14	Apr-13	Apr-14	May-13	May-14
Monthly Net Contracts	506	583	529	451	484	433	495	417	464	465	385	382	409	350	550	470	622	582	640	728	688	597	534	474

Includes unconsolidated joint ventures.

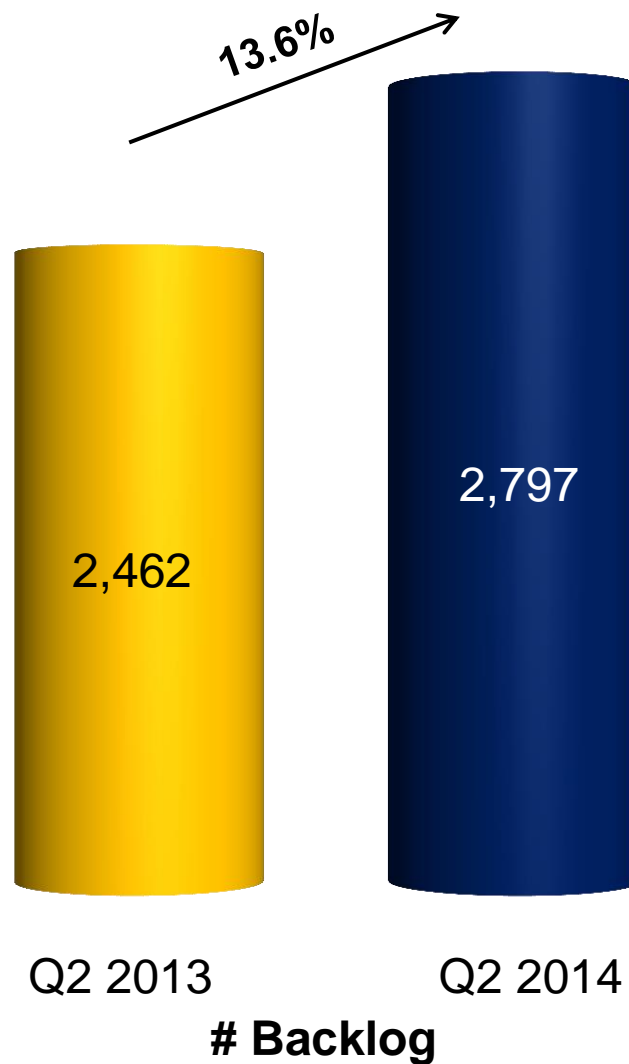
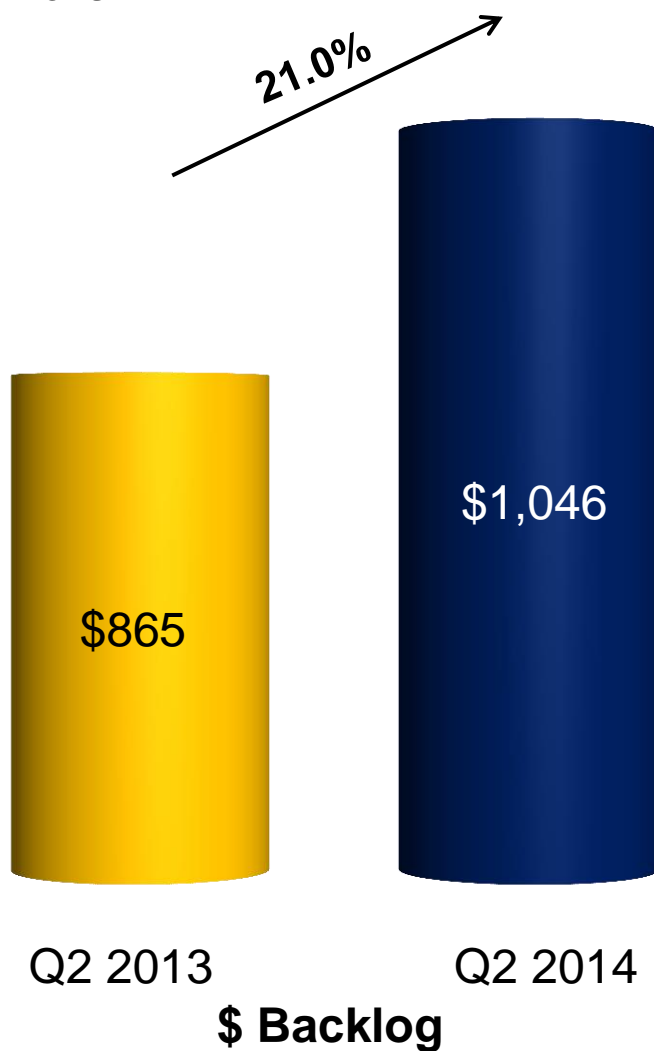
# Year Over Year Change in Net Contracts per Community



\* Hovnanian is shown as if its quarter ended March 31, 2014.

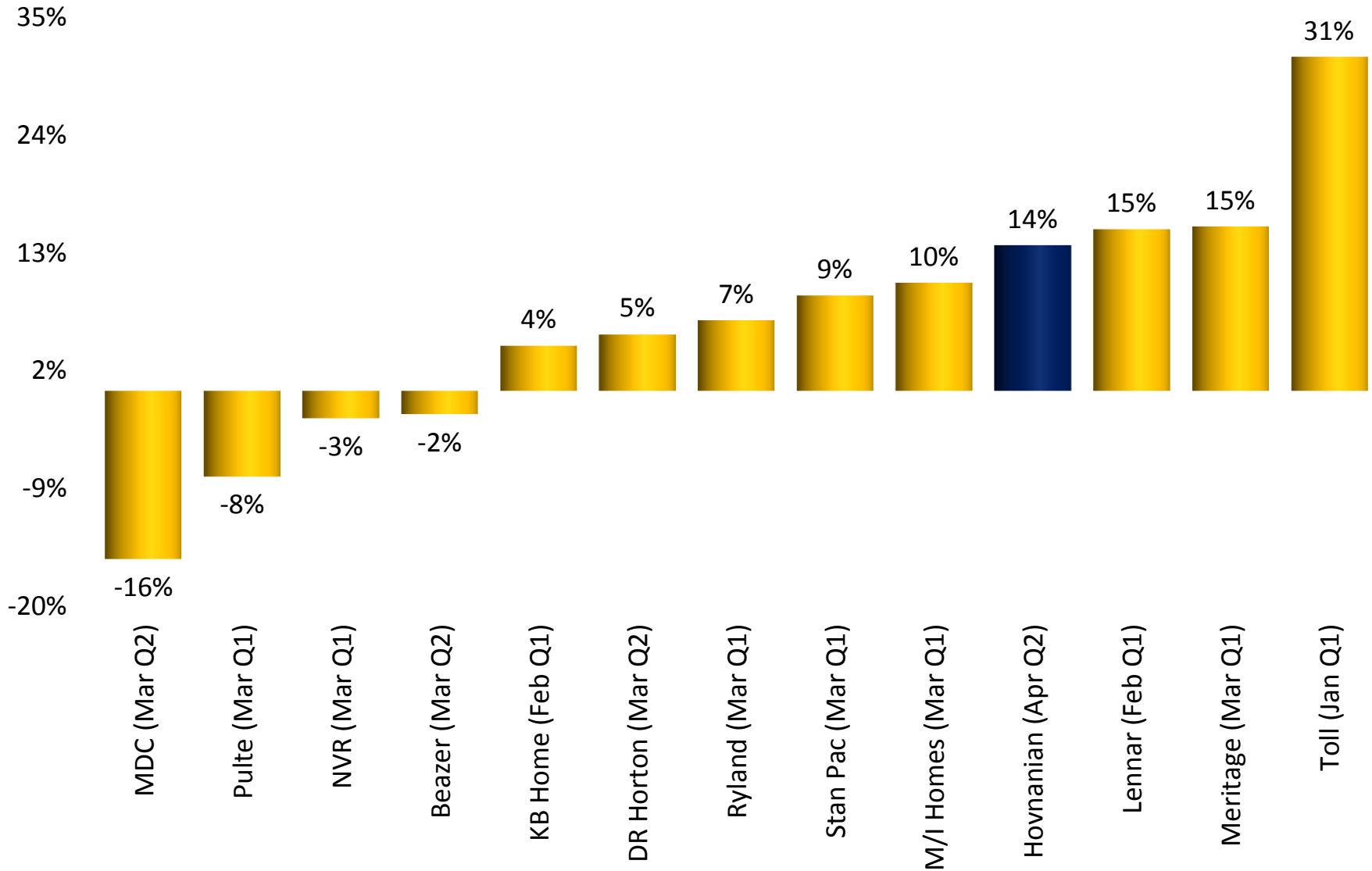


\$ in millions



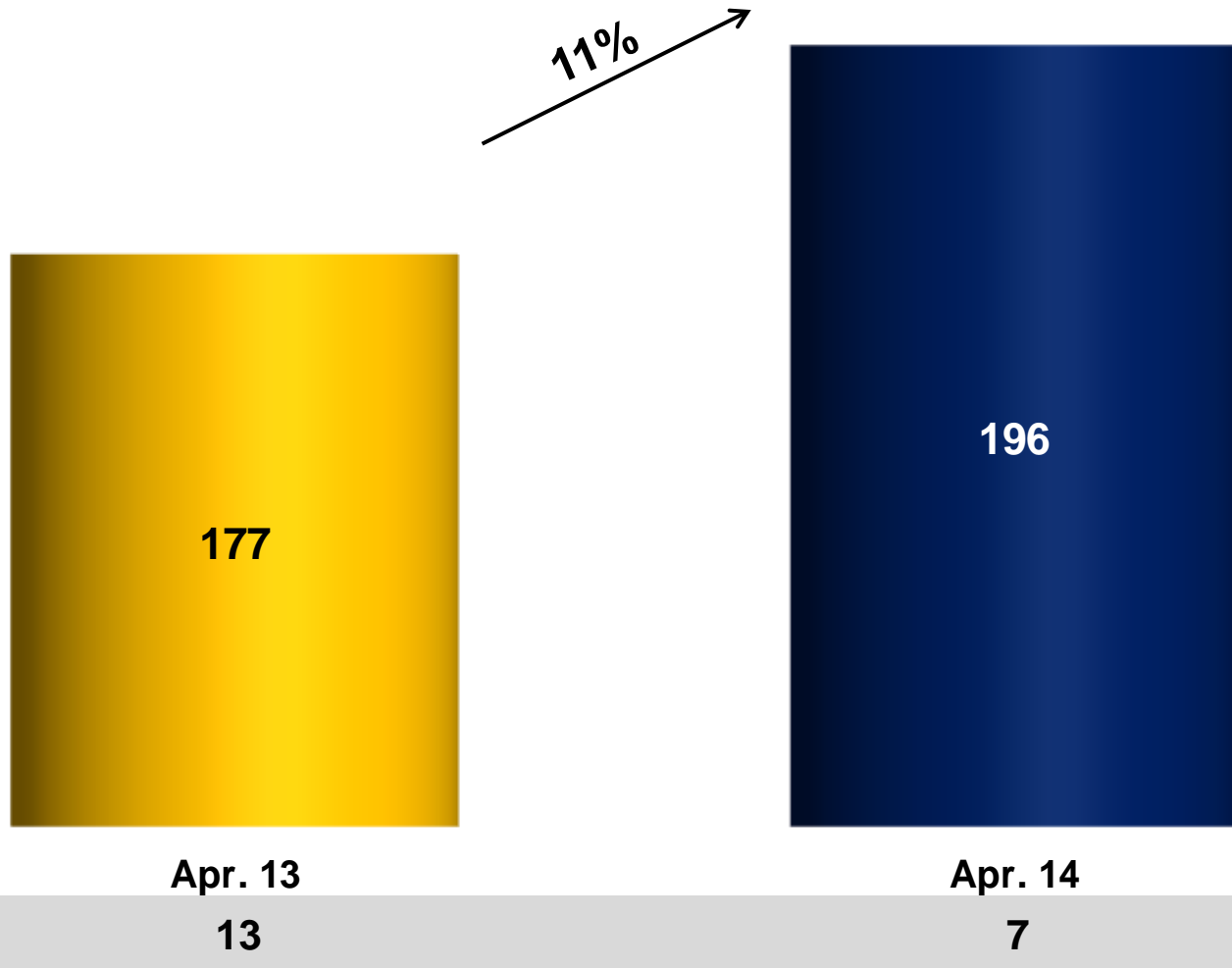
Note: Consolidated total

# Year-Over-Year Change in Backlog (in Units)



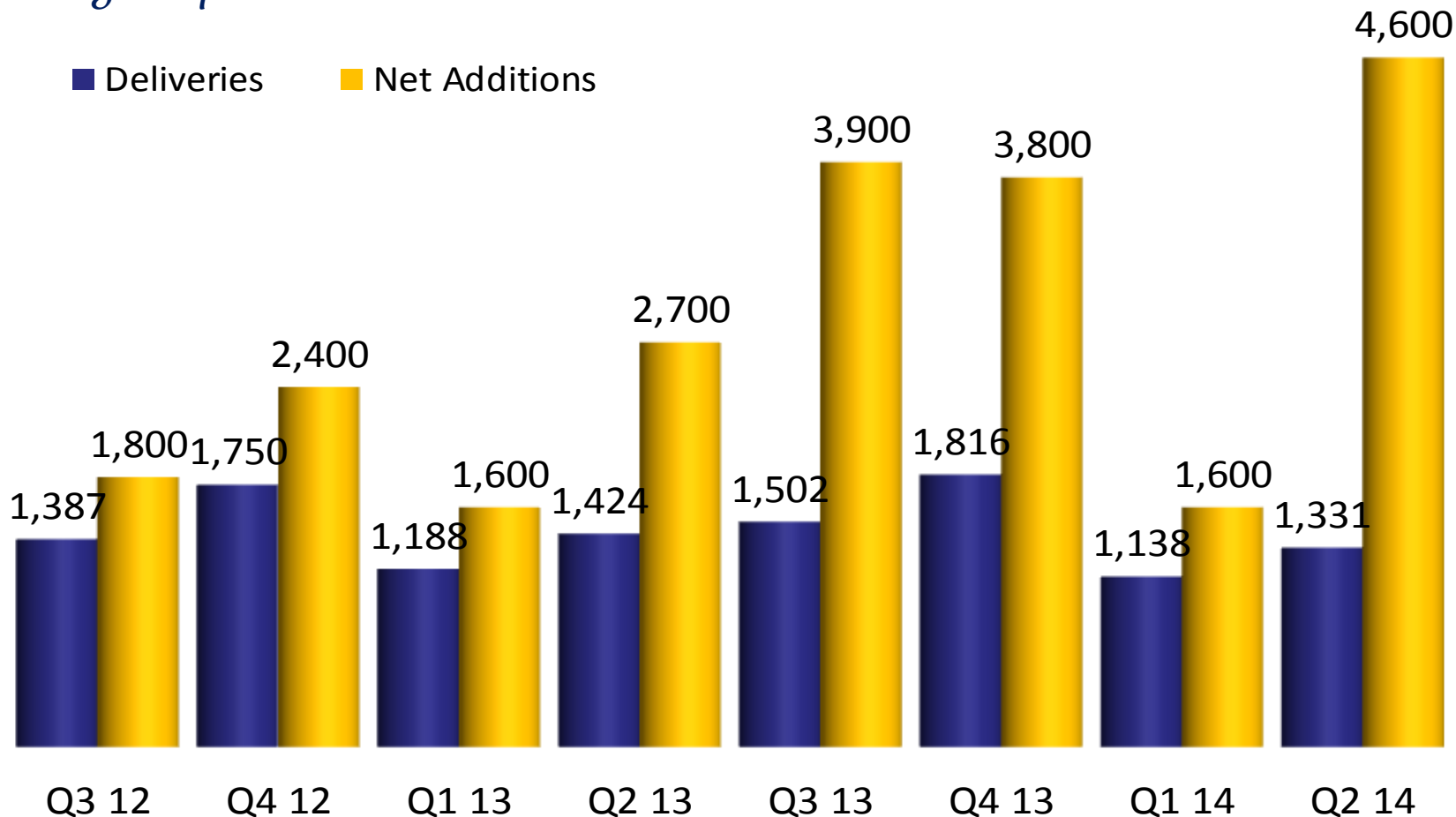
Excluding unconsolidated joint ventures.

*In the trailing twelve months, we opened 95 communities and closed out 76 communities.*



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

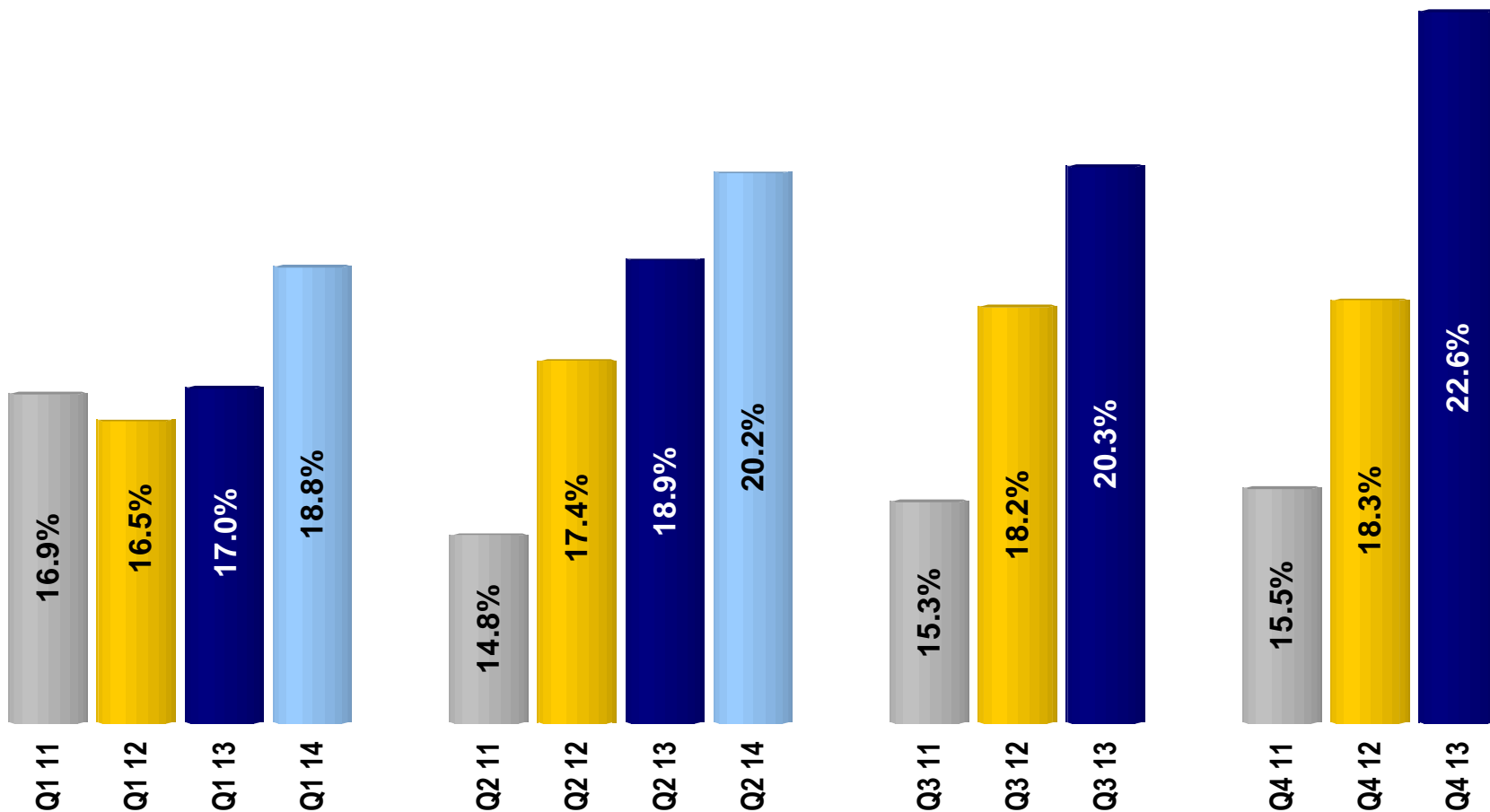
*Net additions of approximately 10,900 lots in excess of deliveries, over eight quarters*



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

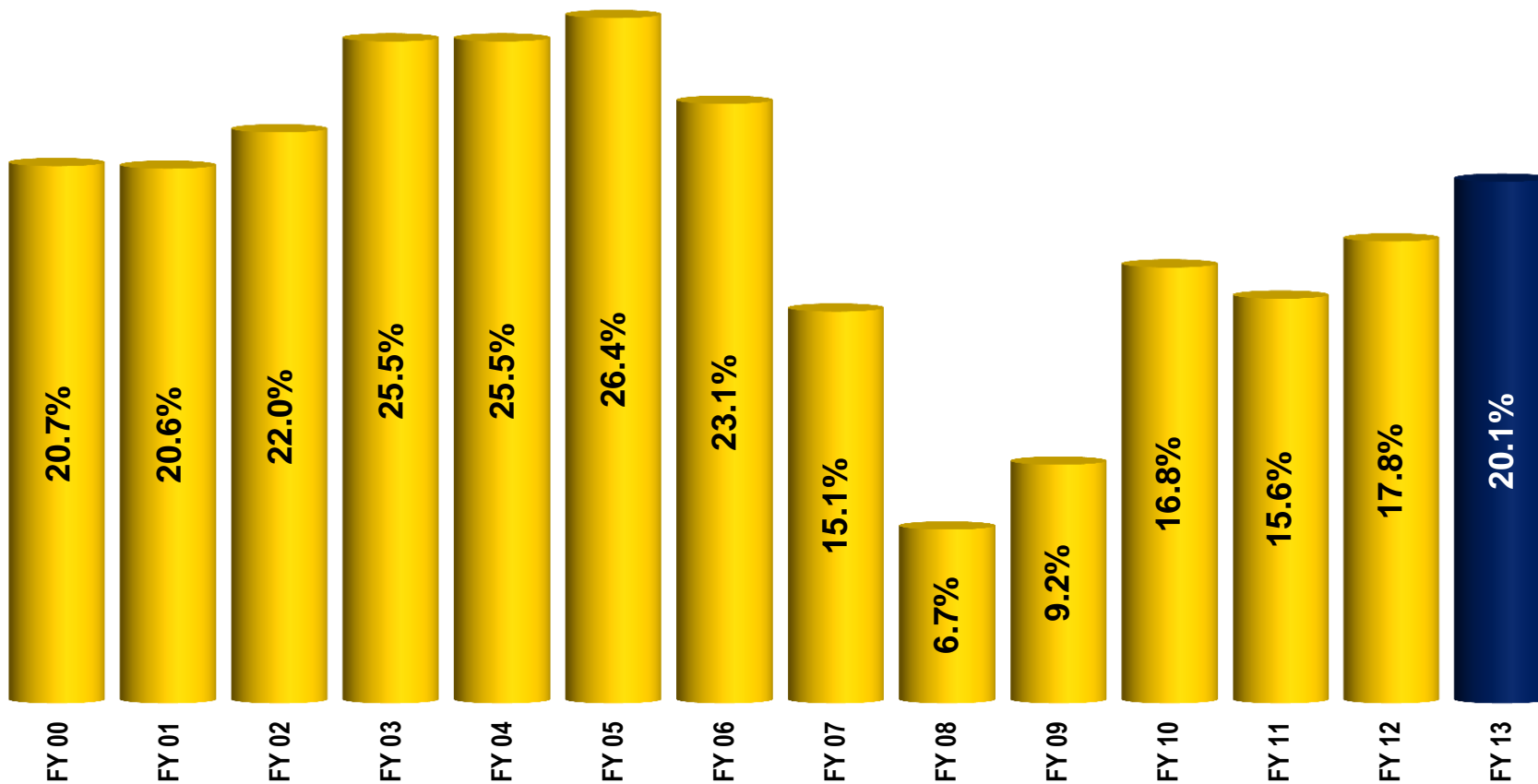
*Note: Deliveries include unconsolidated joint ventures.*

# Gross Margin Improvements



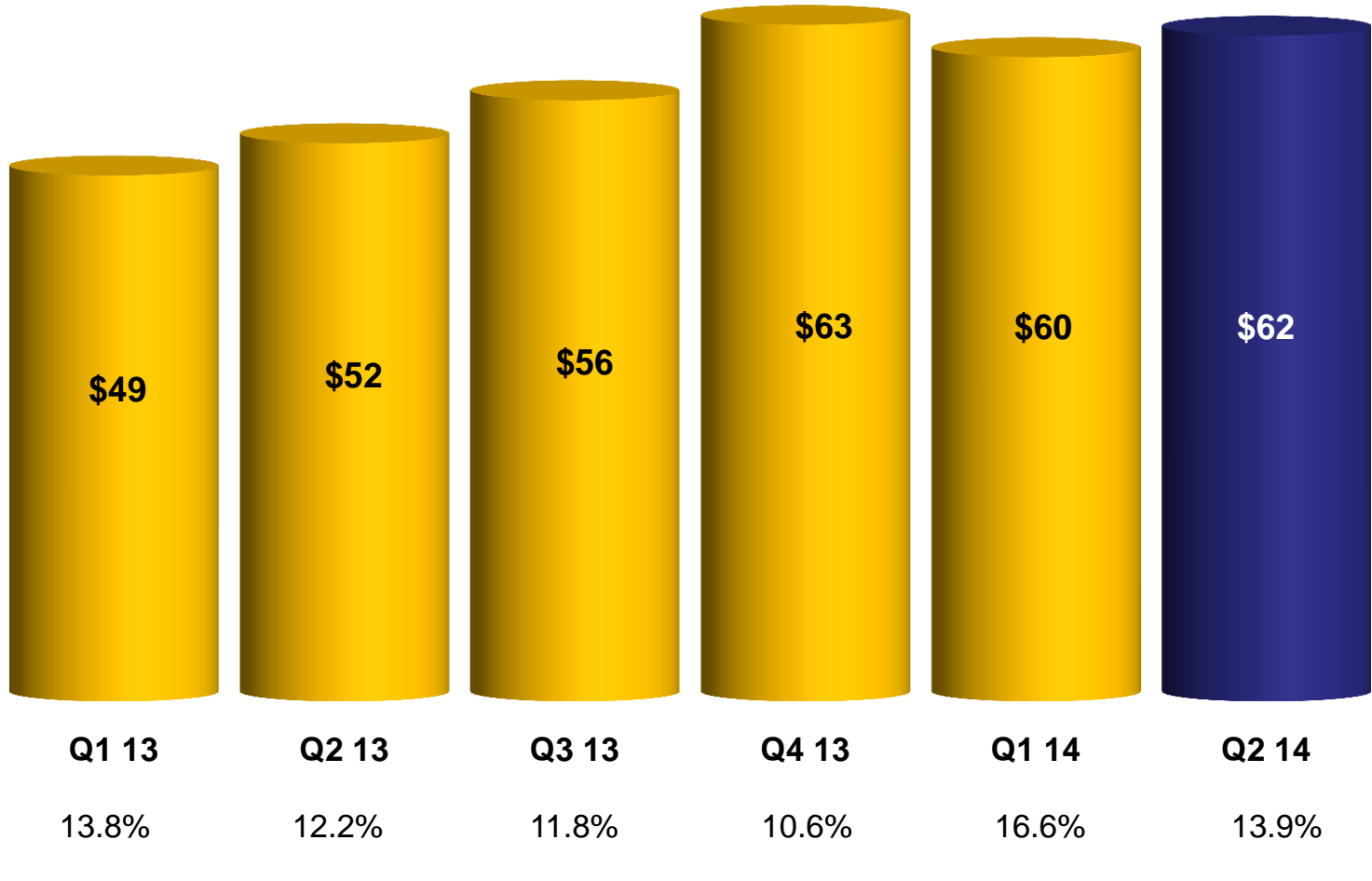
*Excludes interest related to homes sold.*

*During the second quarter of 2014, there were \$11.0 million of impairment reversals related to deliveries, compared to \$12.4 million in the second quarter of 2013.*



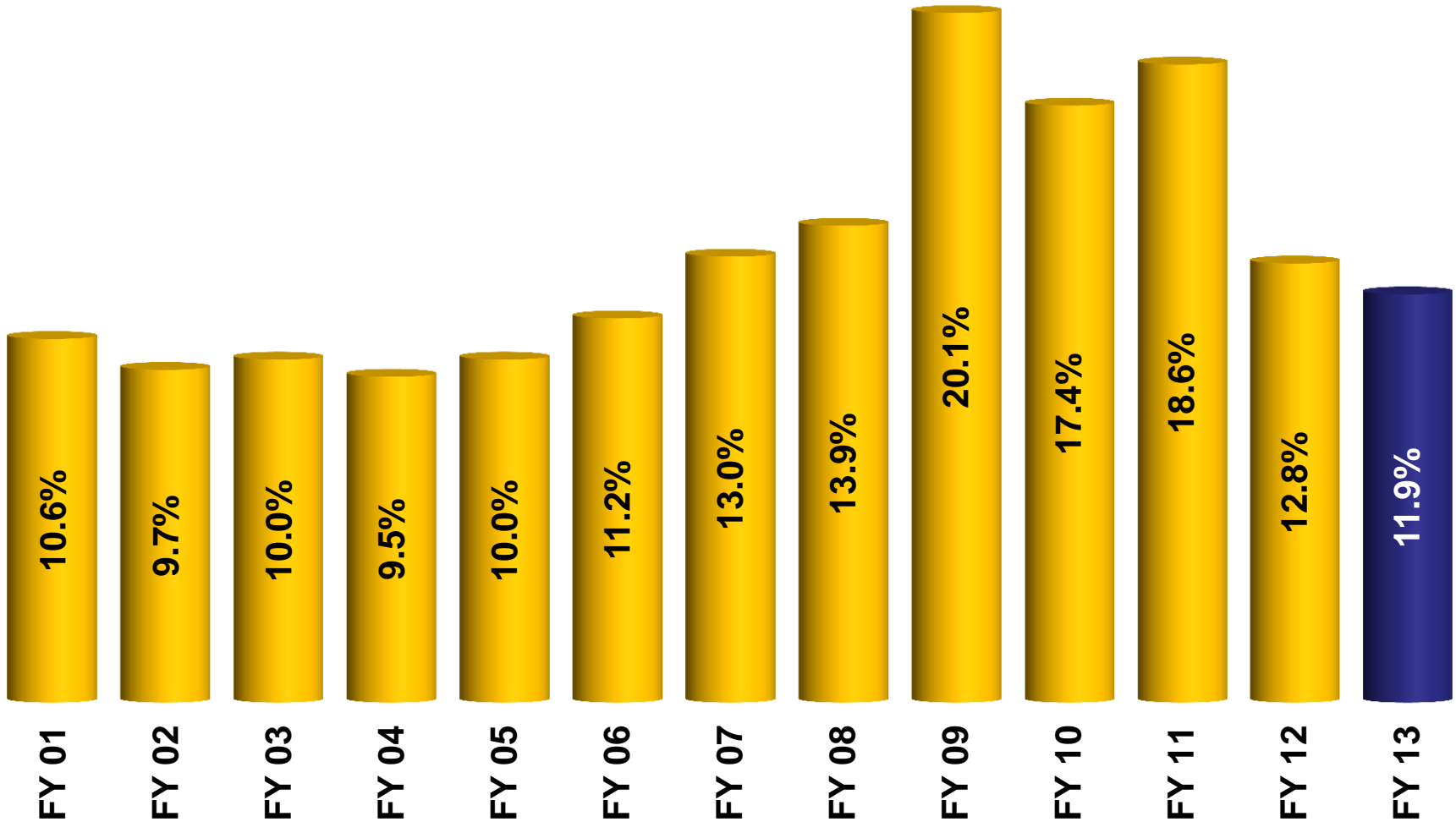
*Excludes interest related to homes sold.*

\$ in millions



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

# Total SG&A as a Percentage of Total Revenues



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



# Land Positions by Geographic Segment

April 30, 2014

# Lots

Owned

Segment	Owned		Optioned	Total
	Excluding Mothballed Lots	Mothballed Lots		
Northeast	1,202	857	2,861	4,920
Mid-Atlantic	2,528	280	3,647	6,455
Midwest	2,973	108	1,812	4,893
Southeast	1,078	383	4,079	5,540
Southwest	2,893	0	4,425	7,318
West	1,406	4,612	96	6,114
Total	12,080	6,240	16,920	35,240

- ◆ *91% of options are newly identified lots*
- ◆ *Excluding mothballed lots, 83% of owned and optioned lots are newly identified lots*

*Excluding unconsolidated joint ventures.*

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

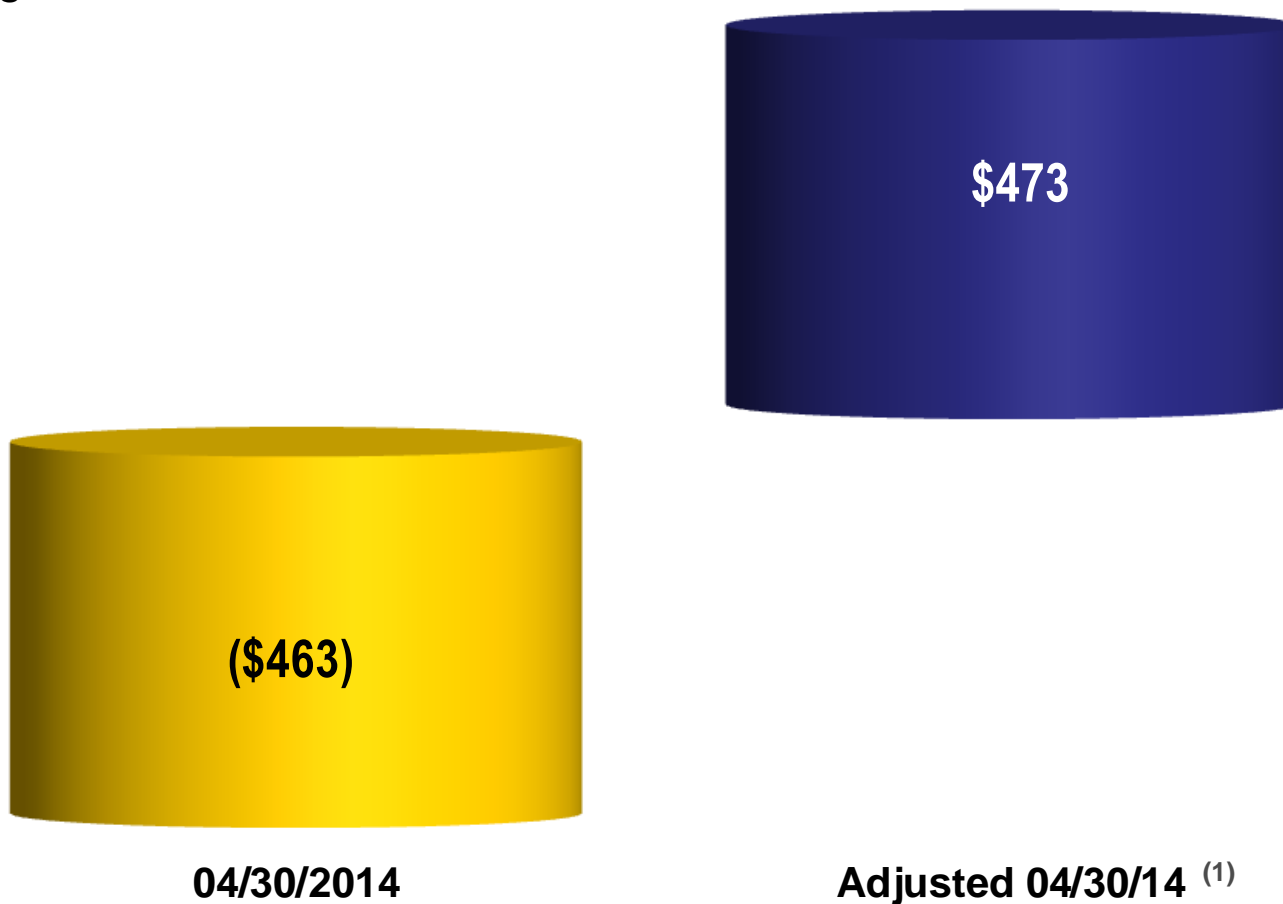
As of April 30, 2014

	<u># of Lots</u>
<b>Northeast (NJ, PA)</b>	<b>857</b>
<b>Mid-Atlantic (DE, MD, VA, WV)</b>	<b>280</b>
<b>Midwest (IL, MN, OH)</b>	<b>108</b>
<b>Southeast (FL, GA, NC, SC)</b>	<b>383</b>
<b>Southwest (AZ, TX)</b>	<b>0</b>
<b>West (CA)</b>	<b>4,612</b>
<b>Total</b>	<b>6,240</b>

- ◆ *In 47 communities with a book value of \$106 million net of impairment balance of \$419 million*
- ◆ *Unmothballed approximately 3,850 lots in 66 communities since January 31, 2009*

# Adjusted Hovnanian Stockholders' Equity

\$ in millions



(1) Total Hovnanian Stockholders' Deficit of \$(463) million with \$936 million valuation allowance added back to Stockholders' Equity. The \$936 million valuation allowance consisted of a \$720 million federal valuation allowance and a \$216 million state valuation allowance.

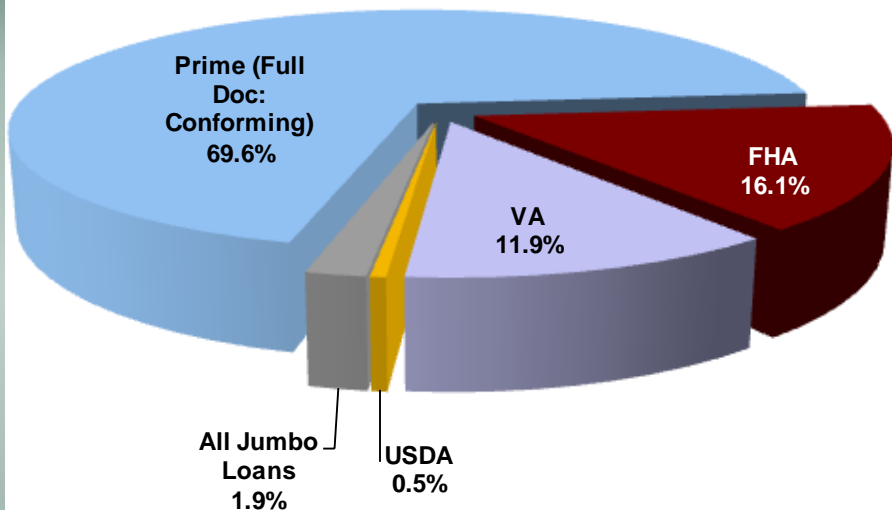
## Second Quarter 2014:

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 5.0%
- FICO Score: 747
- Capture Rate: 64%

## Fiscal Year 2013:

- Average LTV: 85%
- Average CLTV: 85%
- ARMs: 3.1%
- FICO Score: 746
- Capture Rate: 71%

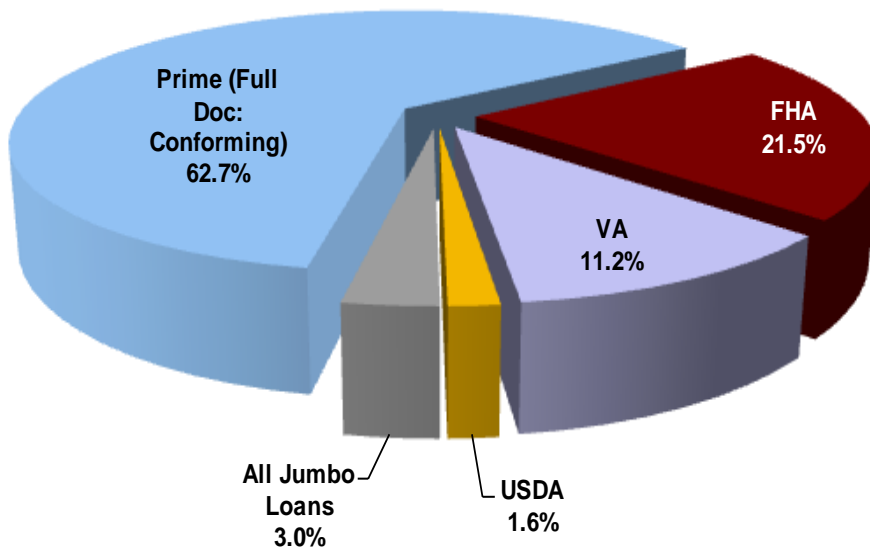
## Second Quarter 2014



## FHA Percentages

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

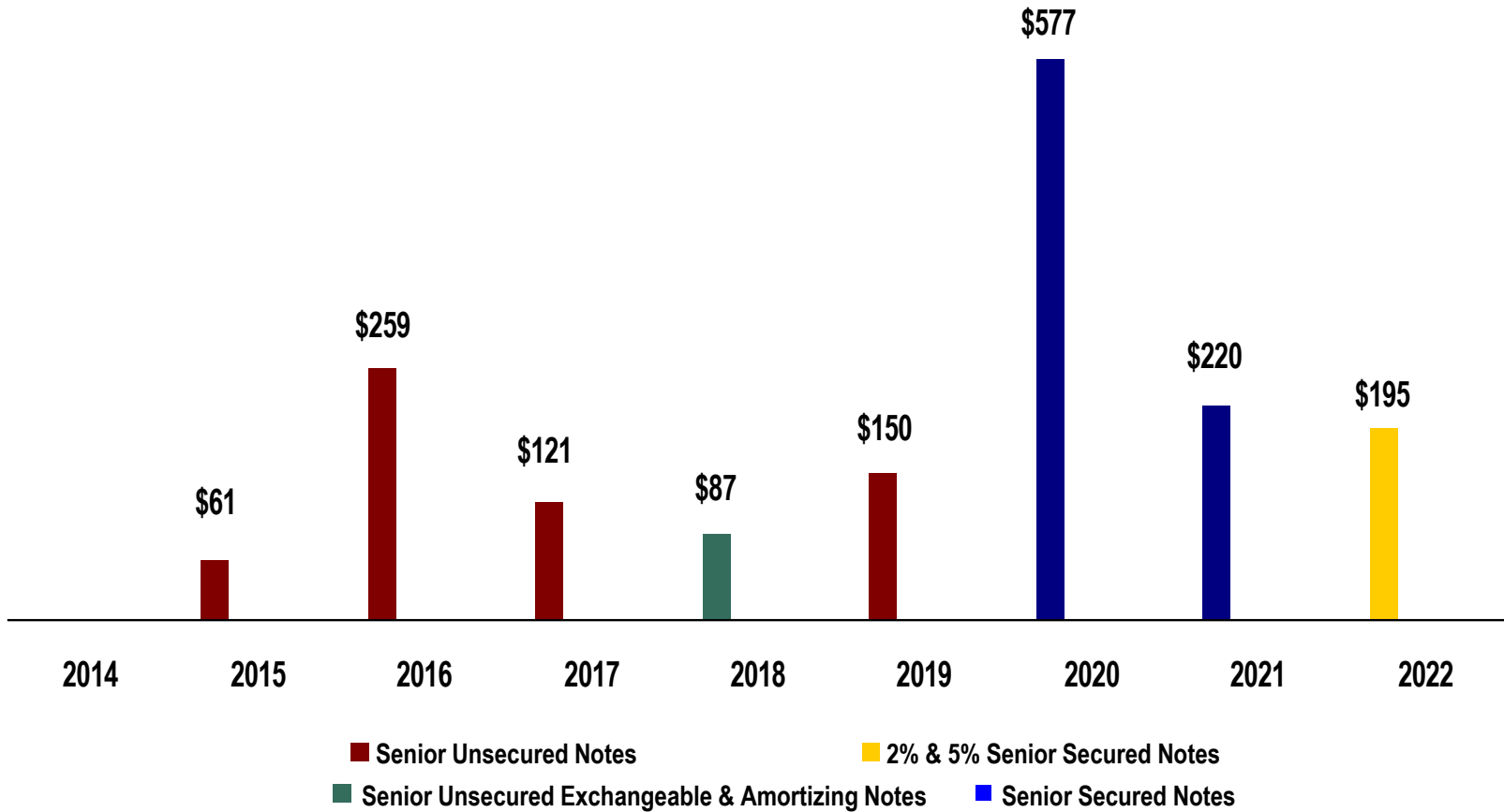
## Fiscal Year 2013



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

April 30, 2014 (\$ in millions)

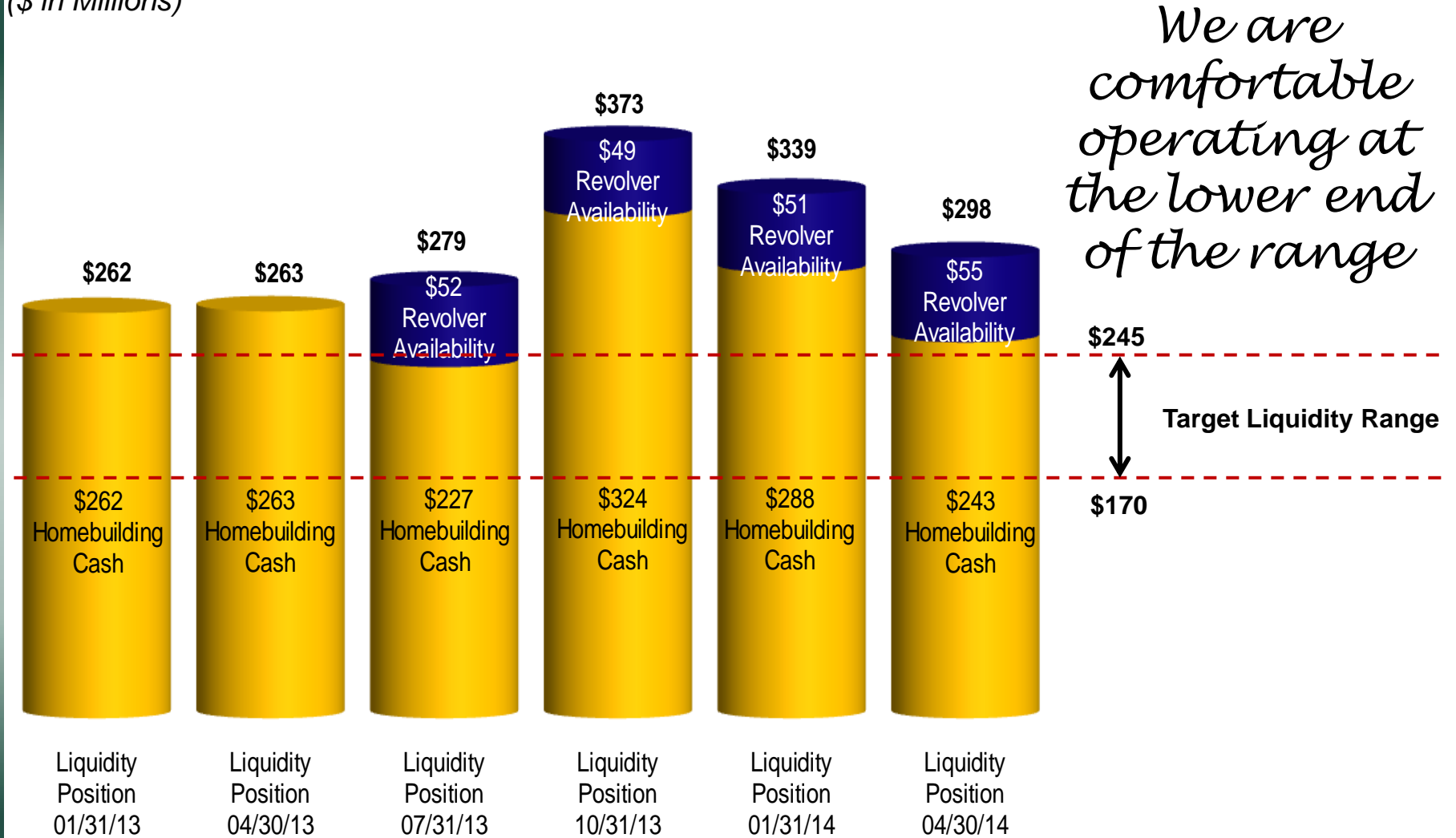
- ✓ Between October 2008 and October 2013, reduced debt by more than \$975 million
- ✓ Raised \$108 million from common equity offerings
- ✓ Raised \$186 million of equity linked securities



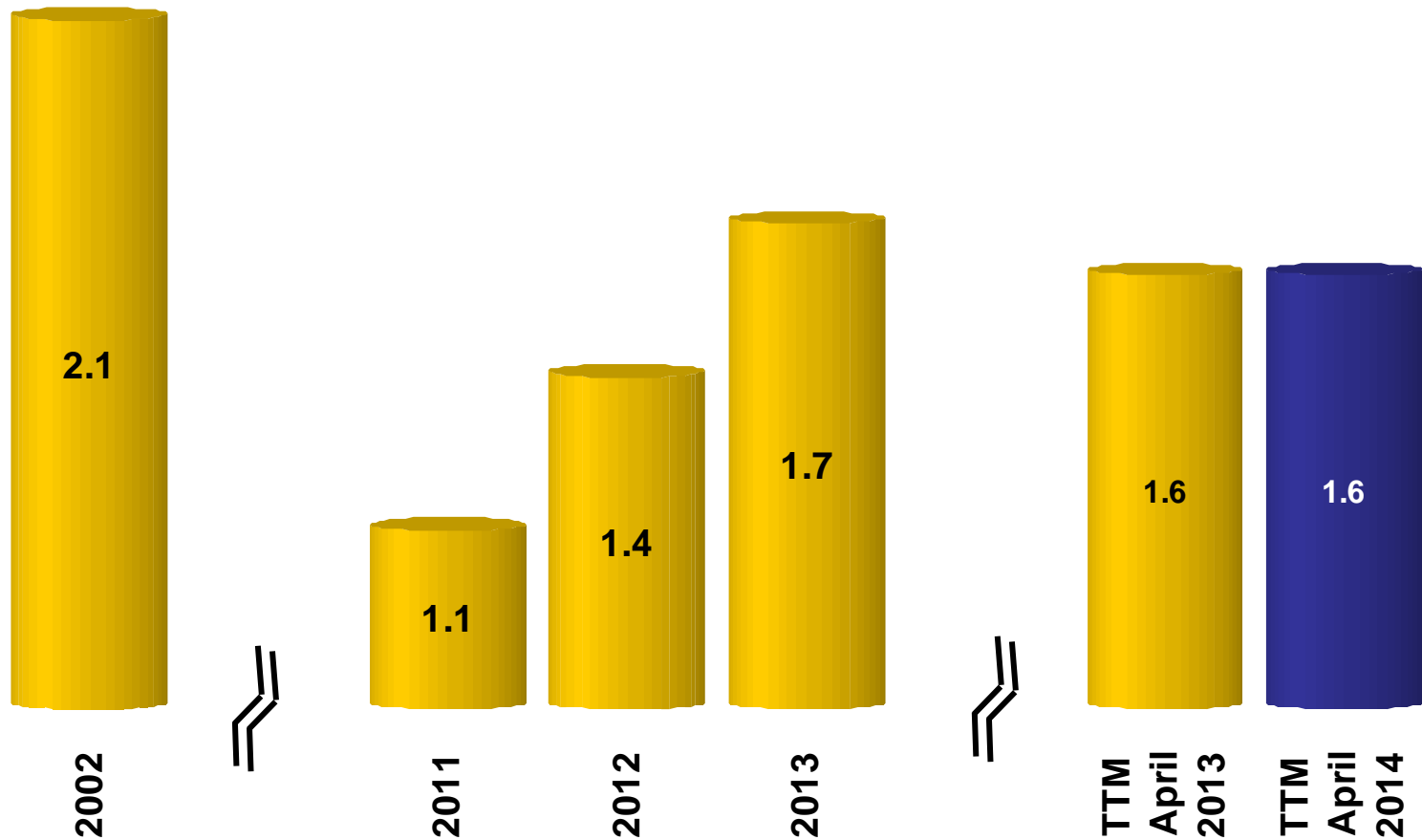
Note: Shown on a fiscal year basis, at face value.

# Liquidity Position and Target

(\$ 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.



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



# Appendix

(\$ in millions)

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
1) <b>Net Contracts (\$ value, consolidated)</b>	<b>\$669</b>	<b>\$580</b>	<b>15%</b>
2) <b>Net Contracts (units, consolidated)</b>	<b>1,809</b>	<b>1,695</b>	<b>7%</b>
3) <b>Communities<sup>1</sup></b>	<b>203</b>	<b>190</b>	<b>7%</b>
4) <b>Contracts per Community<sup>1</sup></b>	<b>9.4</b>	<b>10.3</b>	<b>-9%</b>
5) <b>Backlog (\$ value)<sup>1</sup></b>	<b>\$1,136</b>	<b>\$1,025</b>	<b>11%</b>
6) <b>Backlog (units)<sup>1</sup></b>	<b>3,032</b>	<b>2,827</b>	<b>7%</b>
7) <b>Deliveries (consolidated)</b>	<b>1,235</b>	<b>1,255</b>	<b>-2%</b>
8) <b>Total Revenues</b>	<b>\$450</b>	<b>\$423</b>	<b>6%</b>
9) <b>Homebuilding Gross Margin</b>	<b>20.2%</b>	<b>18.9%</b>	<b>130 bps</b>
10) <b>Total SG&amp;A as a Percentage of Total Revenues</b>	<b>13.9%</b>	<b>12.2%</b>	<b>170 bps</b>
11) <b>(Loss) Income Before Income Taxes Excluding Land-Related Charges and Loss on Extinguishment of Debt <sup>(2)</sup></b>	<b>(\$6)</b>	<b>\$1</b>	

(1) Includes unconsolidated joint ventures.

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

## Lots Purchased or Optioned Since January 31, 2009

	Lots	Communities
Purchased	19,700	553 <sup>(1)</sup>
Optioned	15,400	
Joint Venture	5,000	36
<b>Total</b>	<b>40,100</b>	<b>589</b>

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

Total Additions	3,100
Walk Aways	<u>-1,500</u>
Net Change	1,600

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

Total Additions	5,600
Walk Aways	<u>-1,000</u>
Net Change	4,600

*As of April 30, 2014  
approximately 26,500 lots  
remaining.*

Notes: (1) Excludes 136 communities where we walked away from all of the lots in those communities.

(2) First quarter 2014 total additions included 3,000 new options and 100 lots purchased but not controlled prior to 11/01/13.

(3) Second quarter 2014 total additions included 5,600 new options.

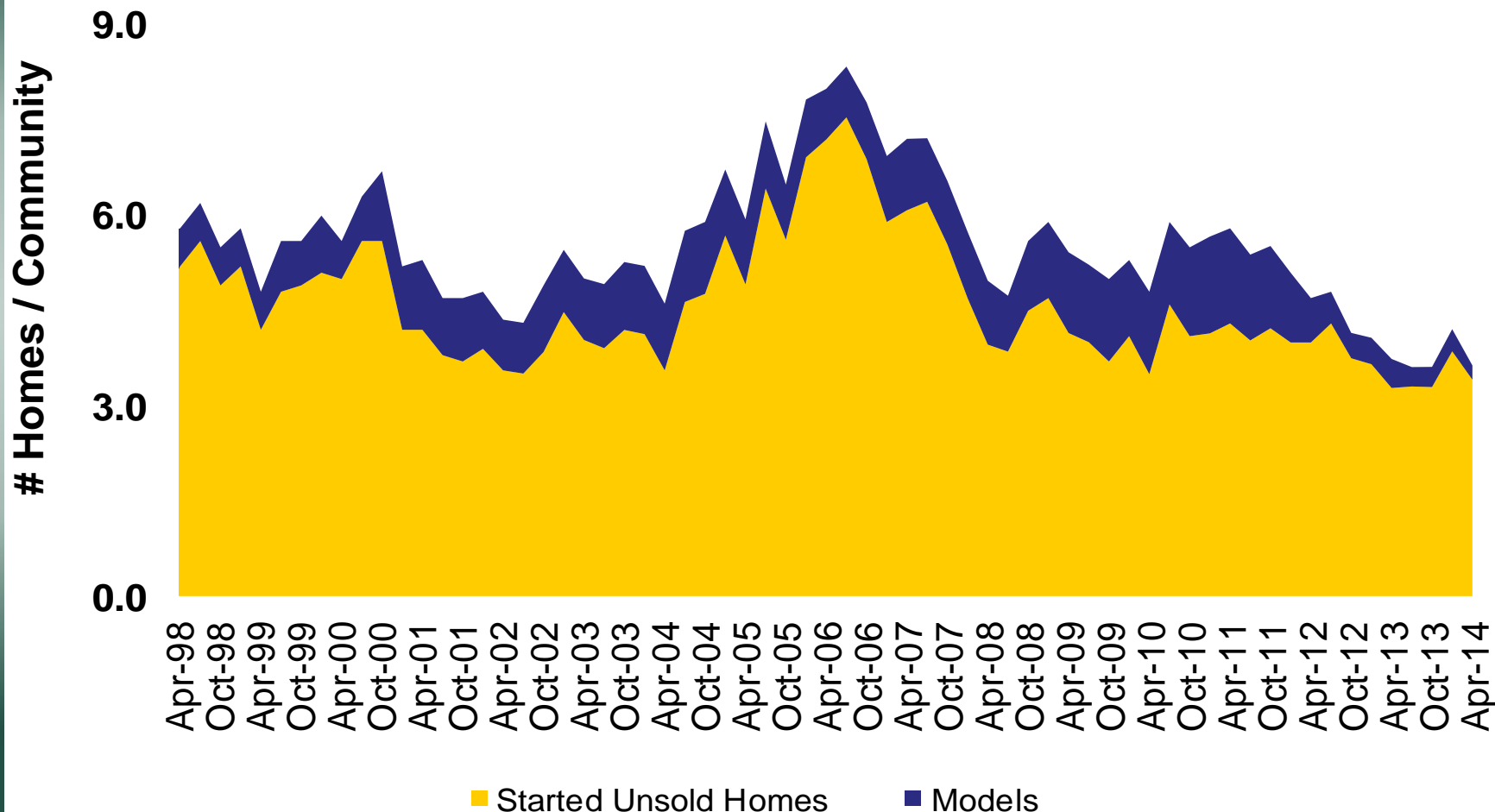
# Land Positions by Geographic Segment

Segment	TTM Deliveries	Years Supply			Total	Investment in Land (raw land, finished lots and lots under development) (\$ in millions)
		Owned		Optioned		
		Excluding Mothballed Lots	Mothballed Lots			
Northeast	620	1.9	1.4	4.6	7.9	\$184
Mid-Atlantic	641	3.9	0.4	5.7	10.1	\$106
Midwest	696	4.3	0.2	2.6	7.0	\$66
Southeast	586	1.8	0.7	7.0	9.5	\$48
Southwest	2,304	1.3	0.0	1.9	3.2	\$154
West	373	3.8	12.4	0.3	16.4	\$92
<b>Total</b>	<b>5,220</b>	<b>2.3</b>	<b>1.2</b>	<b>3.2</b>	<b>6.8</b>	<b>\$650</b>

Excluding unconsolidated joint ventures.

# Unsold Homes per Community

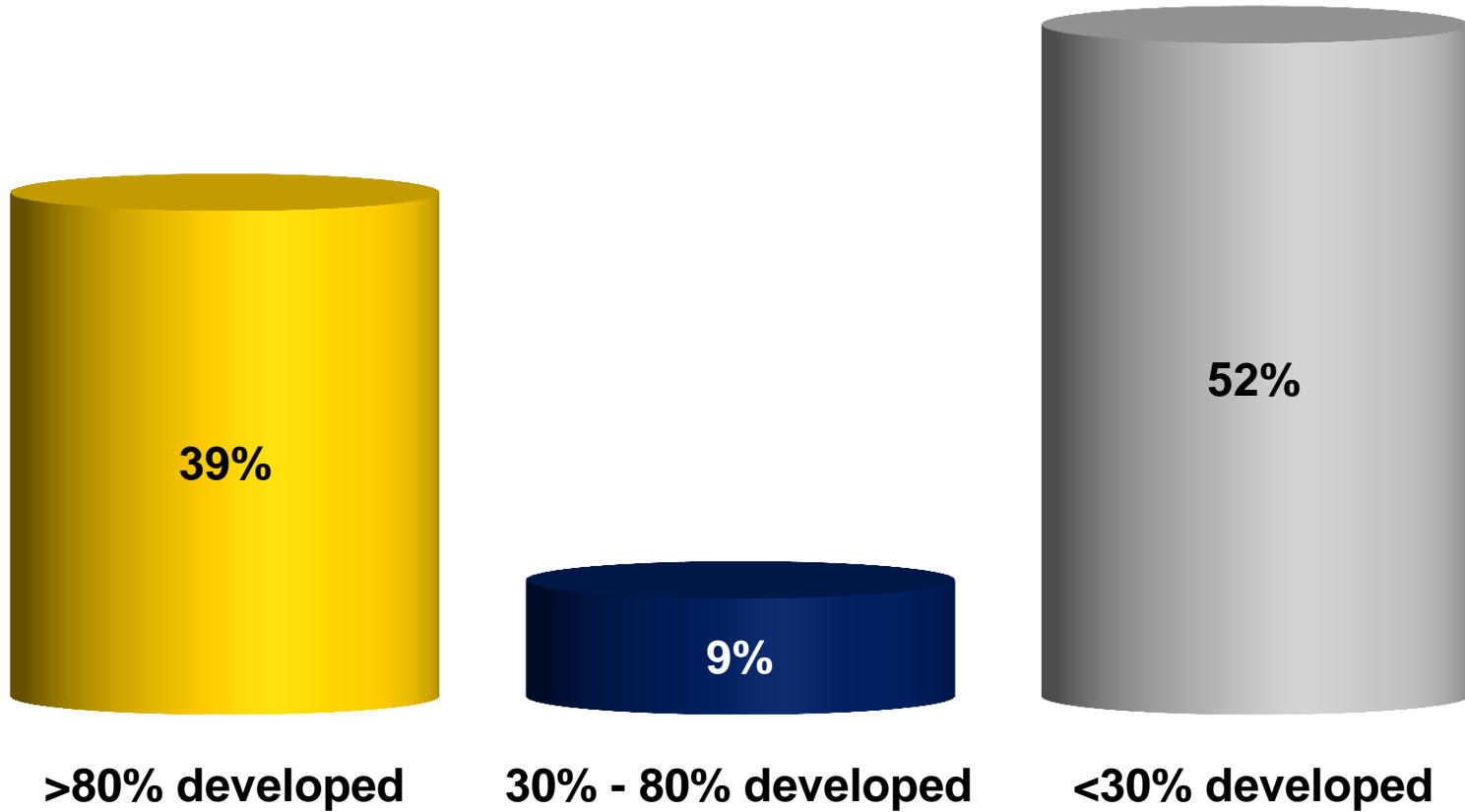
- ◆ 669 started unsold homes at 04/30/14, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of April 30, 2014, 3.4 started unsold homes per community



Excluding unconsolidated joint ventures.

# Owned Lots % Development Costs Spent

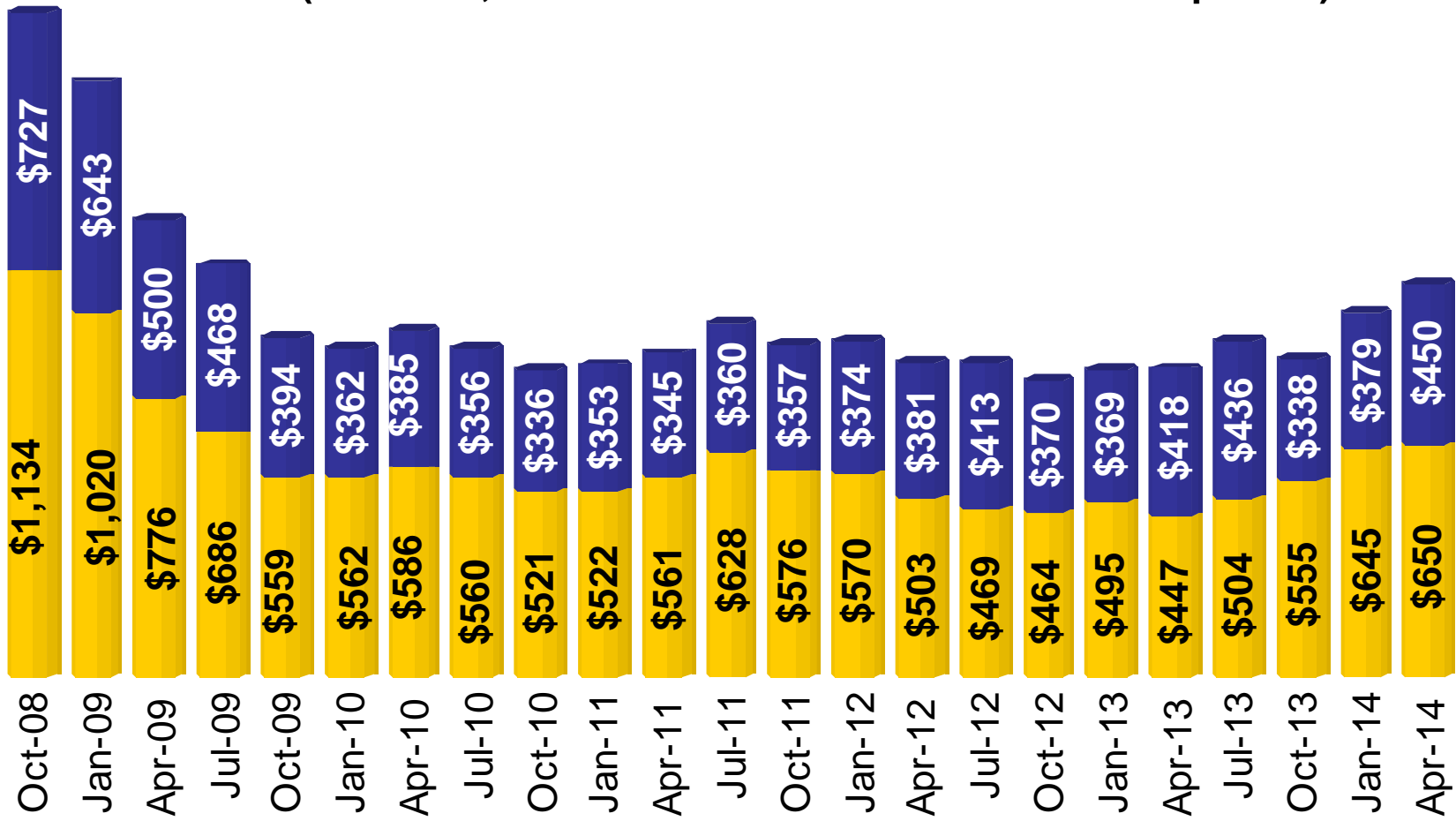
As of April 30, 2014



*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)



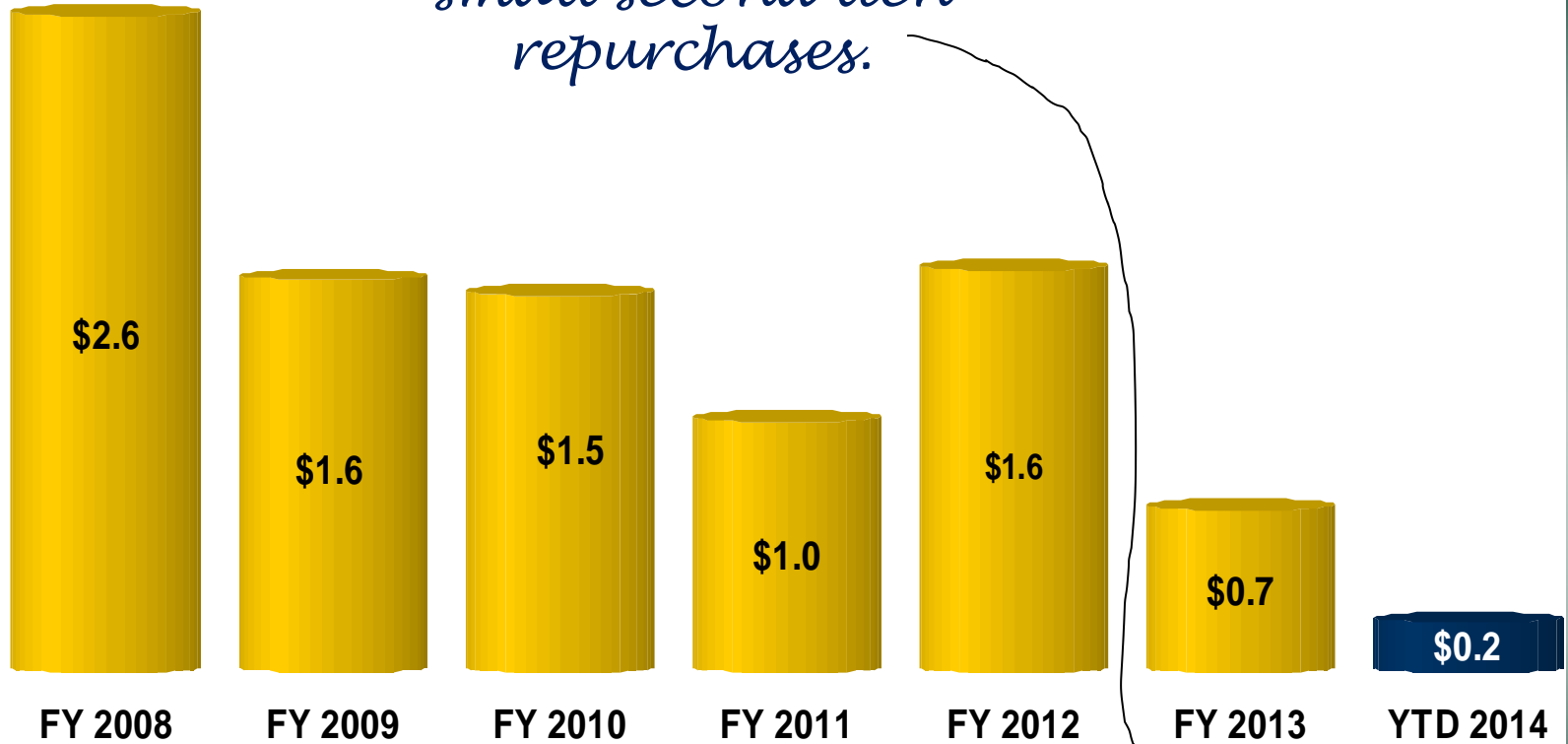
Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

# Payments for Loan Repurchases and Make Whole Requests

As of April 30, 2014

\$ in millions

*13 of 18 loans were small second lien repurchases.*



Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans	5 loans
Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	16 loans

◆ As of April 30, 2014, reserve for loan repurchases and make whole requests was \$11.1 million.

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



