



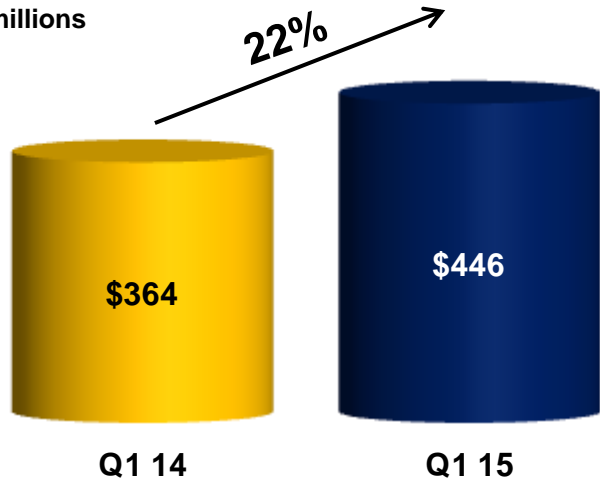
Review of Financial Results First Quarter Fiscal 2015



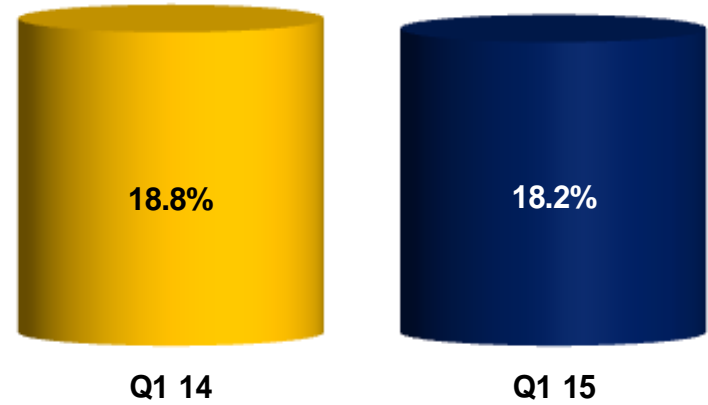
Note: All statements in this presentation that are not historical facts should be considered as “forward-looking statements.” Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different 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) levels of indebtedness and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (4) the Company’s sources of liquidity; (5) changes in credit ratings; (6) changes in market conditions and seasonality of the Company’s business; (7) the availability and cost of suitable land and improved lots; (8) shortages in, and price fluctuations of, raw materials and labor; (9) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (10) fluctuations in interest rates and the availability of mortgage financing; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) operations through joint ventures with third parties; (13) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (14) product liability litigation, warranty claims and claims made by mortgage investors; (15) levels of competition; (16) availability of financing to the Company; (17) successful identification and integration of acquisitions; (18) significant influence of the Company’s controlling stockholders; (19) availability of net operating loss carryforwards; (20) utility shortages and outages or rate fluctuations; (21) geopolitical risks, terrorist acts and other acts of war; and (22) other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2014 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

Total Revenues

\$ in millions



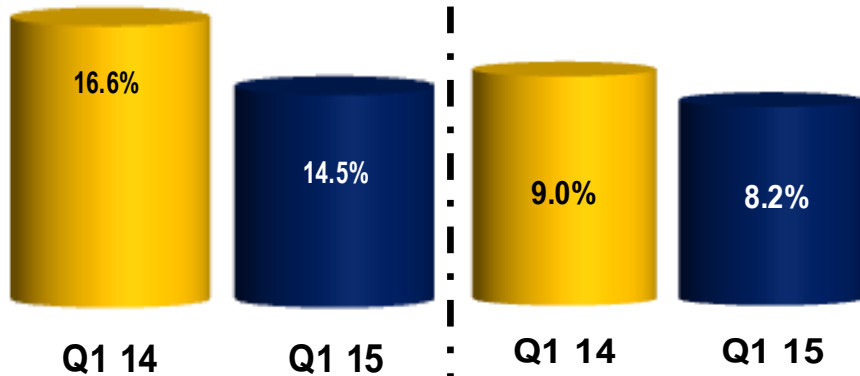
Homebuilding Gross Margin



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

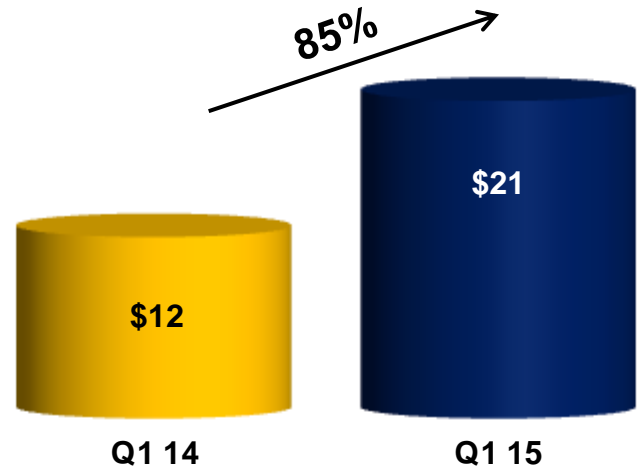
SG&A

Interest

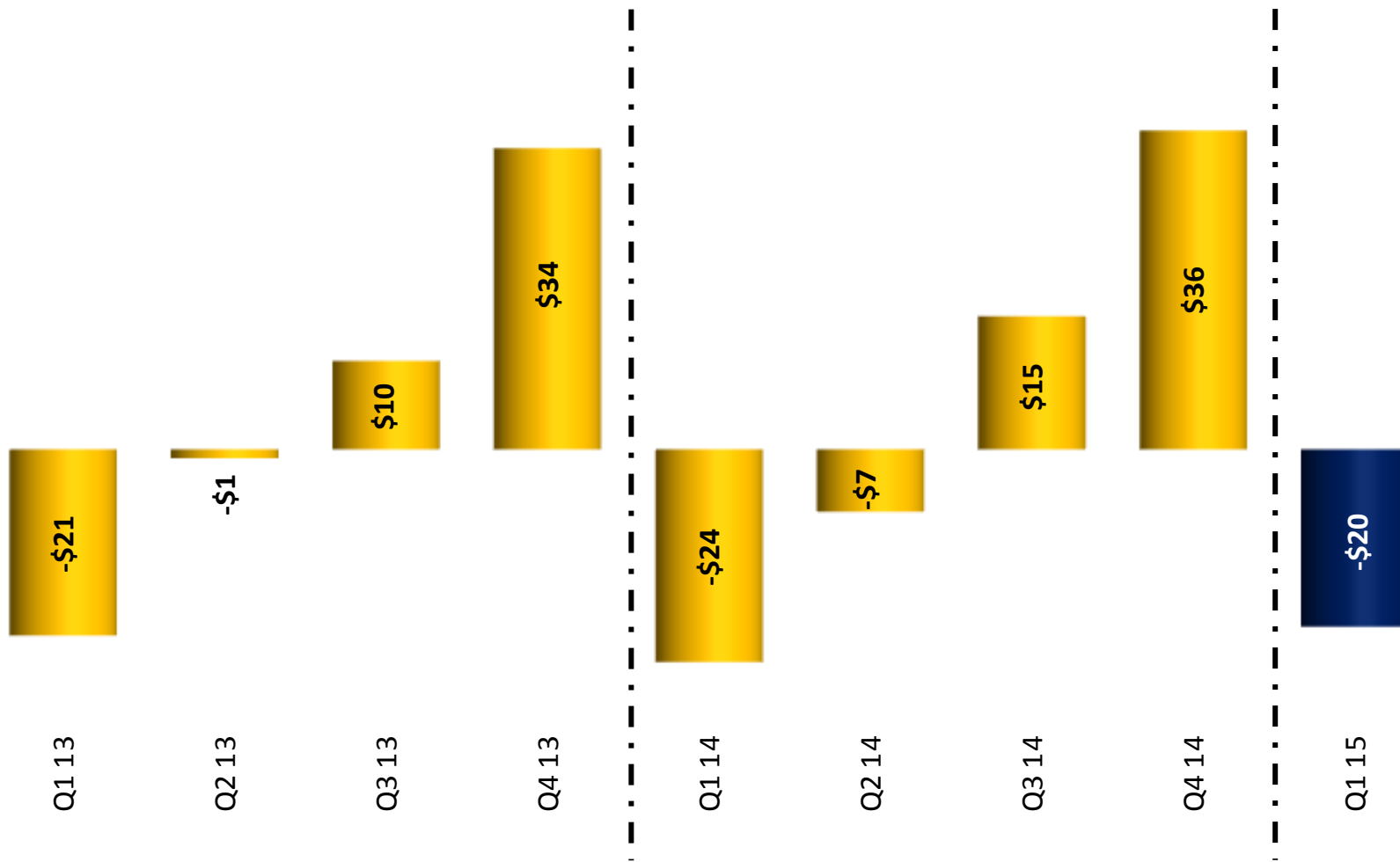


Adjusted EBITDA

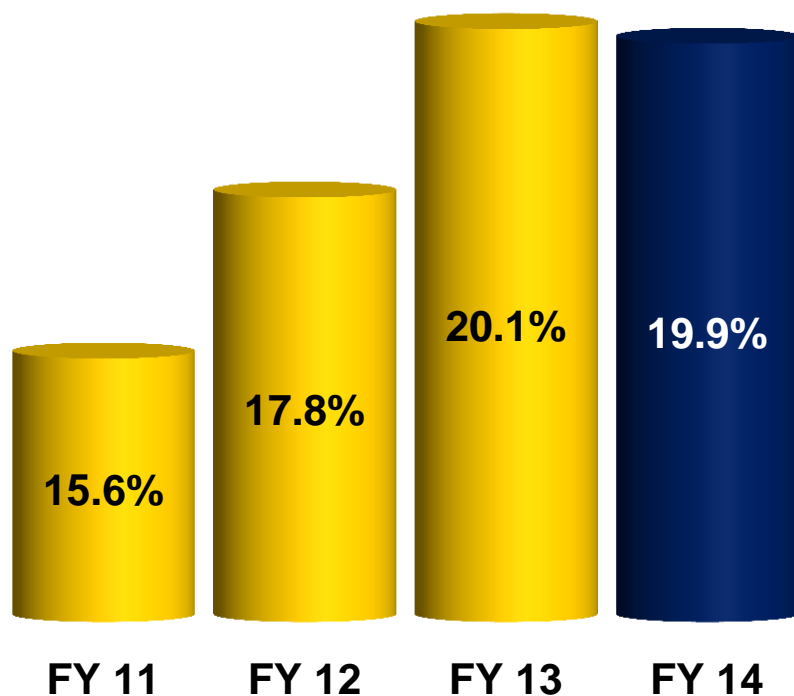
\$ in millions



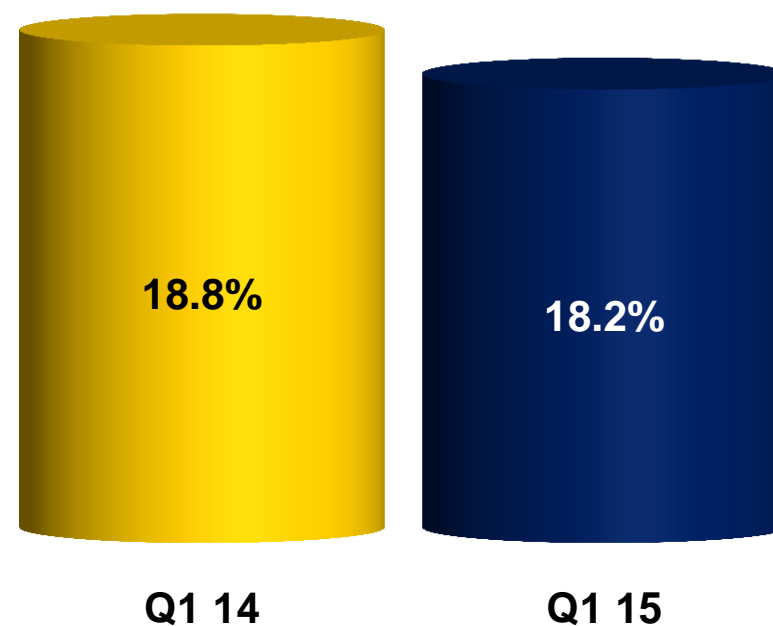
Note: Excluding unconsolidated joint ventures.



Annually



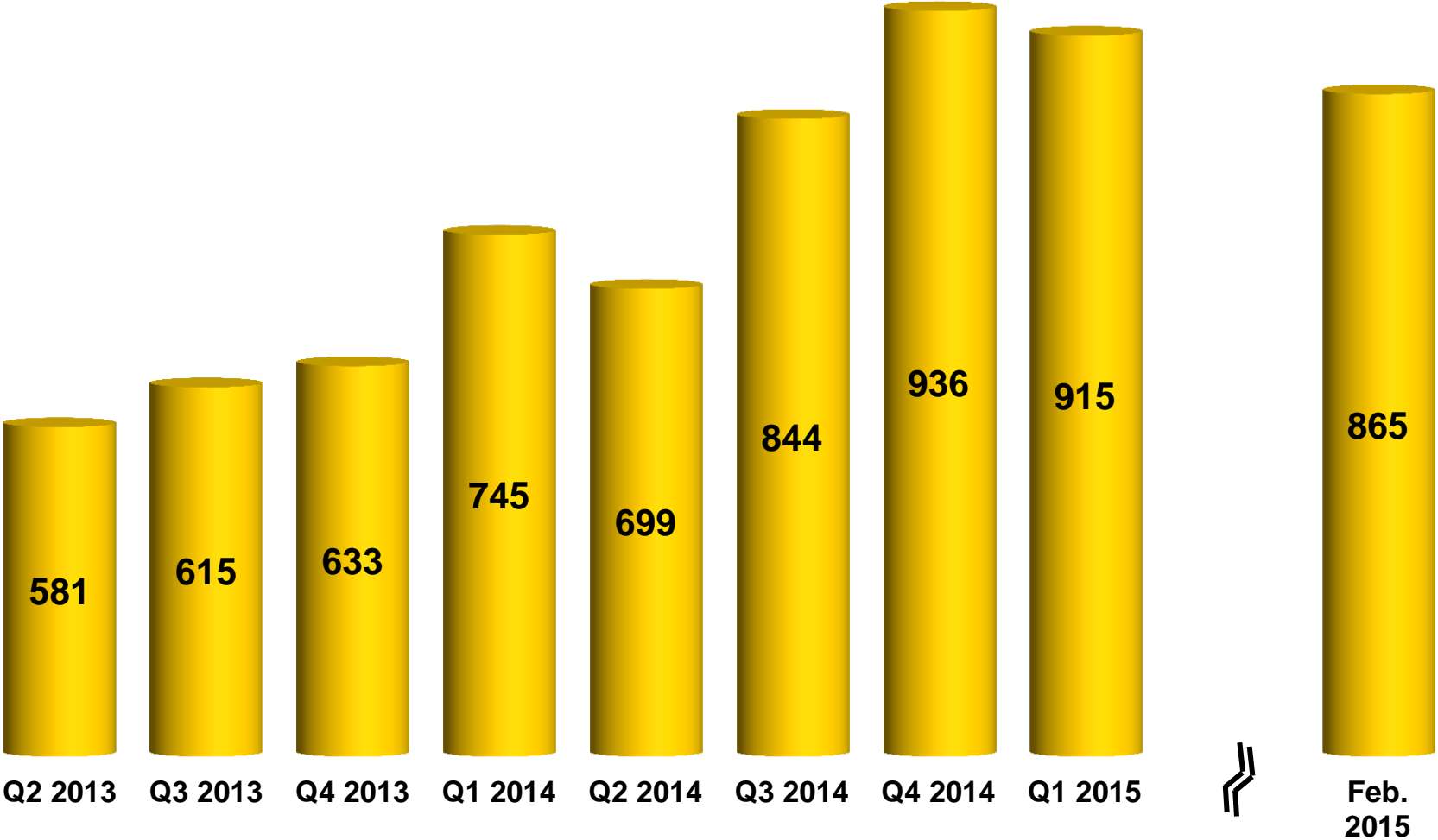
Quarterly



Excludes interest related to homes sold.

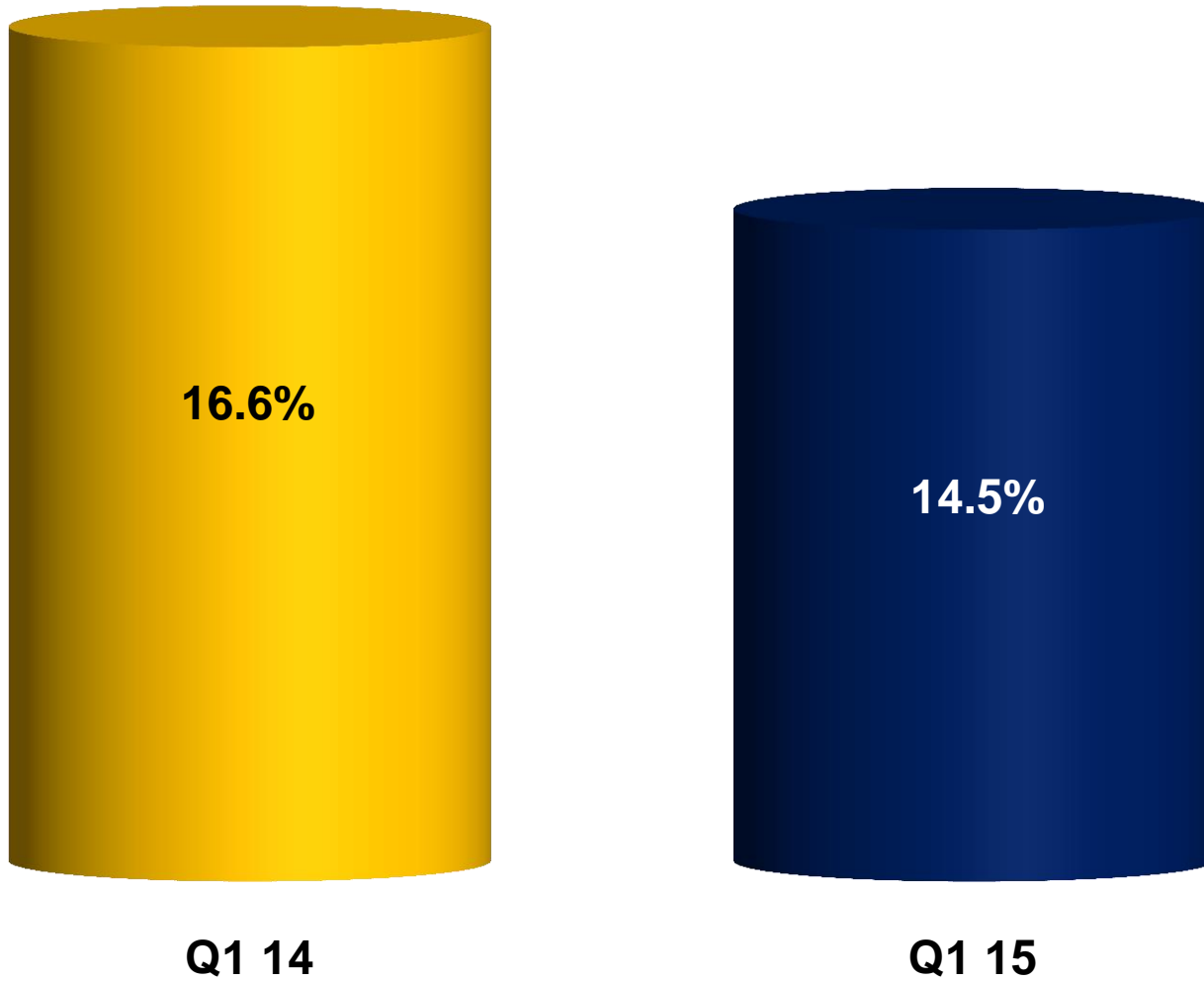
During the first quarter of 2015, there were \$6.6 million of impairment reversals related to deliveries, compared to \$8.5 million in the first quarter of 2014.

Started Unsold Homes



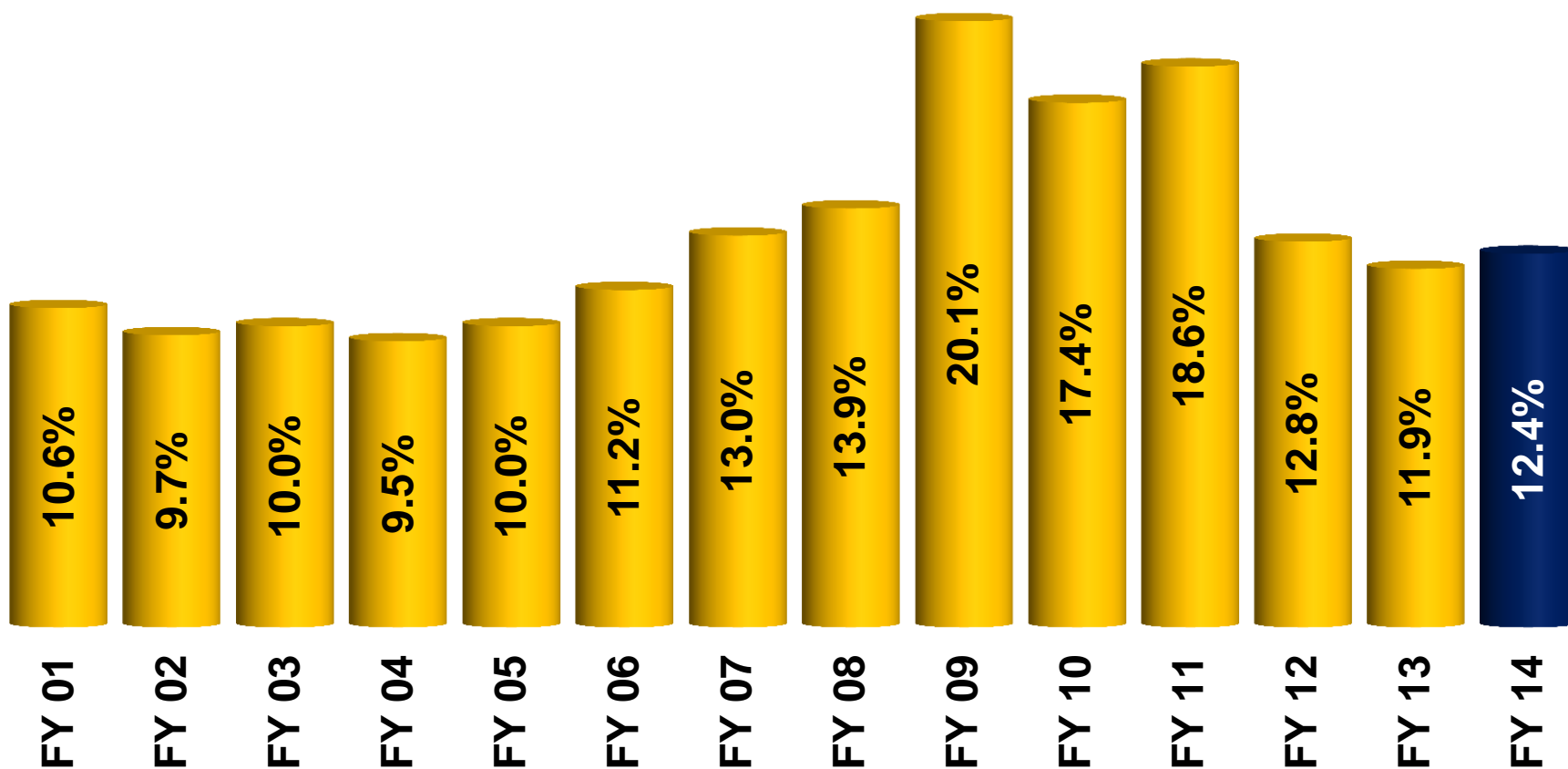
Excluding unconsolidated joint ventures and models, in active and substantially complete communities.

Total SG&A as a % of Total Revenue



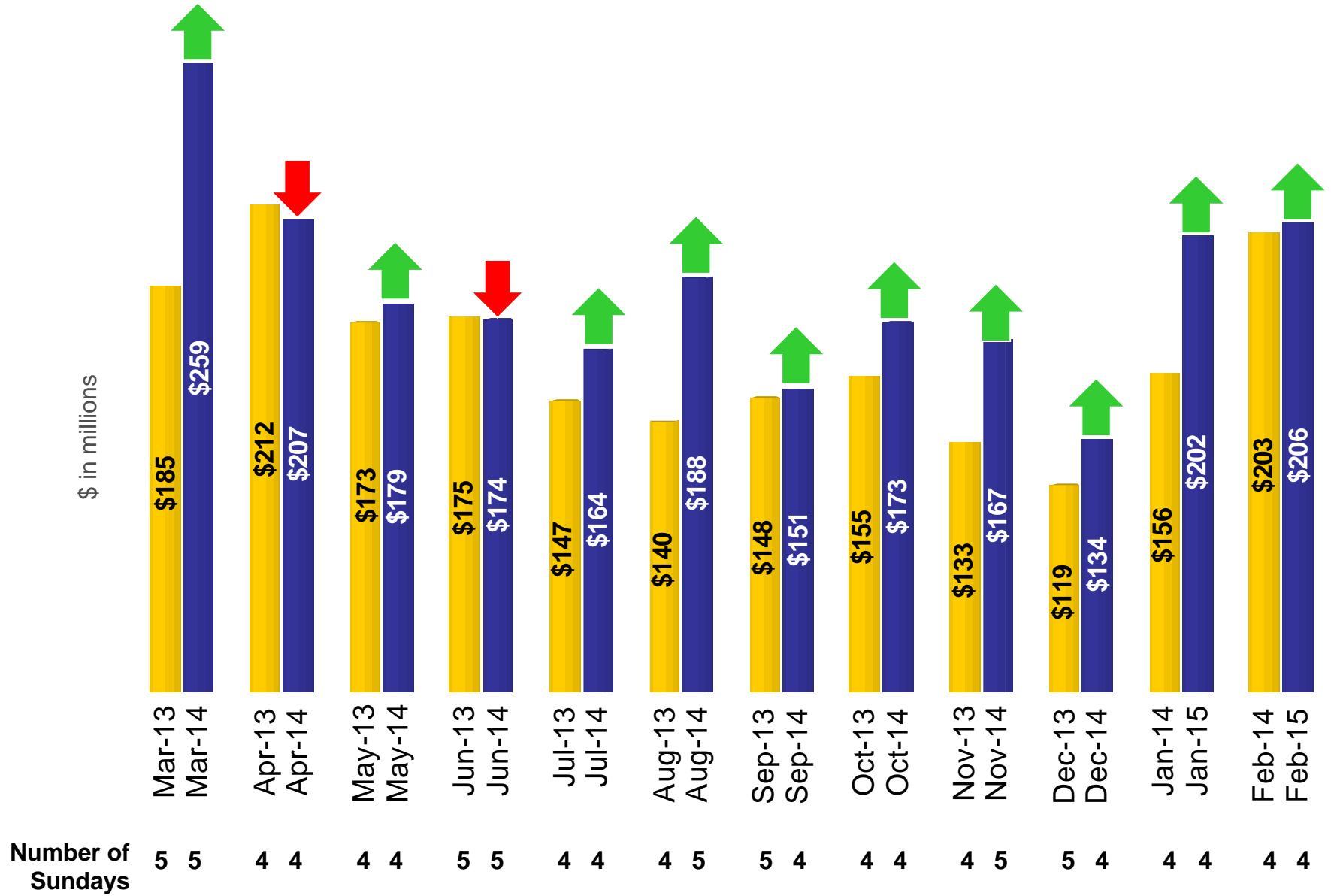
Note: Total SG&A as a percentage of total revenues. Total SG&A includes homebuilding selling, general and administrative and corporate general and administrative.

Total SG&A as a Percentage of Total Revenues



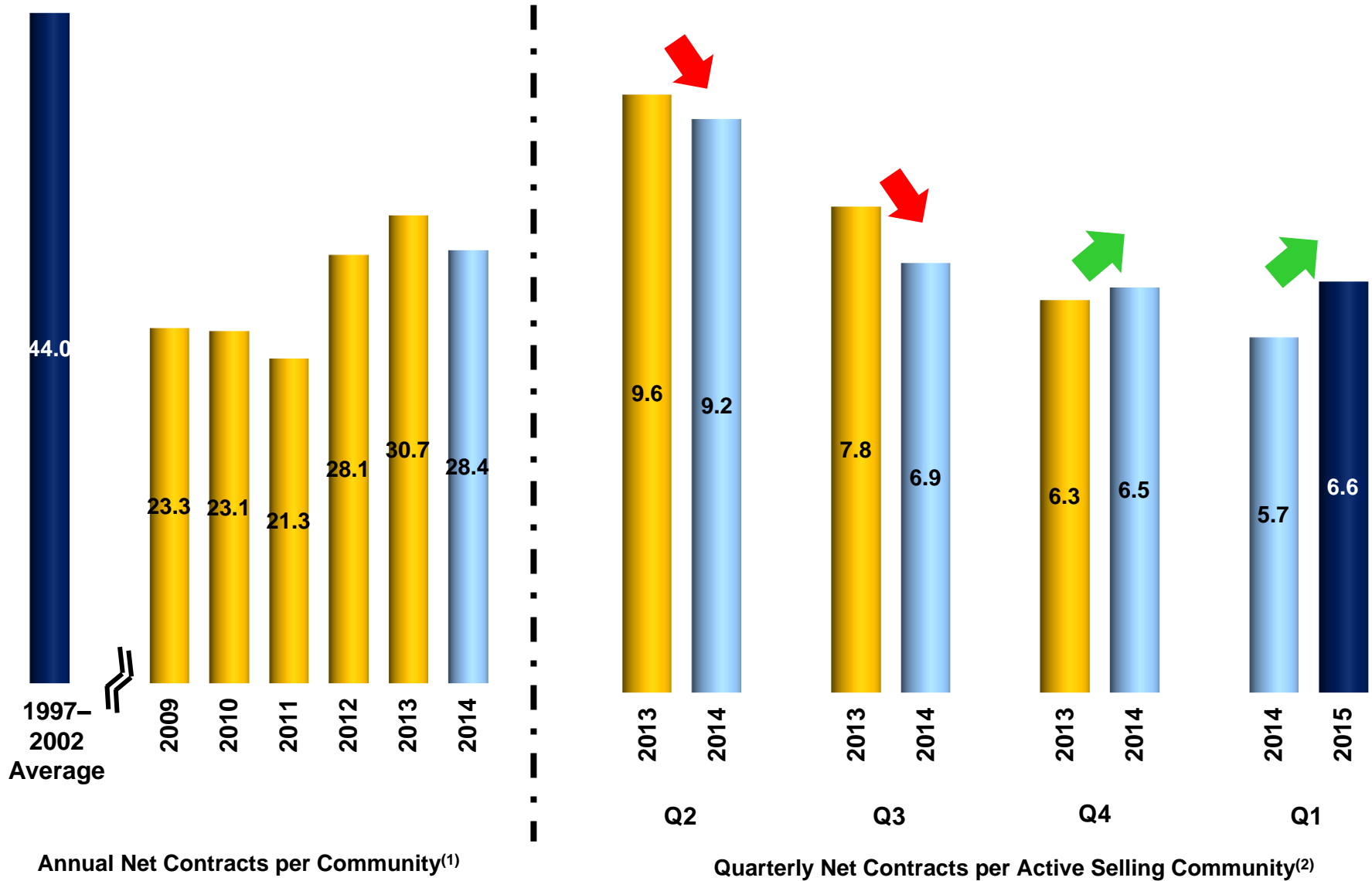
Excludes interest related to homes sold.

Dollar Amount of Net Contracts Per Month



Excludes unconsolidated joint ventures.

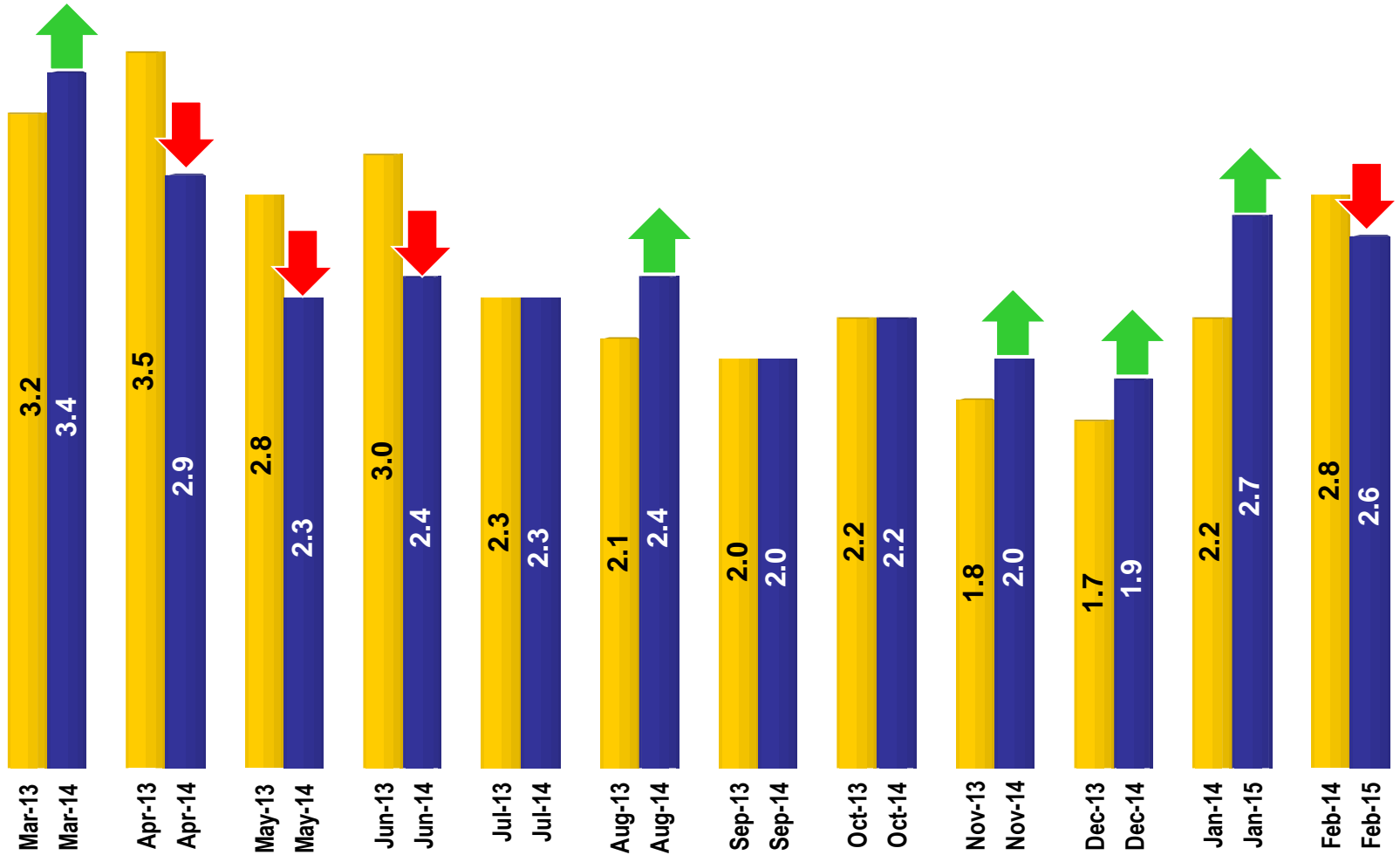
Net Contracts Per Active Selling Community



(1) Calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

(2) Calculated based on quarter end active selling communities excluding unconsolidated joint ventures.

Monthly Net Contracts Per Active Selling Community

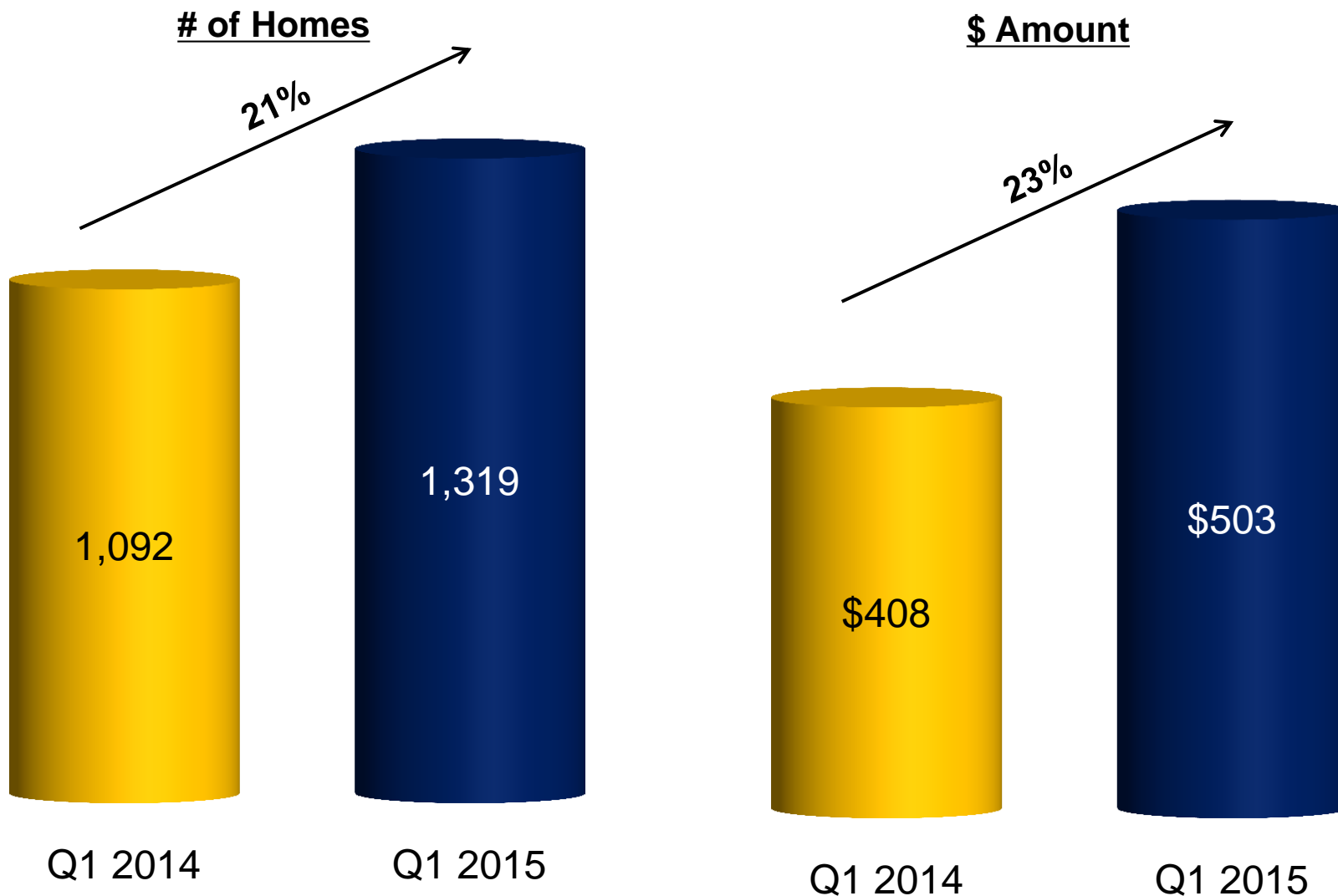


Number of Sundays	5	5	4	4	4	4	5	5	4	4	4	4	4	5	5	4	4	4	4					
	Mar-13	Mar-14	Apr-13	Apr-14	May-13	May-14	Jun-13	Jun-14	Jul-13	Jul-14	Aug-13	Aug-14	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14	Dec-13	Dec-14	Jan-14	Jan-15	Feb-14	Feb-15
Monthly Net Contracts	552	681	611	578	493	446	530	466	425	445	390	460	386	402	430	439	345	408	321	380	426	531	550	539

Excludes unconsolidated joint ventures.

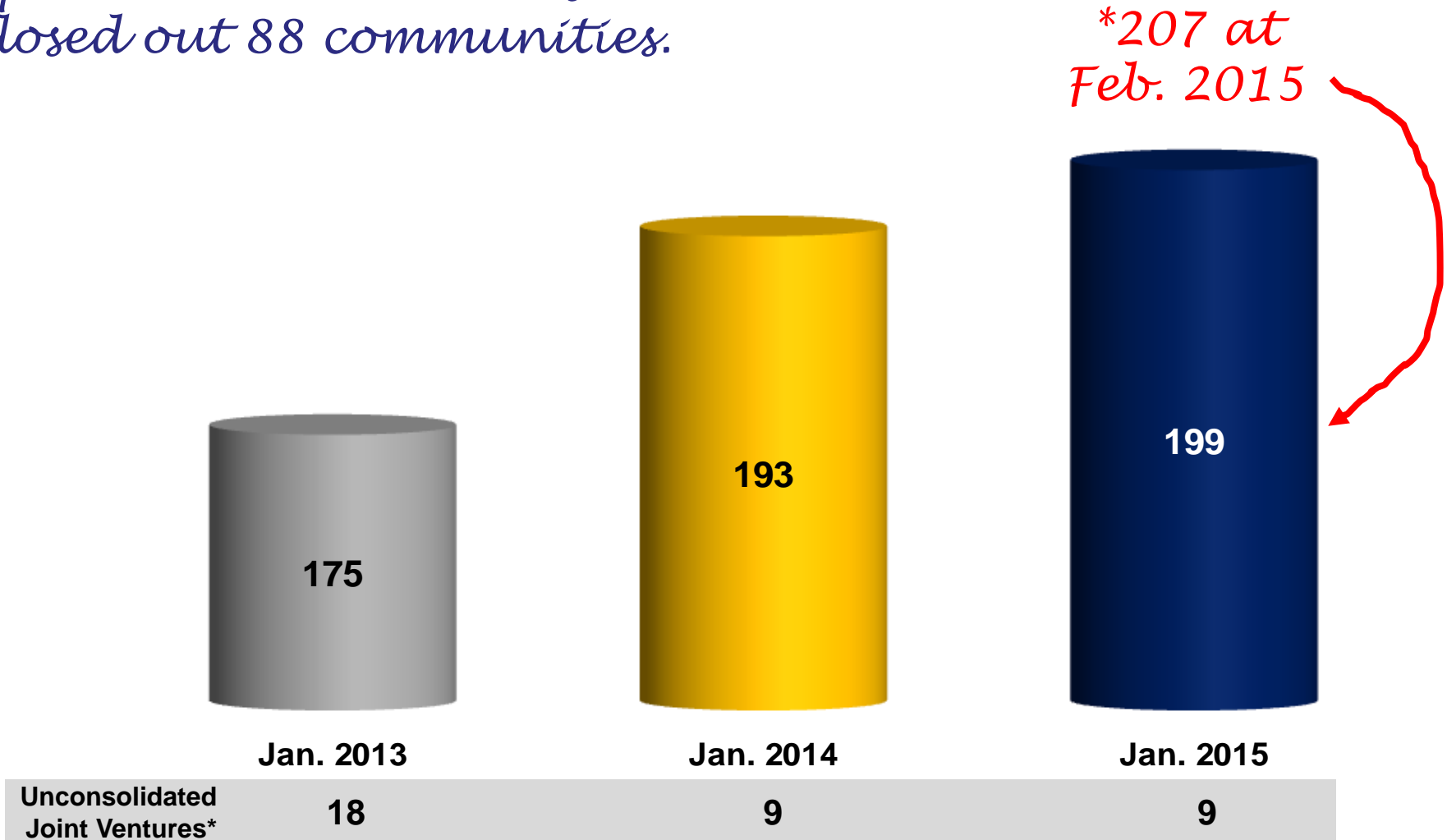
Continued Growth in Net Contracts

\$ in millions



Note: Consolidated total

In the trailing twelve months, we opened 94 communities and closed out 88 communities.

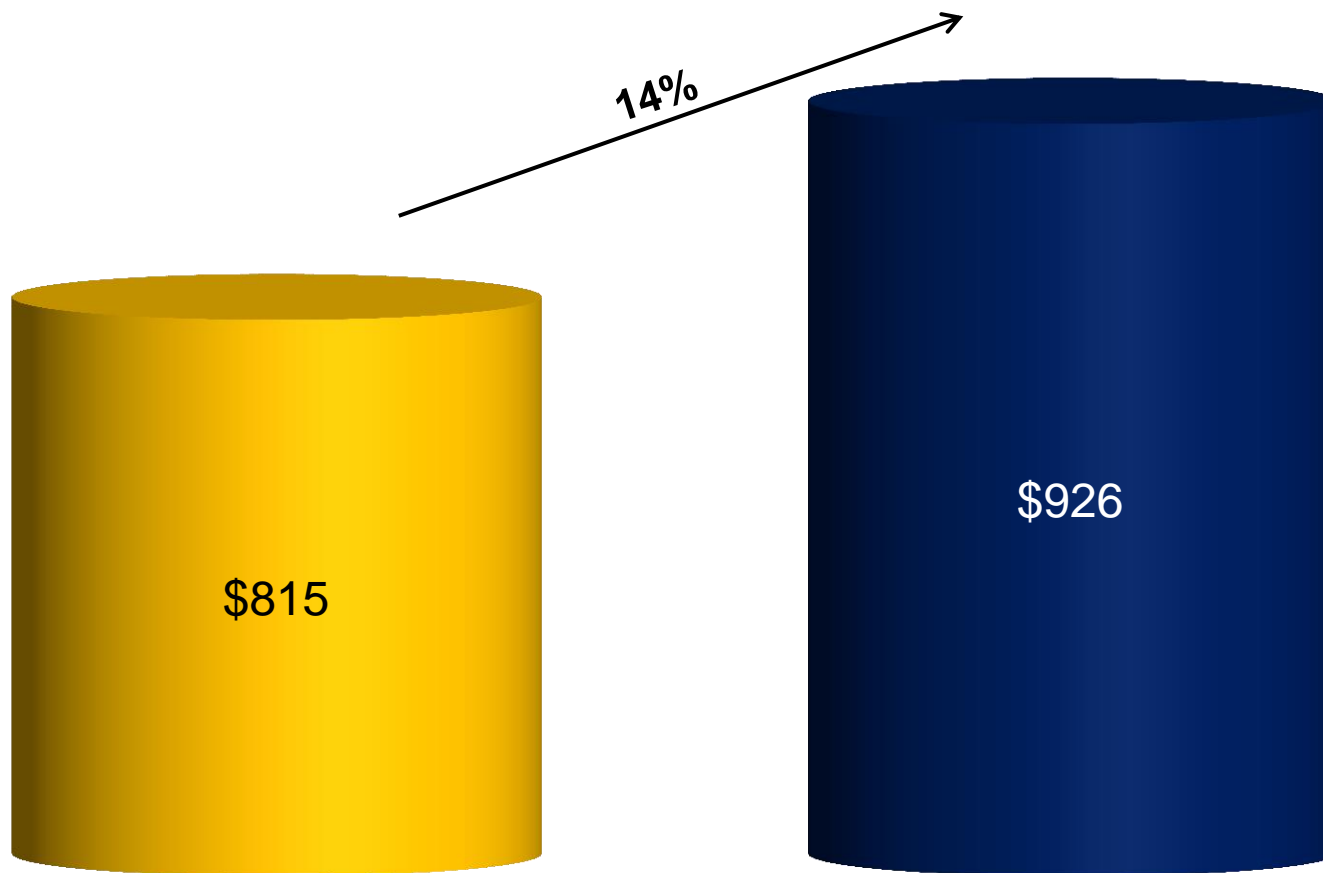


Active selling communities are open for sale communities with 10 or more home sites available.

*Unconsolidated joint venture communities are not included above.

As of January 31,

\$ in millions



2014

2015

of Homes

2,223

2,399

Note: Consolidated total

- Houston Exposure

	Houston as a % of Company Total
TTM Home Sale Revenues	16%
Homebuilding Inventory	10%

- Houston Lot Position as of January 31, 2015

	Houston # Lots	Months Supply	
		Houston	Company Average ⁽¹⁾
Owned Lots	1,473	13	31
Optioned Lots	1,622	15	37
Total Lots	3,095	28	68

- Option Deposit

- Houston 6.2% vs. Company Average 7.5%

⁽¹⁾ Excluding Houston and Mothballed lots

Land Positions by Geographic Segment

January 31, 2015

Lots

Owned

Segment	Owned		Optioned	Total
	Excluding Mothballed Lots	Mothballed Lots		
Northeast	1,258	855	3,125	5,238
Mid-Atlantic	2,525	280	3,144	5,949
Midwest	2,971	108	827	3,906
Southeast	1,834	362	3,461	5,657
Southwest	2,741	0	3,895	6,636
West	1,298	4,366	383	6,047
Total	12,627	5,971	14,835	33,433

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

Excluding unconsolidated joint ventures.

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

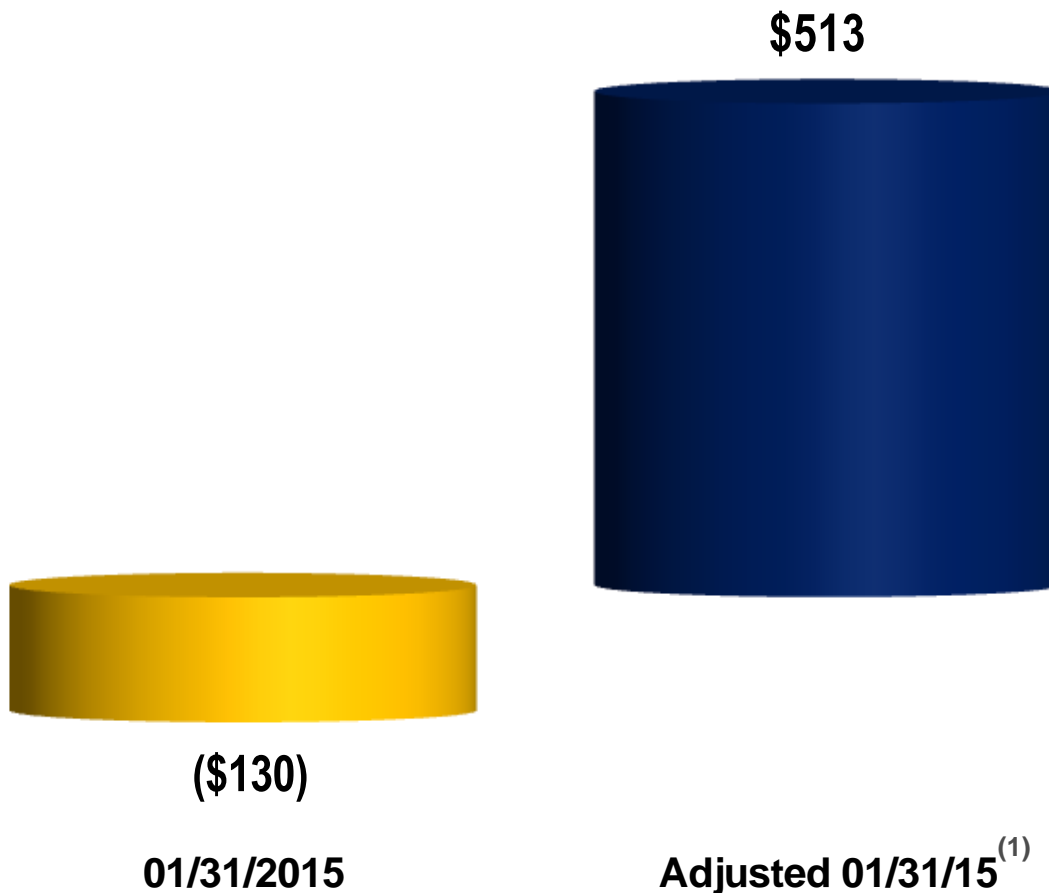
As of January 31, 2015

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

- ◆ *In 45 communities with a book value of \$104 million net of impairment balance of \$412 million*
- ◆ *Unmothballed approximately 4,100 lots in 68 communities since January 31, 2009*

Adjusted Hovnanian Stockholders' Equity

\$ in millions



(1) Total Hovnanian Stockholders' Deficit of \$(130) million with \$643 million valuation allowance added back to Stockholders' Equity. The \$643 million valuation allowance consisted of a \$441 million federal valuation allowance and a \$202 million state valuation allowance.

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

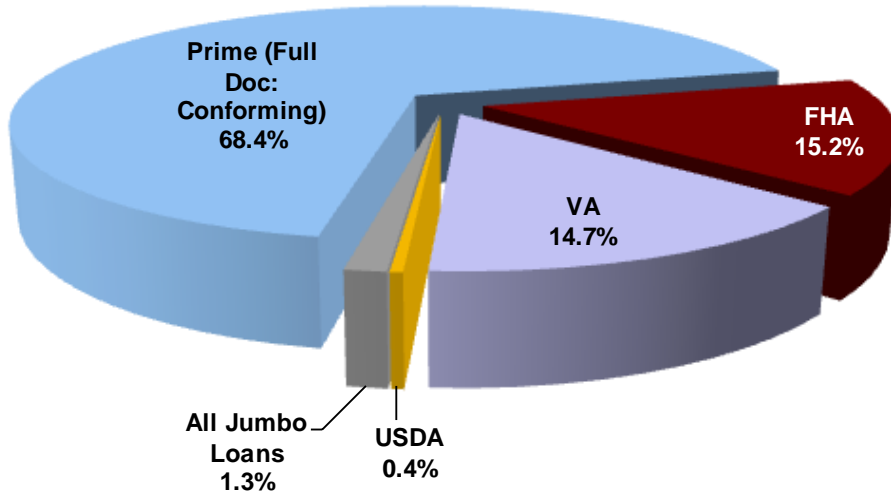
First Quarter 2015:

- Average LTV: 84%
- Average CLTV: 84%
- ARMs: 4.1%
- FICO Score: 745
- Capture Rate: 71%

Fiscal Year 2014:

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

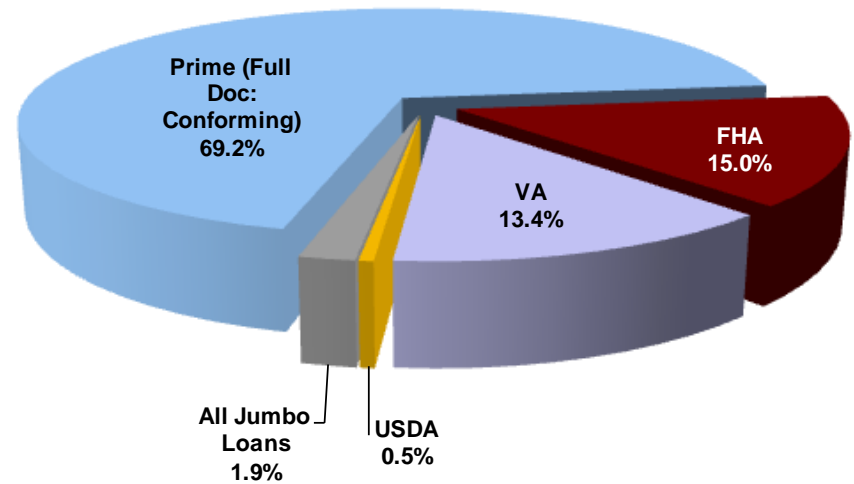
First Quarter 2015



FHA Percentages

2010	2011	2012	2013	2014
38.0%	34.1%	27.8%	21.5%	15.0%

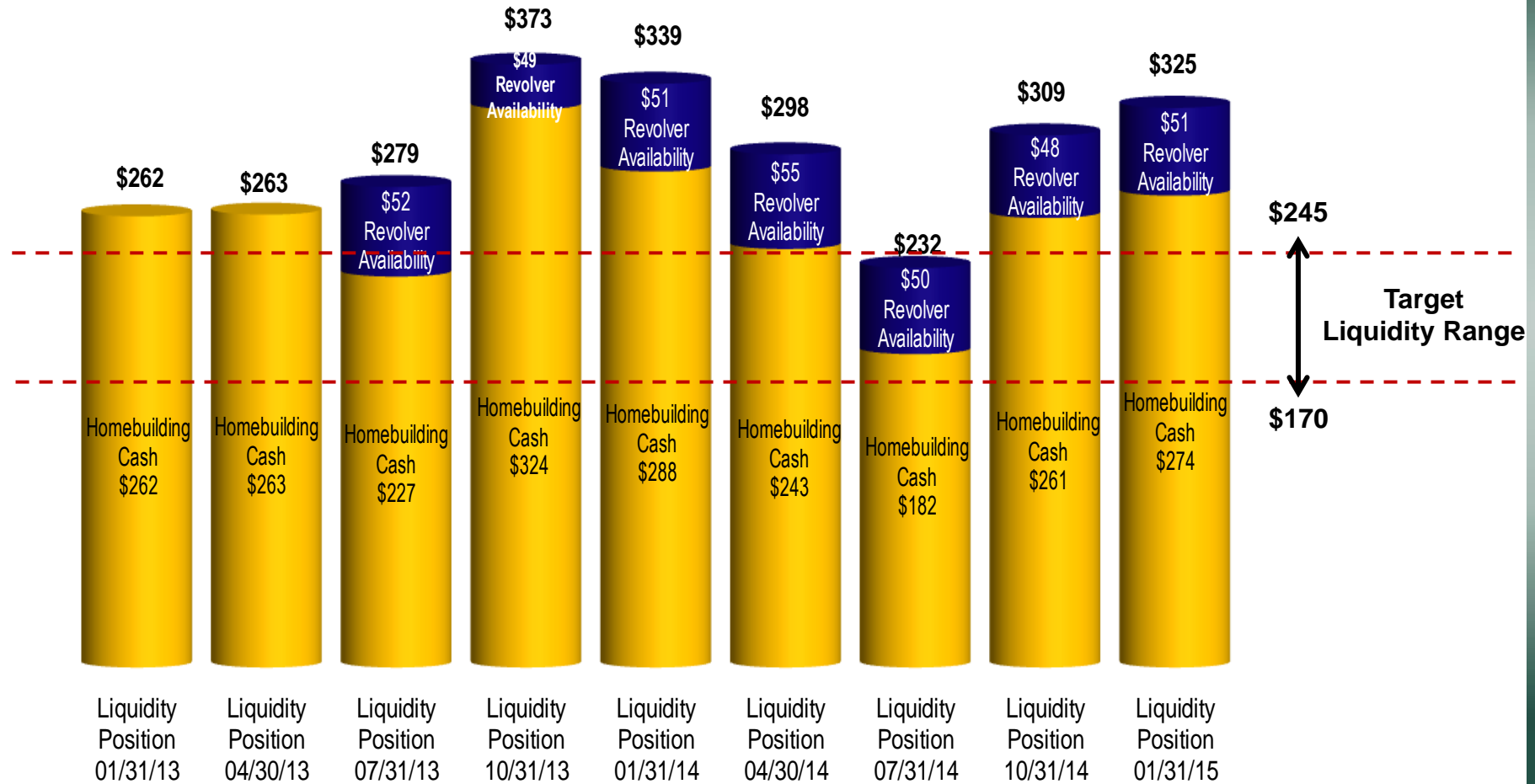
Fiscal Year 2014



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

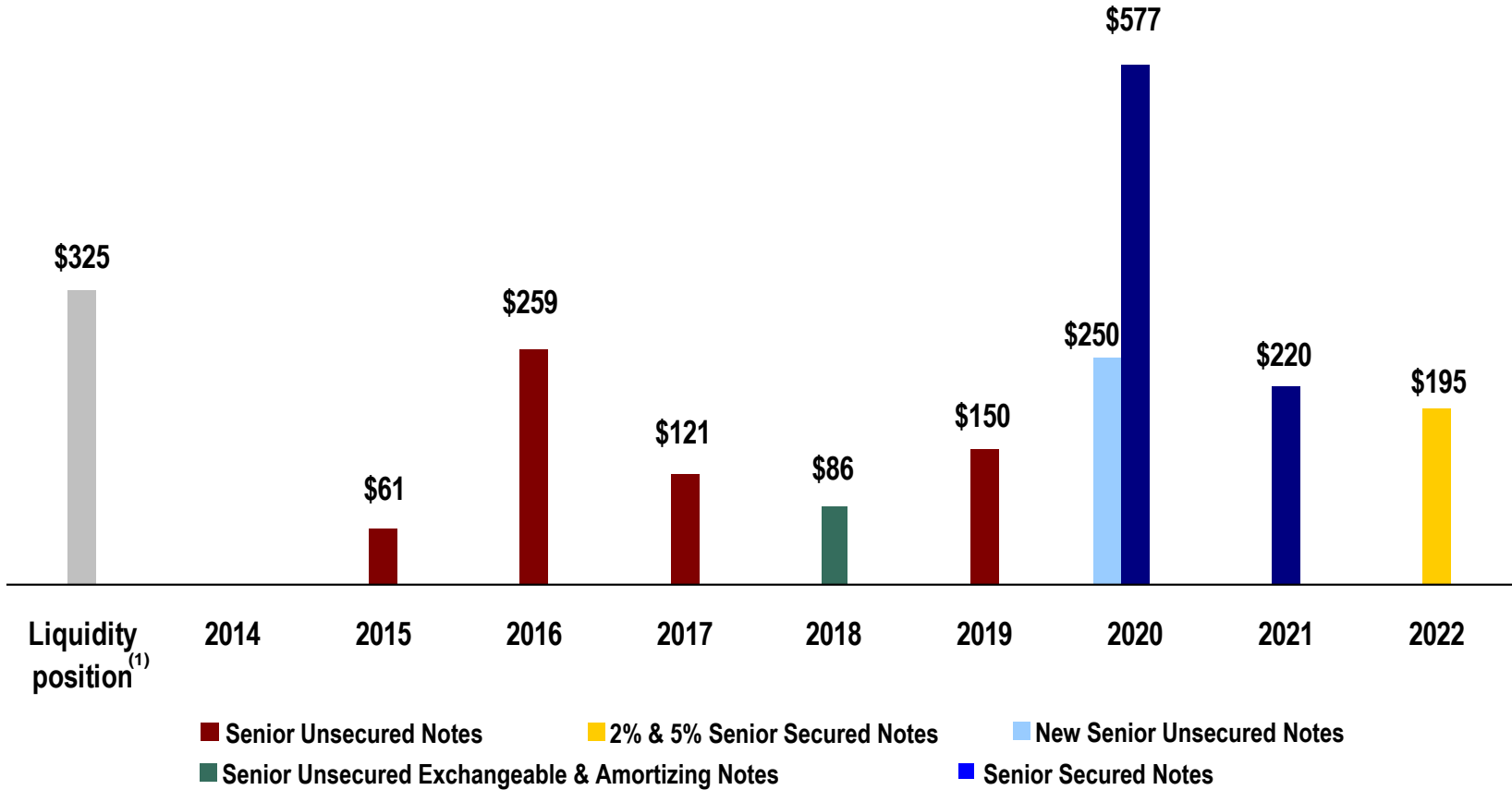
We are comfortable operating at the lower end of the range

(\$ in Millions)



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

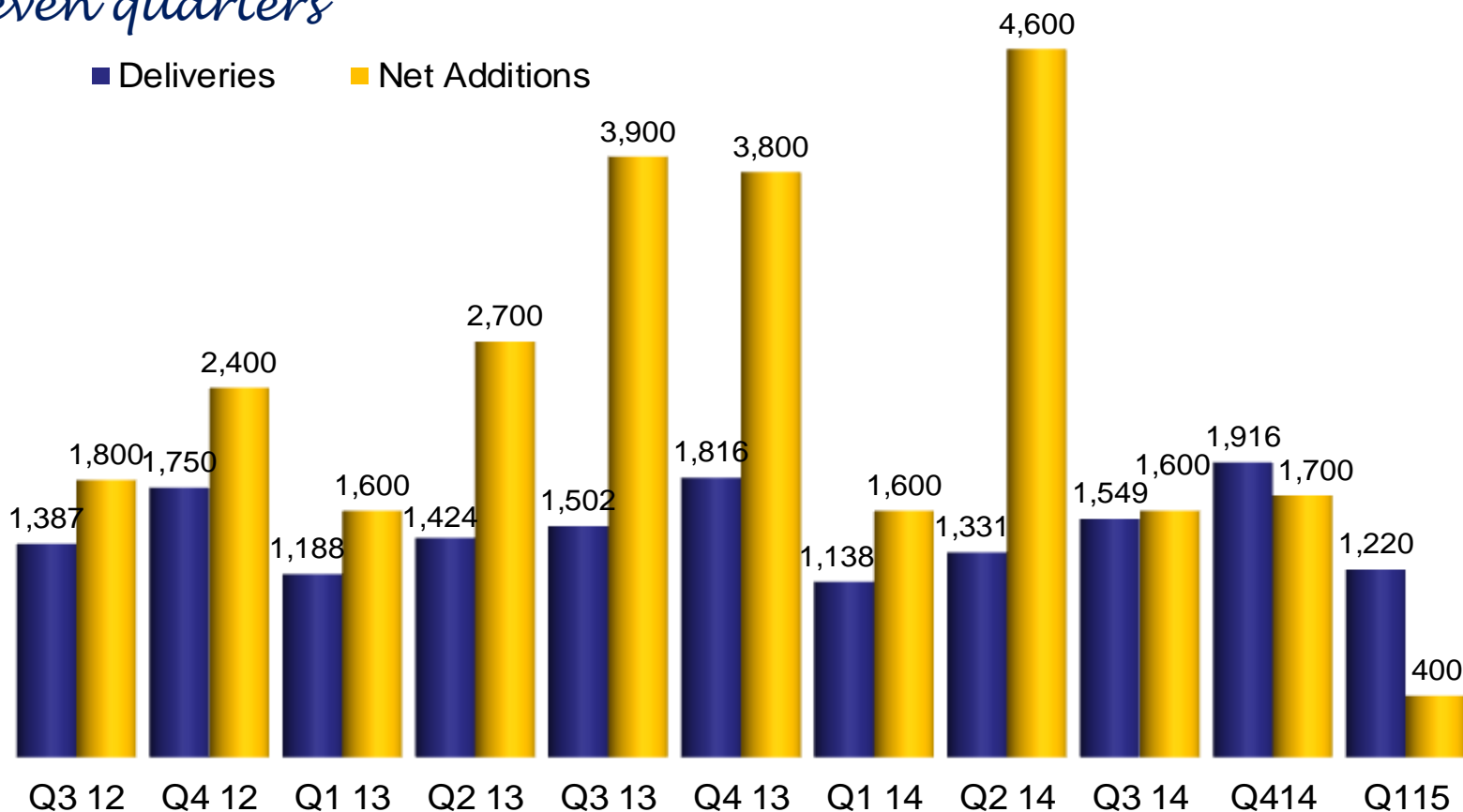
January 31, 2015 (\$ in millions)



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

¹ Liquidity position is \$274 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and \$51 million of availability under revolving credit facility as of January 31, 2015

Net additions of approximately 9,900 lots in excess of deliveries, over eleven quarters



Walk Aways
(\$ in millions)

Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15
\$0.5	\$0.9	\$0.1	\$1.3	\$0.5	\$0.7	\$0.7	\$0.4	\$0.6	\$2.3	\$1.3

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.



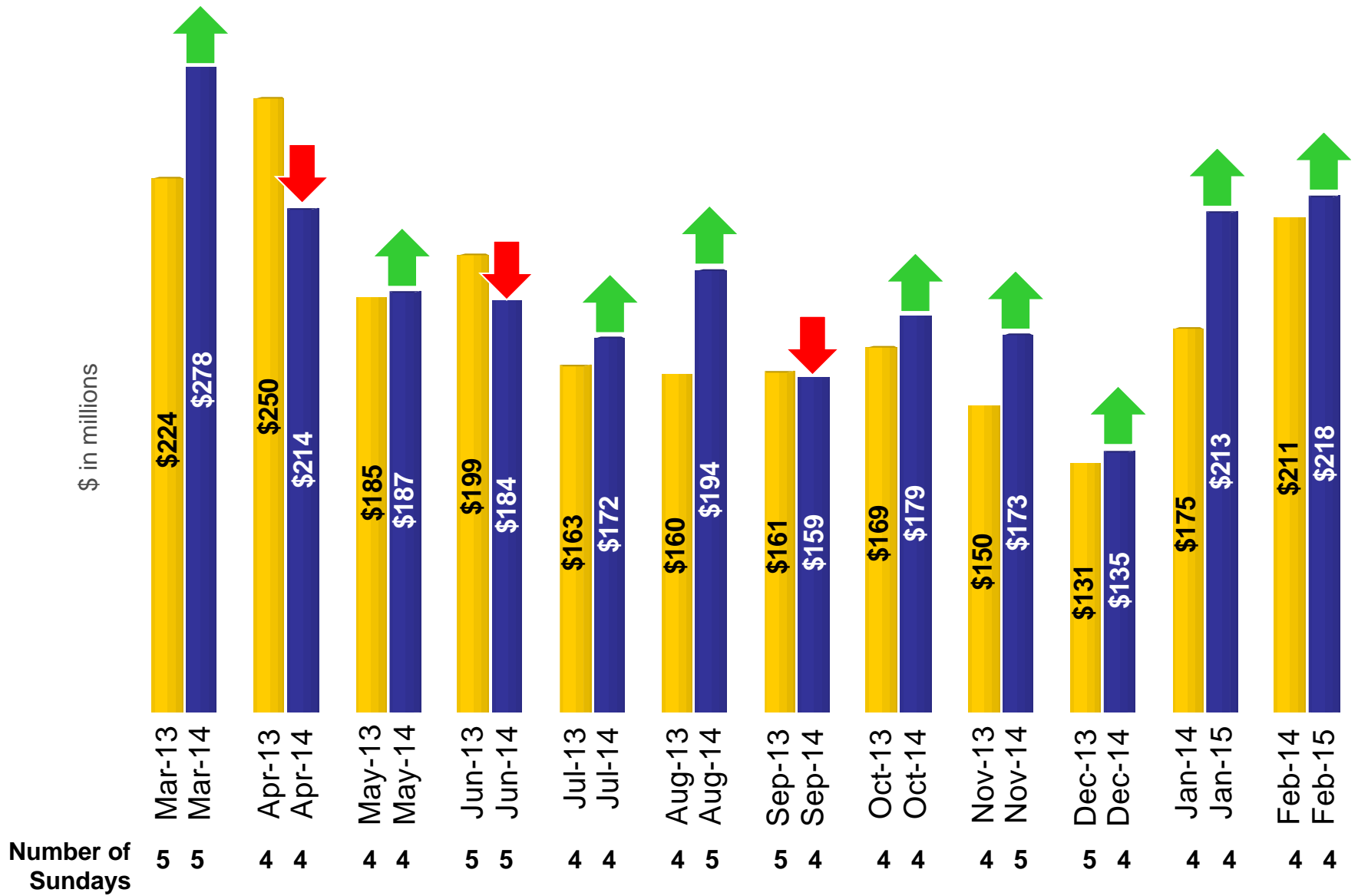
Appendix

(\$ in millions)

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
1) Net Contracts (\$ value) ¹	\$503	\$408	23%
2) Net Contracts (units) ¹	1,319	1,092	21%
3) Communities ¹	199	193	3%
4) Contracts per Community ¹	6.6	5.7	16%
5) Backlog (\$ value) ¹	\$926	\$815	14%
6) Backlog (units) ¹	2,399	2,223	8%
7) Deliveries ¹	1,149	1,036	11%
8) Total Revenues	\$446	\$364	22%
9) Homebuilding Gross Margin	18.2%	18.8%	-60 bps
10) Total SG&A as a Percentage of Total Revenues	14.5%	16.6%	-210 bps
11) Pretax Income	(\$20)	(\$24)	-17%

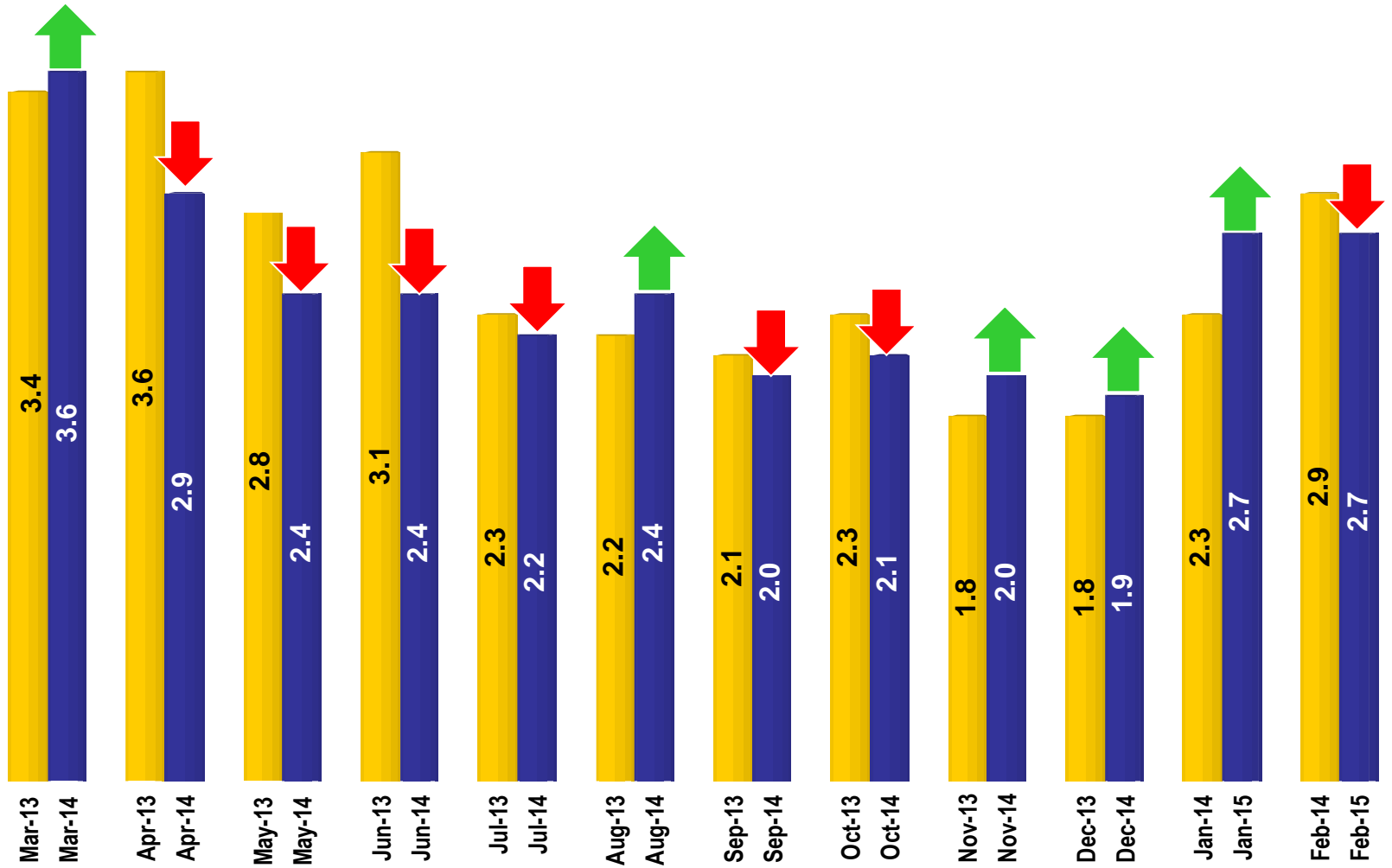
(1) Excludes unconsolidated joint ventures.

Dollar Amount of Net Contracts Per Month



Includes unconsolidated joint ventures.

Monthly Net Contracts Per Active Selling Community



Number of Sundays	5	5	4	4	4	4	5	5	4	4	4	4	4	5	5	4	4	4	4					
	Mar-13	Mar-14	Apr-13	Apr-14	May-13	May-14	Jun-13	Jun-14	Jul-13	Jul-14	Aug-13	Aug-14	Sep-13	Sep-14	Oct-13	Oct-14	Nov-13	Nov-14	Dec-13	Dec-14	Jan-14	Jan-15	Feb-14	Feb-15
Monthly Net Contracts	640	728	688	597	534	474	583	489	451	461	433	483	417	419	465	448	382	422	350	390	470	554	582	570

Includes unconsolidated joint ventures.

Lots Purchased or Optioned Since January 31, 2009

	Lots	Communities
Purchased	24,000	607 ⁽¹⁾
Optioned	13,700	
Joint Venture	6,100	42
Total	43,800	649

Roll Forward First Quarter ⁽²⁾

Total Additions	2,100
Walk Aways	-1,700
Net Change	400

*As of January 31, 2015
approximately 26,300 lots
remaining.*

Notes: (1) Excludes 183 communities where we walked away from all of the lots in those communities.

(2) First quarter 2015 total additions included 2,100 new options and no lots purchased but not controlled prior to 11/01/14.

Land Positions by Geographic Segment

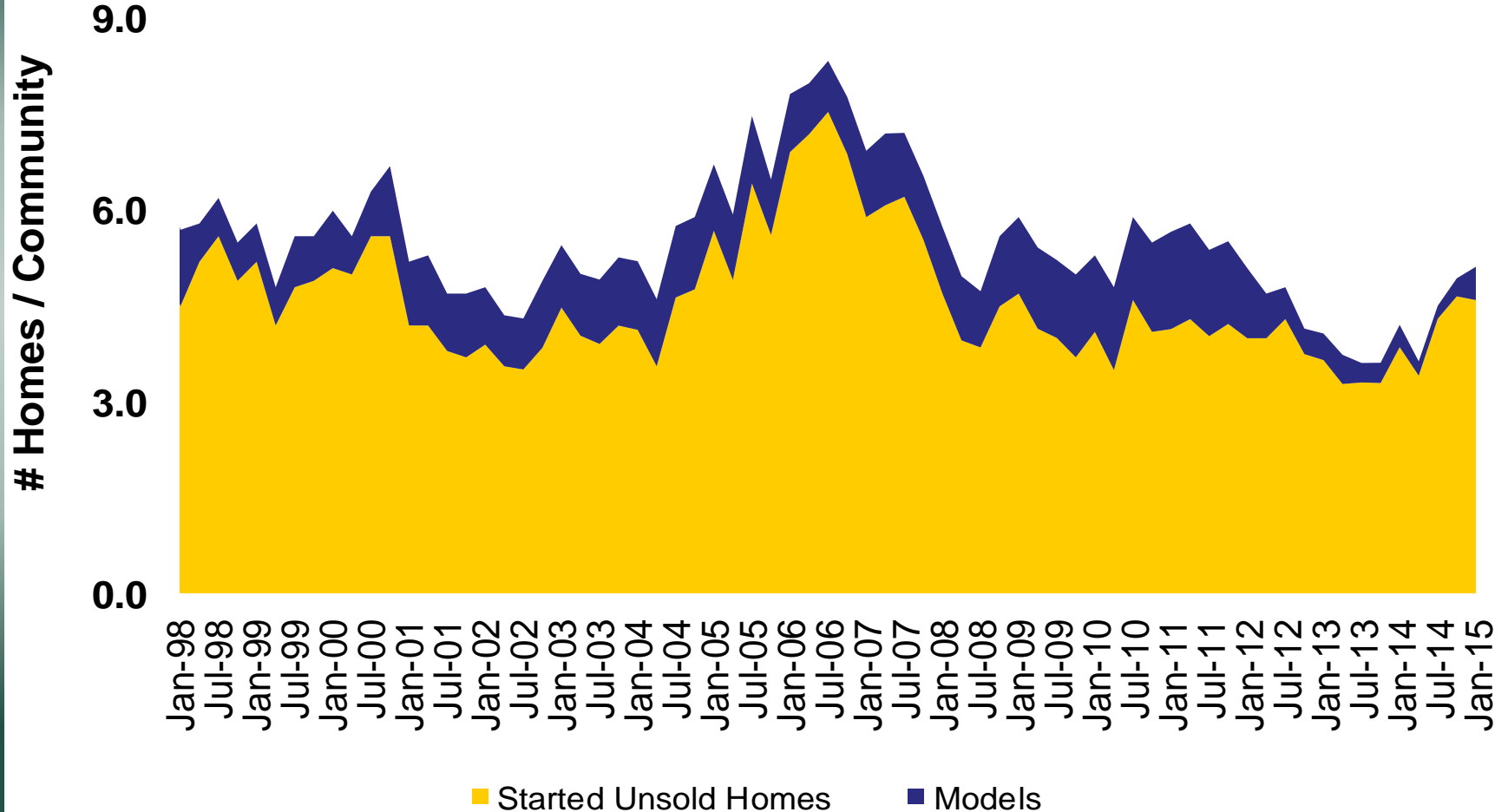
January 31, 2015

Segment	TTM Deliveries	Years Supply			Total	Investment in Land (raw land, finished lots and lots under development) (\$ in millions)
		Owned	Excluding Mothballed Lots	Mothballed Lots		
Northeast	540	2.3	1.6	5.8	9.7	\$209
Mid-Atlantic	767	3.3	0.4	4.1	7.8	\$120
Midwest	823	3.6	0.1	1.0	4.7	\$71
Southeast	642	2.9	0.6	5.4	8.8	\$97
Southwest	2,425	1.1	0.0	1.6	2.7	\$172
West	413	3.1	10.6	0.9	14.6	\$114
Total	5,610	2.3	1.1	2.6	6.0	\$783

Excluding unconsolidated joint ventures.

Unsold Homes per Community

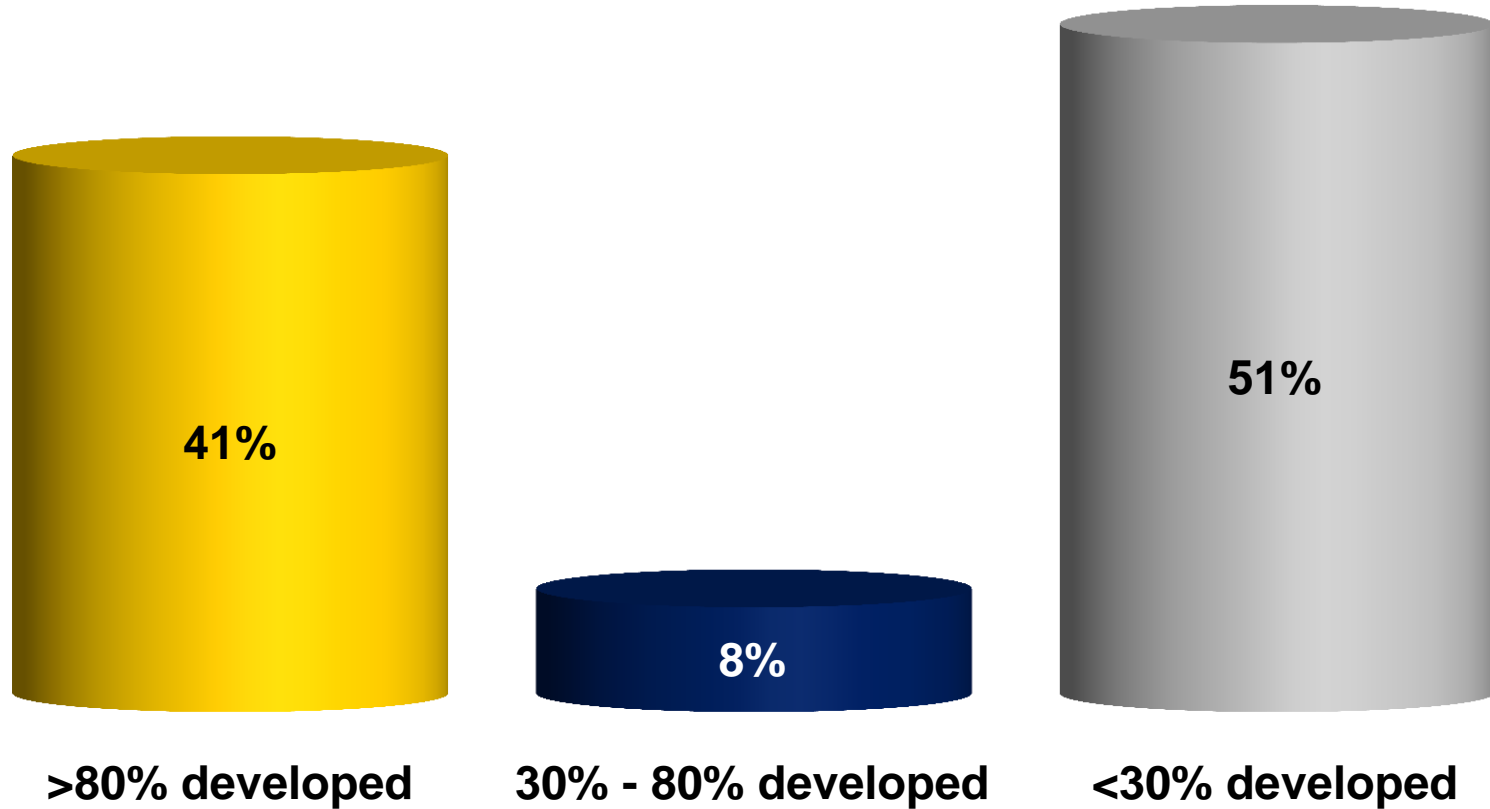
- ◆ 915 started unsold homes at 01/31/15, excluding models
- ◆ 4.7 average started unsold homes per community since 1997
- ◆ As of January 31, 2015 4.6 started unsold homes per community



Excluding unconsolidated joint ventures.

Owned Lots % Development Costs Spent

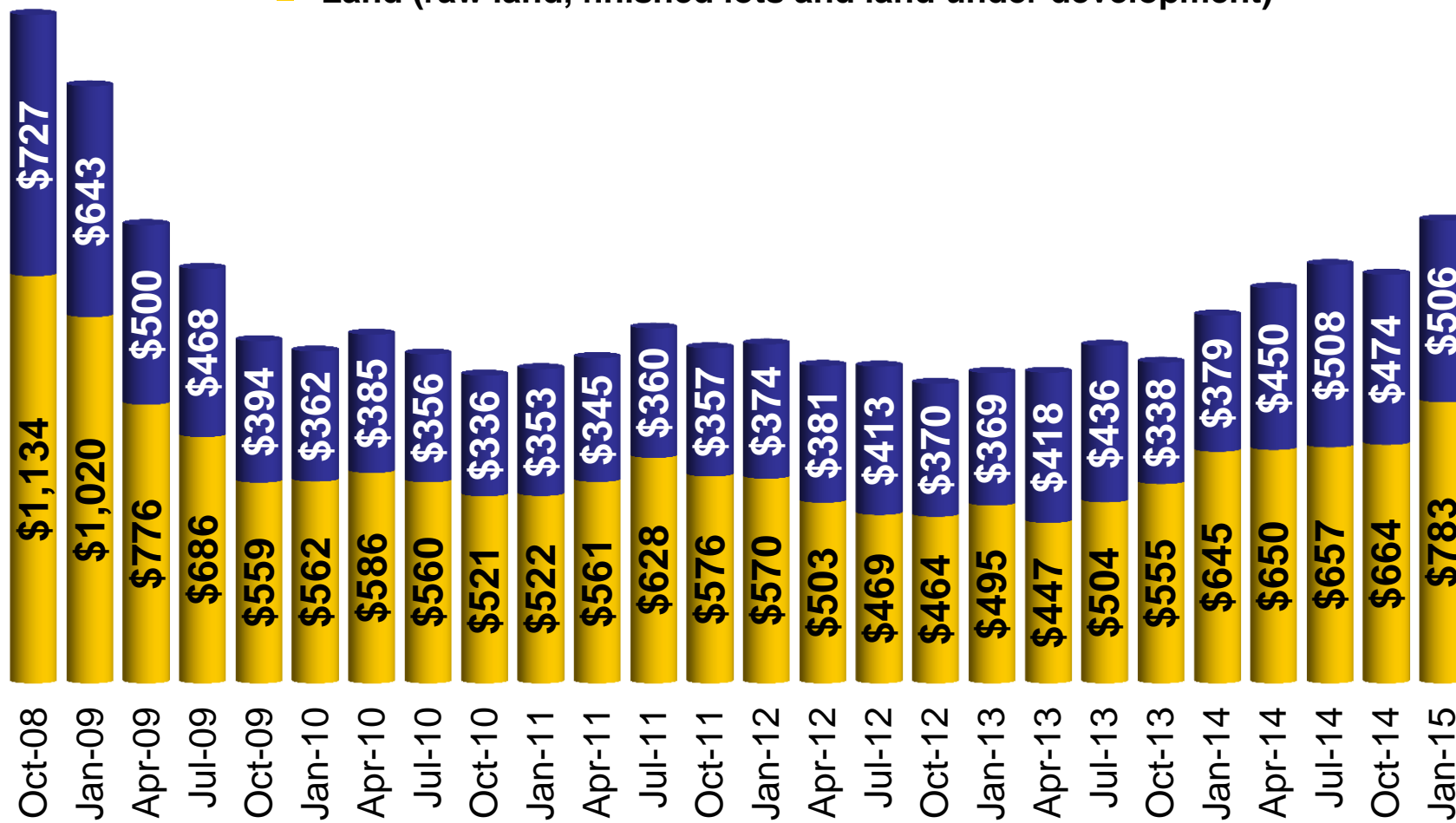
As of January 31, 2015



Excluding unconsolidated joint ventures.

\$ in Millions

- Sold and Unsold homes (including land, land development and WIP)
- Land (raw land, finished lots and land under development)



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

Payments for Loan Repurchases and Make Whole Requests

As of January 31, 2015

\$ in millions



	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Settlements	28 loans	28 loans	17 loans	29 loans	10 loans	18 loans ⁽¹⁾	108 loans	1 loan

Repurchase Inquires	45 loans	41 loans	98 loans	39 loans	66 loans	58 loans	78 loans	2 loans
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◆ As of January 31, 2015, reserve for loan repurchases and make whole requests was \$8.0 million.

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

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

