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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended July 31, 2026
OR

☐ 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, 5th Floor, Matawan, NJ 07747 (Address of Principal Executive Offices)

732-747-7800 (Registrant's Telephone Number, Including Area Code)

N/A (Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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
Depositary Shares each representing 1/1,000th of a share of 7.625% Series A Preferred Stock	HOVNP	The Nasdaq Stock Market LLC

(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 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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 5,122,255 shares of Class A Common Stock and 837,635 shares of Class B Common Stock were outstanding as of August 25, 2026.

HOVNANIAN ENTERPRISES, INC.

FORM 10-Q

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	July 31, 2026	October 31, 2025
ASSETS		
Homebuilding:		
Cash and cash equivalents	$ 249,090	$ 272,772
Restricted cash	9,208	12,608
Inventories:		
Sold and unsold homes and lots under development	1,267,287	1,132,798
Land and land options held for future development or sale	178,913	171,793
Consolidated inventory not owned	348,244	332,879
Total inventories	1,794,444	1,637,470
Investments in and advances to unconsolidated joint ventures	155,086	163,469
Receivables, deposits and notes, net	49,603	26,454
Property and equipment, net	56,223	50,539
Goodwill	31,705	-
Deferred tax assets, net	224,442	229,617
Prepaid expenses and other assets	128,537	89,773
Total homebuilding	2,698,338	2,482,702
Financial services	162,720	151,211
Total assets	$ 2,861,058	$ 2,633,913
LIABILITIES AND EQUITY		
Homebuilding:		
Nonrecourse mortgages secured by inventory, net of debt issuance costs	$ 32,411	$ 29,494
Accounts payable and other liabilities	466,507	438,920
Customers' deposits	235,355	46,376
Liabilities from inventory not owned, net of debt issuance costs	228,622	244,723
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	902,492	900,718
Accrued interest	33,017	11,874
Total homebuilding	1,898,404	1,672,105
Financial services	141,698	130,873
Total liabilities	2,040,102	1,802,978
Equity:		
Hovnanian Enterprises, Inc. stockholders' equity:		
Preferred stock, $0.01 par value - authorized 100,000 shares; issued and outstanding 5,600 shares with a liquidation preference of $140,000 at July 31, 2026 and October 31, 2025	135,299	135,299
Common stock, Class A, $0.01 par value - authorized 16,000,000 shares; issued 6,645,124 shares at July 31, 2026 and 6,503,722 shares at October 31, 2025	66	65
Common stock, Class B, $0.01 par value (convertible to Class A at time of sale) - authorized 2,400,000 shares; issued 865,304 shares at July 31, 2026 and 812,410 shares at October 31, 2025	9	8
Paid in capital - common stock	752,820	757,391
Retained Earnings	138,093	127,326
Treasury stock - at cost – 1,523,992 shares of Class A common stock at July 31, 2026 and 1,348,087 shares at October 31, 2025; 27,669 shares of Class B common stock at July 31, 2026 and October 31, 2025	(207,621)	(189,154)
Total Hovnanian Enterprises Inc. stockholders' equity	818,666	830,935
Noncontrolling interest	2,290	-
Total equity	820,956	830,935
Total liabilities and equity	$ 2,861,058	$ 2,633,913

See notes to condensed consolidated financial statements (unaudited).

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended July 31, 2026	Three Months Ended July 31, 2025	Nine Months Ended July 31, 2026	Nine Months Ended July 31, 2025
Revenues:				
Homebuilding:				
Sale of homes	$ 679,042	$ 769,050	$ 1,858,989	$ 2,066,278
Land sales and other revenues	3,032	2,967	80,276	27,573
Total homebuilding	682,074	772,017	1,939,265	2,093,851
Financial services	23,672	28,566	66,078	66,826
Total revenues	705,746	800,583	2,005,343	2,160,677
Expenses:				
Homebuilding:				
Cost of sales, excluding interest	579,576	636,256	1,620,268	1,712,835
Cost of sales interest	19,098	26,868	51,655	66,162
Inventory impairments and land option write-offs	493	16,045	11,602	20,141
Total cost of sales	599,167	679,169	1,683,525	1,799,138
Selling, general and administrative	49,469	55,770	156,748	161,087
Total homebuilding expenses	648,636	734,939	1,840,273	1,960,225
Financial services	13,980	14,715	40,576	41,043
Corporate general and administrative	37,399	35,029	98,116	97,221
Other interest	11,377	7,149	36,025	25,811
Other expense (income), net (1)	526	460	(30,182)	(19,660)
Total expenses	711,918	792,292	1,984,808	2,104,640
Gain on extinguishment of debt, net	-	-	-	399
Income from unconsolidated joint ventures	3,397	15,511	5,731	33,759
(Loss) income before income taxes	(2,775)	23,802	26,266	90,195
(Benefit) provision for income taxes	(560)	7,187	8,217	25,663
Net (loss) income	(2,215)	16,615	18,049	64,532
Less: net (loss) income attributable to noncontrolling interest	(414)	-	(725)	-
Net (loss) income attributable to Hovnanian Enterprises, Inc.	(1,801)	16,615	18,774	64,532
Less: preferred stock dividends	2,669	2,669	8,007	8,007
Net (loss) income available to common stockholders	$ (4,470)	$ 13,946	$ 10,767	$ 56,525
Per share data:				
Basic:				
Net (loss) income per common share	$ (0.70)	$ 2.14	$ 1.65	$ 8.55
Weighted-average number of common shares outstanding	6,412	6,399	6,439	6,442
Assuming dilution:				
Net (loss) income per common share	$ (0.70)	$ 1.99	$ 1.55	$ 7.94
Weighted-average number of common shares outstanding	6,412	6,887	6,840	6,936

See notes to condensed consolidated financial statements (unaudited).

(1) Includes $26.8 million gain on consolidation of joint ventures for the nine months ended July 31, 2026, and $22.7 million gain on contribution of assets to a joint venture for the nine months ended July 31, 2025 (see note 18).

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE AND NINE MONTH PERIODS ENDED JULY 31, 2026
(In thousands, except share data)
(Unaudited)

	A Common Stock		B Common Stock		Preferred Stock						
	Shares Issued and Outstanding	**Amount**	**Shares Issued and Outstanding**	**Amount**	**Shares Issued and Outstanding**	**Amount**	**Paid-In-Capital**	**Retained Earnings**	**Treasury Stock**	**Noncontrolling Interest**	**Total**
Balance, October 31, 2025	5,155,635	$ 65	784,741	$ 8	5,600	$ 135,299	$ 757,391	$ 127,326	$ (189,154)	$ -	$ 830,935
Preferred dividend declared ($476.56 per share)								(2,669)			(2,669)
Restricted stock amortization, issuances and forfeitures	83,065	1					(4,387)				(4,386)
Conversion of Class B to Class A common stock	23		(23)								-
Changes in noncontrolling interest										1,895	1,895
Share repurchases, including excise taxes	(85,398)								(9,000)		(9,000)
Net income								20,859			20,859
Balance, January 31, 2026	5,153,325	$ 66	784,718	$ 8	5,600	$ 135,299	$ 753,004	$ 145,516	$ (198,154)	$ 1,895	$ 837,634
Stock options, amortization and issuances	1,452		306				(68)				(68)
Preferred dividend declared ($476.56 per share)								(2,669)			(2,669)
Restricted stock amortization, issuances and forfeitures	2,040						1,716				1,716
Conversion of Class B to Class A common stock	16		(16)								-
Changes in noncontrolling interest										1,120	1,120
Share repurchases, including excise taxes	(90,507)								(9,545)		(9,545)
Net loss								(284)		(311)	(595)
Balance, April 30, 2026	5,066,326	$ 66	785,008	$ 8	5,600	$ 135,299	$ 754,652	$ 142,563	$ (207,699)	$ 2,704	$ 827,593
Stock options, amortization and issuances	8,342		2,903				(320)				(320)
Preferred dividend declared ($476.56 per share)								(2,669)			(2,669)
Restricted stock amortization, issuances and forfeitures	33,869		62,319	1			(1,512)				(1,511)
Conversion of Class B to Class A common stock	12,595		(12,595)								-
Share repurchases, including excise taxes									78		78
Net loss								(1,801)		(414)	(2,215)
Balance, July 31, 2026	5,121,132	$ 66	837,635	$ 9	5,600	$ 135,299	$ 752,820	$ 138,093	$ (207,621)	$ 2,290	$ 820,956

See notes to condensed consolidated financial statements (unaudited).

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE AND NINE MONTH PERIODS ENDED JULY 31, 2025
(In thousands, except share data)
(Unaudited)

	A Common Stock		B Common Stock		Preferred Stock					
	Shares Issued and Outstanding	**Amount**	**Shares Issued and Outstanding**	**Amount**	**Shares Issued and Outstanding**	**Amount**	**Paid-In-Capital**	**Retained Earnings**	**Treasury Stock**	**Total**
Balance, October 31, 2024	5,325,615	$ 64	729,354	$ 8	5,600	$ 135,299	$ 749,752	$ 74,136	$ (158,910)	$ 800,349
Stock options, amortization and issuances	476									-
Preferred dividend declared ($476.56 per share)								(2,669)		(2,669)
Restricted stock amortization, issuances and forfeitures	666						3,605			3,605
Conversion of Class B to Class A common stock	5		(5)							-
Share repurchases, including excise taxes	(131,460)								(18,050)	(18,050)
Net income								28,191		28,191
Balance, January 31, 2025	5,195,302	$ 64	729,349	$ 8	5,600	$ 135,299	$ 753,357	$ 99,658	$ (176,960)	$ 811,426
Stock options, amortization and issuances										-
Preferred dividend declared ($476.56 per share)								(2,669)		(2,669)
Restricted stock amortization, issuances and forfeitures							4,233			4,233
Conversion of Class B to Class A common stock	4		(4)							-
Share repurchases, including excise taxes	(126,448)								(12,346)	(12,346)
Net income								19,726		19,726
Balance, April 30, 2025	5,068,858	$ 64	729,345	$ 8	5,600	$ 135,299	$ 757,590	$ 116,715	$ (189,306)	$ 820,370
Stock options, amortization and issuances	1,179						25			25
Preferred dividend declared ($476.56 per share)								(2,669)		(2,669)
Restricted stock amortization, issuances and forfeitures	61,595	1	31,042				927			928
Share repurchases, including excise taxes	-								94	94
Net income								16,615		16,615
Balance, July 31, 2025	5,131,632	$ 65	760,387	$ 8	5,600	$ 135,299	$ 758,542	$ 130,661	$ (189,212)	$ 835,363

See notes to condensed consolidated financial statements (unaudited).

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended July 31,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 18,049	$ 64,532
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,536	8,513
Stock-based compensation	8,899	14,124
Amortization of debt discounts, premiums and deferred financing costs	7,075	(1,777)
Gain on sale of property and assets	(3,732)	(951)
Gain on consolidation of joint venture	(26,830)	-
Gain on assets contributed to joint venture	-	(22,683)
Income from unconsolidated joint ventures	(5,731)	(33,759)
Distributions of earnings from unconsolidated joint ventures	-	3,460
Gain on extinguishment of debt	-	(399)
Inventory impairments and land option write-offs	11,602	20,141
Decrease (increase) in assets:		
Inventories	24,945	(45,586)
Receivables, deposits and notes	(39,861)	(2,163)
Origination of mortgage loans	(1,194,610)	(1,279,416)
Sale of mortgage loans	1,183,955	1,297,796
Deferred tax assets	5,175	20,244
(Decrease) increase in liabilities:		
Accounts payable, accrued interest and other liabilities	(3,740)	(16,712)
Customers' deposits	54,029	(6,159)
Net cash provided by operating activities	49,761	19,205
Cash flows from investing activities:		
Proceeds from sale of property and assets	4,192	1,523

Purchase of property, equipment, and other fixed assets		(15,964)		(17,011)
Investment in and advances to unconsolidated joint ventures, net of reimbursements		(58,067)		(49,572)
Distributions of capital from unconsolidated joint ventures		-		4,425
Acquisitions of business, net of cash acquired		31,517		-
Net cash used in investing activities		(38,322)		(60,635)
Cash flows from financing activities:				
Proceeds from mortgages and notes		58,466		152,747
Payments related to mortgages and notes		(60,829)		(191,384)
Proceeds from model sale leaseback financing programs		11,933		36,978
Payments related to model sale leaseback financing programs		(24,855)		(13,806)
Proceeds from land bank financing programs		80,086		159,819
Payments related to land bank financing programs		(84,513)		(85,117)
Net proceeds (payments) related to mortgage warehouse lines of credit		7,349		(21,504)
Payments related to senior notes, senior secured notes and senior unsecured term loan		-		(26,588)
Contributions from noncontrolling interest		1,120		-
Preferred dividends paid		(8,007)		(8,007)
Treasury stock purchases		(18,467)		(30,302)
Deferred financing costs from land banking financing programs and note issuances		(1,395)		(3,353)
Net cash used in financing activities		(39,112)		(30,517)
Net decrease in cash and cash equivalents, and restricted cash and cash equivalents		(27,673)		(71,947)
Cash and cash equivalents, and restricted cash and cash equivalents balance, beginning of period		318,647		266,761
Cash and cash equivalents, and restricted cash and cash equivalents balance, end of period	$	290,974	$	194,814

Reconciliation of Cash, cash equivalents and restricted cash				
Homebuilding: Cash and cash equivalents	$	249,090	$	146,592
Homebuilding: Restricted cash and cash equivalents		9,208		12,155
Financial Services: Cash and cash equivalents, included in financial services assets		5,077		5,228
Financial Services: Restricted cash and cash equivalents, included in financial services assets		27,599		30,839
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	$	290,974	$	194,814

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands - Unaudited)
(Continued)

Supplemental disclosure of non-cash investing and financing activities:

In the first quarter of fiscal 2026, we consolidated the remaining assets and liabilities of one of our unconsolidated joint ventures, resulting in a decrease in our investment of $72.2 million and an increase of $87.9 million to inventory, $2.7 million to other assets, $14.0 million to accounts payable, $2.6 million to customer deposits, $5.2 million to nonrecourse mortgages and notes, net of debt issuance costs and $0.4 million of liabilities from inventory not owned.

In the first quarter of fiscal 2026, we acquired a controlling financial interest in a previously unconsolidated joint venture in the Kingdom of Saudi Arabia ("KSA"). As part of the transaction, we consolidated the assets and liabilities of KSA, resulting in an increase of $88.3 million to inventory, $24.0 million to other assets, $0.5 million to property and equipment, $132.4 million to customer deposits and $28.4 million to accounts payable, along with $1.9 million in noncontrolling interest.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Basis of Presentation

Hovnanian Enterprises, Inc. (“HEI”) conducts all of its homebuilding and financial services operations through its consolidated subsidiaries (references herein to the “Company,” “we,” “us” or “our” refer to HEI and its consolidated subsidiaries and should be understood to reflect the consolidated business of HEI’s subsidiaries).

The accompanying unaudited Condensed Consolidated Financial Statements include HEI's accounts and those of all of its consolidated subsidiaries after elimination of all intercompany balances and transactions. Noncontrolling interest represents the proportionate equity interest in a consolidated subsidiary that is not 100% owned by the Company directly or indirectly. On January 1, 2026, we acquired a controlling interest in a previously unconsolidated joint venture in the Kingdom of Saudi Arabia ("KSA"), that operates and markets itself under the trade name HOV Global. Beginning in the first quarter of fiscal 2026, the results from KSA are included in our consolidated financial statements.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, and accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. In the opinion of management, all adjustments for interim periods presented have been made, which include normal recurring accruals and deferrals necessary for a fair presentation of our condensed consolidated financial position, results of operations and cash flows. The preparation of financial statements in conformity with U.S. 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 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 Condensed Consolidated Financial Statements. Results for interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Stock Compensation

During the first quarter of fiscal 2026, the Board of Directors (the "Board") approved certain grants under a new Long-Term Incentive Program (the "2026 LTIP") that contain performance-based vesting conditions. The performance period for the 2026 LTIP commenced on November 1, 2025 and will end on October 31, 2028. At the end of the performance period, approximately 50% of the awards, if any, are payable in shares of Company stock, subject to a mandatory two-year post-vesting hold period and approximately 50% of the awards, if any, are paid in cash based on the earned phantom stock units.

During the third quarter of fiscal 2026, the Board approved certain grants under a new Performance Stock Units Program (the “2026 PSUs”) that also contain performance-based vesting conditions. The performance period for the 2026 PSUs commenced on June 12, 2026 and will end on April 30, 2027. Upon vesting, 50% of the awards, if any, are payable in shares of Company stock, subject to a mandatory two-year post-vesting hold period and approximately 50% of the awards, if any, are paid in cash based on the earned phantom stock units.

For the three and nine months ended July 31, 2026, stock-based compensation expense was $5.5 million ($5.5 million net of tax) and $8.9 million ($6.1 million net of tax), respectively. For the three and nine months ended July 31, 2025, stock-based compensation expense was $6.2 million ($4.4 million net of tax) and $14.1 million ($10.1 million net of tax), respectively.

3. Interest

Interest costs incurred, expensed and capitalized were as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
(In thousands)	2026	2025	2026	2025
Interest capitalized at beginning of period	$ 46,736	$ 53,633	$ 43,263	$ 57,671
Plus interest incurred(1)	30,222	28,523	91,584	88,210
Less cost of sales interest expensed	(19,098)	(26,868)	(51,655)	(66,162)
Less other interest expensed(2)	(11,377)	(7,149)	(36,025)	(25,811)
Less interest contributed to unconsolidated joint ventures(3)	-	-	(1,109)	(5,769)
Plus interest acquired from unconsolidated joint ventures(4)	-	-	425	-
Interest capitalized at end of period(5)	$ 46,483	$ 48,139	$ 46,483	$ 48,139

(1) Amounts do not include interest incurred by our mortgage and finance subsidiaries.
(2) During the three and nine months ended July 31, 2026 and 2025, respectively, our inventory under development exceeded our debt, therefore, all of the related interest incurred qualified for interest capitalization. Other interest includes interest on completed homes, land in planning and fully developed lots without homes under construction, which does not qualify for capitalization, and therefore, is expensed as incurred.
(3) Represents capitalized interest which was included as part of the assets contributed to joint ventures, as discussed in Note 18. There was no impact to the Condensed Consolidated Statement of Operations as a result of these capitalized interest transactions.
(4) Represents capitalized interest which was included as part of the assets acquired from joint ventures, as discussed in Note 18. There was no impact to the Condensed Consolidated Statement of Operations as a result of these capitalized interest transactions.
(5) Capitalized interest amounts are shown gross before allocating a portion of impairments, if any, to capitalized interest.

4. Reduction of Inventory to Fair Value

We had 427 and 452 communities under development and held for future development or sale at July 31, 2026 and 2025, respectively, which we evaluated for impairment indicators. During the nine months ended July 31, 2026, we performed undiscounted future cash flows analyses for six communities with an aggregate carrying value of $32.5 million. Based on the analyses, two communities in the Southeast segment and two communities in the West segment, with an aggregate carrying value of $21.7 million, were deemed impaired. The related impairment analyses resulted in an impairment charge of $5.3 million, which was included within "Inventory impairments and land option write-offs" in the Condensed Consolidated Statement of Operations and deducted from inventory. During the three months ended July 31, 2025, we identified impairment indicators in one community in the Northeast segment and three communities in the West segment, with an aggregate carrying value of $35.9 million. During the nine months ended July 31, 2025, we identified impairment indicators in two communities in the Northeast segment and three communities in the West segment with an aggregate carrying value of $41.3 million. The related impairment analyses resulted in impairment charges of $7.6 million and $8.8 million during the three and nine months ended July 31, 2025, respectively, which were included within "Inventory impairments and land option write-offs" in the Condensed Consolidated Statement of Operations and deducted from inventory.

Write-offs of options, engineering and capitalized interest costs are recorded in "Inventory impairments and land option write-offs" when we redesign communities, abandon certain engineering costs or do not exercise options in various locations because the pro forma profitability is not projected to produce adequate returns on investment commensurate with the risk. Total aggregate write-offs related to these items were $0.5 million and $8.4 million for the three months ended July 31, 2026 and 2025, respectively, and $6.3 million and $11.3 million for the nine months ended July 31, 2026 and 2025, respectively. The number of lots we walked away from during the three months ended July 31, 2026 and 2025 were 962 and 4,059, respectively, and 3,712 and 8,956 during the nine months ended July 31, 2026 and 2025, respectively. The walk-aways during the first three quarters of fiscal 2026 and 2025 occurred across each of our segments.

We sell and lease back certain of our model homes 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 our continued involvement and the ability to repurchase model homes with below market options, for accounting purposes in accordance with ASC 606, these sale and leaseback transactions are considered a financing rather than a sale. Our Condensed Consolidated Balance Sheets as of July 31, 2026 and October 31, 2025, included inventory of $63.1 million and $74.3 million, respectively, recorded to "Consolidated inventory not owned" with a corresponding amount of $63.7 million and $75.6 million (net of debt issuance costs), respectively, recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions.

We have land banking arrangements, whereby we sell our land parcels to a land banker and they provide us an option to purchase back finished lots on a predetermined schedule. Because of our options to repurchase these parcels, for accounting purposes in accordance with ASC 606, these transactions are considered a financing rather than a sale. Our Condensed Consolidated Balance Sheets as of July 31, 2026 and October 31, 2025, included inventory of $285.1 million and $258.6 million, respectively, recorded to "Consolidated inventory not owned" with a corresponding amount of $164.9 million and $169.1 million (net of debt issuance costs), respectively, recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions.

5. Variable Interest Entities

ASC 810 requires the assessment of whether an entity is a variable interest entity ("VIE") and, if so, if we are the primary beneficiary at the inception of the entity or at a reconsideration event. We are required to consolidate a VIE if we determine that we have a controlling financial interest in the VIE. Controlling financial interests will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Our variable interest in VIEs are in the form of joint ventures and land and lot option purchase contracts.

We examine specific criteria and use our judgment when determining if we are the primary beneficiary of a VIE and have a controlling financial interest. The significant factors we consider in determining whether we are the primary beneficiary include risk and reward sharing, experience and financial condition of other partner(s), voting rights, involvement in day-to-day capital and operating decisions, representation on a VIE's executive committee, existence of unilateral kick-out rights or voting rights, level of economic disproportionality between us and the other partner(s) and contracts to purchase property from the VIEs.

We also enter into land and lot option purchase contracts to procure land or lots for the construction of homes. Under these contracts, the Company will fund a stated deposit in consideration for the right, but not the obligation, to purchase land or lots at a future point in time with predetermined terms. Under the terms of the option purchase contracts, many of the option deposits are not refundable at the Company's discretion. Under the requirements of ASC 810, certain option purchase contracts may result in the creation of a VIE that owns the land parcel under option.

As a result of our analyses, we have concluded we are not the primary beneficiary and do not have a controlling financial interest of any of the land or lots under option purchase contracts at either July 31, 2026 or October 31, 2025.

As of July 31, 2026 and October 31, 2025, we had total cash deposits amounting to $348.8 million and $333.2 million, respectively, to purchase land and lots with a total purchase price of $3.4 billion and $2.8 billion, respectively. The maximum exposure to loss with respect to our land and lot options is limited to the deposits plus any pre-development costs invested in the property. On rare occasions some deposits are refundable at our request or refundable if certain conditions are not met.

Our investments in homebuilding and land development joint ventures consist of equity interests that, in total, provide us with partner investment returns and management fees. All major decision making in our joint ventures is shared among all partner(s). In particular, business plans and budgets are generally required to be unanimously approved by all partner(s). Usually, management and other fees earned by us are nominal and believed to be at market and there is no significant economic disproportionality between us and our partner(s). As a result of our analyses, we have concluded we are not the primary beneficiary and do not have a controlling financial interest of any of our homebuilding and land development joint ventures at either July 31, 2026 or October 31, 2025.

6. Warranty Costs

We accrue for warranty costs that are covered under our existing general liability and construction defect policy as part of our general liability insurance deductible. For homes to be delivered in fiscal 2026 and previously delivered in 2025, our annual deductible under our general liability insurance is or was $40.0 million and $30.0 million, respectively, aggregated for construction defect and warranty claims. For bodily injury claims, our deductible per occurrence in fiscal 2026 is $0.5 million and in fiscal 2025 was $0.25 million, with $0.5 million for action over claims, and a $30.0 million limit in both fiscal 2026 and 2025. In addition, we establish a warranty accrual for lower cost-related issues to cover home repairs, community amenities and land development infrastructure that are not covered under our general liability and construction defect policy. We accrue an estimate for these warranty costs at the time each home is closed and control is transferred to the homebuyer. Additions, charges and changes in the warranty reserve and general liability reserve for the three and nine months ended July 31, 2026 and 2025 were as follows:

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	Three Months Ended July 31,		Nine Months Ended July 31,	
(In thousands)	2026	2025	2026	2025
Balance, beginning of period	$ 103,639	$ 91,800	$ 103,824	$ 89,391
Additions – Selling, general and administrative	2,140	2,818	6,329	7,912
Additions – Cost of sales	1,543	2,294	4,326	6,512
Charges incurred during the period	(4,764)	(2,417)	(12,102)	(8,772)
Changes to pre-existing reserves (1)(2)	(6,094)	1,955	(5,913)	1,407
Balance, end of period	$ 96,464	$ 96,450	$ 96,464	$ 96,450

(1) Includes reserve balances acquired from unconsolidated joint ventures, as discussed in Note 18.

(2) During fiscal 2026, we recorded a decrease of $6.6 million to our construction defect reserves as a result of our claims history, which is reflected in the changes to pre-existing reserves.

7. Commitments and Contingent Liabilities

We are involved in litigation, claims and other proceedings arising in the ordinary course of business. The significant majority of our litigation matters are related to construction defect claims. Our estimated losses from construction defect litigation matters, if any, are included in our construction defect reserves. While the outcome of such contingencies cannot be predicted with certainty, we do not believe that the resolution of such matters will have a material adverse impact on our financial position, results of operations or cash flows.

In December 2020, the New Jersey Department of Environmental Protection ("NJDEP") and the Administrator of the New Jersey Spill Compensation Fund (the "Spill Fund") filed a lawsuit in the Superior Court of New Jersey, Law Division, Union County against Hovnanian Enterprises, Inc., in addition to other unrelated parties, in connection with contamination at Hickory Manor, a residential condominium development. Alleged predecessors of certain defendants had used the Hickory Manor property for decades for manufacturing purposes. In 1998 (when one of our affiliates purchased the property and began conducting the remediation), NJDEP confirmed that groundwater at this site was impacted from an off-site source. The site was later remediated, resulting in the NJDEP issuing an unconditional site-wide No Further Action ("NFA") determination letter and Covenant Not to Sue in 1999. Subsequently, one of our affiliates was involved in redeveloping the property as a residential community. The complaint asserts claims under the New Jersey Spill Act and other state law claims and alleges that the NJDEP and the Spill Fund have incurred over $5.3 million since 2009 to investigate vapor intrusion at the development and to install vapor mitigation systems. Among other things, the complaint seeks recovery of the costs incurred, an order that defendants perform additional required remediation and disgorgement of profits on our affiliate's sales of the homes in the development. Discovery has commenced. Hovnanian Enterprises, Inc. intends to defend these claims vigorously.

8. Cash Equivalents, Restricted Cash and Customers' Deposits

Cash equivalents include certificates of deposit, U.S. Treasury bills and government money–market funds with maturities of 90 days or less when purchased. Our cash balances are held at a few financial institutions and may, at times, exceed insurable amounts. We believe we help to mitigate this risk by depositing our cash in major high credit quality financial institutions. As of July 31, 2026 and October 31, 2025, $9.8 million and $11.9 million, respectively, of our total cash and cash equivalents was in cash equivalents and restricted cash equivalents.

Homebuilding "Restricted cash and cash equivalents" on the Condensed Consolidated Balance Sheets totaled $9.2 million and $12.6 million as of July 31, 2026 and October 31, 2025, respectively, which primarily consists of cash collateralizing our letter of credit agreements and facilities (see Note 12).

Financial services restricted cash and cash equivalents, which are included in "Financial services" assets on the Condensed Consolidated Balance Sheets, totaled $27.6 million and $27.7 million as of July 31, 2026 and October 31, 2025, respectively. Included in these balances were (1) financial services customers' deposits of $25.3 million and $25.4 million at July 31, 2026 and October 31, 2025, respectively, which are subject to restrictions on our use, and (2) restricted cash under the terms of our mortgage warehouse lines of credit of $2.3 million at both July 31, 2026 and October 31, 2025.

Homebuilding "Customers' deposits" are shown as a liability on the Condensed Consolidated Balance Sheets. These liabilities are significantly more than the applicable periods' restricted cash balances because in some states and foreign jurisdictions the deposits are not restricted from use and, in other states, we are able to release the majority of these customer deposits to cash by pledging letters of credit or surety bonds.

9. Leases

We rent certain office space for use in our operations. Our lease population at July 31, 2026 is comprised of operating leases where we are the lessee, primarily for our corporate office and division offices.

Lease costs are included in our Condensed Consolidated Statements of Operations, primarily in "Selling, general and administrative" homebuilding expenses, and payments on our lease liabilities are presented in the table below.

	Three Months Ended July 31,		Nine Months Ended July 31,	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Operating lease costs	$ 3,458	$ 2,876	$ 9,583	$ 8,708
Cash payments on lease liabilities	$ 3,100	$ 2,520	$ 8,845	$ 8,092

Operating right-of-use lease assets ("ROU assets") are included in "Prepaid expenses and other assets" on our Condensed Consolidated Balance Sheets, while lease liabilities are included in "Accounts payable and other liabilities." During the nine months ended July 31, 2026, we had an increase to ROU assets of $10.4 million and an increase to lease liabilities of $12.9 million primarily as a result of new leases and lease renewals, adjusted for lease incentives, that commenced during the period. During the nine months ended July 31, 2026, we recognized $4.9 million of income included in "Other expense (income), net" in our Condensed Consolidated Statements of Operations, due to the receipt of an early termination fee to leave office space in the Northeast segment before the lease maturity date. The following table contains additional information about our leases:

(In thousands)	**July 31, 2026**	**October 31, 2025**
ROU assets	$ 34,025	$ 23,671
Lease liabilities	$ 40,009	$ 27,090
Weighted-average remaining lease term (in years)	5.7	3.5
Weighted-average discount rate	8.1%	8.1%

Maturities of our operating lease liabilities as of July 31, 2026 are as follows:

Fiscal Year Ending October 31,	(In thousands)
2026 (excluding the nine months ended July 31, 2026)	$ 2,889
2027	11,618
2028	8,493
2029	7,454
2030	6,163
2031 and thereafter	13,928
Total operating lease payments	50,545
Less: imputed interest	(10,536)
Present value of operating lease liabilities	$ 40,009

10. Mortgage Loans Held for Sale

Our wholly owned mortgage banking subsidiary, K. Hovnanian American Mortgage, LLC ("K. Hovnanian Mortgage"), originates mortgage loans, primarily from the sale of our homes. Such mortgage loans and related servicing rights are generally sold in the secondary mortgage market within a short period of time from origination. Mortgage loans held for sale are collateralized by the underlying property. Loans held for sale are recorded at fair value with changes in the value recognized in the Condensed Consolidated Statements of Operations in "Financial services" revenue.

As of July 31, 2026 and October 31, 2025, $114.5 million and $107.6 million, respectively, of mortgages held for sale were pledged against our mortgage warehouse lines of credit (see Note 11). We may incur losses with respect to mortgages that were previously sold that are delinquent and which had underwriting defects, but only to the extent the losses are not covered by mortgage insurance or the resale value of the home. The reserves for these estimated losses are included in "Financial services" liabilities on the Condensed Consolidated Balance Sheets. As of July 31, 2026 and October 31, 2025, we had specific reserves for eight and nine identified mortgage loans, respectively, as well as reserves for an estimate of future losses on mortgages sold but not yet identified to us.

The activity in our loan origination reserves during the three and nine months ended July 31, 2026 and 2025 were as follows:

	Three Months Ended	Nine Months Ended

	July 31,		July 31,	
(In thousands)	2026	2025	2026	2025
Loan origination reserves, beginning of period	$ 2,168	$ 2,738	$ 2,016	$ 2,520
Provisions for estimated losses during the period	104	184	314	441
Adjustments to pre-existing provisions for losses from changes in estimates	56	11	56	11
Payments/settlements	(10)	(44)	(68)	(83)
Loan origination reserves, end of period	$ 2,318	$ 2,889	$ 2,318	$ 2,889

11. Mortgages

Nonrecourse

We had nonrecourse mortgage loans for certain communities totaling $32.4 million and $29.5 million, net of debt issuance costs, as of July 31, 2026 and October 31, 2025, respectively, which are secured by the related real property, including any improvements, with an aggregate book value of $48.0 million and $113.9 million, respectively. The weighted-average interest rate on these obligations was 7.2% and 7.4% at July 31, 2026 and October 31, 2025, respectively, and the mortgage loan payments primarily correspond to home deliveries.

Mortgage Loans

K. Hovnanian Mortgage finances the origination of mortgage loans through various master repurchase agreements, which are recorded in "Financial services" liabilities on the Condensed Consolidated Balance Sheets.

Our secured Master Repurchase Agreement with JPMorgan Chase Bank, N.A. (“Chase Master Repurchase Agreement”) is a short-term borrowing facility that provides up to $50.0 million through its maturity on March 31, 2027. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable monthly on outstanding advances at an adjusted Secured Overnight Financing Rate ("SOFR"), plus an applicable margin of 2.00% to 2.25%. As of July 31, 2026, the aggregate principal amount of all borrowings outstanding under the Chase Master Repurchase Agreement was $1.9 million. As of October 31, 2025 there were no borrowings outstanding under the Chase Master Repurchase Agreement.

K. Hovnanian Mortgage has another secured Master Repurchase Agreement with Customers Bank (“Customers Master Repurchase Agreement”), which is a short-term borrowing facility that provides up to $100.0 million through its maturity on March 3, 2027. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable daily or as loans are sold to permanent investors on outstanding advances at the current SOFR, plus an applicable margin ranging from 2.125% to 4.5% based on the type of loan and the number of days outstanding on the warehouse line. As of July 31, 2026 and October 31, 2025, the aggregate principal amount of all borrowings outstanding under the Customers Master Repurchase Agreement was $14.5 million and $17.8 million, respectively.

K. Hovnanian Mortgage has another secured Master Repurchase Agreement with Hinsdale Bank & Trust Company, N.A. ("Hinsdale Master Repurchase Agreement"), which is a short-term borrowing facility that provides up to $50.0 million. On July 10, 2026, the agreement was amended to extend its maturity date to July 9, 2027. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable monthly on outstanding advances at the One-Month Term SOFR, plus an applicable margin of 1.75% subject to a floor of 2.75%. As of July 31, 2026 and October 31, 2025, the aggregate principal amount of all borrowings outstanding under the Hinsdale Master Repurchase Agreement was $46.3 million and $35.9 million, respectively.

K. Hovnanian Mortgage has another secured Master Repurchase Agreement with PlainsCapital Bank ("PlainsCapital Master Repurchase Agreement"), which is a short-term borrowing facility that provides up to $50.0 million through its maturity on May 31, 2027. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable daily or as loans are sold to permanent investors on outstanding advances at the Daily SOFR, plus an applicable margin of 2.125% subject to a floor of 5.5%. As of July 31, 2026 and October 31, 2025, the aggregate principal amount of all borrowings outstanding under the PlainsCapital Master Repurchase Agreement was $39.0 million and $40.6 million, respectively.

The Chase Master Repurchase Agreement, Customers Master Repurchase Agreement, Hinsdale Master Repurchase Agreement and PlainsCapital Master Repurchase Agreement (together, the “Master Repurchase Agreements”) require K. Hovnanian Mortgage to satisfy and maintain specified financial ratios and other financial condition tests. Because of the extremely short period of time mortgages are held by K. Hovnanian Mortgage before the mortgages are sold to investors (generally a period of a few weeks), the immateriality to us on a consolidated basis, the size of the Master Repurchase Agreements, the levels required by these financial covenants, our ability based on our immediately available resources to contribute sufficient capital to cure any default, were such conditions to occur, and our right to cure any conditions of default based on the terms of the applicable agreement, we do not consider any of these covenants to be substantive or material. As of July 31, 2026, we believe we were in compliance with the covenants under the Master Repurchase Agreements.

12. Senior Notes and Credit Facilities

Senior notes and credit facilities balances as of July 31, 2026 and October 31, 2025, were as follows:

(In thousands)		July 31, 2026		October 31, 2025
Senior Notes:				
8.0% Senior Notes due April 1, 2031	$	450,000	$	450,000
8.375% Senior Notes due October 1, 2033		450,000		450,000
5.0% Senior Notes due February 1, 2040		24,968		24,968
Total Senior Notes	$	924,968	$	924,968
Senior Secured Revolving Credit Facility(1)	$	-	$	-
Subtotal senior notes and credit facilities	$	924,968	$	924,968
Net (discounts) premiums	$	(10,803)	$	(11,051)
Unamortized debt issuance costs	$	(11,673)	$	(13,199)
Total senior notes and credit facilities, net of discounts, premiums and unamortized debt issuance costs	$	902,492	$	900,718

(1) At July 31, 2026, provides for up to $125.0 million in aggregate amount of senior secured first lien revolving loans. The revolving loans under the revolving credit facility have a maturity of June 30, 2028 and borrowings bear interest, at K. Hovnanian's option, at either (i) a term SOFR (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 3.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian will pay an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

General

Except for K. Hovnanian, the issuer of the notes and borrower under the credit agreement governing our secured revolving credit facility (the “Secured Credit Facility”), our home mortgage subsidiaries, certain of our title insurance subsidiaries, joint ventures and subsidiaries holding interests in our joint ventures, we and each of our subsidiaries are guarantors of the Secured Credit Facility and senior notes outstanding at July 31, 2026 (collectively, the “Notes Guarantors”).

The credit agreement governing the Secured Credit Facility and the indentures governing the senior notes (together, the "Debt Instruments") outstanding at July 31, 2026, do not contain any financial maintenance covenants, but do contain restrictive covenants that limit, among other things, the ability of HEI and certain of its subsidiaries, including K. Hovnanian, to incur (including through exchanges or certain other types of transactions) indebtedness, pay dividends and make distributions on common and preferred stock, repay/repurchase certain indebtedness prior to its respective stated maturity, repurchase common and preferred stock, make other restricted payments (including investments), sell certain assets (including in certain land banking transactions), incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of their assets and enter into certain transactions with affiliates. The Debt Instruments also contain customary events of default which would permit the lenders or holders thereof to exercise remedies with respect to the collateral (as applicable), declare the loans (the “Secured Revolving Loans”) made under the Credit Agreement, dated as of October 31, 2019, as amended, by and among K. Hovnanian, the Company, the other guarantors party thereto, Wilmington Trust, National Association, as administrative agent, and the lenders party thereto (the "Secured Credit Agreement") or notes to be immediately due and payable if not cured within applicable grace periods, including the failure to make timely payments on the Secured Revolving Loans or notes or other material indebtedness, cross default to other material indebtedness, the failure to comply with agreements and covenants and specified events of bankruptcy and insolvency and, with respect to the Secured Revolving Loans, material inaccuracy of representations and warranties, a change of control, the failure of the documents granting security for the obligations under the Secured Credit Agreement to be in full force and effect, and the failure of the liens on any material portion of the collateral securing the obligations under the Secured Credit Agreement to be valid and perfected. As of July 31, 2026, we believe we were in compliance with the covenants of the Debt Instruments.

Under the terms of our Debt Instruments, we have the right to make certain redemptions and prepayments and, depending on market conditions, our strategic priorities and covenant restrictions, may do so from time to time. We also continue to analyze and evaluate our capital structure and explore transactions to strengthen our balance sheet, including those that reduce leverage, interest rates and/or extend maturities, and will seek to do so with the right opportunity. We may also continue to make debt or equity purchases and/or exchanges from time to time through tender offers, exchange offers, redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions and covenant restrictions.

Fiscal 2026

There were no transactions related to our debt securities during the nine months ended July 31, 2026.

Secured Obligations

The Secured Credit Agreement provides for up to $125.0 million in aggregate amount of Secured Revolving Loans to be used for general corporate purposes, upon the terms and subject to the conditions set forth therein. Secured Revolving Loans are to be borrowed by K. Hovnanian and guaranteed by the Notes Guarantors. The revolving loans under the Secured Credit Agreement have a maturity of June 30, 2028 and borrowings bear interest, at K. Hovnanian's option, at either (i) SOFR (subject to a floor of 3.00%) plus an applicable margin of 4.5% or (ii) an alternate base rate (subject to a floor of 3.00%) plus an applicable margin of 3.5%. In addition, K. Hovnanian pays an unused commitment fee on the undrawn revolving commitments at a rate of 1.0% per annum.

As of July 31, 2026, the collateral securing the Secured Credit Agreement included (1) $230.0 million of cash and cash equivalents, which included $5.7 million of restricted cash collateralizing certain letters of credit (subsequent to such date, fluctuations as a result of cash uses include general business operations and real estate and other investments along with cash inflow primarily from deliveries); (2) $641.5 million aggregate book value of real property, which does not include the impact of inventory investments, home deliveries or impairments thereafter and which may differ from the value if it were appraised; and (3) equity interests in joint venture holding companies with an aggregate book value of $151.0 million.

Unsecured Obligations

The 8.0% Senior Notes due 2031 (the "2031 Notes") bear interest at 8.0% per annum and mature on April 1, 2031. The 8.375% Senior Notes due 2033 (the "2033 Notes") bear interest at 8.375% per annum and mature on October 1, 2033. Interest on both of the 2031 Notes and 2033 Notes is payable semi-annually on April 1 and October 1 of each year to holders of record of the applicable series of notes at the close of business on March 15 or September 15, as the case may be, immediately preceding each such interest payment date. The 2031 Notes are redeemable, in whole or in part, at K. Hovnanian's option at any time prior to April 1, 2028 at 100.0% of their principal amount plus an applicable "make-whole" amount. K. Hovnanian may also redeem some or all of the 2031 Notes at 104.0% of their principal amount commencing on April 1, 2028, at 102.0% of their principal amount commencing on April 1, 2029 and at 100.0% of their principal amount commencing April 1, 2030. In addition, K. Hovnanian may also redeem up to 40.0% of the aggregate principal amount of 2031 Notes prior to April 1, 2028 with the net cash proceeds from certain equity offerings at 108.0% of their principal amount. The 2033 Notes are redeemable, in whole or in part, at K. Hovnanian's option at any time prior to October 1, 2028 at 100.0% of their principal amount plus an applicable "make-whole" amount. K. Hovnanian may also redeem some or all of the 2033 Notes at 104.188% of their principal amount commencing on October 1, 2028, at 102.094% of their principal amount commencing on October 1, 2029 and at 100.0% of their principal amount commencing on October 1, 2030. In addition, K. Hovnanian may also redeem up to 40.0% of the aggregate principal amount of 2033 Notes prior to October 1, 2028 with the net cash proceeds from certain equity offerings at 108.375% of their principal amount.

The 5.0% Senior Notes due 2040 (the "2040 Notes") bear interest at 5.0% per annum and mature on February 1, 2040. Interest on the 2040 Notes is payable semi-annually on February 1 and August 1 of each year to holders of record at the close of business on January 15 or July 15, as the case may be, immediately preceding each such interest payment date. At any time and from time to time, K. Hovnanian may redeem some or all of the 2040 Notes at a redemption price equal to 100.0% of their principal amount.

Other

We have certain stand-alone cash collateralized letter of credit agreements and facilities under which there was a total of $5.6 million and $6.2 million letters of credit outstanding at July 31, 2026 and October 31, 2025, respectively. These agreements and facilities require us to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder, which is reflected in "Restricted cash and cash equivalents" on the Condensed Consolidated Balance Sheets.

13. Per Share Calculation

Basic and diluted earnings per share for the periods presented below were calculated as follows:

(In thousands, except per share data)	Three Months Ended July 31, 2026	Three Months Ended July 31, 2025	Nine Months Ended July 31, 2026	Nine Months Ended July 31, 2025
Numerator:				
Net (loss) income attributable to Hovnanian Enterprises, Inc.	$ (1,801)	$ 16,615	$ 18,774	$ 64,532
Less: preferred stock dividends	(2,669)	(2,669)	(8,007)	(8,007)
Less: undistributed earnings allocated to participating securities	-	(233)	(160)	(1,428)
Numerator for basic (loss) earnings per share	$ (4,470)	$ 13,713	$ 10,607	$ 55,097
Plus: undistributed earnings allocated to participating securities	-	233	161	1,428
Less: undistributed earnings reallocated to participating securities	-	(234)	(176)	(1,435)
Numerator for diluted (loss) earnings per share	$ (4,470)	$ 13,712	$ 10,592	$ 55,090
Denominator:				
Denominator for basic earnings per share – weighted average shares outstanding	6,412	6,399	6,439	6,442
Effect of dilutive securities:				
Stock-based payments	-	488	401	494
Denominator for diluted earnings per share – weighted-average shares outstanding	6,412	6,887	6,840	6,936
Basic (loss) earnings per share	$ (0.70)	$ 2.14	$ 1.65	$ 8.55
Diluted (loss) earnings per share	$ (0.70)	$ 1.99	$ 1.55	$ 7.94

For the three months ended July 31, 2026, there were 0.3 million incremental shares attributed to nonvested stock and outstanding options to purchase common stock. These shares were not included in the computation of diluted shares outstanding, because the effect would be anti-dilutive. There were no anti-dilutive shares for the nine months ended July 31, 2026 and the three and nine months ended July 31, 2025.

14. Preferred Stock

On July 12, 2005, we issued 5,600 shares of 7.625% Series A preferred stock, with a liquidation preference of $25,000 per share. Dividends on Series A preferred stock are not cumulative and are payable at an annual rate of 7.625%. The Series A preferred stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares. The Series A preferred stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A preferred stock. We paid dividends of $2.7 million and $8.0 million on the Series A preferred stock for the three and nine months ended July 31, 2026 and 2025, respectively.

15. Common Stock

Each share of Class A common stock entitles its holder to one vote per share, and each share of Class B common stock generally entitles its holder to ten votes per share. The amount of any regular cash dividend payable on a share of Class A common stock will be an amount equal to 110% of the corresponding regular cash dividend payable on a share of Class B common stock. If a shareholder desires to sell shares of Class B common stock, such stock must be converted into shares of Class A common stock at a one-to-one conversion rate.

On August 4, 2008, the Board adopted a shareholder rights plan (the "Rights Plan"), which was amended on January 11, 2018, January 18, 2021, and January 11, 2024, and which is designed to preserve shareholder value and the value of certain tax assets primarily associated with net operating loss ("NOL") carryforwards and built-in losses under Section 382 of the Internal Revenue Code. Our ability to use NOLs and built-in losses would be limited if there was an "ownership change" under Section 382. This would occur if shareholders owning (or deemed under Section 382 to own) 5% or more of our stock increase their collective ownership of the aggregate amount of our outstanding shares by more than 50 percentage points over a defined period of time. The Rights Plan was adopted to reduce the likelihood of an "ownership change" occurring as defined by Section 382. Under the Rights Plan, one right was distributed for each share of Class A common Stock and Class B common Stock outstanding as of the close of business on August 15, 2008. Effective August 15, 2008, if any person or group acquires 4.9% or more of the outstanding shares of Class A common stock without the approval of the Board, there would be a triggering event causing significant dilution in the voting power of such person or group. However, existing shareholders who owned, at the time of the Rights Plan's initial adoption on August 4, 2008, 4.9% or more of the outstanding shares of Class A common stock will trigger a dilutive event only if they acquire additional shares. The approval of the Board's decision to adopt the Rights Plan may be terminated by the Board at any time prior to the Rights being triggered. The Rights Plan will continue in effect until August 14, 2027, unless it expires earlier in accordance with its terms. The approval of the Board's decision to initially adopt the Rights Plan and Amendments Nos. 1, 2 and 3 thereto were approved by shareholders. Our shareholders also approved an amendment to our Certificate of Incorporation to restrict certain transfers of Class A common stock in order to preserve the tax treatment of our NOLs and built-in losses under Section 382 of the Internal Revenue Code. Subject to certain exceptions pertaining to pre-existing 5% shareholders and holders of Class B common stock, the transfer restrictions in our Restated Certificate of Incorporation generally restrict any direct or indirect transfer (such as transfers of our stock that result from the transfer of interests in other entities that own our stock) if the effect would be to (i) increase the direct or indirect ownership of our stock by any person (or public group) from less than 5% to 5% or more of our common stock; (ii) increase the percentage of our common stock owned directly or indirectly by a person (or public group) owning or deemed to own 5% or more of our common stock; or (iii) create a new "public group" (as defined in the applicable U.S. Treasury regulations). Transfers included under the transfer restrictions include sales to persons (or public groups) whose resulting percentage ownership (direct or indirect) of common stock would exceed the 5% thresholds discussed above, or to persons whose direct or indirect ownership of common stock would by attribution cause another person (or public group) to exceed such threshold.

On December 18, 2024, the Board authorized an incremental increase to our repurchase program and on April 11, 2025, the Board authorized another increase to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of April 11, 2025, we were authorized to repurchase up to $30.6 million of our Class A common stock. On February 27, 2026, the Board further authorized an incremental increase of $50.0 million to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of February 27, 2026, we were authorized to repurchase up to $67.4 million of our Class A common stock. Under the program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual dollar amount repurchased will depend on a variety of factors, including legal requirements, price, future tax implications and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the nine months ended July 31, 2026, we repurchased 175,905 shares under the stock repurchase program, with a market value of $18.5 million, or $104.98 per share. During the nine months ended July 31, 2025, we repurchased 257,908 shares under the stock repurchase program, with a market value of $30.1 million, or $116.70 per share. The repurchased shares were added to "Treasury stock" on the Condensed Consolidated Balance Sheets. As of July 31, 2026, $57.9 million of our Class A common stock was available to be purchased under the stock repurchase program.

16. Income Taxes

For the three and nine months ended July 31, 2026, we recorded income tax (benefit) expense of $(0.6) million and $8.2 million, respectively, and $7.2 million and $25.7 million for the same periods in the prior year. The income tax expense or benefit in each period was primarily attributable to federal and state taxes on income or loss before income taxes and permanent differences, partially offset by home energy credits. Federal tax expense is not paid in cash as it is offset by the use of our existing NOL carryforwards.

The Company recognizes deferred income taxes for deferred tax benefits arising from NOL carryforwards and temporary differences between book and tax income which will be recognized in future years as an offset against future taxable income. As part of our analysis, we considered both positive and negative factors that impact profitability and whether those factors would lead to a change in estimate of our deferred tax assets ("DTAs") that may be realized in the future. At July 31, 2026, the Company has determined that it is more likely than not that sufficient taxable income will be generated in the future to realize its DTAs, net of any state valuation allowances.

17. Operating and Reporting Segments

HEI's operating segments are components of the Company's business for which discrete financial information is available and reviewed regularly by the chief operating decision maker, our Chief Executive Officer, to evaluate performance, make resource allocations and guide strategic decisions. The Chief Executive Officer uses income (loss) before income taxes as the key operating metric used to measure segment profit or loss. Actual income (loss) before income taxes is reviewed monthly against budgeted amounts from the semi-annual financial plans.

We currently have homebuilding operations in 13 states that are aggregated into reportable segments based primarily upon geographic proximity.

HEI's reportable segments consist of the following three homebuilding segments and a financial services segment.

Homebuilding:

(1) Northeast (Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia)
(2) Southeast (Florida, Georgia and South Carolina)
(3) West (Arizona, California and Texas)

Operations of the homebuilding segments primarily include the sale and construction of single-family attached and detached homes, attached townhomes and condominiums, urban infill and active lifestyle homes in planned residential developments. In addition, from time to time, operations of the homebuilding segments include sales of land. Operations of the financial services segment include mortgage banking and title services provided to the homebuilding operations' customers. Our financial services subsidiaries do not typically retain or service mortgages that we originate but sell the mortgages and related servicing rights to investors.

Financial information relating to our reportable segments was as follows:

	Three Months Ended July 31, 2026				
(In thousands)	Northeast	Southeast	West	Financial Services	Total
Homebuilding revenues	$ 232,278	$ 93,093	$ 353,671	$ -	$ 679,042
Financial services revenues	-	-	-	23,672	23,672
All other revenues (1)	281	252	304	-	837
Total revenues	232,559	93,345	353,975	23,672	703,551
Cost of sales (2)	193,200	81,911	323,911	-	599,022
Selling, general and administrative	15,095	9,247	22,681	-	47,023
Financial services expenses	-	-	-	13,980	13,980
Other segment items (3)	(6,477)	1,974	12,687	-	8,184
Total segment profit (loss)	$ 30,741	$ 213	$ (5,304)	$ 9,692	$ 35,342
Corporate and unallocated (4)					38,117
Loss before income taxes					$ (2,775)

	Three Months Ended July 31, 2025				
(In thousands)	Northeast	Southeast	West	Financial Services	Total
Homebuilding revenues	$ 288,008	$ 104,494	$ 376,548	$	$ 769,050
Financial services revenues	-	-	-	28,566	28,566
All other revenues (1)	1,172	253	637	-	2,062
Total revenues	289,180	104,747	377,185	28,566	799,678
Cost of sales (2)	236,238	90,167	351,444		677,849
Selling, general and administrative	16,030	8,864	24,572		49,466
Financial services expenses	-	-	-	14,715	14,715
Other segment items (3)	(10,410)	(2,029)	4,348		(8,091)
Total segment profit	$ 47,322	$ 7,745	$ (3,179)	$ 13,851	$ 65,739
Corporate and unallocated (4)					41,937

Income before income taxes	$	23,802

	Nine Months Ended July 31, 2026				
(In thousands)	Northeast	Southeast	West	Financial Services	Total
Homebuilding revenues	$ 688,794	$ 240,517	$ 929,678	$ -	$ 1,858,989
Financial services revenues	-	-	-	66,078	66,078
All other revenues (1)	70,445	346	3,046	-	73,837
Total revenues	759,239	240,863	932,724	66,078	1,998,904
Cost of sales (2)	599,911	218,114	864,308	-	1,682,333
Selling, general and administrative	48,638	27,361	64,789	-	140,788
Financial services expenses	-	-	-	40,576	40,576
Other segment items (3)	(18,824)	3,771	31,649	-	16,596
Total segment profit (loss)	$ 129,514	$ (8,383)	$ (28,022)	$ 25,502	$ 118,611
Corporate and unallocated (4)					92,345
Income before income taxes					$ 26,266

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	Nine Months Ended July 31, 2025				
(In thousands)	Northeast	Southeast	West	Financial Services	Total
Homebuilding revenues	$ 826,071	$ 230,533	$ 1,009,674	$ -	$ 2,066,278
Financial services revenues	-	-	-	66,826	66,826
All other revenues (1)	4,138	492	19,850	-	24,480
Total revenues	830,209	231,025	1,029,524	66,826	2,157,584
Cost of sales (2)	670,091	203,224	922,894	-	1,796,209
Selling, general and administrative	48,232	25,996	72,853	-	147,081
Financial services expenses	-	-	-	41,043	41,043
Other segment items (3)	(15,229)	(6,546)	14,543	-	(7,232)
Total segment profit	$ 127,115	$ 8,351	$ 19,234	$ 25,783	$ 180,483
Corporate and unallocated (4)					90,288
Income before income taxes					$ 90,195

(1) Consists primarily of land sales revenue, interest income, and income from forfeited customer deposits due to contract cancellations.

(2) Consists primarily of homebuilding and land sale costs, amortization of capitalized interest, inventory impairments and land option write-offs.

(3) Consists primarily of other interest expensed, and income (loss) from unconsolidated joint ventures.

(4) Consists primarily of corporate costs and shared services functions that are not allocated to the homebuilding or financial services reportable segments. In addition, includes the results of operations attributable to the KSA operating segment, which does not meet the quantitative thresholds for separate presentation as a reportable segment.

(In thousands)	July 31, 2026	October 31, 2025
Assets:		
Northeast	$ 692,580	$ 672,021
Southeast	351,299	358,383
West	815,664	829,683
Total homebuilding	1,859,543	1,860,087
Financial services	162,720	151,211
Total assets	$ 2,022,263	$ 2,011,298

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18. Investments in Unconsolidated Homebuilding and Land Development Joint Ventures

We enter into homebuilding and land development joint ventures from time to time as a means of accessing lot positions, expanding our market opportunities, establishing strategic alliances, managing our risk profile, leveraging our capital base and enhancing returns on capital.

During the first quarter of fiscal 2025, we contributed four active selling communities we owned to one new unconsolidated joint venture for $20.8 million of net cash and a $50.0 million note receivable, resulting in a gain of $22.7 million, which was recorded in "Other expense (income), net."

During the third quarter of fiscal 2025, we contributed two communities in planning to a new unconsolidated joint venture for $2.8 million of cash.

During the first quarter of fiscal 2026, we assumed control of one of our unconsolidated joint ventures after the partner received their final cash distribution. We consolidated the remaining assets and liabilities that were in the unconsolidated joint venture at fair value. We also purchased an additional equity stake in one of our unconsolidated joint ventures that gave us a controlling financial interest. The total gain recorded from the two transactions was $26.8 million, which was recorded to "Other expense (income), net."

During the first quarter of fiscal 2026, we contributed twelve communities, including eleven active selling communities and one community in planning, to a new unconsolidated joint venture for $134.3 million of net cash. The carrying value of the communities contributed approximated fair value.

The tables set forth below summarize the combined financial information related to our unconsolidated homebuilding joint ventures that are accounted for under the equity method. During the periods presented, we did not have an investment in any land development joint ventures.

(In thousands)	July 31, 2026	October 31, 2025
Assets:		
Cash and cash equivalents	$ 39,506	$ 104,066
Inventories	545,938	487,965
Other assets	8,860	128,385
Total assets	$ 594,304	$ 720,416
Liabilities and equity:		
Accounts payable and accrued liabilities	$ 88,129	$ 305,153
Notes payable	84,581	121,948
Total liabilities	172,710	427,101
Equity of:		
Hovnanian Enterprises, Inc.	151,013	160,903
Others	270,581	132,412
Total equity	421,594	293,315
Total liabilities and equity	$ 594,304	$ 720,416
Debt to capitalization ratio	17%	29%

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As of July 31, 2026 and October 31, 2025, we had outstanding advances to unconsolidated joint ventures of $4.1 million and $2.6 million, respectively. These amounts were included in "Accounts payable and accrued liabilities" in the tables above. In some cases, our net investment in unconsolidated joint ventures is less than our proportionate share of equity reflected in the tables above because of differences between asset impairments recorded against our unconsolidated joint venture investments and any impairments recorded in the applicable unconsolidated joint venture. During the nine months ended July 31, 2026 and 2025, we did not write-down any of our unconsolidated joint venture investments.

	Three Months Ended July 31,	
(In thousands)	2026	2025
Revenues	$ 156,957	$ 166,887
Cost of sales and expenses	(140,829)	(152,679)
Joint venture net income	$ 16,128	$ 14,208
Our share of net income	$ 3,397	$ 15,511

	Nine Months Ended July 31,	
(In thousands)	2026	2025
Revenues	$ 357,908	$ 446,939
Cost of sales and expenses	(326,404)	(406,894)
Joint venture net income	$ 31,504	$ 40,045
Our share of net income	$ 5,731	$ 33,759

The reason "Our share of net income" in homebuilding joint ventures is higher or lower than the "Joint venture net income" in the tables above is a result of our varying ownership percentages in each investment. As of July 31, 2026 and 2025, respectively, we had investments in five and eight unconsolidated joint ventures, respectively, and our ownership in these joint ventures ranged from 20% to over 50%. Therefore, depending on mix, if the unconsolidated joint ventures in which we have higher sharing percentages are more profitable than our other unconsolidated joint ventures, that results in us having a higher overall percentage of income in the aggregate than would occur if all joint ventures had the same sharing percentage; conversely, if the unconsolidated joint ventures in which we have lower sharing percentages are more profitable than our other unconsolidated joint ventures, that results in us having a lower overall percentage of income in the aggregate than would occur if all joint ventures had the same sharing percentage. For the three and nine months ended July 31, 2026, "Our share of net income" was less than the "Joint venture net income" due to two unconsolidated joint ventures with increased losses during the period for which we currently recognize a higher sharing percentage of the losses based on the joint venture agreements and two unconsolidated joint ventures with increased income during the period for which we currently recognize a lower sharing percentage of the income based on the joint venture agreements, slightly offset by the recognition of income from one unconsolidated joint venture that was dissolved in the first quarter of fiscal 2026.

To compensate us for the administrative services we provide as the manager of certain unconsolidated joint ventures, we receive a management fee based on a percentage of the applicable unconsolidated joint ventures' revenues. These management fees, which totaled $6.2 million and $6.7 million for the three months ended July 31, 2026 and 2025, respectively, and $14.2 million and $18.1 million for the nine months ended July 31, 2026 and 2025, respectively, are recorded in "Selling, general and administrative" homebuilding expenses in the Condensed Consolidated Statements of Operations.

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Acquisition of KSA

On January 1, 2026, we acquired an additional 40% equity interest in KSA, which was previously an unconsolidated joint venture in which we had a 50% ownership interest. We accounted for our investment in KSA as an equity method investment as we had significant influence through our interest but not control. We purchased the additional 40% interest in KSA from another joint venture partner for total cash consideration of $7.6 million, which included $1.5 million to pay off an outstanding loan balance.

As of January 1, 2026, the date of acquisition, we accounted for KSA on a consolidated basis and derecognized it as an equity method investment. We remeasured our previously held equity method investment as of the acquisition date to a fair value of $9.5 million, determined using the implied fair value from the transaction price, and recorded a gain of $9.5 million as our carrying value was $0. The gain is included in “Other expense (income), net” in the Condensed Consolidated Statements of Operations.

In accordance with ASC 805, the following fair values were assigned to assets acquired and liabilities assumed based on management’s estimates and assumptions. The purchase price allocation presented in our Condensed Consolidated Balance Sheets was as follows:

(In thousands)		January 1, 2026
Cash, cash equivalents and restricted cash	$	35,300
Property and equipment, net		469
Sold and unsold homes and lots under development		82,887
Land and land options held for future development or sale		5,379
Receivables, deposits and notes, net		16,315
Prepaid expenses and other assets		7,682
Accounts payable and accrued liabilities		(28,430)
Customers' deposits		(132,358)
Net liabilities assumed		(12,756)
Goodwill		31,705
Noncontrolling interests		(1,895)
Gain on consolidation		(9,474)
Purchase price consideration	$	7,580

The excess of purchase consideration over the fair value of the net liabilities acquired was recorded as goodwill, which is primarily attributed to the assembled workforce of KSA, and is not deductible for income tax purposes. The results of KSA were included in the Condensed Consolidated Statement of Operations from the date of acquisition and included $0.3 million of revenue for KSA and loss before income taxes of $7.3 million for KSA for the nine months ended July 31, 2026.

19. Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") 2023-09, "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 requires enhanced disclosures related to the rate reconciliation and information on income taxes paid. This guidance will be applied prospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2024. We are currently evaluating the potential impact the adoption of this guidance will have on our Condensed Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses" ("ASU 2024-03"). ASU 2024-03 requires disclosure of additional information about specific cost and expense categories in the notes to the financial statements. This guidance will be applied either prospectively or retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2026, and interim reporting periods in fiscal years beginning after December 15, 2027. We are currently evaluating the potential impact the adoption of this guidance will have on our Condensed Consolidated Financial Statements.

In September 2025, the FASB issued ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software" ("ASU 2025-06"). ASU 2025-06 modernizes the accounting for the costs of internal-use software by removing all references to software development project stages so that the guidance is neutral to different software development methods. This guidance is effective for fiscal years beginning after December 15, 2027 and interim reporting periods within those annual reporting periods. Early adoption is permitted and the amendments in this update may be applied on a retrospective, modified transition, or prospective basis. We are currently evaluating the potential impact that the adoption of this guidance will have on our Condensed Consolidated Financial Statements.

20. Fair Value of Financial Instruments

We use a fair-value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1: Fair value determined based on quoted prices in active markets for identical assets.

Level 2: Fair value determined using significant other observable inputs.

Level 3: Fair value determined using significant unobservable inputs.

Our financial instruments measured at fair value on a recurring basis are summarized below:

(In thousands)	Fair Value Hierarchy	Fair Value at July 31, 2026	Fair Value at October 31, 2025
Mortgage loans held for sale (1)	Level 2	$ 122,286	$ 111,631

(1) The aggregate unpaid principal balance was $124.3 million and $112.1 million at July 31, 2026 and October 31, 2025, respectively.

Fair value of mortgage loans held for sale is based on independent quoted market prices, where available, or the prices for other mortgage loans with similar characteristics.

The financial services segment had a pipeline of loan applications in process of $523.6 million at July 31, 2026. Loans in process for which interest rates were committed to the borrowers totaled $60.1 million as of July 31, 2026. Substantially all of these commitments were for periods of 60 days or less. Since a portion of these commitments are expected to expire without being exercised by the borrowers, the total commitments do not necessarily represent future cash requirements.

In addition, the financial services segment uses investor commitments and forward sales of mandatory MBS to hedge its mortgage-related interest rate exposure. These instruments involve, to varying degrees, elements of credit and interest rate risk. Credit risk is managed by entering into MBS forward commitments, option contracts with investment banks, federally regulated bank affiliates and loan sales transactions with permanent investors meeting the segment's credit standards. Our risk, in the event of default by the purchaser, is the difference between the contract price and fair value of the MBS forward commitments and option contracts. At July 31, 2026, we had no open mandatory investor commitments to sell MBS.

Changes in fair value that are included in income are shown by financial instrument and financial statement line item, below:

	Three Months Ended July 31, 2026		
	Mortgage Loans Held For Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	$ (342)	$ -	$ -

	Three Months Ended July 31, 2025		
	Mortgage Loans Held For Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	$ (644)	$ -	$ -

	Nine Months Ended July 31, 2026		
	Mortgage Loans Held For Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	$ (2,193)	$ -	$ -

	Nine Months Ended July 31, 2025		
	Mortgage Loans Held For Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	$ (1,554)	$ -	$ -

Assets measured at fair value on a nonrecurring basis are those assets for which we have recorded valuation adjustments and write-offs during the nine months ended July 31, 2026 (there were no such valuation adjustments and write-offs during the three months ended July 31, 2026) and the three and nine months ending July 31, 2025. The assets measured at fair value on a nonrecurring basis are all within our homebuilding operations and are summarized below:

	Three Months Ended July 31, 2025			
(In thousands)	Fair Value Hierarchy	Pre-Impairment Amount	Total Losses	Fair Value
Land and land options held for future development or sale	Level 3	$ 35,879	$ (7,630)	$ 28,249

	Nine Months Ended July 31, 2026			
(In thousands)	Fair Value Hierarchy	Pre-Impairment Amount	Total Losses	Fair Value
Land and land options held for future development or sale	Level 3	$ 21,736	$ (5,334)	$ 16,402

	Nine Months Ended July 31, 2025			
(In thousands)	Fair Value Hierarchy	Pre-Impairment Amount	Total Losses	Fair Value
Land and land options held for future development or sale	Level 3	$ 41,276	$ (8,846)	$ 32,430

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We estimate the fair value of each impaired community by determining the present value of the estimated future cash flows at a discount rate commensurate with the risk of the respective community. For the nine months ended July 31, 2026, our discount rates used to determine the fair value ranged from 16.0% to 19.8%, respectively. We recorded inventory impairments of $5.3 million for the nine months ended July 31, 2026 and $7.6 million and $8.8 million for the three and nine months ended July 31, 2025, respectively, which are included in the Condensed Consolidated Statements of Operations as "Inventory impairments and land option write-offs" and deducted from inventory. We did not have any assets measured at fair value on a nonrecurring basis during the three months ended July 31, 2026.

The fair value of our cash equivalents, restricted cash and cash equivalents and customers' deposits approximates their carrying amount, based on Level 1 inputs.

The fair value of each series of our notes are listed below. Level 2 measurements are estimated based on recent trades or quoted market prices for the same issues or based on recent trades or quoted market prices for our debt of similar security and maturity to achieve comparable yields. As shown in the table below, our 8.0% Senior Notes due 2031, 8.375% Senior Notes due 2033 and 5.0% Senior Notes due 2040 were a Level 2 measurement at July 31, 2026 and October 31, 2025 due to recent trades for the same notes.

Fair Value as of July 31, 2026				
(In thousands)	Level 1	Level 2	Level 3	Total
Senior Notes:				
8.0% Senior Notes due April 1, 2031	-	460,485	-	460,485
8.375% Senior Notes due October 1, 2033	-	458,100	-	458,100
5.0% Senior Notes due February 1, 2040	-	16,235	-	16,235
Total fair value	$ -	$ 934,820	$ -	$ 934,820

Fair Value as of October 31, 2025				
(In thousands)	Level 1	Level 2	Level 3	Total
Senior Notes:				
8.0% Senior Notes due April 1, 2031	-	459,972	-	459,972
8.375% Senior Notes due October 1, 2033	-	461,192	-	461,192

5.0% Senior Notes due February 1, 2040	-	16,492	-	16,492
Total fair value	$ -	$ 937,656	$ -	$ 937,656

The Senior Secured Revolving Credit Facility is not included in the above tables because there were no borrowings outstanding thereunder at July 31, 2026 and October 31, 2025.

21. Transactions with Related Parties

From time to time, an engineering firm owned by Tavit Najarian, a relative of Ara K. Hovnanian, our Chairman and Chief Executive Officer, and Alexander Hovnanian, our President, provides services to the Company. During the three months ended July 31, 2026 and 2025, the services provided by such engineering firm to the Company totaled $0.3 million and $0.1 million, respectively. During the nine months ended July 31, 2026 and 2025, the services provided by such engineering firm to the Company totaled $1.1 million and $0.5 million, respectively. Neither the Company nor Messrs. Hovnanian have a financial interest in the relative's company from whom the services were provided.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Hovnanian Enterprises, Inc. (“HEI”) conducts all of its homebuilding and financial services operations through its consolidated subsidiaries (references herein to the “Company,” “we,” “us” or “our” refer to HEI and its consolidated subsidiaries and should be understood to reflect the consolidated business of HEI’s subsidiaries).

Key Performance Indicators

The following key performance indicators are commonly used in the homebuilding industry and by management as a means to better understand our operating performance and trends affecting our business and compare our performance with the performance of other homebuilders. We believe these key performance indicators also provide useful information to investors in analyzing our performance:

- *Net contracts* is a volume indicator which represents the number of new contracts executed during the period for the purchase of homes, less cancellations of contracts in the same period. The dollar value of net contracts represents the dollars associated with net contracts executed in the period. These values are an indicator of potential future revenues;

- *Contract backlog* is a volume indicator which represents the number of homes that are under contract but not yet delivered as of the stated date. The dollar value of contract backlog represents the dollar amount of the homes in contract backlog. These values are an indicator of potential future revenues;

- *Active selling communities* is a volume indicator which represents the number of communities which are open for sale with ten or more home sites available as of the end of a period. We identify communities based on product type; therefore, at times there are multiple communities at one land site. These values are an indicator of potential revenues;

- *Net contracts per active selling community* is used to indicate the pace at which homes are being sold (put into contract) in active selling communities and is calculated by dividing the number of net contracts in a period by the number of active selling communities in the same period. Sales pace is an indicator of market strength and demand; and

- *Contract cancellation rates* is a volume indicator which represents the number of sales contracts cancelled in the period divided by the number of gross sales contracts executed during the period. Contract cancellation rates as a percentage of backlog is calculated by dividing the number of cancelled contracts in the period by the contract backlog at the beginning of the period. Cancellation rates as compared to prior periods can be an indicator of market strength or weakness.

On January 1, 2026, we acquired a controlling interest in a previously unconsolidated joint venture in the Kingdom of Saudi Arabia ("KSA"), that operates and markets itself under the trade name HOV Global. Beginning in the first quarter of fiscal 2026, the results from KSA are included in our consolidated financial statements. Consistent with our historical presentation, we will continue to exclude the results of our KSA operations from these key performance indicators generally (unless otherwise indicated) because such operations are not expected to have a material impact on our financial results for fiscal 2026. Where we have excluded the KSA operations, we refer to such metrics as being for our “domestic” operations.

Overview

Market Conditions and Operating Results

The demand for new and existing homes is dependent on a variety of demographic and economic factors, including job and wage growth, household formation, consumer confidence, mortgage financing, interest rates, inflation and overall housing affordability.

During fiscal 2025 and continuing through the first nine months of fiscal 2026, mortgage rates have fluctuated but still remain at a persistently high level. As a result, affordability generally remains challenging for homebuyers. We have stayed aggressive in our pricing, incentives and concessions in order to align with the current market.

We continue to use our inventory of quick move-in homes ("QMI homes") to help meet buyers’ needs for more affordable housing in the existing uncertain interest rate environment. The time between contract signing and closing is shorter with a QMI home as compared to a to be built home, which provides customers with more certainty on their mortgage pricing. The availability of QMI homes also allows us to offer mortgage interest rate buydown assistance, which is a tool we offer through our wholly-owned mortgage banking subsidiary ("K. Hovnanian Mortgage"), to help ease the impact of higher monthly payments from rising interest rates. We pay the cost of interest rate buydowns for customers that qualify through K. Hovnanian Mortgage and decide to use the program. The level of interest rate based incentives utilized differs across our markets and is one of several available options we use to drive sales and close homes.

Our focus remains on driving sales pace rather than price. However, higher mortgage rates and concerns about global instability continued to weigh on the housing market contributing to a 4.6% decrease in domestic net contracts in the third quarter of fiscal 2026 compared with the prior year third quarter and a 0.1% decrease for the nine months ended July 31, 2026 compared with the same period in the prior year. During the nine-month period ended July 31, 2026, net contracts varied by month, reflecting changing market conditions and consumer sentiment, including increased buyer hesitancy that we believe was partially attributable to the Iran war. Despite broader political and economic volatility and continued affordability constraints, we raised prices or reduced incentives in approximately 31% of our domestic communities during the third quarter of fiscal 2026.

Although the long-term fundamentals of the new home market remain favorable, significant uncertainty persists due to inflation, tariffs, the potential for an economic recession, employment risk, geopolitical events and the possibility of further increases in mortgage rates. While some supply chain issues continue, we remain focused on shortening construction cycle times and advancing our national initiatives to reduce costs with our materials providers and trade partners. Given changing conditions in the housing market and the broader economy, it remains difficult to predict the extent to which these external factors will affect our business for the remainder of fiscal 2026 and beyond.

During the nine months ended July 31, 2026, our cash position allowed us to spend $644.9 million on domestic land purchases and land development for long-term growth and repurchase $18.5 million of our common stock and still have total liquidity of $379.8 million, including $249.1 million of homebuilding cash and cash equivalents and $125.0 million of borrowing capacity under our senior secured revolving credit facility as of July 31, 2026.

Information on our operating results for the three and nine months ended July 31, 2026 are as follows:

- Sale of homes revenues decreased to $679.0 million for the three months ended July 31, 2026 from $769.1 million for same period in 2025. For the nine months ended July 31, 2026, sale of homes revenues were $1.9 billion compared with $2.1 billion in the prior year period. The decreases were primarily due to a 12.0% decline in home deliveries for both the three and nine month periods of 2026, partially offset by increases in average sales price of 0.4% and 2.3%, respectively.

- Gross margin dollars decreased 11.4% and 28.0% for the three and nine months ended July 31, 2026, respectively, compared with the same periods in the prior year, primarily due to a reduction in delivery volume. Gross margin percentage was 11.8% and 10.8% for the three and nine months ended July 31, 2026, respectively, compared with 11.7% and 13.5% for the corresponding periods in 2025, respectively. Gross margin percentage, before cost of sales interest expense and land charges, decreased to 14.6% for the three months ended July 31, 2026 from 17.3% in the prior year period and to 14.2% for the nine months ended July 31, 2026 from 17.6% in the prior year period. The decreases were primarily due to increased use of incentives and concessions, including additional mortgage interest rate buydowns, to improve affordability. In the current homebuilding environment, we remain focused on driving financial performance by increasing sales pace rather than achieving a higher gross margin.

- Selling, general and administrative costs, including corporate general and administrative expenses, ("Total SGA") were $86.9 million, or 12.3% of total revenues, for the three months ended July 31, 2026 compared with $90.8 million, or 11.3% of total revenues, in the prior year period. For the nine months ended July 31, 2026, Total SGA was $254.9 million, or 12.7% of total revenues, compared with $258.3 million, or 12.0% of total revenues, in the prior year period. The increase in Total SGA as a percentage of revenues was primarily due to lower sale of homes revenues compared with the prior year periods.

- Loss before income taxes was $2.8 million for the three months ended July 31, 2026 compared with income before income taxes of $23.8 million in the prior year period. For the nine months ended July 31, 2026, income before income taxes decreased to $26.3 million from $90.2 million for the same period in the prior year. Net loss available to common stockholders was $4.5 million, or $0.70 per diluted common share, for the three months ended July 31, 2026, compared with net income available to common stockholders of $13.9 million, or $1.99 per diluted common share, for the same period in the prior year. For the nine months ended July 31, 2026, net income available to common shareholders was $10.8 million, or $1.55 per diluted common share, compared with net income available to common stockholders of $56.5 million, or $7.94 per diluted common share, for the same period in the prior year. Basic earnings per share was a loss of $0.70 for the three months ended July 31, 2026, compared with basic earnings per share of $2.14 in the prior year period. For the nine months ended July 31, 2026, basic earnings per share decreased to $1.65 from $8.55 in the prior year period. Income before income taxes for the nine months ended July 31, 2026 and 2025 included a $26.8 million gain on consolidation of joint ventures and a $22.7 million gain on the contribution of assets to a new joint venture, respectively, as well as land sales of $68.2 million and $20.6 million, respectively.

- Net domestic contracts decreased 4.6% and 0.1% for the three and nine months ended July 31, 2026, respectively, compared with the same periods in the prior year. The decreases were primarily driven by more cautious buyer behavior resulting from affordability concerns and an uncertain macroeconomic environment.

- Net domestic contracts per active selling community decreased to 9.4 for the three months ended July 31, 2026 compared to 9.8 for the same period in the prior year and were relatively flat at 31.0 and 30.8 for the nine months ended July 31, 2026 and 2025, respectively.

- Domestic contract backlog increased from 1,491 homes at July 31, 2025 to 1,509 homes at July 31, 2026, and the dollar value of domestic contract backlog increased to $881.9 million, a 5.1% increase in dollar value compared to the prior year. Although we remain focused on the sale of QMI homes, there has been a subtle shift toward more to-be-built home contracts, which in general have higher gross margins than QMI homes.

Results of Operations

Total Revenues

Compared to the same period in the prior year, revenues (decreased) increased as follows:

	Three Months Ended		
(Dollars in thousands)	July 31, 2026	Variance 2026 Compared to 2025	July 31, 2025
Homebuilding:			
Sale of homes	$ 679,042	$ (90,008)	$ 769,050
Land sales	10	(1,183)	1,193
Other revenues	3,022	1,248	1,774
Financial services	23,672	(4,894)	28,566
Total change	$ 705,746	$ (94,837)	$ 800,583
Total revenues percent change		(11.8)%	

(Dollars in thousands)	July 31, 2026	Nine Months Ended Variance 2026 Compared to 2025	July 31, 2025
Homebuilding:			
Sale of homes	$ 1,858,989	$ (207,289)	$ 2,066,278
Land sales	68,224	47,601	20,623
Other revenue	12,052	5,102	6,950
Financial services	66,078	(748)	66,826
Total change	$ 2,005,343	$ (155,334)	$ 2,160,677
Total revenues percent change		(7.2)%	

Homebuilding: Sale of Homes

For the three months ended July 31, 2026, sale of homes revenues decreased 11.7% compared with the prior year period. Sale of homes revenue decreased primarily due to a 12.0% decrease in homes delivered, partially offset by a 0.4% increase in average sales price compared with the prior year period. Average price per home increased to $539,350 in the three months ended July 31, 2026 from $537,421 in the three months ended July 31, 2025. For the nine months ended July 31, 2026, sale of homes revenues decreased 10.0% compared with the prior year period. Sale of homes revenues decreased primarily due to a 12.0% decrease in homes delivered, partially offset by a 2.3% increase in average sales price compared with the prior year period. Average price per home increased to $532,357 in the nine months ended July 31, 2026 from $520,473 in the nine months ended July 31, 2025. The increase in average price was the result of the geographic and community mix of our deliveries. For further detail on changes in segment revenues see “Homebuilding: Operations by Segment” below. For further detail on land sales and other revenues, see “Homebuilding: Land Sales and Other Revenues” below.

Information on the sale of homes is set forth in the table below:

(Dollars in thousands, except average sales price)	Three Months Ended July 31, 2026	Three Months Ended July 31, 2025	Nine Months Ended July 31, 2026	Nine Months Ended July 31, 2025
Consolidated total:				
Housing revenues	$ 679,042	$ 769,050	$ 1,858,989	$ 2,066,278
Homes delivered	1,259	1,431	3,492	3,970
Average sales price	$ 539,350	$ 537,421	$ 532,357	$ 520,473
Unconsolidated joint ventures: (1)				
Housing revenues	$ 155,567	$ 165,148	$ 353,872	$ 441,419
Homes delivered	225	246	524	650
Average sales price	$ 691,409	$ 671,333	$ 675,328	$ 679,106

(1) *Represents housing revenues and home deliveries for our unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our unconsolidated joint ventures. See Note 18 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for a further discussion of our unconsolidated joint ventures.*

Homebuilding: Land Sales and Other Revenues

Land sales and other revenues increased $0.1 million and $52.7 million for the three and nine months ended July 31, 2026, respectively, compared with the same periods in the prior year. Revenue associated with land sales can vary significantly due to the mix of land parcels sold. There were zero and four land sales during the three and nine months ended July 31, 2026, respectively, and two and five land sales in the three and nine months ended July 31, 2025, respectively. Land sales revenues decreased $1.2 million and increased $47.6 million during the three and nine months ended July 31, 2026, respectively, compared with the same periods in the prior year.

Homebuilding: Cost of Sales

Cost of sales includes expenses for consolidated housing and land and lot sales, including inventory impairments and land option write-offs (defined as “land charges” in the tables below). A breakout of such expenses for homebuilding and land and lot sales and the gross margins for each is set forth below.

Homebuilding gross margin, before cost of sales interest expense and land charges, is a non-GAAP financial measure. This measure should not be considered as an alternative to homebuilding gross margin determined in accordance with U.S. GAAP as an indicator of operating performance.

Management believes this non-GAAP measure enables investors to better understand our operating performance. This measure is also useful internally, helping management evaluate our operating results on a consolidated basis and relative to other companies in our industry. In particular, the magnitude and volatility of land charges for the Company, and for other homebuilders, have been significant and, as such, have made comparable financial analysis of our industry more difficult. Homebuilding metrics excluding land charges, as well as interest amortized to cost of sales, and other similar presentations prepared by analysts and other companies are frequently used to assist investors in understanding and comparing the operating characteristics of homebuilding activities by eliminating many of the differences in companies’ respective levels of impairments and debt.

(Dollars in thousands)	Three Months Ended July 31, 2026	Three Months Ended July 31, 2025	Nine Months Ended July 31, 2026	Nine Months Ended July 31, 2025
Sale of homes	$ 679,042	$ 769,050	$ 1,858,989	$ 2,066,278
Cost of sales, excluding interest expense and land charges	579,573	636,015	1,595,651	1,702,360
Homebuilding gross margin, before cost of sales interest expense and land charges	99,469	133,035	263,338	363,918
Cost of sales interest expense, excluding land sales interest expense	19,098	26,868	51,537	65,544
Homebuilding gross margin, after cost of sales interest expense, before land charges	80,371	106,167	211,801	298,374
Land charges	493	16,045	11,602	20,141
Homebuilding gross margin	$ 79,878	$ 90,122	$ 200,199	$ 278,233
Homebuilding gross margin percentage	11.8 %	11.7 %	10.8 %	13.5 %
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	14.6 %	17.3 %	14.2 %	17.6 %
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges	11.9 %	13.8 %	11.4 %	14.4 %

Cost of sales as a percentage of consolidated home sales revenues are presented below:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2026	2025	2026	2025
Sale of homes	100.0%	100.0%	100.0%	100.0%
Cost of sales, excluding interest expense and land charges:				
Housing, land and development costs	73.8%	71.0%	73.9%	71.1%
Commissions	3.3%	3.2%	3.2%	3.2%
Financing concessions	4.6%	4.4%	4.3%	3.8%
Overheads	3.7%	4.1%	4.4%	4.3%
Total cost of sales, excluding interest expense and land charges	85.4%	82.7%	85.8%	82.4%
Cost of sales interest	2.7%	3.5%	2.8%	3.2%
Land charges	0.1%	2.1%	0.6%	0.9%
Homebuilding gross margin percentage	11.8%	11.7%	10.8%	13.5%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	14.6%	17.3%	14.2%	17.6%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges	11.9%	13.8%	11.4%	14.4%

We sell a variety of home types across our communities, each yielding a different gross margin. As a result, depending on the mix of communities delivering homes, consolidated gross margin may fluctuate. Total homebuilding gross margin percentage was 11.8% and 10.8% for the three and nine months ended July 31, 2026, respectively, compared with 11.7% and 13.5% for the prior year periods. Total homebuilding gross margin percentage, before cost of sales interest expense and land charges decreased to 14.6% and 14.2% for the three and nine months ended July 31, 2026, respectively, from 17.3% and 17.6% for the corresponding periods in 2025. The slight increase in gross margin percentage for the three months ended July 31, 2026 was primarily due to a modest increase in average price per home. The decrease for the nine months ended July 31, 2026 was primarily due to increased use of incentives and concessions, including additional mortgage interest rate buydowns, to make our homes more affordable.

Land and lot sale expenses and gross margins are set forth below:

	Three Months Ended July 31,		Nine Months Ended July 31,	
(In thousands)	2026	2025	2026	2025
Land and lot sales	$ 10	$ 1,193	$ 68,224	$ 20,623
Cost of sales, excluding interest	3	241	24,617	10,475
Land and lot sales gross margin, excluding interest	7	952	43,607	10,148
Land and lot sales interest expense	-	-	118	618
Land and lot sales gross margin, including interest	$ 7	$ 952	$ 43,489	$ 9,530

Land sales are ancillary to our homebuilding operations and are expected to continue in the future but may fluctuate significantly.

Homebuilding: Inventory Impairments and Land Option Write-Offs

Inventory impairments and land option write-offs reflects certain inventories we have either written off or written down to their estimated fair value totaling $0.5 million and $16.0 million in expense for the three months ended July 31, 2026 and 2025, respectively, and $11.6 million and $20.1 million during the nine months ended July 31, 2026 and 2025, respectively. Inventory impairments amounted to $5.3 million during the nine months ended July 31, 2026 and $7.6 million and $8.8 million during the three and nine months ended July 31, 2025, respectively. No inventory impairments were recorded during the three months ended July 31, 2026. The impairments recorded for the nine months ended July 31, 2026 related to two communities in the Southeast segment and two communities in the West segment. The impairments recorded for the three and nine months ended July 31, 2025 related to two communities in the Northeast segment and three communities in the West segment. During the first nine months of both fiscal 2026 and 2025, we wrote-off residential land option, approval and engineering costs across each of our segments.

Homebuilding: Selling, General and Administrative

Homebuilding selling, general and administrative (“SGA”) expenses decreased by $6.3 million to $49.5 million for the three months ended July 31, 2026 and by $4.3 million to $156.7 million for the nine months ended July 31, 2026 compared with the same periods in the prior year. The decreases were primarily due to a reduction in construction defect reserves based on our annual third-party actuarial analysis of our claims history.

Homebuilding: Key Performance Indicators

Net Domestic Contracts Per Active Selling Community

Net domestic contracts per active selling community were 9.4 and 31.0 for the three and nine months ended July 31, 2026, respectively, compared with 9.8 and 30.8 for the same periods in the prior year. Domestic sales contracts, net of cancellations, continued to be largely driven by customer demand for our available QMI homes. Offering a strong selection of QMI homes enables customers to use available incentives and purchase homes more quickly and affordably.

Domestic Contract Cancellation Rates

The following table provides historical quarterly cancellation rates, which represents the number of cancelled domestic contracts in the quarter divided by the number of gross domestic sales contracts executed in the quarter, excluding unconsolidated joint ventures:

Quarter	2026	2025	2024	2023	2022
First	14%	16%	14%	30%	14%
Second	17%	15%	14%	18%	17%
Third	19%	19%	17%	16%	27%
Fourth		17%	18%	25%	41%

The following table provides quarterly domestic contract cancellations as a percentage of the beginning domestic backlog, excluding unconsolidated joint ventures:

Quarter	2026	2025	2024	2023	2022
First	16%	14%	10%	16%	8%
Second	21%	15%	13%	16%	9%
Third	16%	17%	12%	12%	8%
Fourth		17%	15%	13%	13%

Most cancellations occur within the legal rescission period, which varies by state but is generally less than two weeks after the signing of the contract. Cancellations also occur because of a buyer's failure to qualify for a mortgage, which generally occurs during the first few weeks after signing. Generally, when sales pace is increasing, the cancellation rate as a percentage of beginning backlog tends to lag the changes seen in our cancellation rate as a percentage of gross sales. Market conditions still remain uncertain and it is difficult to predict what cancellation rates will be in the future.

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Contract Backlog

Our consolidated sales contracts and homes in contract backlog, excluding unconsolidated joint ventures, is set forth below:

	Net Contracts for the Three Months Ended July 31,		Net Contracts for the Nine Months Ended July 31,		Contract Backlog as of July 31,	
(Dollars in thousands)	2026	2025	2026	2025	2026	2025
Northeast:						
Dollars	$ 267,902	$ 226,020	$ 793,811	$ 739,452	$ 486,756	$ 444,862
Number of homes	468	416	1,419	1,353	820	761
Southeast:						
Dollars	$ 82,767	$ 79,267	$ 255,440	$ 239,237	$ 109,688	$ 130,678
Number of homes	177	157	525	461	211	228
West (1):						
Dollars	$ 271,884	$ 314,349	$ 998,065	$ 990,833	$ 285,462	$ 263,272
Number of homes	510	638	1,865	2,000	478	502
Domestic subtotal:						
Dollars	$ 622,553	$ 619,636	$ 2,047,316	$ 1,969,522	$ 881,906	$ 838,812
Number of homes	1,155	1,211	3,809	3,814	1,509	1,491
KSA:						
Dollars	$ 5,481	$ -	$ 9,978	$ -	$ 191,445	$ -
Number of homes	23	-	42	-	788	-
Consolidated total (1):						
Dollars	$ 628,034	$ 619,636	$ 2,057,294	$ 1,969,522	$ 1,073,351	$ 838,812
Number of homes	1,178	1,211	3,851	3,814	2,297	1,491

(1) Excludes eight consolidated homes and $5.0 million of contract backlog related to the assets and liabilities contributed from the West segment to a joint venture we entered into during the three months ended January 31, 2025.

Domestic contract backlog dollars increased 5.1% as of July 31, 2026 compared with July 31, 2025, while the number of homes in domestic backlog increased 1.2%. These increases were driven by a modest decline in QMI home sales, offset by higher to-be-built home sales, which are generally more profitable.

Homebuilding: Results by Reportable Segment

Financial information relating to our homebuilding operations by reportable segment was as follows:

	Three Months Ended July 31,			
(Dollars in thousands, except average sales price)	2026	2025	Variance	Variance %
Northeast				
Homebuilding revenue	$ 232,559	$ 289,180	$ (56,621)	(19.6)%
Income before income taxes	$ 30,741	$ 47,322	$ (16,581)	(35.0)%
Homes delivered	423	479	(56)	(11.7)%

Average sales price	$ 549,121	$ 601,269	$ (52,148)	(8.7)%
Southeast				
Homebuilding revenue	$ 93,345	$ 104,747	$ (11,402)	(10.9)%
Income before income taxes	$ 213	$ 7,745	$ (7,532)	(97.2)%
Homes delivered	178	195	(17)	(8.7)%
Average sales price	$ 522,994	$ 535,862	$ (12,868)	(2.4)%
West				
Homebuilding revenue	$ 353,975	$ 377,185	$ (23,210)	(6.2)%
Loss before income taxes	$ (5,304)	$ (3,179)	$ (2,125)	(66.8)%
Homes delivered	658	757	(99)	(13.1)%
Average sales price	$ 537,494	$ 497,423	$ 40,071	8.1%

	Nine Months Ended July 31,			
(Dollars in thousands, except average sales price)	**2026**	**2025**	**Variance**	**Variance %**
Northeast				
Homebuilding revenue	$ 759,239	$ 830,209	$ (70,970)	(8.5)%
Income before income taxes	$ 129,514	$ 127,115	$ 2,399	1.9%
Homes delivered	1,226	1,374	(148)	(10.8)%
Average sales price	$ 561,822	$ 601,216	$ (39,394)	(6.6)%
Southeast				
Homebuilding revenue	$ 240,863	$ 231,025	$ 9,838	4.3%
(Loss) income before income taxes	$ (8,383)	$ 8,351	$ (16,734)	(200.4)%
Homes delivered	485	472	13	2.8%
Average sales price	$ 495,911	$ 488,417	$ 7,494	1.5%
West				
Homebuilding revenue	$ 932,724	$ 1,029,524	$ (96,800)	(9.4)%
(Loss) income before income taxes	$ (28,022)	$ 19,234	$ (47,256)	(245.7)%
Homes delivered	1,781	2,124	(343)	(16.1)%
Average sales price	$ 521,998	$ 475,364	$ 46,634	9.8%

Northeast - Homebuilding revenue decreased 19.6% for the three months ended July 31, 2026 compared to the same period in the prior year. The decrease for the three months ended July 31, 2026 was attributed to an 11.7% decrease in homes delivered and an 8.7% decrease in average sales price. The decrease in average sales price was the result of new communities delivering lower priced, smaller single family homes and townhomes in lower-end submarkets of the segment for the three months ended July 31, 2026 compared to some communities delivering higher priced, larger single family homes and townhomes in higher-end submarkets of the segment for the three months ended July 31, 2025, which we are no longer delivering in the current year.

Income before income taxes decreased $16.6 million to $30.7 million for the three months ended July 31, 2026 as compared to the same period in the prior year. This was primarily due to the decrease in homebuilding revenue discussed above and a $3.6 million decrease in income from unconsolidated joint ventures, while gross margin percentage was relatively flat. For a discussion of gross margin see “Homebuilding: Cost of Sales” above.

Homebuilding revenue decreased 8.5% for the nine months ended July 31, 2026 compared to the same period in the prior year. The decrease for the nine months ended July 31, 2026 was attributed to a 10.8% decrease in homes delivered and a 6.6% decrease in average sales price, partially offset by a $66.3 million increase in land sales and other revenue. The decrease in the average sales price was the result of new communities delivering lower priced, smaller single family homes, townhomes and affordable-housing homes in lower-end submarkets of the segment for the nine months ended July 31, 2026 compared to some communities delivering higher priced, larger single family homes and townhomes in higher-end submarkets of the segment for the nine months ended July 31, 2025, which we are no longer delivering in the current year.

Income before income taxes increased $2.4 million to $129.5 million for the nine months ended July 31, 2026 as compared to the same period in the prior year. This was primarily due to the $66.3 million increase in land sales and other revenue discussed above, partially offset by a decrease in gross margin percentage.

Southeast – Homebuilding revenue decreased 10.9% for the three months ended July 31, 2026 compared to the same period in the prior year. The decrease for the three months ended July 31, 2026 was attributed to an 8.7% decrease in homes delivered and a 2.4% decrease in average sales price. The decrease in average sales price was the result of new communities delivering lower priced, smaller single family homes in lower-end submarkets of the segment for the three months ended July 31, 2026 compared to some communities delivering higher priced, larger single family homes in higher-end submarkets of the segment for the three months ended July 31, 2025, which were no longer delivering in the current year.

Income before income taxes decreased $7.5 million to $0.2 million for the three months ended July 31, 2026 compared to the same period in the prior year. This was primarily due to the decrease in homebuilding revenue discussed above, a $2.6 million decrease in income from unconsolidated joint ventures and a decrease in gross margin percentage. For a discussion of gross margin see “Homebuilding: Cost of Sales” above.

Homebuilding revenue increased 4.3% for the nine months ended July 31, 2026 compared to the same period in the prior year. The increase was due to a 2.8% increase in homes delivered and a 1.5% increase in average sales price. The increase in average sales price was the result of new communities delivering higher priced, larger single family homes in higher-end submarkets of the segment for the nine months ended July 31, 2026 compared to some communities delivering lower priced, smaller single family homes and build-for-rent homes in lower-end submarkets of the segment for the nine months ended July 31, 2025, which we are no longer delivering in the current year.

Income before income taxes decreased $16.7 million to a loss of $8.4 million for the nine months ended July 31, 2026 compared to the same period in the prior year. This was primarily due to a $7.7 million decrease in income from unconsolidated joint ventures, a $4.3 million increase in inventory impairments and land option write-offs, along with a decrease in gross margin percentage. For a discussion of gross margin see “Homebuilding: Cost of Sales” above.

West – Homebuilding revenue decreased 6.2% for the three months ended July 31, 2026 compared to the same period in the prior year. The decrease was due to a 13.1% decrease in homes delivered, partially offset by an 8.1% increase in average sales price. The increase in average sales price was the result of new communities delivering higher priced, larger single family homes in higher-end submarkets of the segment for the three months ended July 31, 2026 compared to some communities delivering lower priced, smaller single family homes and townhomes in lower-end submarkets of the segment for the three months ended July 31, 2025, which we are no longer delivering in the current year.

Loss before income taxes increased $2.1 million to a loss of $5.3 million for the three months ended July 31, 2026 compared to the same period in the prior year. This is primarily due to the decrease in homebuilding revenue discussed above, a $5.9 million increase in loss from unconsolidated joint ventures, partially offset by an increase in gross margin percentage. For a discussion of gross margin see “Homebuilding: Cost of Sales” above.

Homebuilding revenue decreased 9.4% for the nine months ended July 31, 2026 compared to the same period in the prior year. The decrease was due to a 16.1% decrease in homes delivered and a $16.8 million decrease in land sales and other revenue, partially offset by a 9.8% increase in average sales price. The increase in average sales price was the result of new communities delivering higher priced, larger single family homes in higher-end submarkets of the segment for the nine months ended July 31, 2026 compared to some communities delivering lower priced, smaller single family homes and townhomes in lower-end submarkets of the segment for the nine months ended July 31, 2025, which we are no longer delivering in the current year.

Income before income taxes decreased $47.3 million to a loss of $28.0 million for the nine months ended July 31, 2026 compared to the same period in the prior year. This is primarily due to the decrease in homebuilding revenue discussed above, a $13.0 million increase in loss from unconsolidated joint ventures and a decrease in gross margin percentage. For a discussion of gross margin see “Homebuilding: Cost of Sales” above.

Financial Services

Financial services consists primarily of originating mortgages from our home buyers, selling such mortgages in the secondary market, and title insurance activities. We use mandatory investor commitments and forward sales of mortgage-backed securities (“MBS”) to hedge our mortgage-related interest rate exposure on agency and government loans. For the nine months ended July 31, 2026 and 2025, Federal Housing Administration and Veterans Administration (“FHA/VA”) loans represented 36.4% and 41.0%, respectively, of our total loans. For the nine months ended July 31, 2026 compared to the same period in the prior year, our conforming conventional loan originations as a percentage of our total loans increased from 58.0% to 62.1%. The origination of loans which exceed conforming conventions increased from 1.0% to 1.5% for the nine months ended July 31, 2026 compared to the same period in the prior year.

During the three and nine months ended July 31, 2026 and 2025, financial services provided $9.7 million and $25.5 million of income before income taxes, respectively, compared to $13.9 million and $25.8 million for the same periods in the prior year. The decrease in financial services income before income taxes for the three and nine months ended July 31, 2026 compared to the same periods in the prior year was primarily due to a decrease in the volume of loans closed. In the markets served by our wholly owned mortgage banking subsidiaries, 84.2% and 80.9% of our non-cash homebuyers obtained mortgages originated by these subsidiaries during the three months ended July 31, 2026 and 2025, respectively, and 82.5% and 79.9% of our non-cash homebuyers obtained mortgages originated by these subsidiaries during the nine months ended July 31, 2026 and 2025, respectively.

Corporate General and Administrative

Corporate general and administrative expenses include costs related to operations at our headquarters in New Jersey and New York, including payroll, stock compensation, facility costs and rent and other costs associated with our executive offices, legal expenses, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, national and digital marketing, construction services and administration of insurance, quality and safety. Corporate general and administrative expenses increased to $37.4 million for the three months ended July 31, 2026 from $35.0 million in the prior year period and to $98.1 million for the nine months ended July 31, 2026 from $97.2 million in the prior year period. The increases were primarily due to higher compensation expense, driven mainly by increased headcount and annual merit increases, as well as higher depreciation expense related to completed software projects and certain leasehold improvements depreciated in the current fiscal year.

Income from Unconsolidated Joint Ventures

Income from unconsolidated joint ventures represents our share of earnings or losses from those ventures. Income from unconsolidated joint ventures decreased $12.1 million to $3.4 million for the three months ended July 31, 2026, and by $28.0 million to $5.7 million for the nine months ended July 31, 2026, compared with the same periods in the prior year. The decreases were primarily due to fewer unconsolidated joint ventures communities open for sale, which resulted in fewer deliveries. In addition, several joint venture communities are in the early stages of development and are incurring typical start-up costs before initial deliveries.

Other Interest

Other interest increased by $4.2 million to $11.4 million for the three months ended July 31, 2026 and by $10.2 million to $36.0 million for the nine months ended July 31, 2026, compared with the same periods in the prior year. The increases were primarily due to a higher number of communities in planning and increased model lease financing activity during the periods.

Income Taxes

For the three months ended July 31, 2026 and 2025, we recorded income tax benefit of $0.6 million and income tax expense of $7.2 million, respectively. For the nine months ended July 31, 2026 and 2025, we recorded income tax expense of $8.2 million and $25.7 million, respectively. The income tax expense or benefit for each period was primarily driven by federal and state taxes on income or loss before income taxes and permanent differences, partially offset by home energy credits. Federal tax expense did not result in cash tax payments because it was offset by the use of our existing NOL carryforwards.

Capital Resources and Liquidity

Overview

Our total liquidity at July 31, 2026 was $379.8 million, including $249.1 million in homebuilding cash and cash equivalents and $125.0 million of borrowing capacity under our senior secured revolving credit facility. We believe that our cash on hand together with available borrowings on our senior secured revolving credit facility will be sufficient for at least the next 12 months to finance our working capital requirements.

We have historically funded our homebuilding and financial services operations with cash flows from operating activities, borrowings under our credit facilities, the issuance of new debt and equity securities, and other financing activities. We may not be able to obtain desired financing even if market conditions, including then-current market available interest rates (in recent years, we have not been able to access the traditional capital and bank lending markets at competitive interest rates due to our highly leveraged capital structure), would otherwise be favorable, which could impact our ability to grow our business.

Operating, Investing and Financing Cash Flow Activities

We spent $644.9 million on domestic land and land development during the first three quarters of fiscal 2026. After land and land development spending and all other operating activities, including revenue received from deliveries, cash from operations was $49.8 million. During the first three quarters of fiscal 2026, cash used in investing activities was $38.3 million, primarily due to a new joint venture entered into during the first three quarters of fiscal 2026, along with spending on capitalized software, partially offset by net cash acquired through acquisitions. Cash used in financing activities was $39.1 million during the first three quarters of fiscal 2026, primarily due to net payments for nonrecourse mortgage financings, net payments for model sale leaseback financings and land bank financings, treasury stock purchases and payments of preferred dividends, partially offset by net proceeds from our mortgage warehouse lines of credit. We intend to continue to use nonrecourse mortgages, model sale leasebacks, joint ventures, and, subject to covenant restrictions in our debt instruments, land banking programs as our business needs dictate.

Our cash uses during the nine months ended July 31, 2026 and 2025 were for operating expenses, land purchases, land deposits, land development, construction spending, nonrecourse mortgage transactions, model sale leasebacks, state income taxes, interest payments, preferred dividends, equity repurchases, investments in unconsolidated joint ventures and acquisitions. During these periods, we provided for our cash requirements from available cash on hand, home and land sales, land banking transactions, income from unconsolidated joint ventures, financial service revenues and other revenues.

Our net income historically does not approximate cash flow from operating activities. The difference between net income and cash flow from operating activities is primarily caused by changes in inventory levels together with changes in receivables, prepaid expenses and other assets, mortgage loans held for sale, accrued interest, deferred income taxes, accounts payable and other liabilities, and noncash charges relating to depreciation, stock compensation and impairments. When we are expanding our operations, inventory levels, prepaid expenses and other assets increase, causing cash flow from operating activities to decrease. Certain liabilities also increase as operations expand and partially offset the negative effect on cash flow from operations caused by the increase in inventory, prepaid expenses and other assets. Similarly, as our mortgage operations expand, net income from these operations increases, but for cash flow purposes, net income is partially offset by the net change in mortgage assets and liabilities. The opposite is true as our investment in new land purchases and development of new communities decrease, causing us to generate positive cash flow from operations.

Debt Transactions

Senior notes and credit facilities balances as of July 31, 2026 and October 31, 2025, were as follows:

(In thousands)		July 31, 2026		October 31, 2025
Senior Notes	$	924,968	$	924,968
Senior Secured Revolving Credit Facility (1)		-		-
Less: Net (discounts), premiums and unamortized debt issuance costs		(22,476)		(24,250)
Total senior notes and credit facilities, net of discounts, premiums and unamortized debt issuance costs	$	902,492	$	900,718

(1) At July 31, 2026, provides for up to $125.0 million in aggregate amount of senior secured first lien revolving loans. The revolving loans under the revolving credit facility have a maturity of June 30, 2028 and borrowings bear interest, at K. Hovnanian's option, at either (i) a term secured overnight financing rate (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 3.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian will pay an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

Except for K. Hovnanian, the issuer of the notes and borrower under the credit agreement governing our secured revolving credit facility (the "Secured Credit Facility"), our home mortgage subsidiaries, certain of our title insurance subsidiaries, joint ventures and subsidiaries holding interests in our joint ventures, we and each of our subsidiaries are guarantors of the Secured Credit Facility and senior notes outstanding at July 31, 2026 (collectively, the “Notes Guarantors”).

The credit agreement governing the Secured Credit Facility and the indentures governing the senior notes (together, the “Debt Instruments”) outstanding at July 31, 2026, do not contain any financial maintenance covenants, but do contain restrictive covenants that limit, among other things, the ability of HEI and certain of its subsidiaries, including K. Hovnanian, to incur (including through exchanges or certain other types of transactions) indebtedness, pay dividends and make distributions on common and preferred stock, repay/repurchase certain indebtedness prior to its respective stated maturity, repurchase common and preferred stock, make other restricted payments (including investments), sell certain assets (including in certain land banking transactions), incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of their assets and enter into certain transactions with affiliates. The Debt Instruments also contain customary events of default which would permit the lenders or holders thereof to exercise remedies with respect to the collateral (as applicable), declare the loans (the “Secured Revolving Loans”) made under the Credit Agreement, dated as of October 31, 2019, as amended, by and among K. Hovnanian, the Company, the other guarantors party thereto, Wilmington Trust, National Association, as administrative agent, and the lenders party thereto (the “Secured Credit Agreement”) or notes to be immediately due and payable if not cured within applicable grace periods, including the failure to make timely payments on the Secured Revolving Loans or notes or other material indebtedness, cross default to other material indebtedness, the failure to comply with agreements and covenants and specified events of bankruptcy and insolvency and, with respect to the Secured Revolving Loans, material inaccuracy of representations and warranties, a change of control, the failure of the documents granting security for the obligations under the Secured Credit Agreement to be in full force and effect, and the failure of the liens on any material portion of the collateral securing the obligations under the Secured Credit Agreement to be valid and perfected. As of July 31, 2026, we believe we were in compliance with the covenants of the Debt Instruments.

Under the terms of our Debt Instruments, we have the right to make certain redemptions and prepayments and, depending on market conditions, our strategic priorities and covenant restrictions, may do so from time to time. We also continue to analyze and evaluate our capital structure and explore transactions to strengthen our balance sheet, including those that reduce leverage, interest rates and/or extend maturities, and will seek to do so with the right opportunity. We may also continue to make debt or equity purchases and/or exchanges from time to time through tender offers, exchange offers, redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions and covenant restrictions.

Due to covenant restrictions in our Debt Instruments, we may be limited in the amount of debt we can incur, even if market conditions, including then-current market available interest rates (prior to the fourth quarter of fiscal 2025, we had not been able to access the traditional capital and bank lending markets at competitive interest rates for some time due to our highly leveraged capital structure), would otherwise be favorable, which could also impact our ability to grow our business.

See Note 12 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for a further discussion of K. Hovnanian's Debt Instruments, including information with respect to the collateral securing our Secured Credit Agreement.

Mortgages and Notes Payable

We had nonrecourse mortgage loans for certain communities totaling $32.4 million and $29.5 million, net of debt issuance costs, as of July 31, 2026 and October 31, 2025, respectively, which are secured by the related real property, including any improvements, with an aggregate book value of $48.0 million and $113.9 million, respectively. The weighted-average interest rate on these obligations was 7.2% and 7.4% at July 31, 2026 and October 31, 2025, respectively, and the mortgage loan payments primarily correspond to home deliveries.

Our wholly owned mortgage banking subsidiary, K. Hovnanian Mortgage, originates mortgage loans primarily from the sale of our homes. Such mortgage loans and related servicing rights are sold in the secondary mortgage market within a short period of time. K. Hovnanian Mortgage finances the origination of mortgage loans through various master repurchase agreements, which are recorded in "Financial services" liabilities on the Condensed Consolidated Balance Sheets. The loans are secured by the mortgages held for sale and are repaid when we sell the underlying mortgage loans to permanent investors. As of July 31, 2026 and October 31, 2025, we had an aggregate of $101.7 million and $94.3 million, respectively, outstanding under several of K. Hovnanian Mortgage’s short-term borrowing facilities.

See Note 11 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for a further discussion of these agreements.

Equity

On December 18, 2024, our Board of Directors (the "Board") authorized an incremental increase to our repurchase program and on April 11, 2025, the Board authorized another increase to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of April 11, 2025, we were authorized to repurchase up to $30.6 million of our Class A common stock. On February 27, 2026, the Board further authorized an incremental increase of $50.0 million to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of February 27, 2026, we were authorized to repurchase up to $67.4 million of our Class A common stock. Under the program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual dollar amount repurchased will depend on a variety of factors, including legal requirements, price, future tax implications and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date.

During the nine months ended July 31, 2026, we repurchased 175,905 shares under the stock repurchase program, with a market value of $18.5 million, or $104.98 per share. During the nine months ended July 31, 2025, we repurchased 257,908 shares under the stock repurchase program, with a market value of $30.1 million, or $116.70 per share. As of July 31, 2026, $57.9 million of our Class A common stock was available to be purchased under the stock repurchase program.

On July 12, 2005, we issued 5,600 shares of 7.625% Series A preferred stock, with a liquidation preference of $25,000 per share. Dividends on the Series A preferred stock are not cumulative and are payable at an annual rate of 7.625%. The Series A preferred stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares. The Series A preferred stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A preferred stock. We paid dividends of $2.7 million and $8.0 million on the Series A preferred stock for each of the three and nine months ended July 31, 2026 and 2025, respectively.

Unconsolidated Joint Ventures

We have investments in unconsolidated joint ventures in various markets where we conduct homebuilding operations. Investments in and advances to unconsolidated joint ventures decreased by $8.4 million to $155.1 million at July 31, 2026 compared with October 31, 2025. The decrease was primarily due to the consolidation of a previously unconsolidated joint venture and an increase in our share of losses from an existing unconsolidated joint venture, partially offset by a new joint venture entered into during the first quarter of fiscal 2026 and increased income from two existing unconsolidated joint ventures. As of July 31, 2026 and October 31, 2025, we had investments in five and six unconsolidated homebuilding joint ventures, respectively.

Inventories

Total inventory, excluding consolidated inventory not owned, increased by $141.6 million to $1.4 billion at July 31, 2026 compared with October 31, 2025. The increase included $150.6 million from the acquisition of a controlling interest and the resulting consolidation of KSA, as well as increases of $33.2 million in the Northeast segment and $11.8 million in the West segment. These increases were partially offset by a decrease of $53.9 million in the Southeast segment. The net change in domestic inventory was primarily attributable to home deliveries, inventory impairments and land option write-offs, land sales, and inventory contributed to new unconsolidated joint ventures, partially offset by new land purchases and land development. Substantially all homes under construction or completed and included in inventory at July 31, 2026 are expected to be delivered within the next six to nine months.

Consolidated inventory not owned, which consists of options related to land banking and model financing, increased by $15.4 million from October 31, 2025 to July 31, 2026. The increase was primarily due to higher land banking activity, partially offset by a decrease in sale and leaseback transactions for certain model homes. We have land banking arrangements, whereby we sell land parcels to land bankers and they provide us with an option to purchase finished lots on a predetermined schedule. Because of our options to repurchase these parcels, these transactions are considered a financing rather than a sale. Our Condensed Consolidated Balance Sheet, at July 31, 2026, included inventory of $285.1 million recorded to "Consolidated inventory not owned," with a corresponding amount of $164.9 million (net of debt issuance costs) recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions. In addition, we sell and lease back certain of our model homes 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 our continued involvement and the ability to repurchase model homes with below market options, these sale and leaseback transactions are considered a financing rather than a sale. Therefore, our Condensed Consolidated Balance Sheet, at July 31, 2026, included inventory of $63.1 million recorded to "Consolidated inventory not owned," with a corresponding amount of $63.7 million (net of debt issuance costs) recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions.

The following tables summarize home sites included in our total residential real estate. The slight decrease in total domestic home sites available at July 31, 2026 compared to October 31, 2025 is attributable to delivering homes and terminating certain option agreements, partially offset by acquiring new land parcels during the period.

	Active Selling Communities(1)	**Active Selling Communities Homes**	**Proposed Developable Homes**	**Total Homes**
July 31, 2026:				
Northeast	43	4,939	13,159	18,098
Southeast	25	2,029	4,140	6,169
West	55	5,549	4,570	10,119
Domestic subtotal	123	12,517	21,869	34,386
KSA	3	1,241	1,827	3,068
Consolidated total	126	13,758	23,696	37,454

Unconsolidated joint ventures (2)	24	2,297	467	2,764
Domestic Owned		3,304	1,304	4,608
Domestic Optioned		9,200	20,565	29,765
KSA Owned		-	340	340
KSA Optioned		1,241	1,487	2,728
Construction to permanent financing lots		13	-	13
Consolidated total		13,758	23,696	37,454

	Active Selling Communities(1)	Active Selling Communities Homes	Proposed Developable Homes	Total Homes
October 31, 2025:				
Northeast	46	4,844	14,138	18,982
Southeast	27	2,218	3,863	6,081
West	67	6,853	3,969	10,822
Consolidated total	140	13,915	21,970	35,885
Unconsolidated joint ventures (2)	20	3,631	2,294	5,925
Owned		3,982	1,514	5,496
Optioned		9,931	20,456	30,387
Construction to permanent financing lots		2	-	2
Consolidated total		13,915	21,970	35,885

(1) *Active selling communities are open for sale communities with ten or more home sites available. We identify communities based on product type. Therefore, at times there are multiple communities at one land site.*

(2) *Represents active selling communities and home sites for our unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our unconsolidated joint ventures. See Note 18 to the Condensed Consolidated Financial Statements for a further discussion of our unconsolidated joint ventures.*

The following table summarizes our started or completed unsold homes and models, excluding unconsolidated joint ventures, in substantially completed communities. The decrease in started or completed unsold homes from October 31, 2025 to July 31, 2026 is due to a concerted effort to manage inventory levels by aligning our starts pace with sales pace at each community.

	July 31, 2026			October 31, 2025		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast	238	18	256	257	23	280
Southeast	128	13	141	125	18	143
West	454	35	489	525	23	548
Domestic total (1)	820	66	886	907	64	971
Started or completed unsold homes and models per domestic active selling communities (2)	6.7	0.5	7.2	6.5	0.4	6.9

(1) *At July 31, 2026, KSA had no started unsold homes or models.*

(2) *Domestic active selling communities (which are communities that are open for sale with ten or more home sites available) were 123 at July 31, 2026 and 140 at October 31, 2025. This ratio does not include substantially completed communities, which are communities with less than ten home sites available.*

Other Balance Sheet Fluctuations

Goodwill

Goodwill increased to $31.7 million at July 31, 2026 as a result of the acquisition of a controlling interest in KSA during the first quarter of fiscal 2026. No goodwill was recorded at October 31, 2025. See Note 18 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q for further details on the KSA purchase price allocation.

Customer Deposits

Customer deposits increased by $189.0 million to $235.4 million at July 31, 2026 compared with October 31, 2025. The increase was primarily due to KSA stage payments received as a home is constructed, which are recorded as deferred revenue.

Financial Services Assets and Liabilities

Financial services assets increased by $11.5 million to $162.7 million at July 31, 2026, compared with October 31, 2025. These assets consist primarily of residential mortgage receivables held for sale, of which $120.5 million and $109.8 million at July 31, 2026 and October 31, 2025, respectively, were temporarily warehoused pending sale in the secondary mortgage market. The increase in mortgage loans held for sale was primarily due to higher loan origination volume in the third quarter of fiscal 2026 compared with the fourth quarter of fiscal 2025, as well as an increase in average loan value.

Financial services liabilities increased by $10.8 million to $141.7 million at July 31, 2026 compared with October 31, 2025. The increase was primarily due to higher amounts outstanding under our mortgage warehouse lines of credit, which corresponded with the increase in mortgage loans held for sale during the period.

Inflation

The annual rate of inflation in the United States was 3.4% in July 2026, as measured by the Consumer Price Index, which is a decrease from April 2026, and much improved from its peak of 9.1% in June 2022. Inflation has a long-term effect, because higher costs for land, materials and labor results in increasing sales prices of our homes. Historically, these price increases have been commensurate with the general rate of inflation in our housing markets and have not had a significant adverse effect on the sale of our homes. A significant risk faced by the housing industry generally is that rising house construction costs, including land and interest costs, could substantially outpace increases in the income of potential purchasers and therefore limit our ability to raise home sale prices, which may result in lower gross margins.

Inflation has a lesser short-term effect, because we generally negotiate fixed-price contracts with many, but not all, of our subcontractors and material suppliers for the construction of our homes. These prices usually are applicable for a specified number of residential buildings or for a time period of between three to 12 months. Construction costs for residential buildings represented approximately 48.2% of our homebuilding cost of sales for the nine months ended July 31, 2026.

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Critical Accounting Policies

As disclosed in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025, our most critical accounting policies relate to inventories, unconsolidated joint ventures, warranty and construction defect reserves and income taxes. Since October 31, 2025, there have been no significant changes to those critical accounting policies.

Safe Harbor Statement

All statements in this Quarterly Report on Form 10-Q that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company's goals and expectations with respect to its financial results for future financial periods. 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. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to:

- Changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn;
- Shortages in, and price fluctuations of, raw materials and labor, including due to geopolitical events (such as the Iran war), changes in trade policies, including the imposition of tariffs and duties on homebuilding materials and products, and related trade disputes with, and retaliatory measures taken by other countries, and changes in immigration laws or the enforcement thereof and trends in labor migration;
- Fluctuations in interest rates and the availability of mortgage financing, including as a result of instability in the banking sector;
- Increases in inflation;
- Adverse weather and other environmental conditions and natural or man-made disasters;
- The seasonality of the Company’s business;
- The availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots;
- Reliance on, and the performance of, subcontractors;
- 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;
- Increases in cancellations of agreements of sale;
- Changes in tax laws affecting the after-tax costs of owning a home;
- Legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors;
- Levels of competition;
- Utility shortages and outages or rate fluctuations;
- Information technology failures and data security breaches;
- Negative publicity;
- Global economic and political instability;
- High leverage and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness;
- Availability and terms of financing to the Company;
- The Company’s sources of liquidity;
- Changes in credit ratings;

- Government regulation, including regulations concerning the development of land, the home building, sales and customer financing processes, tax laws and environmental, health and safety matters;
- Potential liability as a result of the past or present use of hazardous materials;
- Operations through unconsolidated joint ventures with third parties;
- Significant influence of the Company's controlling stockholders;
- Availability of net operating loss carryforwards; and
- Loss of key management personnel or failure to attract qualified personnel.

Certain risks, uncertainties and other factors are described in detail in Part I, Item 1 "Business" and Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2025. 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 after the date of this Quarterly Report on Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Substantially all of our long-term debt requires fixed interest payments and we have limited exposure to variable rates. In connection with our mortgage operations, mortgage loans held for sale and the associated mortgage warehouse lines of credit under our Master Repurchase Agreements are subject to interest rate risk; however, such obligations reprice frequently and are short-term in duration. In addition, we hedge the interest rate risk on mortgage loans by obtaining forward commitments from private investors. Accordingly, the interest rate risk from mortgage loans is not significant. We do not use financial instruments to hedge interest rate risk except with respect to mortgage loans. The following table sets forth as of July 31, 2026, our long-term debt obligations, principal cash flows by scheduled maturity, weighted-average interest rates and estimated fair value ("FV").

	Long Term Debt as of July 31, 2026 by Fiscal Year of Maturity Date							
(Dollars in thousands)	2026	2027	2028	2029	2030	Thereafter	Total	FV at 7/31/2026
Long term debt(1)(2):								
Fixed rate	$ -	$ -	$ -	$ -	$ -	$ 924,968	$ 924,968	$ 934,820
Weighted average interest rate	- %	- %	- %	- %	- %	8.10%	8.10%	

(1) Does not include mortgage warehouse lines of credit made under our Master Repurchase Agreements.

(2) Does not include $32.4 million of nonrecourse mortgages secured by inventory. These mortgages have various maturities spread over the next two to three years and are paid off as homes are delivered. In addition, it does not include our $125.0 million Secured Credit Facility under which there were no borrowings outstanding as of July 31, 2026. The revolving loans under the Secured Credit Facility have a maturity of June 30, 2028 and borrowings bear interest, at K. Hovnanian's option, at either (i) a term SOFR (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 3.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian pays an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

Item 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of July 31, 2026. Based upon that evaluation and subject to the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures are effective to accomplish their objectives.

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended July 31, 2026, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For information with respect to our legal proceedings, see Note 7 to the Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

On December 18, 2024, the Board authorized an incremental increase to our repurchase program and on April 11, 2025, the Board authorized another increase to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of April 11, 2025, we were authorized to repurchase up to $30.6 million of our Class A common stock. On February 27, 2026, our Board further authorized an incremental increase of $50.0 million to our repurchase program, such that, inclusive of any amounts remaining under the existing repurchase authorization, as of February 27, 2026, we were authorized to repurchase up to $67.4 million of our Class A common stock. Under the program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual dollar amount repurchased will depend on a variety of factors, including legal requirements, price, future tax implications and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. As of July 31, 2026, $57.9 million of our Class A common stock was available to be purchased under the stock repurchase program.

The following table provides information relating to the Company's repurchase of common stock for the third quarter of fiscal 2026.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
May 1, 2026 through May 31, 2026	-	-	-	57,935,884
June 1, 2026 through June 30, 2026	-	-	-	57,935,884
July 1, 2026 through July 31, 2026	-	-	-	57,935,884

Item 5. OTHER INFORMATION

During the three months ended July 31, 2026, no director or officer (as defined in Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. EXHIBITS

3(a)	Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 29, 2019).
3(b)	Second Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 28, 2023).
4(a)	Specimen Class A Common Stock Certificate (Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 29, 2019).
4(b)	Specimen Class B Common Stock Certificate (Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant 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 of the Registrant for the quarter ended July 31, 2008).
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 on 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 on January 11, 2018).
4(g)	Amendment No. 2 to Rights Agreement, dated as of January 18, 2021, between the Company 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 19, 2021).
4(h)	Amendment No. 3 to Rights Agreement, dated as of January 11, 2024, between the Company 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, 2024).
10(a)*	Form of 2026 Associate Performance Share Unit Agreement EBIT Class A.
10(b)*	Form of 2026 Associate Performance Share Unit Agreement EBIT Class B.
10(c)*	Form of 2026 Associate Performance Share Unit Agreement EBIT ROI Class A.
10(d)*	Form of 2026 Associate Performance Share Unit Agreement EBIT ROI Class B.
10(e)*	Form of 2026 Associate Phantom Performance Share Unit Agreement EBIT.
10(f)*	Form of 2026 Associate Phantom Performance Share Unit Agreement EBIT ROI.
10(g)*	Form of 2026 Associate Restricted Share Unit Agreement Class A.
10(h)*	Form of 2026 Director Restricted Share Unit Agreement Class A.

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.
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended July 31, 2026, formatted in inline Extensible Business Reporting Language (Inline XBRL): (i) the Condensed Consolidated Balance Sheets at July 31, 2026 and October 31, 2025, (ii) the Condensed Consolidated Statements of Operations for the three and nine months ended July 31, 2026 and 2025, (iii) the Condensed Consolidated Statements of Changes in Equity for the three and nine months ended July 31, 2026 and 2025, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended July 31, 2026 and 2025, and (v) the Notes to Condensed Consolidated Financial Statements.
104	Cover Page from our Quarterly Report on Form 10-Q for the three months ended July 31, 2026, formatted in Inline XBRL (and contained in Exhibit 101).

**Management contracts or compensation plans or arrangements.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.
(Registrant)

DATE: August 28, 2026
/s/ ARA K. HOVNANIAN
Ara K. Hovnanian
Chairman of the Board, Chief Executive Officer and Director
(Principal Executive Officer)

DATE: August 28, 2026
/s/ BRAD O’CONNOR
Brad O’Connor
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

PERFORMANCE SHARE UNIT AGREEMENT
(EBIT Performance Vesting)

Participant: ______________________ *Date of Grant:* ______________________

Target Number of PSUs: ____________

Date of Vesting of Earned PSUs:

Date	*Percentage of Earned PSUs*
[Date]	100%

1. Grant of PSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of performance share units ("PSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. The actual number of PSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PSUs shall immediately become fully vested (subject to any delay in Share delivery required pursuant to Sections 2(b) and 16 hereof).

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable "Delivery Date" (as defined below), a number of Class A Shares equal to the number of Earned PSUs that became vested on the corresponding Vesting Date(rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Delivery Date" with respect to each Vesting Date shall mean the date that is the earlier of (i) the second anniversary of such Vesting Date or (ii) the second anniversary of the date of the Participant's Qualified Termination (as defined below), if applicable.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PSUs in accordance with Exhibit A hereto, the PSUs granted hereunder shall remaining outstanding and eligible to become Earned PSUs in accordance with such Exhibit A and (C) the Shares underlying all of the Participant's Earned PSUs, if any, shall be delivered to the Participant as soon as practicable but not later than 60 days after the corresponding Delivery Date(s) subject to Section 16 of this Agreement. In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PSUs (including, without limitation, any Earned PSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason", in each case, within two years following a Change in Control, the Earned PSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in Shares. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the

Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 11 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PSUs granted pursuant to this Agreement which do not become Earned PSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PSUs equal to: (a) the product of (x) the number of PSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PSUs granted to the Participant shall be increased by a number equal to the product of (a) the PSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's participation in the Plan is not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

8. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

9. Transferability. PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 9 shall be void and unenforceable against the Company or any Affiliate.

10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

11. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

12. <u>Specific Performance</u>. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. <u>Choice of Law</u>. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. <u>RSUs Subject to Plan</u>. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All PSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

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15. <u>Signature in Counterparts</u>. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. <u>409A</u>. Notwithstanding any other provisions of this Agreement or the Plan, the PSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class A Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereof.

<u>Exhibit A</u>
[Insert Performance Metrics for Determining Earned PSUs]

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

PERFORMANCE SHARE UNIT AGREEMENT
(EBIT Performance Vesting)

Participant: ______________________ *Date of Grant:* ______________________

Target Number of PSUs: ____________

Date of Vesting of Earned PSUs:

Date	*Percentage of Earned PSUs*
[Date]	100%

1. Grant of PSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of performance share units ("PSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. The actual number of PSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PSUs shall immediately become fully vested (subject to any delay in Share delivery required pursuant to Sections 2(b) and 16 hereof).

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable "Delivery Date" (as defined below), a number of Class B Shares equal to the number of Earned PSUs that became vested on the corresponding Vesting Date(rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Delivery Date" with respect to each Vesting Date shall mean the date that is the earlier of (i) the second anniversary of such Vesting Date or (ii) the second anniversary of the date of the Participant's Qualified Termination (as defined below), if applicable.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PSUs in accordance with Exhibit A hereto, the PSUs granted hereunder shall remaining outstanding and eligible to become Earned PSUs in accordance with such Exhibit A and (C) the Shares underlying all of the Participant's Earned PSUs, if any, shall be delivered to the Participant as soon as practicable but not later than 60 days after the corresponding Delivery Date(s) subject to Section 16 of this Agreement. In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PSUs (including, without limitation, any Earned PSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason", in each case, within two years following a Change in Control, the Earned PSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in Shares. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the

Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 11 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PSUs granted pursuant to this Agreement which do not become Earned PSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PSUs equal to: (a) the product of (x) the number of PSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PSUs granted to the Participant shall be increased by a number equal to the product of (a) the PSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's participation in the Plan is not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

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8. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

9. Transferability. PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 9 shall be void and unenforceable against the Company or any Affiliate.

10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

11. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

12. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All PSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

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15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. 409A. Notwithstanding any other provisions of this Agreement or the Plan, the PSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class B Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereof.

Exhibit A
[Insert Performance Metrics for Determining Earned PSUs]

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

PERFORMANCE SHARE UNIT AGREEMENT
(EBIT ROI Performance Vesting)

Participant: ______________________	*Date of Grant:* ______________________

Target Number of PSUs: __________

Date of Vesting of Earned PSUs:

Date	*Percentage of Earned PSUs*
[Date]	100%

1. Grant of PSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of performance share units ("PSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. The actual number of PSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PSUs shall immediately become fully vested (subject to any delay in Share delivery required pursuant to Sections 2(b) and 16 hereof).

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable "Delivery Date" (as defined below), a number of Class A Shares equal to the number of Earned PSUs that became vested on the corresponding Vesting Date (rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Delivery Date" with respect to each Vesting Date shall mean the date that is the earlier of (i) the second anniversary of such Vesting Date or (ii) the second anniversary of the date of the Participant's Qualified Termination (as defined below), if applicable.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PSUs in accordance with Exhibit A hereto, the PSUs granted hereunder shall remaining outstanding and eligible to become Earned PSUs in accordance with such Exhibit A and (C) the Shares underlying all of the Participant's Earned PSUs, if any, shall be delivered to the Participant as soon as practicable but not later than 60 days after the corresponding Delivery Date(s) subject to Section 16 of this Agreement. In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PSUs (including, without limitation, any Earned PSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason", in each case, within two years following a Change in Control, the Earned PSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in Shares. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the

Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 11 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PSUs granted pursuant to this Agreement which do not become Earned PSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PSUs equal to: (a) the product of (x) the number of PSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PSUs granted to the Participant shall be increased by a number equal to the product of (a) the PSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's participation in the Plan is not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

8. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

9. Transferability. PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 9 shall be void and unenforceable against the Company or any Affiliate.

10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

11. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

12. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All PSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

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15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. 409A. Notwithstanding any other provisions of this Agreement or the Plan, the PSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class A Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

Exhibit A

[Insert Performance Metrics for Determining Earned PSUs]

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

PERFORMANCE SHARE UNIT AGREEMENT
(EBIT ROI Performance Vesting)

Participant:	*Date of Grant:*
______________________	______________________

Target Number of PSUs: ____________

Date of Vesting of Earned PSUs:

Date	*Percentage of Earned PSUs*
[Date]	100%

1. Grant of PSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of performance share units ("PSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. The actual number of PSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PSUs shall immediately become fully vested (subject to any delay in Share delivery required pursuant to Sections 2(b) and 16 hereof).

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable "Delivery Date" (as defined below), a number of Class B Shares equal to the number of Earned PSUs that became vested on the corresponding Vesting Date (rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Delivery Date" with respect to each Vesting Date shall mean the date that is the earlier of (i) the second anniversary of such Vesting Date or (ii) the second anniversary of the date of the Participant's Qualified Termination (as defined below), if applicable.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PSUs in accordance with Exhibit A hereto, the PSUs granted hereunder shall remaining outstanding and eligible to become Earned PSUs in accordance with such Exhibit A and (C) the Shares underlying all of the Participant's Earned PSUs, if any, shall be delivered to the Participant as soon as practicable but not later than 60 days after the corresponding Delivery Date(s) subject to Section 16 of this Agreement. In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PSUs (including, without limitation, any Earned PSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason", in each case, within two years following a Change in Control, the Earned PSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in Shares. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the

Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 11 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PSUs granted pursuant to this Agreement which do not become Earned PSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PSUs equal to: (a) the product of (x) the number of PSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PSUs granted to the Participant shall be increased by a number equal to the product of (a) the PSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's participation in the Plan is not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

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8. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

9. Transferability. PSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 9 shall be void and unenforceable against the Company or any Affiliate.

10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

11. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

12. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All PSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

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15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. 409A. Notwithstanding any other provisions of this Agreement or the Plan, the PSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class B Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

Exhibit A
[Insert Performance Metrics for Determining Earned PSUs]

Exhibit 10(e)

HOVNANIAN ENTERPRISES, INC.
PHANTOM PERFORMANCE SHARE UNIT AGREEMENT
(EBIT Performance Vesting)

Participant: ______________________	*Date of Grant:* ______________________

Target Number of PPSUs: ____________

Date of Vesting of Earned PPSUs:

Date	*Percentage of Earned PPSUs*
[Date]	100%

1. Grant of PPSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of phantom performance share units ("PPSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. The PPSUs granted hereunder is made as a standalone award, separate and apart from, and outside of, the 2020 Company Fourth Amended and Restated Stock Incentive Plan, as amended (the "Plan"), and shall not constitute an Award granted under or pursuant to that Plan. Notwithstanding the foregoing, the terms, conditions, and definitions set forth in the Plan shall apply to the PPSUs as though the PPSUs had been granted under the Plan (including but not limited to the adjustment provision contained in the Plan), and the PPSUs shall be subject to such terms, conditions and definitions which are hereby incorporated herein by reference and made a part hereof. Notwithstanding the foregoing, the PPSUs shall not be counted for purposes of calculating the aggregate number of shares that may be issued or transferred pursuant to Awards under the Plan or for purposes of calculating the Award limitations under the Plan (including pursuant to Section 3 of the Plan). The actual number of PPSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PPSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PPSU represents the unfunded, unsecured right of the Participant to receive a cash payment equal to the Fair Market Value of a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PPSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PPSUs shall immediately become fully vested (subject to any delay in payment required pursuant to Sections 2(b) and 15 hereof).

(b) The Company shall pay to the Participant, as soon as practicable but not later than 60 days after an applicable "Payment Date" (as defined below), a cash amount equal to the Fair Market Value (calculated as of such Payment Date) of a number of Class A Shares equal to the number of Earned PPSUs that became vested on the corresponding Vesting Date. If the Participant is eligible to participate in, and has elected to defer the payment in respect of Earned PPSUs pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such payment shall be so deferred, and any such deferral, when paid, shall be paid in cash. Once the value of the Earned PPSUs is deferred, the rights and privileges of the Participant with respect to such PPSUs shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Payment Date" shall mean the earlier of (i) the Vesting Date or (ii) the date of the Participant's Qualified Termination, as defined below, if applicable (or, if later, the last day of the Performance Period as set forth in Exhibit A).

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PPSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PPSUs in accordance with Exhibit A hereto, the PPSUs granted hereunder shall remaining outstanding and eligible to become Earned PPSUs in accordance with such Exhibit A and (C) the cash payment in respect of the Shares underlying all of the Participant's Earned PPSUs, if any, shall be paid to the Participant as soon as practicable but not later than 60 days after the corresponding Payment Date(s) subject to Section 15 of this Agreement. In the event of the death of the Participant, the payment in respect of Earned PPSUs under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the payment under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each payment in settlement of Earned PPSUs in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PPSUs having a Fair Market Value equal to the amount paid to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PPSUs (including, without limitation, any Earned PPSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason", in each case, within two years following a Change in Control, the Earned PPSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in cash. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 10 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PPSUs granted pursuant to this Agreement which do not become Earned PPSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PPSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PPSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PPSUs equal to: (a) the product of (x) the number of PPSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PPSUs granted to the Participant shall be increased by a number equal to the product of (a) the PPSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PPSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PPSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. The Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to receive PPSUs is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's PPSUs are not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company in respect of the PPSUs granted hereunder.

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8. Transferability. PPSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 8 shall be void and unenforceable against the Company or any Affiliate.

9. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

10. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 10 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

11. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

12. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

13. Plan Terms. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan.

14. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. 409A. Notwithstanding any other provisions of this Agreement or the Plan, the PPSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, any payments under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

Exhibit A
[Insert Performance Metrics for Determining Earned PPSUs]

Exhibit 10(f)

HOVNANIAN ENTERPRISES, INC.

PHANTOM PERFORMANCE SHARE UNIT AGREEMENT
(EBIT ROI Performance Vesting)

Participant: ______________________	*Date of Grant:* ______________________

Target Number of PPSUs: __________

Date of Vesting of Earned PPSUs:

Date	*Percentage of Earned PPSUs*
[Date]	100%

1. Grant of PPSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the target number ("Target Number") of phantom performance share units ("PPSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. The PPSUs granted hereunder is made as a standalone award, separate and apart from, and outside of, the 2020 Company Fourth Amended and Restated Stock Incentive Plan, as amended (the "Plan"), and shall not constitute an Award granted under or pursuant to that Plan. Notwithstanding the foregoing, the terms, conditions, and definitions set forth in the Plan shall apply to the PPSUs as though the PPSUs had been granted under the Plan (including but not limited to the adjustment provision contained in the Plan), and the PPSUs shall be subject to such terms, conditions and definitions which are hereby incorporated herein by reference and made a part hereof. Notwithstanding the foregoing, the PPSUs shall not be counted for purposes of calculating the aggregate number of shares that may be issued or transferred pursuant to Awards under the Plan or for purposes of calculating the Award limitations under the Plan (including pursuant to Section 3 of the Plan). The actual number of PPSUs, if any, that the Participant will be eligible to earn with respect to this Agreement (the "Earned PPSUs"), subject to meeting the applicable service and performance vesting requirements, will equal the Target Number multiplied by the applicable "Performance Multiplier" as defined in Exhibit A hereto. Each Earned PPSU represents the unfunded, unsecured right of the Participant to receive a cash payment equal to the Fair Market Value of a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the Earned PPSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date"); provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the Earned PPSUs shall immediately become fully vested (subject to any delay in payment required pursuant to Sections 2(b) and 15 hereof).

(b) The Company shall pay to the Participant, as soon as practicable but not later than 60 days after an applicable "Payment Date" (as defined below), a cash amount equal to the Fair Market Value (calculated as of such Payment Date) of a number of Class A Shares equal to the number of Earned PPSUs that became vested on the corresponding Vesting Date. If the Participant is eligible to participate in, and has elected to defer the payment in respect of Earned PPSUs pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such payment shall be so deferred, and any such deferral, when paid, shall be paid in cash. Once the value of the Earned PPSUs is deferred, the rights and privileges of the Participant with respect to such PPSUs shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Payment Date" shall mean the earlier of (i) the Vesting Date or (ii) the date of the Participant's Qualified Termination, as defined below, if applicable (or, if later, the last day of the Performance Period as set forth in Exhibit A).

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, (any such termination, a "Qualified Termination"), then (A) any previously unvested Earned PPSUs shall become fully vested, (B) if such Qualified Termination occurs prior to the determination of the number of Earned PPSUs in accordance with Exhibit A hereto, the PPSUs granted hereunder shall remaining outstanding and eligible to become Earned PPSUs in accordance with such Exhibit A and (C) the cash payment in respect of the Shares underlying all of the Participant's Earned PPSUs, if any, shall be paid to the Participant as soon as practicable but not later than 60 days after the corresponding Payment Date(s) subject to Section 15 of this Agreement. In the event of the death of the Participant, the payment in respect of Earned PPSUs under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the payment under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each payment in settlement of Earned PPSUs in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of Earned PPSUs having a Fair Market Value equal to the amount paid to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested PPSUs (including, without limitation, any Earned PPSUs) shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's Qualifying Termination or involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good

Reason", in each case, within two years following a Change in Control, the Earned PPSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in cash. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 10 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

(g) Any portion of the PPSUs granted pursuant to this Agreement which do not become Earned PPSUs in accordance with Exhibit A hereto shall be forfeited for no further consideration.

3. Dividends. If on any date while PPSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of PPSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of PPSUs equal to: (a) the product of (x) the number of PPSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of PPSUs granted to the Participant shall be increased by a number equal to the product of (a) the PPSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any PPSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2 and the performance conditions set forth in Exhibit A.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of PPSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. The Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to receive PPSUs is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's PPSUs are not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company in respect of the PPSUs granted hereunder.

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8. Transferability. PPSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 8 shall be void and unenforceable against the Company or any Affiliate.

9. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

10. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 10 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

11. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

12. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

13. Plan Terms. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan.

14. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. 409A. Notwithstanding any other provisions of this Agreement or the Plan, the PPSUs covered by this Agreement shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, any payments under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

Exhibit A
[Insert Performance Metrics for Determining Earned PPSUs]

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

RESTRICTED SHARE UNIT AGREEMENT

Participant:	*Date of Grant:*
______________________	______________________

Number of RSUs: ____________

Dates of Vesting of Class A Shares:

Date	*Number of RSUs*
______________________	______________________
______________________	______________________
______________________	______________________
______________________	______________________

1. Grant of RSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the number of restricted share units ("RSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. Each RSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the RSUs in accordance with the schedule set forth above; provided, however, that upon the occurrence of a Change in Control that results in the Company's Shares ceasing to be publicly traded on a national securities exchange, the RSUs shall immediately become fully vested (subject to any delay in Share delivery required pursuant to Section 16 hereof).

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable vesting date, a number of Class A Shares equal to the number of RSUs that became vested on that vesting date (rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant's employment with the Company and its Affiliates terminates due to (i) death, (ii) Disability or (iii) Retirement, the Company shall cause there to be transferred to the Participant, as soon as practicable but not later than 60 days after such termination, but subject to Section 16 of this Agreement, a number of Shares equal to the aggregate number of then unvested RSUs granted to the Participant under this Agreement. In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean "Disability" as defined in the Plan, and "Retirement" shall mean termination of employment on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company and its Subsidiaries immediately preceding such termination of employment. For this purpose, "Service" means the period of employment immediately preceding Retirement, plus any prior periods of employment with the Company and its Subsidiaries of one or more years' duration, unless they were succeeded by a period of non-employment with the Company and its Subsidiaries of more than three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of RSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the Participant's termination of employment for any reason other than (i) death, Disability or Retirement or (ii) under the circumstances described in clause (f) below, any unvested RSUs shall immediately terminate for no further consideration.

(f) Termination without Cause or for Good Reason within Two Years Following a Change in Control. In the event of the Participant's involuntary termination of employment with the Company or a subsidiary thereof without "Cause" or for "Good Reason" within two years following a Change in Control, the RSUs, to the extent not previously vested and settled, shall immediately become fully vested and settled in Shares on the same terms as applicable to a termination due to death or Disability as described under Section 2(c) above. For purposes of this Agreement, "Cause" shall mean the occurrence of any of the following: (a) the willful and continued failure of the Participant to perform substantially all of his or her duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) for a period of 10 days following a written demand for substantial performance that is delivered to such Participant by the Company, which specifically identifies the manner in which the Company believes the Participant has not substantially performed his or her duties; (b) dishonesty in the performance of the Participant's duties with the Company; (c) the Participant's conviction of, or plea of guilty or nolo contendere to, a crime under the laws of the United States or any state thereof constituting a felony or a misdemeanor involving moral turpitude; (d) the Participant's willful malfeasance or willful misconduct in connection with the Participant's duties with the Company or any act or omission which is injurious to the financial condition or business reputation of the Company or its affiliates; or (e) the Participant's breach of the provisions of Section 11 of this Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, without the Participant's express written consent: (a) any material diminution in the Participant's duties, titles or responsibilities with the Company from those in effect immediately prior to a Change in Control or (b) any reduction in the Participant's annual base salary or any material reduction in the Participant's annual bonus opportunity, annual equity awards or long-term incentive program awards from the Participant's annual base salary or annual bonus opportunity, annual equity awards or long-term incentive program awards in effect immediately prior to a Change in Control. Notwithstanding the foregoing, no event shall constitute Good Reason unless the Participant provides the Company with written notice of such event within 60 days after the occurrence thereof and the Company fails to cure or resolve the behavior otherwise constituting Good Reason within 30 days of its receipt of such notice.

3. Dividends. If on any date while RSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of RSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of RSUs equal to: (a) the product of (x) the number of RSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of RSUs granted to the Participant shall be increased by a number equal to the product of (a) the RSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any RSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of RSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss the Participant, free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Committee and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms). The Participant further acknowledges and accepts that such Participant's participation in the Plan is not to be considered part of any normal or expected compensation and that the termination of the Participant's employment under any circumstances whatsoever will give the Participant no claim or right of action against the Company or its Affiliates in respect of any loss of rights under this Agreement or the Plan that may arise as a result of such termination of employment.

7. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

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8. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

9. Transferability. RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 9 shall be void and unenforceable against the Company or any Affiliate.

10. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

11. Non-Solicitation Covenants.

(a) The Participant acknowledges and agrees that, during the Participant's employment with the Company and its Affiliates and upon the Participant's termination of Employment with the Company and its Affiliates for any reason, for a period commencing on the termination of such Employment and ending on the second anniversary of such termination, the Participant shall not, whether on Participant's own behalf or on behalf of or in conjunction with any person, company, business entity or other organization whatsoever, directly or indirectly:

(i) solicit any employee of the Company or its Affiliates with whom the Participant had any contact during the last two years of the Participant's employment, or who worked in the same business segment or division as the Participant during that period to terminate employment with the Company or its Affiliates;

(ii) solicit the employment or services of, or hire, any such employee whose employment with the Company or its Affiliates terminated coincident with, or within twelve (12) months prior to or after the termination of Participant's employment with the Company and its Affiliates;

(iii) directly or indirectly, solicit to cease to work with the Company or its Affiliates any consultant then under contract with the Company or its Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 11 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any

other restriction contained in this Agreement is an unenforceable restriction against the Participant, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

12. Specific Performance. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 11 would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

13. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

14. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All RSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. 409A. Notwithstanding any other provisions of this Agreement or the Plan, this RSU shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class A Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant’s signature hereof.

2020 HOVNANIAN ENTERPRISES, INC.
FOURTH AMENDED AND RESTATED STOCK INCENTIVE PLAN

RESTRICTED SHARE UNIT AGREEMENT
(Directors)

Participant: ______________________ *Date of Grant:* ______________________

Number of RSUs: ____________

Date of Vesting of Class A Shares:

Date	*Number of RSUs*
______________________	______________________

1. Grant of RSUs. For valuable consideration, receipt of which is hereby acknowledged, Hovnanian Enterprises, Inc., a Delaware Corporation (the "Company"), hereby grants the number of restricted share units ("RSUs") listed above to the Participant, on the terms and conditions hereinafter set forth. This grant is made pursuant to the terms and conditions of the 2020 Company Fourth Amended and Restated Stock Incentive Plan (the "Plan"), which Plan, as amended from time to time, is incorporated herein by reference and made a part of this Agreement. Each RSU represents the unfunded, unsecured right of the Participant to receive a Share on the date(s) specified herein. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Vesting and Timing of Transfer.

(a) The Participant will become vested in the RSUs in accordance with the schedule set forth above (each such vesting date, a "Vesting Date").

(b) The Company shall transfer to the Participant, as soon as practicable but not later than 60 days after an applicable "Delivery Date" (as defined below), a number of Class A Shares equal to the number of RSUs that became vested on the corresponding Vesting Date (rounded up to the next whole share), provided, however, that upon the final transfer of Shares to the Participant (i) such number of Shares shall be reduced to the extent necessary to reflect any previous rounding up pursuant to this sentence. If the Participant is eligible to participate in, and has elected to defer the transfer of Shares pursuant to the terms of a nonqualified deferred compensation plan maintained by the Company, such Shares shall be so deferred, and any such deferral, when paid, shall be paid in Shares. Once the transfer of any Shares is deferred, the rights and privileges of the Participant with respect to such Shares shall be determined solely pursuant to the terms of the applicable plan, and not pursuant to the terms and conditions of this Agreement. For purposes of this Agreement, the "Delivery Date" with respect to each Vesting Date shall mean the date that is the earlier of (i) the second anniversary of such Vesting Date or (ii) the second anniversary of the date of the Participant's Qualified Termination (as defined below), if applicable.

(c) Notwithstanding Sections 2(a) and 2(b) of this Agreement, if the Participant ceases to be a member of the Board of Directors due to (i) death, (ii) Disability or (iii) Retirement (any such termination, a "Qualified Termination"), any previously unvested RSUs shall become fully vested and the Shares underlying all of the Participant's outstanding RSUs shall be delivered to the Participant as soon as practicable but not later than 60 days after the corresponding Delivery Date(s). In the event of the death of the Participant, the transfer of Shares under this Section 2(c) shall be made in accordance with the beneficiary designation form on file with the Company; provided, however, that, in the absence of any such beneficiary designation form, the transfer of Shares under this Section 2(c) shall be made to the person or persons to whom the Participant's rights under the Agreement shall pass by will or by the applicable laws of descent and distribution. For purposes of this Agreement, "Disability" shall mean disability within the meaning of Section 22(e)(3) of the Code, and "Retirement" shall mean termination as a member of the Board of Directors on or after age 60, or on or after age 58 with at least 15 years of "Service" to the Company immediately preceding such termination. For this purpose, "Service" means the period of service as a member of the Board of Directors immediately preceding Retirement, plus any prior periods of service as a member of the Board of Directors of one or more years' duration, unless they were succeeded by a period of non-service as a member of the Board of Directors of at least three years' duration.

(d) Upon each transfer or deferral of Shares in accordance with Sections 2(a), 2(b) and 2(c) of this Agreement, a number of RSUs equal to the number of Shares transferred to the Participant or deferred shall be extinguished.

(e) Notwithstanding Sections 2(a), 2(b) and 2(c) of this Agreement, upon the date that the Participant ceases to be a member of the Board of Directors for any reason other than death, Disability or Retirement, any unvested RSUs shall immediately terminate for no further consideration.

3. Dividends. If on any date while RSUs are outstanding hereunder the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of RSUs granted to the Participant shall, as of such dividend payment date, be increased by a number of RSUs equal to: (a) the product of (x) the number of RSUs held by the Participant as of the related dividend record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable in whole or in part other than in cash, the per Share value of such dividend, as determined in good faith by the Committee), divided by (b) the Fair Market Value of a Share on the payment date of such dividend. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of RSUs granted to the Participant shall be increased by a number equal to the product of (a) the RSUs that are held by the Participant on the related dividend record date, multiplied by (b) the number of Shares (including any fraction thereof) payable as a dividend on a Share. Any RSUs attributable to dividends under this Section 3 shall be subject to the vesting provisions provided in Section 2.

4. Adjustments Upon Certain Events. Subject to the terms of the Plan, in the event of any change in the outstanding Shares by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other similar events (collectively, an "Adjustment Event"), the Committee shall, in its sole discretion, make an appropriate and equitable adjustment in the number of RSUs subject to this Agreement to reflect such Adjustment Event. Any such adjustment made by the Committee shall be final and binding upon the Participant, the Company and all other interested persons.

5. No Acquired Rights. In participating in the Plan, the Participant acknowledges and accepts that the Board has the power to amend or terminate the Plan, to the extent permitted thereunder, at any time and that the opportunity given to the Participant to participate in the Plan is entirely at the discretion of the Board and does not obligate the Company or any of its Affiliates to offer such participation in the future (whether on the same or different terms).

6. No Rights of a Shareholder. The Participant shall not have any rights or privileges as a shareholder of the Company until the Shares in question have been registered in the Company's register of shareholders.

7. Legend on Certificates. Any Shares issued or transferred to the Participant pursuant to Section 2 of this Agreement shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws or relevant securities laws of the jurisdiction of the domicile of the Participant, and the Committee may cause a legend or legends to be put on any certificates representing such Shares to make appropriate reference to such restrictions. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

8. Transferability. RSUs may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 8 shall be void and unenforceable against the Company or any Affiliate.

9. Withholding. The Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any transfer due under this Agreement or under the Plan or from any compensation or other amount owing to the Participant, applicable withholding taxes with respect to any transfer under this Agreement or under the Plan and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

10. Choice of Law. THE INTERPRETATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

11. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. All RSUs are subject to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

12. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

13. 409A. Notwithstanding any other provisions of this Agreement or the Plan, this RSU shall not be deferred, accelerated, extended, paid out or modified in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon the Participant. In the event it is reasonably determined by the Committee that, as a result of Section 409A of the Code, the transfer of Class A Shares under this Agreement may not be made at the time contemplated hereunder without causing the Participant to be subject to taxation under Section 409A of the Code (including due to the Participant's status as a "specified employee" within the meaning of Section 409A of the Code), the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

HOVNANIAN ENTERPRISES, INC.

By: ______________________________

PARTICIPANT[1]

By: ______________________________

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1. To the extent that the Company has established, either itself or through a third-party plan administrator, the ability to accept this award electronically, such acceptance shall constitute the Participant's signature hereof.

CERTIFICATIONS
Exhibit 31(a)

I, Ara K. Hovnanian, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 31, 2026 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;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 28, 2026

/s/ ARA K. HOVNANIAN
Ara K. Hovnanian
Chairman and Chief Executive Officer

CERTIFICATIONS
Exhibit 31(b)

I, Brad O’Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended July 31, 2026 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;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 28, 2026

/s/ BRAD O’CONNOR
Brad O’Connor
Chief Financial Officer

Exhibit 32(a)

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 the Quarterly Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ara K. Hovnanian, Chairman 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: August 28, 2026

/s/ ARA K. HOVNANIAN
Ara K. Hovnanian
Chairman 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 the Quarterly Report of Hovnanian Enterprises, Inc. (the “Company”) on Form 10-Q for the period ended July 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brad O’Connor, 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: August 28, 2026

/s/ BRAD O’CONNOR
Brad O’Connor
Chief Financial Officer