Hovnanian Enterprises, Inc.

2009 Credit Suisse Homebuilder Conference
January 14, 2009

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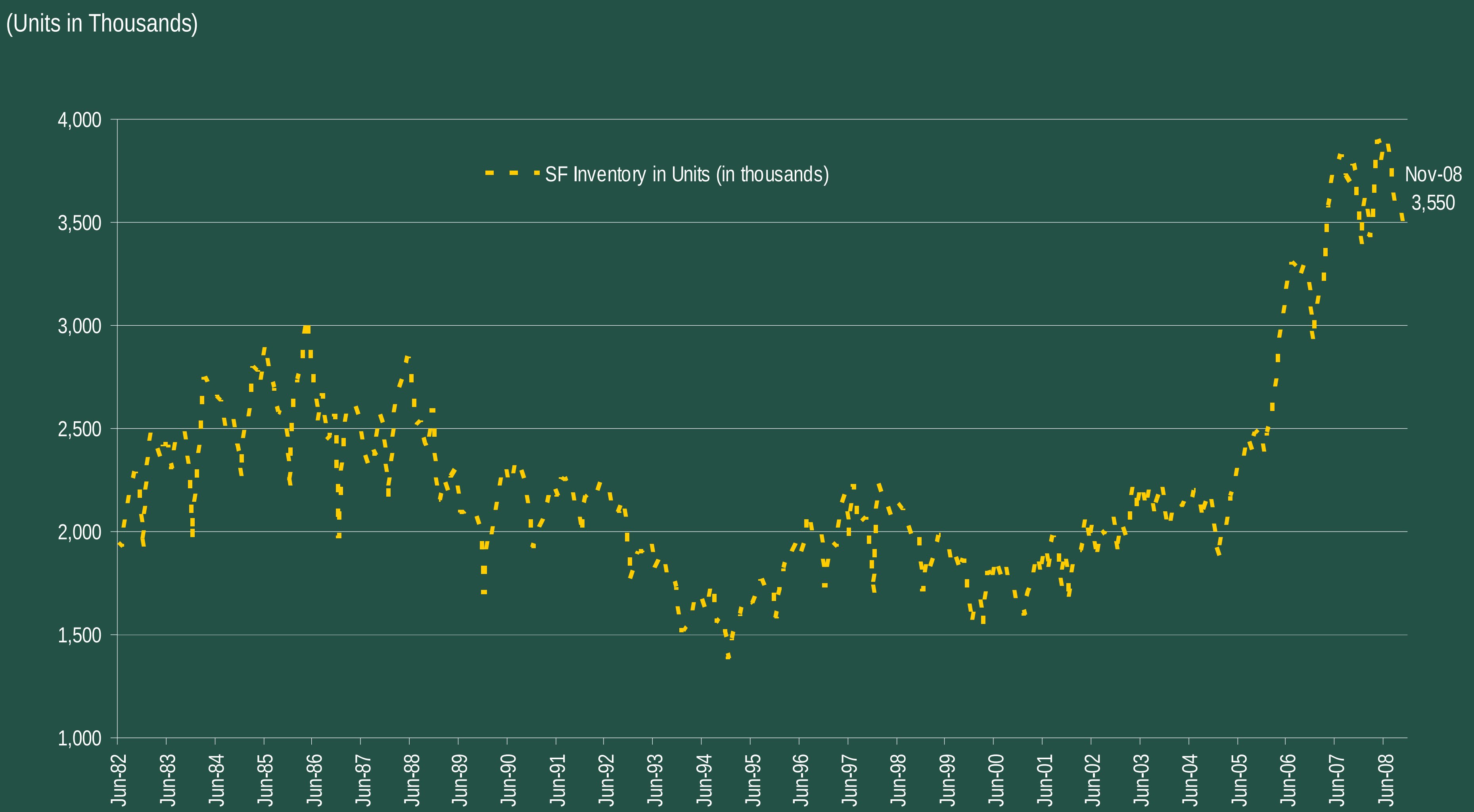
Housing Market Remains Challenging

Many Challenges Exist in Today's Housing Markets

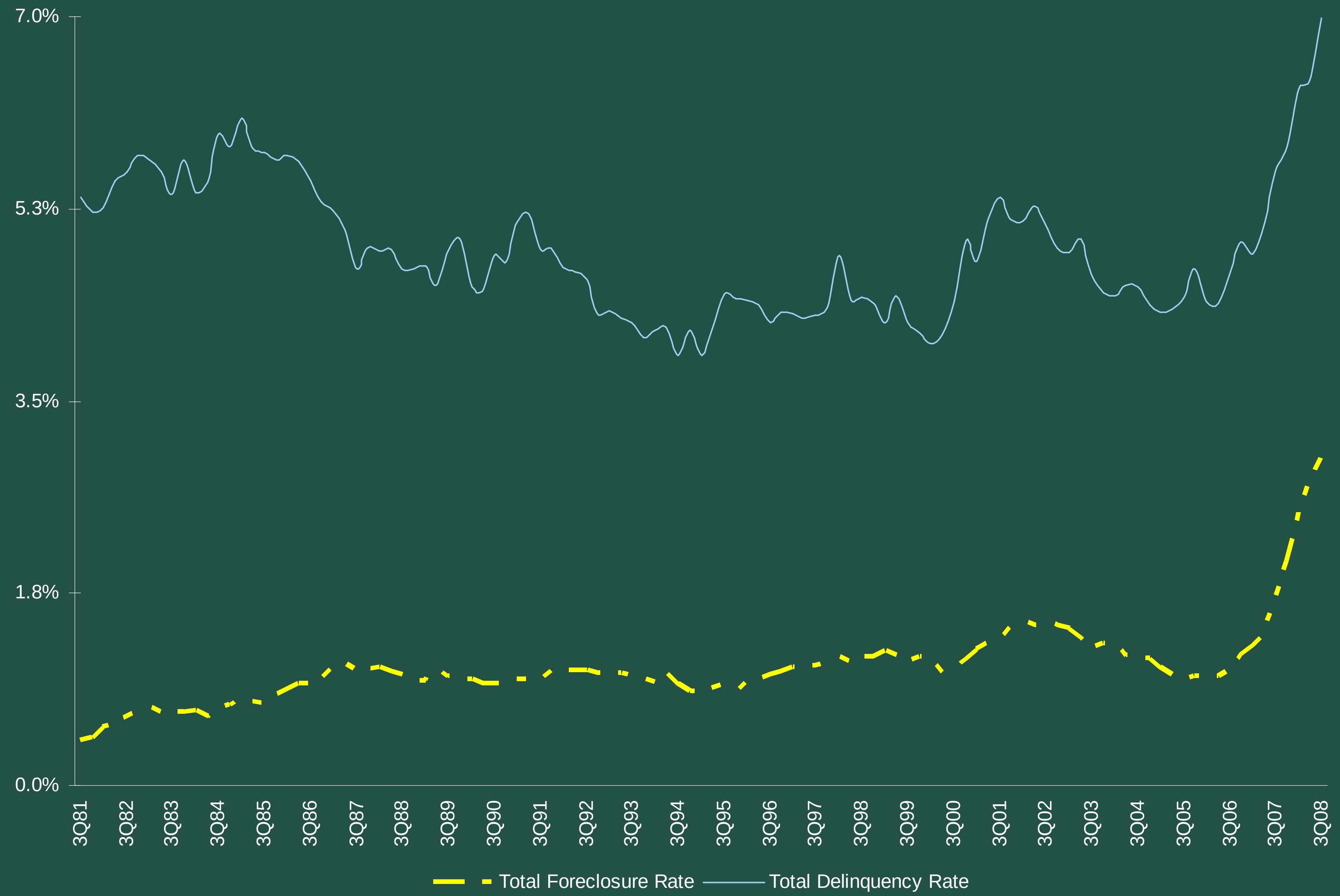
- Rising unemployment
- Rampant foreclosures
- Declining consumer confidence
- Credit and financial market issues persist
- Unprecedented government intervention

Existing Single Family Inventory
June 1982 through November 2008



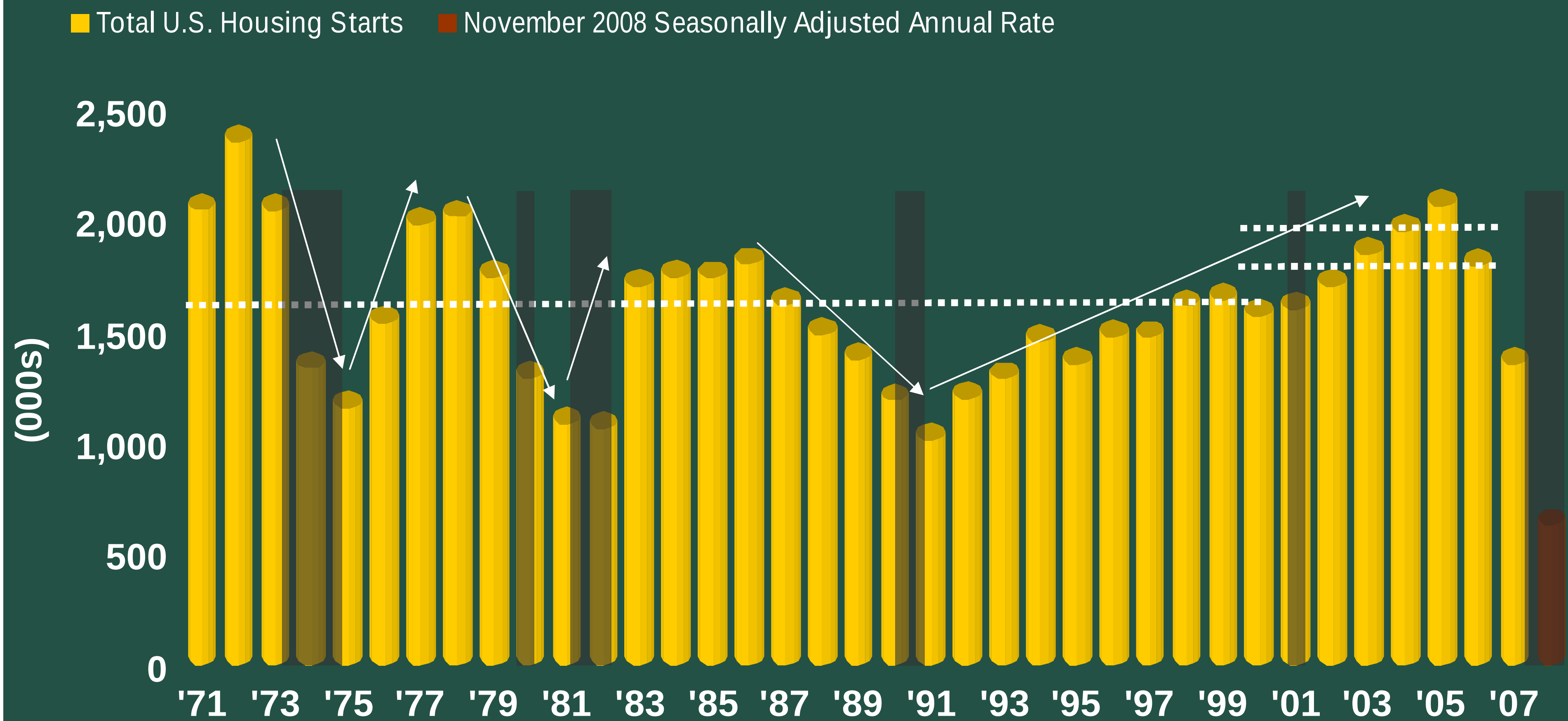
Source: National Association of Realtors, Zelman & Associates analysis.

Foreclosure and Delinquency Rates



Source: Mortgage Bankers Association.

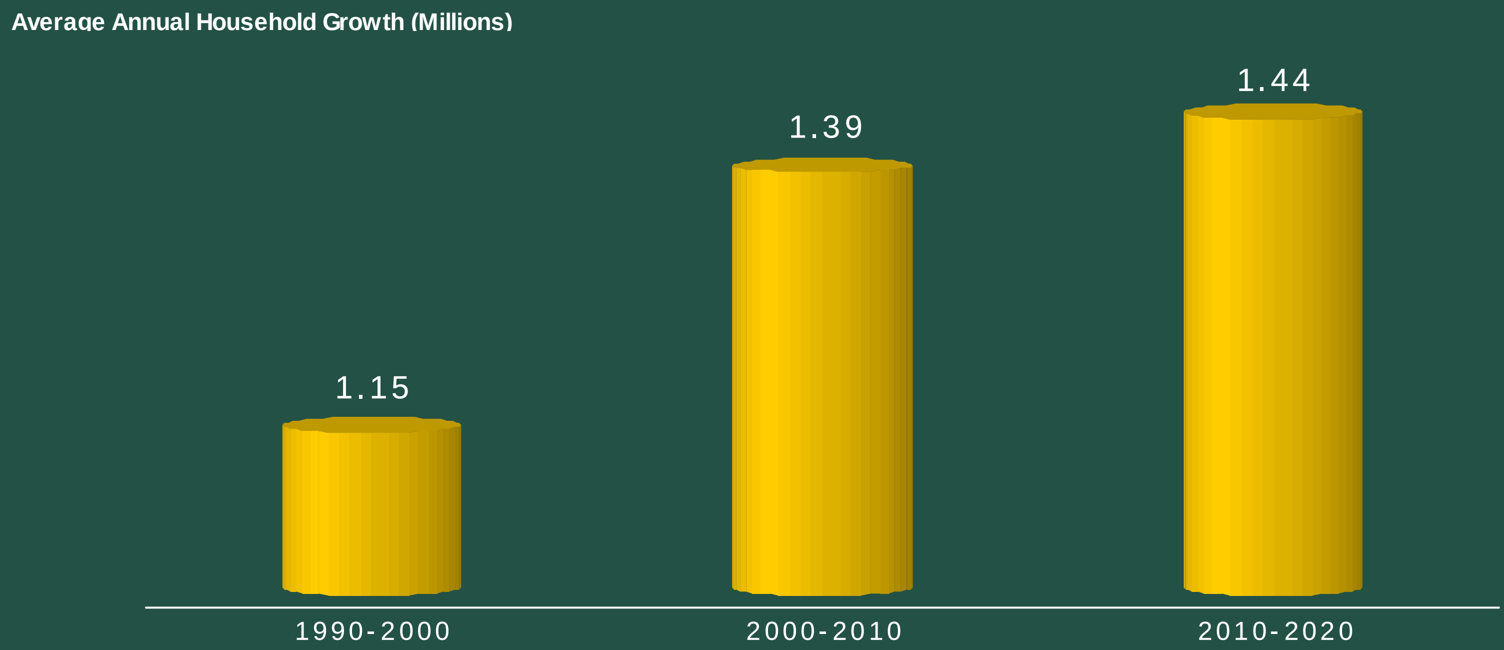
Total Housing Starts



Peak 30 yr.	'74	'75	'76	'81	'82	'83	'90	'91	'92	'00	'01	'02	'07	08
Mortgage Rate %	9.98%	9.43%	9.02%	18.45%	17.60%	13.81%	10.48%	9.64%	8.94%	8.52%	7.16%	7.01%	6.70%	6.48%

Source: U.S. Census Bureau and Freddie Mac.

Demographics Support a Substantially Higher Level of Housing Activity



- US population growth supports higher levels than current activity
- Intrinsic demand is there
- Potential home buyers are postponing decisions to buy homes today due to fear, causing a downward spiral
- **The Joint Center for Housing Studies of Harvard University and other demographers estimate demand between 1.85 million and 1.97 million units per year versus current starts pace of 625,000 units**

Sources: US Census Bureau, Housing Vacancy Survey; revised JCHS household projections.

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The Solution

	Housing Stimulus Bill of July '08 (not enough to be effective)	Requested
Tax Credit	10% of purchase price capped at $7,500	Expand cap to $10,000 to $22,000 (3.5% of FHA, Fannie or Freddie conforming loan limit)
	Loan with 15 year repayment	Real Tax Credit (only repayable if home is sold within first three years of purchase)
	Based on income qualifications	Change to Fannie or Freddie Loan Limit qualifications
	Limited to first time buyers	Expand to all Primary Residences
	Applies to closings on or before June 30, 2009	Expand to closings on or before December 31, 2009
Down Payment	Claimable on filing of Tax Returns	Claimable at time of closing
	Unclear as to whether tax refund anticipation loans, or the tax credit itself, are acceptable sources of down payment	Create explicit statutory language permitting the tax credit or a refund anticipation loan to be acceptable source of down payment
Interest Rate	Rates established by the secondary mortgage market	Create a temporary 30 year, fixed rate mortgage 2.99% through 06/30/09 and 3.99% through 12/31/09
	Low rate mortgages have limited secondary market appeal; interest rate spreads over Treasury yields are at all time highs	Allows FNMA/FHLMC to purchase these low rate, FHA insured loans from lenders at full price and then resell them at lower market prices, thus subsidizing he difference

Source: www.fixhousingfirst.com

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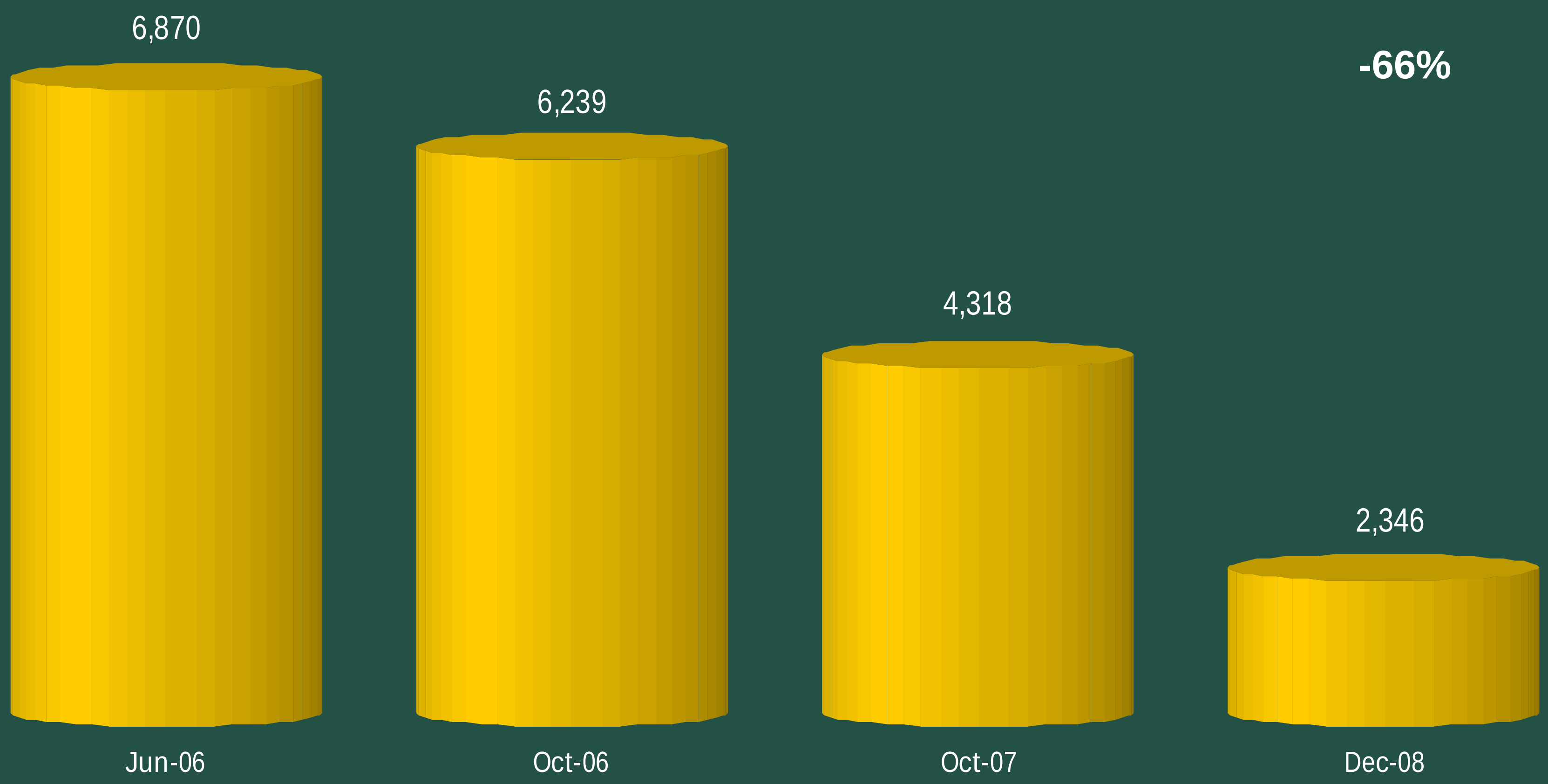
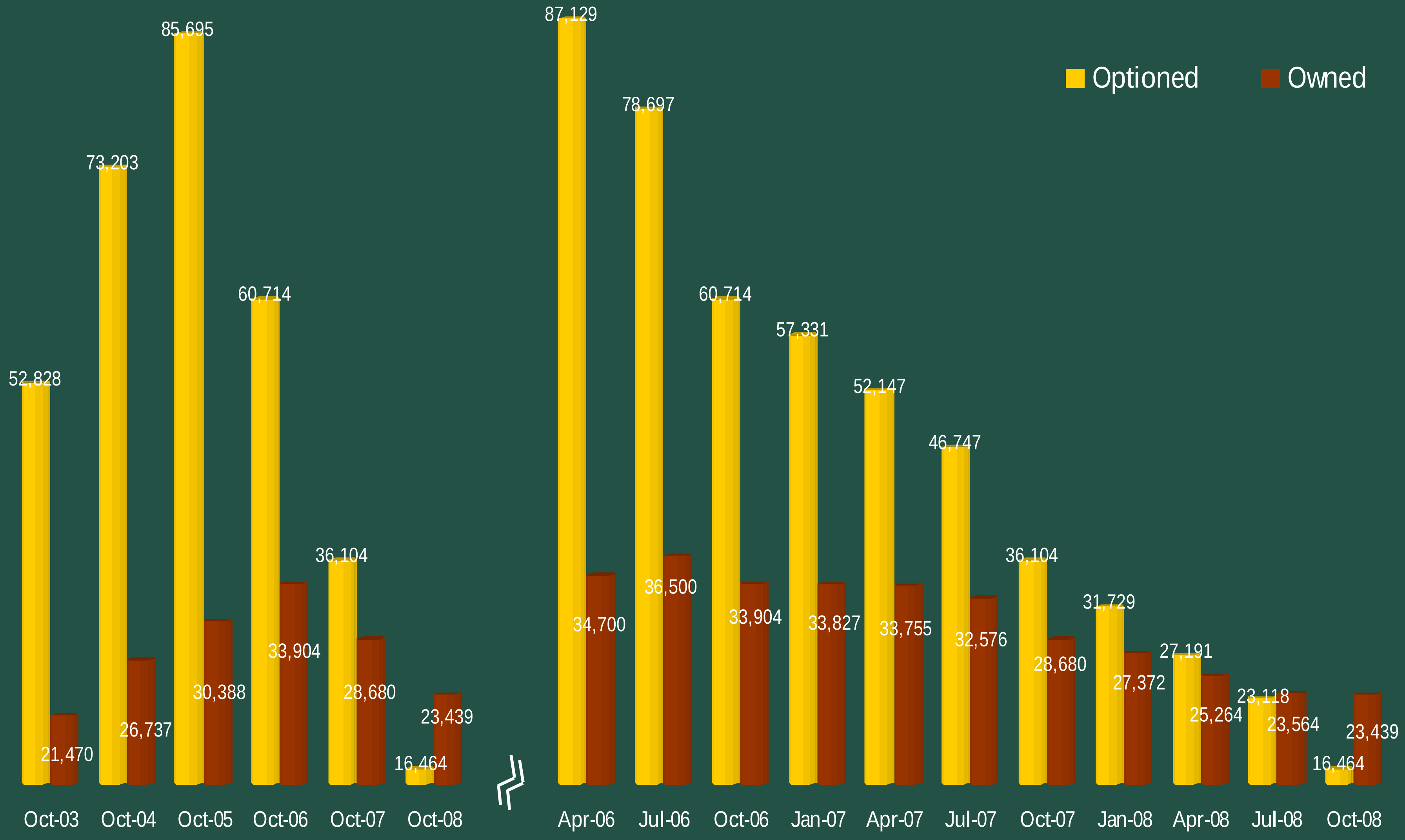
What Hovnanian is doing to manage through the downturn

Staffing Levels

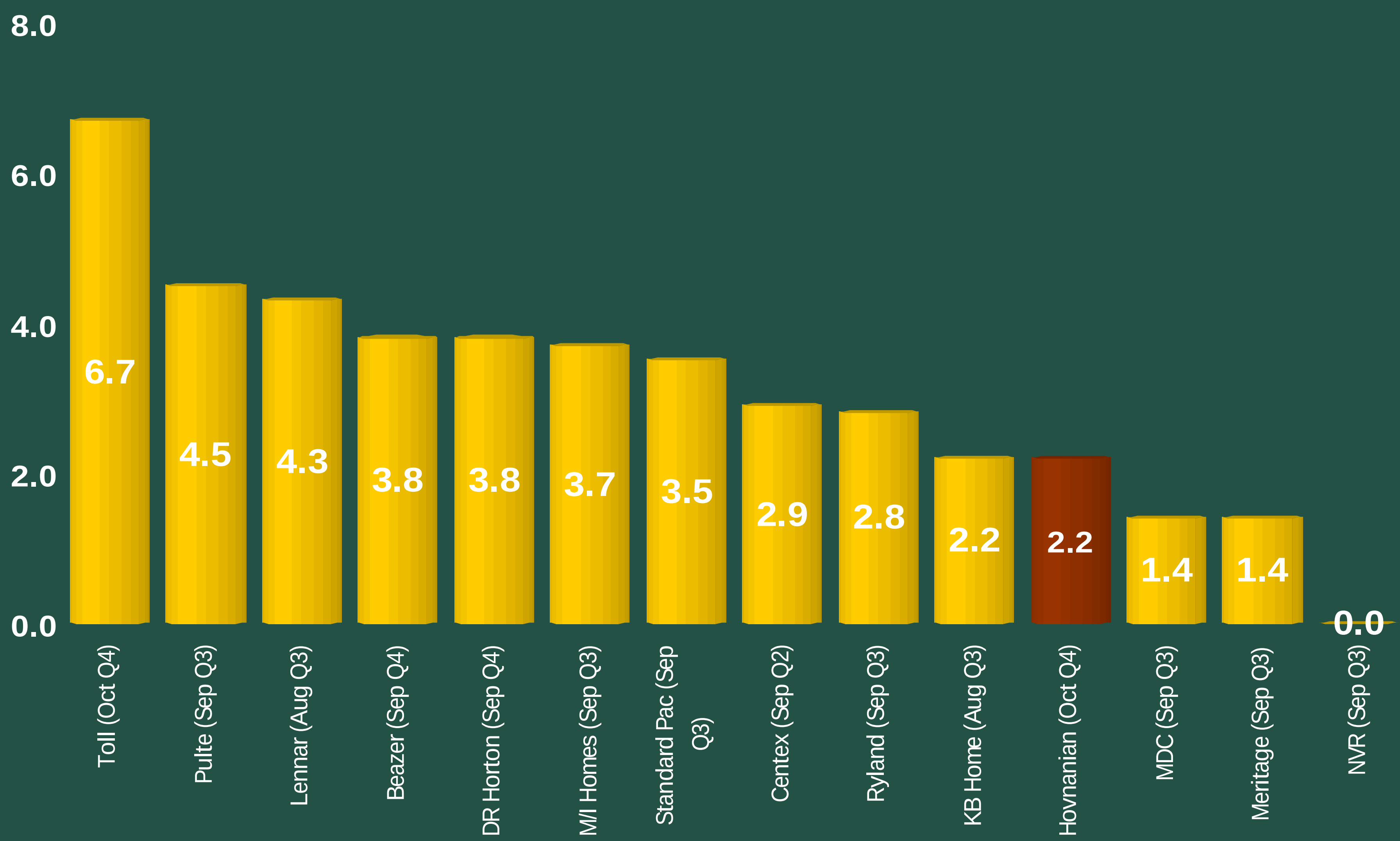


Full-time associates only.

Number of Homesites Controlled

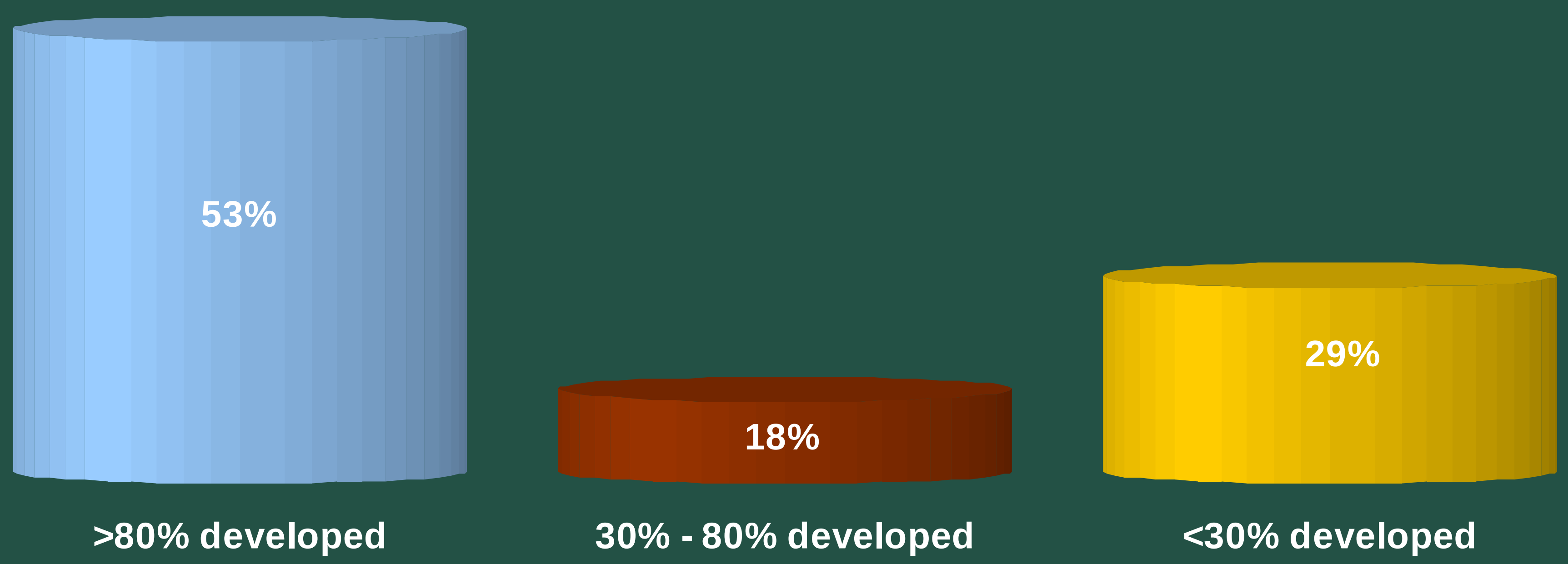


Lots Owned Years Supply *



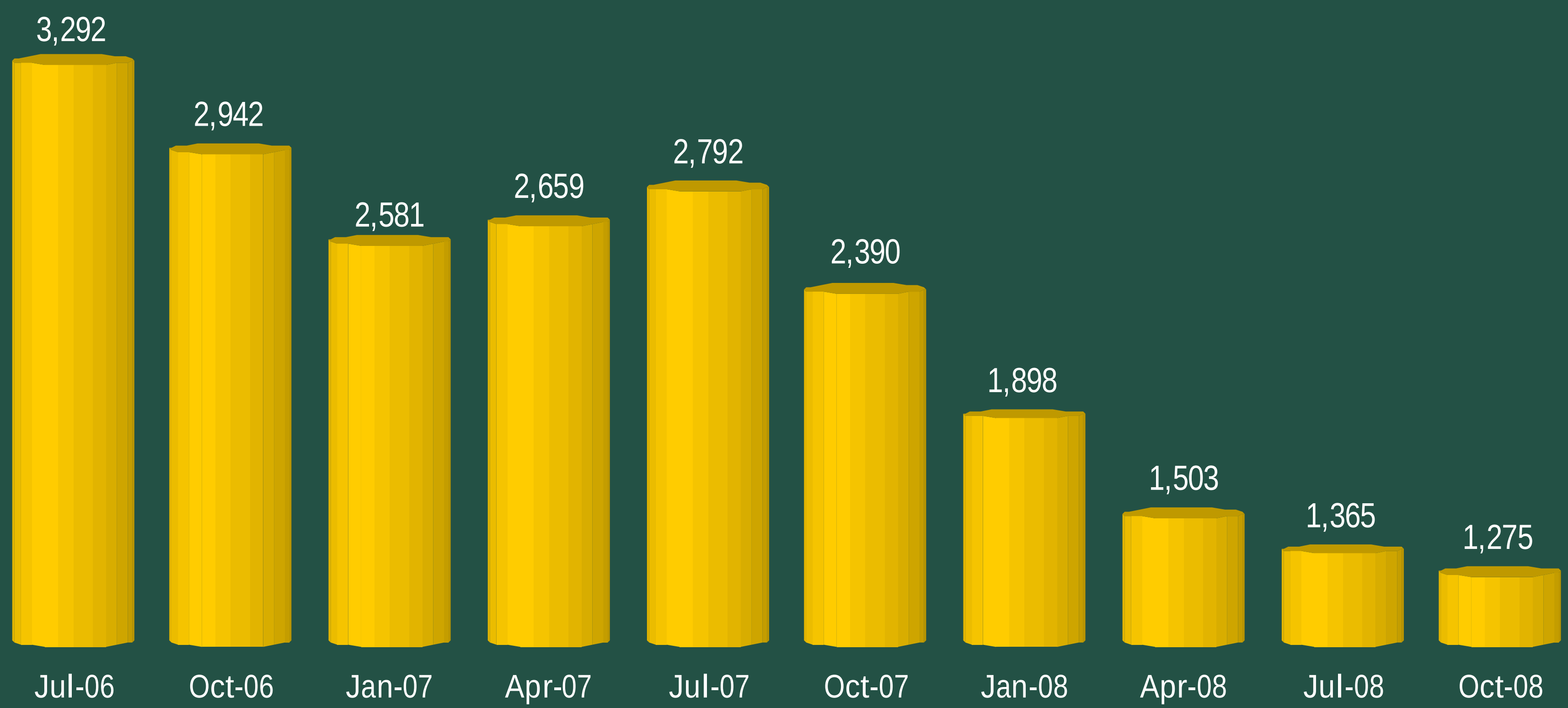
*Years supply based on LTM deliveries
Source: Company SEC filings and press releases as of 12/16/08.

Owned Lots % Development Costs Spent



Started Unsold Homes

Reduced Started Unsold Homes by 2,017 homes, or 61%, since peak at July 31, 2006



Excluding unconsolidated joint ventures and models.

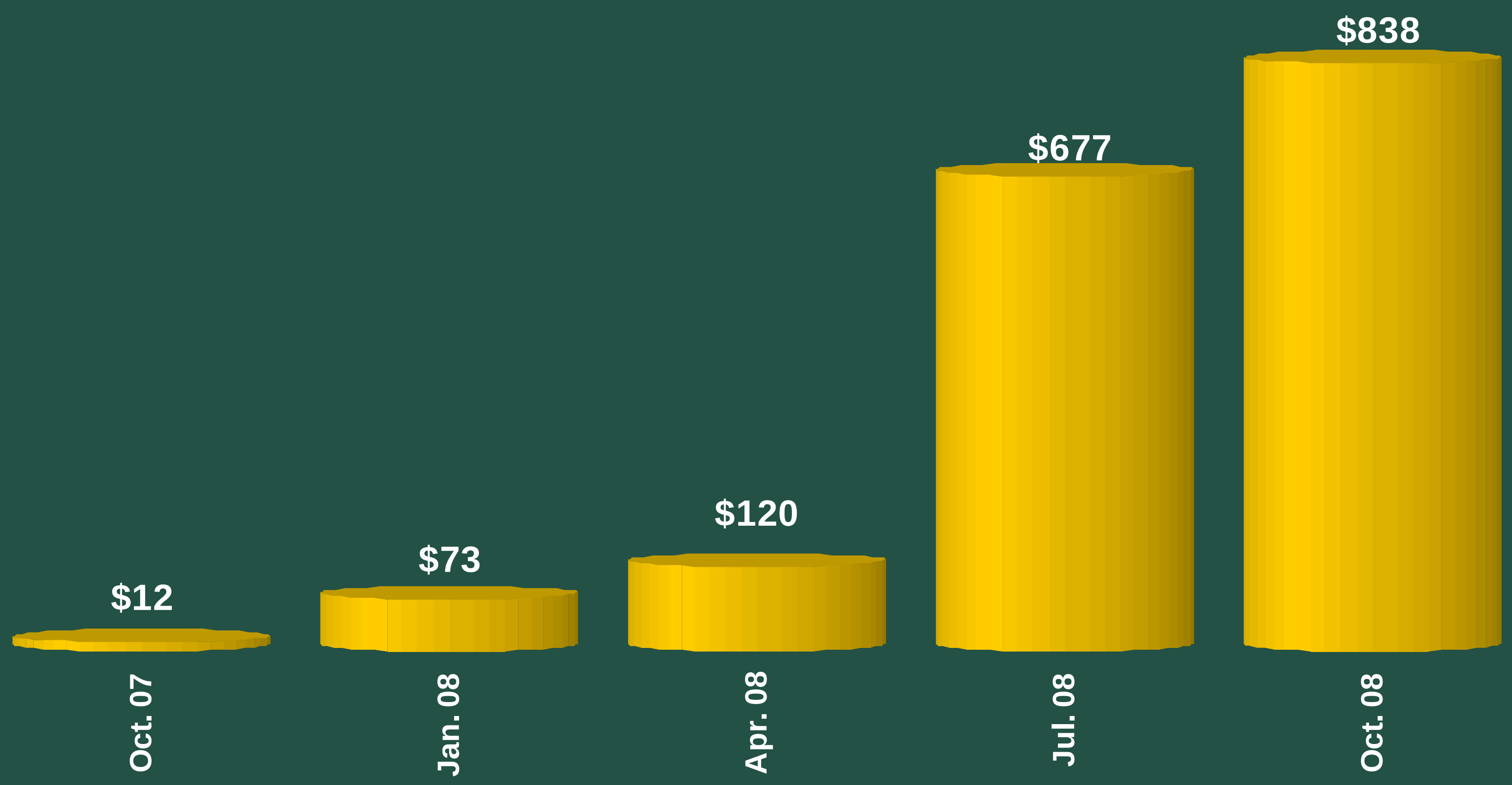
2008 Quarterly Cash Flow

($ in millions)

Cash flow from operating activities and cash flow from investing activities excluding changes in mortgage notes receivable at the mortgage company.

Homebuilding Cash

($ in millions)



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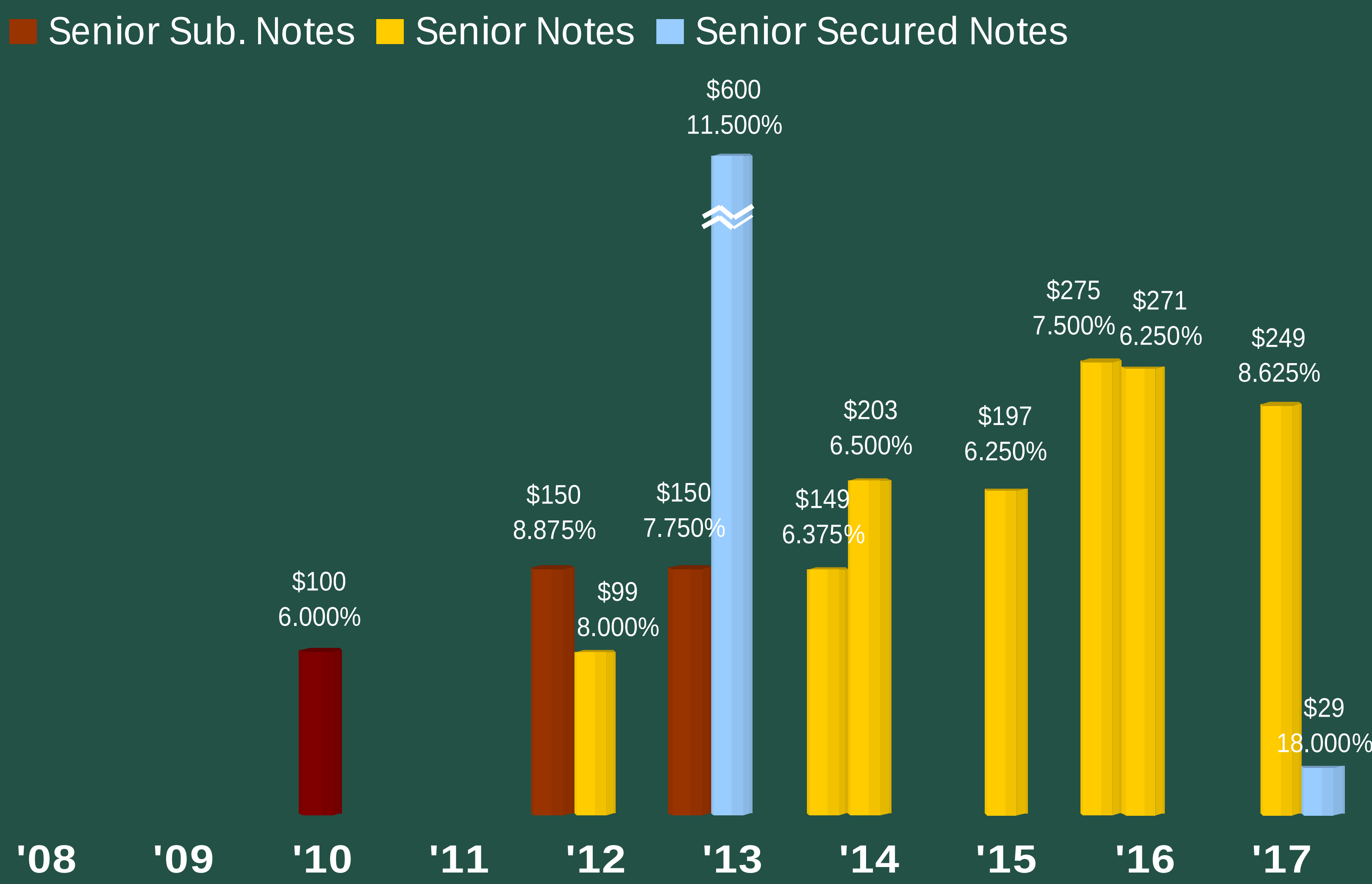
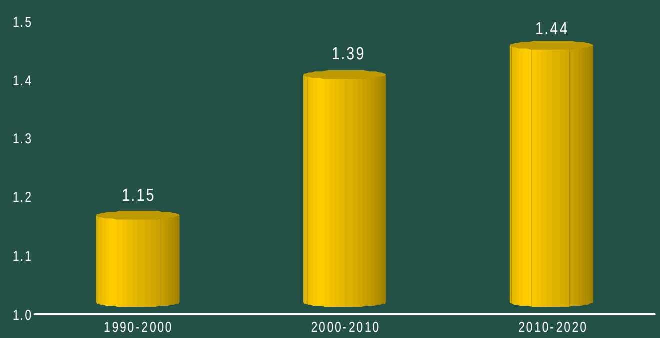
Well Structured Debt Maturity



Summary

◆ Demographics

Average Annual Household Growth (millions)



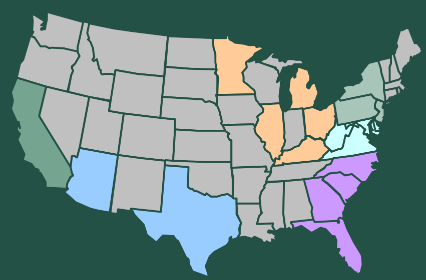
Sources: US Census Bureau, Housing Vacancy Survey; revised JCHS household projections

◆ Cyclical

◆ Competition

◆ Liquidity

◆ Franchise Value



Appendix

Reconciliation Of Cash Flows from Operating Activities to Cash Flow

($ in millions)

	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Net cash (used in) provided by operating	($299.4)	($343.3)	($195.7)	$187.7	($137.9)	($97.8)	($59.8)	$357.5	$16.0	$34.1	$237.3	$174.7
Net cash (used in) provided by investing	($13.4)	($47.9)	($17.5)	$4.4	($17.1)	($19.7)	$5.9	($1.5)	$7.1	($9.6)	$0.1	$0.8
Mortgage notes recievable	$58.9	($61.8)	$39.4	($107.1)	$115.6	$33.1	($29.4)	($19.9)	$77.9	($31.6)	$45.2	$0.4
Cash Flow	($371.7)	($329.4)	($252.6)	$299.1	($270.6)	($150.6)	($24.6)	$376.0	($54.9)	$56.1	$192.2	$175.1

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