



*Hovnanian Enterprises, Inc.*

*Code of Ethics*

# Hovnanian Enterprises, Inc.

## Code of Ethics

### TABLE OF CONTENTS

#### **I. INTRODUCTION**

- What is the Code?.....pg. 2.
- What is the Purpose of the Code?.....pg. 2.
- What are the Key Components of the Code?.....pg. 3.
- To Whom Does the Code Apply?.....pg. 3.
- What Resources are available for questions or reporting of concerns?.....pg. 3.

#### **II. CORE VALUES OF HONEST AND ETHICAL CONDUCT**.....pg. 4.

#### **III. GENERAL GUIDANCE FOR PROMOTING ETHICAL STANDARDS IN THE WORKING ENVIRONMENT**.....pg. 5.

- The Individual.....pg. 6.
- Management.....pg. 7.
- Policies & Procedures.....pg. 7.
- Accountability of Associates.....pg. 8.
- Core Values of Honest and Ethical Conduct.....pg. 8.
- Test.....pg. 8.

#### **IV. POLICIES AND PRACTICES THAT PROMOTE COMPLIANCE WITH PREVAILING LEGAL AND ETHICAL STANDARDS**.....pg. 9.

- Conflicts of Interest.....pg. 10.
- Use of Company Property.....pg. 11.
- Confidential Proprietary and Customer Information.....pg. 12.
- Communication Standards.....pg. 12.
- Insider Trading Policies .....pg. 14.
- Policies Related to the Protection of Personal Rights.....pg. 15.
- General Procedure for Reporting of Complaints.....pg. 17.
- Accuracy and Retention of Records... .....pg. 19.

#### **I. SUMMARY OF RESPONSIBILITIES RELATING TO THE CODE AND ASSOCIATE ACKNOWLEDGMENT**.....pg. 19.

- Overview of Responsibilities.....pg. 19.
- Overview of Disciplinary Action.....pg. 20.
- Associate Acknowledgement.....pg. 20.

# **Hovnanian Enterprises, Inc.**

## **Code of Ethics**

*There is no greater impact on Our Company and the Communities we serve than the values of honesty and integrity we foster...*



### **I. INTRODUCTION**

#### **WHAT IS THE CODE?**

Hovnanian Enterprises, Inc. (sometimes referred to as “Hovnanian” or “Company”)’s Code of Ethics (“Code”) is a collection of guidelines and policies that govern broad principles of ethical conduct and integrity embraced by our Company. Our associates are required to comply with these standards when interacting with each other, our business partners, our customers, our shareholders, and our competitors.

#### **WHAT IS THE PURPOSE OF THE CODE?**

Hovnanian considers ethical components such as integrity, honesty, and mutual respect to be of significant importance to standard business practices and expects all of its associates to act responsibly in this regard, especially when applying these principles in making day-to-day business decisions.

The Code is intended to remind associates of core values of honest and ethical conduct, to exercise business practices and responsibilities that are consistent with these principles, and to remind associates of their accountability for making decisions that foster a responsible and ethical working environment.

The Code provides an overview of guiding principles and practices and is not intended as a restatement of the Company’s policies and procedures. The Company’s detailed policies and procedures, which are maintained by the Human Resources Department at the Company’s Corporate Headquarters, may also be accessed from a Company computer terminal or via hard copy at the associate’s divisional or regional office.

All associates are reminded that in the event of any inconsistency between this Code and any other Hovnanian policy and procedure, associates must abide by the more restrictive requirement, so that at all times, they remain in compliance with this Code and other internal policies and procedures.

## **WHAT ARE THE KEY COMPONENTS OF THE CODE?**

The Code consists of four primary sections that provide our associates with an overview of day-to-day responsibilities and guidance related to ethical standards and integrity within our organization. These primary sections are as follows:

1. Core Values of Honest and Ethical Conduct. This section of the Code identifies basic ethical principles and their application to common business practices. These values establish a foundation for fostering integrity within our organization.
2. General Guidance for Promoting Ethical Standards in the Working Environment. This section of the Code provides an overview of general day-to-day guidance for influencing ethical behavior in the working environment, utilizing the acronym, “I.M.P.A.C.T.” (as set forth in Section III below).
3. Policies and Practices that Promote Compliance with Prevailing Legal and Ethical Standards. This section of the Code provides an overview of additional Company policies and practices intended to promote guidance in the areas of greater risk of infringement or breach of ethical standards as generally recognized by legal authorities.
4. Summary of Responsibilities Relating to the Code and Associate Acknowledgement. This section of the Code reviews overall responsibilities imposed by the Code and requires acknowledgment of the Code’s standards by the Company’s associates.

## **TO WHOM DOES THE CODE APPLY?**

Except where specifically provided to the contrary, the provisions of this Code apply to all directors, officers and associates of the Company and of its subsidiaries (collectively termed “associates”).

## **WHAT RESOURCES ARE AVAILABLE FOR QUESTIONS OR REPORTING OF CONCERNS?**

Our associates have access to several sources for questions or concerns related to the Code or other ethical issues as they may arise. Although associates are encouraged to speak directly with their managers regarding questions or concerns related to the Code, associates may also contact the Company’s General Counsel’s Office for assistance (See Directory below).

If any associate is uncomfortable with resolving concerns at the local level, the associate may also anonymously contact the Corporate Governance and Ethics Hotline as discussed below in Section IV.G. of the Code, entitled, “General Procedure For Reporting of Complaints.” Moreover, other available resources for information related to Company policies and procedures, include the following corporate contacts:

**Corporate Contacts Directory** (Corporate Main Telephone Number: 732-747-7800)

General Counsel’s Office  
Corporate Compliance  
Human Resources  
Audit Services  
Chief Financial Officer’s Office  
Chief Executive Officer’s Office

In any event, associates are reminded of their responsibility to promptly report violations of the Code or conduct which appear to be in violation of the Code. The Company will not tolerate or permit retaliation against persons making any such reports in good faith.

**II. CORE VALUES OF HONEST AND ETHICAL CONDUCT.**

*We must never lose sight of our core values of honesty and integrity...*



The manner and quality with which our Company’s associates fulfill their duties and responsibilities are largely based upon compliance with our ethical standards in the ordinary course of business. Although all Hovnanian associates are responsible for adhering to and advocating the following core values governing their professional and ethical conduct, they are particularly important for associates with financial reporting responsibilities since their obligations are closely tied to making public reports that are accurate and timely. The following list summarizes **essential ethical principles** and how they relate to common business practices in the working environment.

1. To act with honesty and integrity, avoiding actual or apparent **conflicts of interest** and being mindful that the interests of the company cannot be compromised for personal gain.
2. To **provide information** that is accurate, complete, objective, relevant, timely and understandable to all persons or entities who may act or rely on such information.

3. To furnish full, fair, accurate, timely and understandable **disclosure in reports and documents** that the Company files with, or submits to, the SEC and in other public communications made by the company.
4. To comply with applicable **governmental laws, rules and regulations**;
5. To retain the **confidentiality of information** acquired in the course of work except when authorized or otherwise legally obligated to disclose and not to use such information for personal advantage.
6. To act in good faith, responsibly, with due care, competence and diligence, without misrepresenting or omitting **material facts** or allowing independent judgment to be subordinated.
7. To promote **ethical behavior** on a consistent basis and be a responsible partner among associates in the working environment and the community.
8. To achieve responsible use of and control over all **assets and resources** employed or entrusted to the associate.
9. To **promptly report any conduct** (as provided in Section IV.G.) which would cause the associate to believe that such conduct might be in violation of law, company policy or the code of ethics.
10. To share **knowledge** important and relevant to the needs of associates so that informative decisions can be made based upon accurate and complete information.
11. To create a positive and safe **working environment**, which in turn will foster a climate of mutual respect among all associates.

### **III. GENERAL GUIDANCE FOR PROMOTING ETHICAL STANDARDS IN THE WORKING ENVIRONMENT.**

*Among all the factors which influence the overall effectiveness of an ethical working environment, it is ultimately the decisions made by individuals that significantly **IMPACT** the Company...*



Hovnanian is committed to compliance with all securities laws, statutes, ordinances, rules and regulations. We also recognize that compliance with all of the foregoing are not enough in fostering a positive working environment that is principally guided by sound ethical standards, or the “spirit of the law.”

Hovnanian recognizes that a compilation of several key factors, which include the Company’s core values, influence or “impact” consistency of ethical behavior within the organization. The acronym, “I.M.P.A.C.T.,” as described below, serves to provide our associates with an overview of these key elements which enhance ethical standards and behaviors within the organization. These factors are summarized as follows:

**I.M.P.A.C.T. =**  
Individual + Management + Policies & Practices + Accountability + Core Values + Test



**I = The Individual.**

**Your Ethical Standards Impact the Integrity of Our Company...**

- Hovnanian recognizes that its associates are its biggest asset. Why? Internal business decisions made by associates significantly affect the overall performance of the entire company. To mitigate risk and preserve the firm’s reputation, Hovnanian expects that its associates must have a high regard for ethical obligations under standard business practices.
- Decisions made without consideration of ethical standards may jeopardize the company’s adherence to legal requirements, negatively impact the company’s reputation, and may result in disciplinary action up to and including termination of the individual who fails to adhere to these ethical standards.
- All Hovnanian associates are responsible for adhering to this Code and all other policies and procedures which are applicable to the associates’ business unit and position in the Company. Since it is not feasible to list every scenario in which ethics may come to play as it relates to decision making, it is ultimately up to the individual associate to make decisions that are fair, transparent, and in the best interest of the Company. The associate should evaluate on a consistent basis how his or her decision may ultimately impact his or her department and the Company.



## **M = Management.**

### **Managers Significantly Impact The Tone of The Organization...**

- As a supervisor, manager, senior executive, officer or director of the Company, high-level decisions are made more frequently and may involve areas of the Company which are closely connected to its overall effectiveness in achieving sound operational, organizational, or financial strategies. A manager's commitment to the highest levels of integrity, including the preparation of and reporting of factual information, can significantly impact the quality and validity of the information which is ultimately made public.
- It is important for the manager to realize that he or she sets the ethical tone for the unit, department, or the Company as a whole, by demonstrating what is acceptable or not acceptable to others through his or her own decision-making examples or when giving guidance concerning decisions to be made by others.
- The Manager should evaluate how the "impact" of his or her own actions may affect the tone of the Company and should regularly view principles of this Code with his or her subordinates.



## **P = Policies and Practices.**

### **Corporate Policies & Practices Impact Honest and Ethical Behavior...**

- Typically, corporate policy establishes a means for associates to adhere to rules and regulations which govern standard business practices deemed to be fair and ethical.
- The Code, coupled with the Company's other policies and procedures, assist the associate to model behavior that is consistent with the Company's values of integrity.
- The Code's section on "Policies and Practices that Promote Compliance with Standards" (see Section IV below) provides an overview of significant policies and procedures intended to promote guidance in the areas where ethical uncertainties and the potential for breaches of our standards may be greater.



**A = Accountability of Associates.**

**Accountability Impacts Responsible Behavior...**

- Associates are responsible for following this Code of Ethics and all of the Company's internal policies and procedures applicable to their business unit and position within the Company.
- Compliance with the Code of Ethics is a condition of employment and any violations of the Code may result in disciplinary action, up to and including termination of employment and/or other measures as permitted by law.
- If an associate becomes aware of a matter that he or she discovers to be in violation of the Code or recognizes an activity to be "questionable" or "unethical," the associate is obligated to report the violation through various channels that are made available for the associate to report this information as discussed in more detail under Section IV of this Code.



**C = Core Values of Honest and Ethical Conduct.**

**Core Values Impact Attitudes & Behaviors Toward Standard Activities...**

- As discussed above, the Code's section on Core Values of Honest and Ethical Conduct (Section II above) provides associates with consistent, general guidance when applying ethical approaches or responsibilities to common business activities and relationships.
- Our Company believes these principles are at the heart of preserving the reputation of the Company by encouraging values of honesty and integrity.



**T = Test.**

**Passing the "Scrutiny Test" When Making Decisions...**

- We encourage our managers to evaluate what the "impact" of a decision may be as it relates to their department and the Company overall.

- Making an important business decision should pass the scrutiny of a more experienced manager or supervisor or an associate who may possess similar or more diversified skills. Being able to “tell” or “talk” about a particular business decision demonstrates the transparency of the issues at hand and a level of comfort that the decision was made in compliance with the Code of Ethics and other internal policies and procedures.
- Decisions should be made with both short-term and long-term implications in mind.
- In situations whereby the Code and other Company policies and procedures may not specifically address ethical uncertainties that may arise in the course of making day-to-day business decisions, we encourage our associates to investigate thoroughly, seek good counsel, and utilize common sense and good judgment.

In summary, Hovnanian recognizes a variety of factors that influence the degree of compliance to ethical standards in the working environment. We encourage all of our associates to recognize the significance of their role in promoting ethical standards.

#### **IV. POLICIES AND PRACTICES THAT PROMOTE COMPLIANCE WITH PREVAILING LEGAL AND ETHICAL STANDARDS.**

*Our policies and procedures are intended to provide guidance in adhering to sound legal and ethical conduct...*



This section of the Code provides an overview of Company policies and procedures involving the following areas which must be considered due to their significance in promoting overall ethical standards within the Company.<sup>1</sup>

---

<sup>1</sup>These policies and procedures are summarized for purposes of providing a general overview of significant Company policies related to ethics in the Code. For the full text of these policies and procedures, the associate may access the Company’s Corporate Policies and Procedures available at a Company computer terminal, via hard copy from the associate’s divisional or regional office, or may consult with the Human Resources Department. If an associate is unable to locate a specific policy in the Corporate Policies and Procedures Manual, he or she should contact Human Resources or other contacts as disclosed in Section I of the Code.

- A. Conflicts of Interest
- B. Use of Company Property and Assets
- C. Confidential Proprietary and Customer Information
- D. Communication Standards
- E. Insider Trading Policies and Procedures
- F. Policies Related to the Protection of Personal Rights
- G. General Procedure for Reporting of Complaints
- H. Document Retention Requirements

## **A. CONFLICTS OF INTEREST**

*Associates should avoid any situation that involves or may involve a possible conflict between their personal interests and the interests of the Company.*

Associates are required to make prompt and full disclosure of any situation involving such conflicts or potential conflicts by completing a Conflict of Interest Certification Disclosure Form and submitting it to the Human Resources Department. A disclosure must be filed if an associate or member of the associate's family may receive an economic benefit from any outside source doing business or attempting to do business with the Company.

Since all potential conflicts of interests cannot be enumerated, the Company relies upon its associates' commitment to exercise sound judgment, to seek advice where appropriate, and to adhere to the highest ethical standards in the conduct of their relationships with each other, the Company, its customers and the public.

### **1. Some examples of conflicts of interest are as follows:**

- Ownership by an associate or by a member of his or her family of an interest in any outside enterprise that does or seeks to do business with the company.
- Serving as a director, officer, partner, consultant, or in a managerial or technical capacity with an outside enterprise that does or is seeking to do business with the Company.
- Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the Company or its interests.
- Any other arrangements or circumstances, including family or other personal relationships, which might discourage the associate from acting in the best interest of the Company.

### **2. Outside Employment**

Associates, except for officers and managers<sup>2</sup>, may hold additional jobs as long as they do not interfere with the associate's ability to adequately perform the responsibilities of their position. However, the associate must notify their Manager and Human Resources for permission to engage in any outside employment, including short-term assignments, before accepting the additional job and/or secondary employment within the Company and its divisions. At no time

---

<sup>2</sup> Officers and managers may have limited exemptions which do not impact on the Company directly or indirectly, including teaching courses, volunteer work with charitable organizations, and one-time consulting assignments.

should “Company time” be spent during employment in an additional job with another company. Should an associate engage in another job(s) without informing the Company, he or she is subject to disciplinary action up to and including termination of employment.

### **3. Acceptance of Gifts and/or Services**

Generally, associates and/or their immediate family members are not permitted to accept any gifts and/or services provided by outside vendors or professional advisors to ensure that associates do not use their positions in the Company for personal gain and to avoid any appearance of a conflict of interest. Associates may accept gifts from trade partners/vendors *during the holiday season* provided the value of the gift is \$25.00 or less. In lieu of accepting gifts of greater value, associates should advise trade partners/vendors to contribute to K. Hovnanian’s “Marie Fund,” the Company’s associate emergency aid fund.

## **B. USE OF COMPANY PROPERTY**

### **1. Protection of Company Property**

*Every associate is responsible for protecting Company property and assets.*

An associate should immediately report missing or damaged property to his or her immediate supervisor. An associate must also cooperate in the investigation of any incidents related to suspected theft or abuse of Company property and/or assets as well as any improper business transactions.

### **2. Communication Services and Equipment**

*All Company-provided communication services and equipment are the sole property of the Company and are for business purposes only.*

Associates shall not use Company computers, equipment and services for personal purposes. This policy includes, but is not limited to telephones, computers, laptops, voice mail, electronic/e-mail, “chat,” fax machines, modems, palm pilots.

Passwords are the property of the Company and must be disclosed to authorized management personnel. Associates are not permitted to retrieve any misdirected e-mail not intended to be read by such associate. Associate passwords are to be used only by the associate and may not be disclosed to any other individual other than authorized management personnel.

The Company reserves the right to monitor and access electronic communication systems. Associates do not have a personal privacy right to any materials created, received or sent from Company electronic communication systems. All messages, received or sent, are the property of the Company.

### **3. Company-Owned or Leased Construction and Service Vehicles**

*Construction and service vehicles issued to Associates for use on Company business shall not be used for personal transportation. In addition, associates must abide by the following policies and procedures:*

- Associates must have a valid driver's license to operate a Company owned or leased construction or service vehicle.
- Associates are responsible for operating Company vehicles safely and in compliance with all motor vehicle laws and regulations of the state in which the vehicle is being operated.
- The possession and/or use of any alcoholic beverages, marijuana or other controlled substances is prohibited on or in any Company property.
- As required by the Internal Revenue Service, a commuting use charge shall be added to each associate's taxable income on his or her W-2 form.
- Upon initial hire and periodically thereafter, the Company performs a motor vehicle check for each associate who drives a Company-owned or leased vehicle. Any motor vehicle report citing serious motor vehicle moving violations shall be discussed with the associate and his or her supervisor.
- Any construction or service vehicle that is assigned to or used by an associate must be properly inspected and maintained in accordance with applicable law and the manufacturer's recommended maintenance schedule. A maintenance log must be maintained in a timely manner by all associates utilizing Company vehicles, subject to review by supervisors.

### **C. CONFIDENTIAL PROPRIETARY AND CUSTOMER INFORMATION**

*Each associate is responsible for safeguarding Company assets, including proprietary and customer information.*

Confidential information may be contained in Company documents, computer programs, and databases. Associates are obligated to maintain the confidentiality of information entrusted to them which shall continue after an associate's employment terminates.

Proprietary information may only be used for the specific purpose for which it was created or obtained. Associates should assume that all nonpublic or unpublished information is confidential. Associates are not permitted to disclose proprietary or customer information to anyone except Company personnel or persons outside the Company (such as Company counsel or accountants) who have been duly authorized to receive such information. Under no circumstances shall our associates disclose proprietary or client information to any unauthorized person.

### **D. COMMUNICATION STANDARDS**

*Our Company strives to maintain a professional work environment in every respect; this includes application of professional communication guidelines.*

## **1. General Content Standards**

The following are general minimum content standards and requirements that apply to all written communications, whether in printed or electronic form:

- All communications must be professional and in good taste.
- All communication must be balanced and not misleading.
- No omission of material facts and no false or misleading statements are permitted.
- No promises, guarantees, or exaggerated or unwarranted claims may be made.
- No “not for public use” or “internal use only” document may be sent or shown to the public, including clients or potential clients.

## **2. Electronic Communications**

All communications, information or materials delivered through electronic communications (E-mail, Web site correspondence, Internet Newsgroups, Instant Messaging, AOL services, voice messaging, and other such communication, including computers, laptops, palm devices, etc.) must be of an appropriate business nature; must not violate the legal rights of the Company or third parties; and must be transmitted, stored and accessed in a manner that safeguards confidentiality and complies with applicable law and Company policy.

## **3. Appropriate Use of E-mail**

Because E-mail is used so often, people can easily use it inappropriately. In general, if the content or form of a business communication is unacceptable “off-line,” it is not legitimate on-line. The following are examples of what *not* to do on-line.

- Transmitting, posting, copying or downloading any material in violation of copyright law;
- Transmitting or posting any statements or data that may defame, embarrass, threaten, offend, or harm an associate, client or anyone else;
- Attempting to “hack” or break into any computer, database, or network;
- Using the Internet during business hours for person gain, entertainment, or leisure;
- Transmitting or posting material, non-public corporate information about our Company or any company to any organization or individual not authorized to receive or possess it;
- “Spamming” – the mass distribution of unsolicited e-mail messages and/or posting to multiple newsgroups, individuals, or organizations;
- Representing yourself as someone else;
- Sending or forwarding chain letters via electronic mail;
- Willfully propagating computer viruses or other disruptive/destructive programs;
- Sending, forwarding or transmitting sexually explicit or obscene images or messages;
- Transmitting racial, ethnic or other slurs, or anything that could be construed as harassing or intending to harm or insult others;
- Transmitting any communication that is illegal, unethical, or inconsistent with the Company’s policies and procedures.

The foregoing list by its very nature is not exhaustive but is intended to cite examples of impermissible conduct.

#### **4. Communication with the Public; Financial Press Releases**

Dialogue conducted with the public is subject to the same policies and standards as prescribed above. Questions regarding the corporation's financial health should be directed to the Managing Officer of Finance/Treasury. In addition, Company policy establishes a process in which all corporate press releases regarding financial or material company profile information are verified for the accuracy of information prior to issuance. Prior to the issuance of any press releases related to the financial condition of the Company, the Chief Accounting Officer or his or her delegate and the Chief Financial Officer review material financial information disclosed in the press release.

#### **E. INSIDER TRADING POLICY**

##### **1. Securities Trades**

*Any associate who has material or non-public information relating to our Company may not buy or sell securities of the Company or engage in any other action to take advantage of or disclose that information to others.*

**Material information** is any information that could reasonably affect the price of the stock (i.e., positive or negative information that a reasonable investor would consider important in a decision to buy, hold or sell stock). Common examples are: projections of future earnings or losses, news of a pending or proposed merger, acquisition or tender offer, news of a significant sale of assets or disposition of a subsidiary, changes in dividend policies or the declaration of a stock split or the offering of additional securities, changes in management, significant new products or discoveries, impending bankruptcy or financial liquidity problems, and gain or loss of a substantial customer or supplier.

**Tipping Information to Others:** Associates must not pass on proprietary information about the Company or information that could have a positive or negative impact on the Company's stock price to others.

**When Information Is Public:** It is improper for an officer, director or associate to enter a trade immediately after the Company has made a public announcement of material information, including earnings releases, without allowing for the Company's shareholders and the investing public to receive the information and act upon it. As a general rule, associates and their immediate family members should not engage in any transactions until the **third business day** after the information has been released.

##### **Pre-Clearance of All Trades by Directors and Officers and Other Designated Persons**

- **Pre-Approval Requirement.** The Company requires that any transaction involving the Company's securities (acquisitions, dispositions, transfers, option exercises, loan, pledge, or hedge, etc.) by officers and directors and other persons designated by the Company's General Counsel or Chief Financial Officer (who typically have access to undisclosed material information) must be pre-approved by the General Counsel or Chief Financial Officer. The pre-approval requirement is intended to avoid inadvertent violations or the appearance of an improper transaction (for example, where an officer engages in a trade while unaware of a pending major development).

- The Company’s “Window Period.” There is a designated “window period” for trading in Company stock for directors, officers, and other designated persons. Transactions involving the Company’s stock are only allowed within the window period (although the “window period” requirement does not apply to stock option exercises, but would cover market sales of option stock). The “window period” typically begins on the third day after the public announcement of quarterly or annual financial results of the Company and extends through the last day of the quarter in which the announcement was made. Pre-approval by the General Counsel or Chief Financial Officer is still required for any transaction involving the Company’s securities during the “window period.”
- Additional Information. Any person who has any questions about specific transactions may obtain additional guidance from the General Counsel or Chief Financial Officer.

**Consequences of Insider Trading Violations:** If an associate violates the Company’s insider trading policy, Company-imposed sanctions, including dismissal, could result. In addition, the associate and the Company may be subject to civil and criminal penalties.

## **2. Use of Message Boards By Company Associates**

***To prevent the occurrence or appearance of non-compliance with insider trading rules of the Securities Exchange Commission, associates of the Company are prohibited from posting messages of any kind on any message board relating in any way to the business of the Company.***

It is extremely important that no associate of the Company post any messages on message boards. To do so may result in serious consequences not only for the individual but also the Company. The Company is a public company governed by the laws and rules of the Securities and Exchange Commission and the New York Stock Exchange. Such laws prohibit the Company and individuals from using or distributing “inside” knowledge, that is information that has not been distributed to the public. Communicating on internet message boards might potentially place the Company and the individual in violation of these laws.

## **F. POLICIES RELATED TO PROTECTION OF PERSONAL RIGHTS**

### **1. Equal Opportunity/Americans with Disabilities (ADA)**

***Hovnanian Enterprises, Inc. is committed to a policy of equal employment opportunity and diversity without regard to race, creed, age, gender, religion, color, national origin, sexual orientation, disability, U.S. military reservist status, veteran status or any other basis prohibited by law.***

All supervisors and managers have the responsibility of insuring compliance with this policy. The Company is committed to maintaining a workplace that encourages selection and advancement of associates based on qualifications. The Company does not exclude the disabled from employment or advancement, and makes reasonable accommodations for disabled associates.

## **2. The Company's Workplace Harassment Policy**

*The Company will not tolerate harassment in any form, including sexual, sexual orientation, gender, race, color, religion, national origin, age, disability, perceived disability, marital or veteran status and any other form of protected classes set forth by federal, state or local civil rights law or any other local, state or federal law, regulation or ordinance laws, by any of its associates, subcontractors, vendors, customers or visitors.*

All associates are prohibited from engaging in harassing, hostile, offensive or inappropriate behavior at work and shall use their best efforts to keep the workplace free from harassment at all times. The Company considers any form of harassment a serious offense, which may result in disciplinary action, up to and including termination of employment.

Harassment includes but is not limited to verbal or physical conduct that denigrates or shows hostility or aversion toward an individual on the basis of sexual orientation, gender, race, color, religion, national origin, age, disability, marital and veteran status, or any other characteristic protected by law. For additional information, see "Sexual Harassment Policy" below.

## **3. Sexual Harassment Policy**

*Company policy prohibits unwelcome sexual comments or advances, requests for sexual acts or favors with or without accompanying promises, threats or reciprocal favors or actions, or other verbal, electronic or physical conduct of a sexual nature which may have the effect of adversely affecting an associate's performance or which creates a hostile or offensive working environment.*

### **a. Examples of Sexual Harassment**

Specific examples of prohibited conduct include but are not limited to lewd or sexually suggestive comments, language or jokes of a sexual nature, slurs and verbal comments, graphic or physical conduct of a sexual nature, any display of inappropriate, sexually explicit or suggestive postings, pictures, greeting cards, articles, books, magazines, photos, calendars or cartoons.

### **b. Sexual Harassment Complaint Procedure**

1. Any associate observing an act by any person constituting harassment, including supervisors, co-workers, subcontractors, vendors, customers or visitors, **must immediately report such conduct to one of the following:** his or her supervisor, department manager, area, division, regional president or the Human Resources Department. All supervisors or managers who become aware of harassment must immediately contact The Human Resources Department. The Human Resources Department has been charged with the responsibility of reviewing all issues and complaints involving harassment of any type.
2. Complaints are promptly and carefully investigated, and all associates are assured that they shall remain free from any reprisal or retaliation because of filing such complaints or voicing a concern regarding any harassment.

3. The Company periodically provides training on the identification and prevention of unlawful harassment. Such training is mandatory for all managers and associates and is a condition of continued employment.
4. The associate may also anonymously report complaints related to sexual harassment or other types of complaints according to procedures provided in the immediate Section below.

#### **4. Whistleblower Protection; Protection Against Acts of Retaliation**

*The Company takes seriously its obligations under the law to extend protection for “whistleblowers” against acts of retaliation.*

The Company and its officers, associates, contractors, subcontractors or agents may not discharge, demote, suspend, threaten, harass or in any way discriminate against any associate in the terms and conditions of employment because of any lawful act done by the associate.

#### **G. GENERAL PROCEDURE FOR REPORTING OF COMPLAINTS**

*Associates should follow general procedures as outlined below for the reporting of various types of complaints.*

##### **1. Reports Made to the Audit Committee (Complaints related to Financial Reporting, Accounting, Internal Accounting Controls, or Auditing Matters).**

*The nature of the complaints to be addressed by the Audit Committee pertains to complaints regarding financial reporting, accounting, internal accounting controls, or auditing matters. In addition, any report that is made directly to management regarding these types of complaints, whether openly, confidentially or anonymously, shall be promptly reported to the Audit Committee.*

- **Audit Committee Related Complaints may be reported through the following channels:**
  - i. Via Mail.** Any associate may confidentially and/or anonymously deliver correspondence to the attention of the Audit Committee by mailing the report to the following address which will be confidentially forwarded unopened to the attention of the Audit Committee Chairman:

(Label: Confidential – To Be Opened Only By Addressee):

**Attn: Audit Committee Chairman of Hovnanian Enterprises, Inc.**  
Hovnanian Enterprises, Inc.  
110 West Front Street  
P.O. Box 500  
Red Bank, NJ 07701

## **ii. Reports made via “The Corporate Governance and Ethics Hotline:”**

Any associate may also anonymously contact the Corporate Governance & Ethics Hotline (“Hotline”) for reporting complaints related to the Audit Committee **or any other type of complaint** as discussed below (other than customer-service types of complaints related to a home purchase) without divulging his or her name. The phone conversation is confidentially transcribed and delivered via e-mail to the individuals referred to in the Hotline by an outside service vendor who specializes in the anonymous reporting of complaints.

The Hotline’s telephone # (1-800-249-5568) is made available to associates through various communication channels, including the Company’s intranet site (hovworks.khov.com) under Home page/Corporate Policies and Procedures. The Company’s Corporate Headquarter’s Receptionist or Human Resources Dept. may also be contacted for the Hotline’s telephone #. The Hotline should not be referred to outside clients or customers for purposes of reporting customer-service related complaints.

**An associate will not be contacted regarding any complaint where the associate elects to remain anonymous.**

## **2. Reporting of All Other Types of Complaints:**

The anonymous reporting of all other types of complaints is also available to associates by calling the Corporate Governance and Ethics Hotline (e.g. human resources related complaints, allegations of retaliation, etc.). Complaints other than those reported to the Audit Committee will be transcribed and delivered confidentially to the Managing Officer of Audit Services, Human Resources, or the General Counsel as indicated and routed by the Hotline.

Associates are encouraged to discuss the nature of their complaints with their immediate supervisor. If discussion between an associate and immediate supervisor does not produce a satisfactory result, the associate should bring the matter to the attention of the department head. Before doing so, the associate should advise the immediate supervisor that he or she plans to speak with someone at the next level. If, after speaking with the department head, the associate still feels that the matter has not been properly addressed, the associate should advise the department head that the issue should be brought to the attention of Human Resources.

The associate may also choose to report a complaint anonymously as discussed above or may choose to consult with any of the following individuals whose business telephone numbers may be found in the corporate directory:

- Managing Officer of Human Resources
- Managing Officer of Audit Services
- General Counsel
- Chief Financial Officer

Associates may also anonymously mail such reports to the attention of the above mentioned associates (Label: Confidential – To Be Opened Only By “*Enter title of the associate referenced above*”) at Corporate Headquarters:

- 110 West Front Street/P.O. Box 500/Red Bank, N.J. 07701

## **H. ACCURACY AND RETENTION OF RECORDS**

*Associates should be familiar with the document retention requirements relating to their business activities and at all times maintain accurate and complete books and records.*

### **1. Accurate and complete books and records**

Accurate and complete books and records are critical to the integrity and operation of our business and an important legal and regulatory obligation. Associates must help to assure that the books and records of the Company, related to their specific responsibilities and business area, accurately and fairly reflect the activities of the Company and that all transactions and dispositions of assets are recorded in reasonable detail. No undisclosed or unrecorded fund, asset, or account may be established or maintained for any purpose. Associates are prohibited from making false or misleading entries in the Company's books and records and from assisting others, including clients and counterparties, in creating false and misleading books or entries.

### **2. Retention Requirements**

All associates should be familiar with the document retention requirements relating to Company business activities. No document that is subject to subpoena or other legal request for information may be altered or destroyed. Any questions regarding documents retention requirements should be referred to the Legal Department.

## **V. SUMMARY OF RESPONSIBILITIES RELATING TO THE CODE OF ETHICS AND ASSOCIATE ACKNOWLEDGMENT**

*Who We Are and Will Be As A Company Is Largely Determined By Our Commitment to the Responsibilities Of Ethical Standards*



### **1. Overview of Responsibilities**

The Code is intended to address our associates' basic commitment to ethical standards and integrity. The Company's commitment is to our fellow associates, customers, suppliers, shareholders, the public and other stakeholders. A general overview of responsibilities with regard to the Code is as follows:

- To Act in accordance with principles of honesty and integrity,
- Avoid conflicts of interests;
- Provide information that is accurate, complete, and not misleading;

- Comply with all applicable governmental rules, regulations, statutes and ordinances;
- Respect the confidentiality of information and assets belonging to the Company;
- Proactively promote ethical behavior in the working environment; and
- Promptly report concerns or violations of ethical standards.

## **2. Overview of Disciplinary Action**

*Instances of associate misconduct, unsatisfactory performance or infraction of policy, including violations of the Code, are addressed through disciplinary action.*

Certain violations may be corrected through progressive discipline or a performance improvement plan at the sole discretion of the Company. Other major offenses, such as, but not limited to; **dishonesty, theft, falsification of records, violence, threats, acts of retaliation, insubordination, harassment, willful destruction of property, possession of weapons, and drug use or possession** may result in immediate suspension or termination of employment following the supervisor’s review with the Human Resources Department. In each case of misconduct or poor performance, the Company retains absolute discretion to determine the appropriate action.

The Company will not tolerate any form of **harassment: sexual, racial, ethnic/national origin, age, disability or religious**. Such misconduct will result in discipline up to and including immediate termination of employment. In addition, the possession or use on Company premises of **illegal drugs or alcohol and/or reporting under the influence of drugs or alcohol** is strictly prohibited. Such activities jeopardize the safety of all and is likely to result in disciplinary action up to and including employment termination.

Associates are recommended to review the Company’s policy on “Discipline” in the Corporate Policy and Procedures Manual for a comprehensive list of reasons for which disciplinary actions may be imposed.

## **3. Associate Acknowledgement**

*By accepting Hovnanian’s Code of Ethics, the associate agrees to the principles, guidelines, and policies and procedures that are discussed in the Code. Associates are reminded that acceptance of the Code is an obligation and condition of employment with the Company.*

---

Please fill in the acknowledgement form below. Your signature indicates full understanding of Hovnanian’s Code of Ethics as outlined in this document, and your willingness to comply with its policies, goals, and objectives. Should you have any questions, please address them at this time and feel free to contact Hovnanian’s General Counsel or Corporate Compliance Office.

-----  
**HOVNANIAN ENTERPRISES, INC.**

**CODE OF ETHICS - ACKNOWLEDGEMENT FORM**

**I certify that I have received and read Hovnanian's Code of Ethics and understand it represents mandatory policies of the Company and further certify that I agree to, adhere to, and am bound by the Code of Ethics.**

**Signature** \_\_\_\_\_

**Printed Name** \_\_\_\_\_

**Position** \_\_\_\_\_

**Area/Region/Division/Department** \_\_\_\_\_

**Date** \_\_\_\_\_

**Please return to: Human Resources Department**