

HOVNIANIAN ENTERPRISES, INC.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER
Adopted March 12, 2018

I. PURPOSE

The Audit Committee (the "Committee") of Hovnianian Enterprises, Inc. (the "Company") shall:

- A.** Provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders and investment community with respect to its oversight of:
- (i) The quality and integrity of the corporation's financial statements;
 - (ii) The corporation's compliance with legal and regulatory requirements;
 - (iii) The independent auditor's qualifications, performance and independence; and
 - (iv) The performance of the corporation's internal audit function and independent auditors.
- B.** Prepare the Audit Committee report that Securities and Exchange Commission ("SEC") rules require be included in the corporation's annual proxy statement.

II. STRUCTURE AND OPERATIONS

Composition and Qualifications

The Committee shall be comprised of three or more members of the Board of Directors, each of whom shall be determined by the Board of Directors to be "independent" under the rules of the New York Stock Exchange and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). No member of the Committee may serve on the audit committee of **more** than three public companies, including the corporation, unless the Board of Directors (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination either on or through the corporation's website or in the annual proxy statement.

All members of the Committee shall have a working familiarity with basic finance and accounting practices (or acquire such familiarity within a reasonable period after his or her appointment) and at least one member must be an "audit committee financial expert" as defined by the SEC. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the corporation or by an outside consultant.

Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Unless a Chairman is elected by the Chairman of the Board of Directors, the members of the Committee shall designate a Chairman by the majority vote of the full Committee

membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

Delegation to Subcommittees

The Committee may form subcommittees composed of one or more of its members for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate.

III. MEETINGS

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee shall periodically meet separately with each of management, the director of the internal auditing department and the independent auditors to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the corporation's financial statements in a manner consistent with that outlined in Section IV of this Charter. The Chairman of the Board of Directors or any member of the Committee may call meetings of the Committee. All meetings of the Committee may be held telephonically.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, management of the corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also *exclude* from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be required or appropriate in light of business, legislative, regulatory or legal conditions or changes or other conditions or changes. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the sole authority to retain and terminate outside legal, accounting or other advisors, as it determines necessary or appropriate for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention. The corporation shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the corporation and any advisors that the Committee chooses to engage, as well as funding for the payment of ordinary administrative

expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee shall be given full access to the corporation's internal audit group, Board of Directors, corporate executives and independent auditors as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board of Directors. Notwithstanding the foregoing, the Committee is not responsible for certifying the corporation's financial statements or guaranteeing the independent auditor's report. The fundamental responsibility for the corporation's financial statements and disclosures rests with management while the independent auditors are responsible for conducting the annual audit in accordance with the standards of the Public Company Accounting Oversight Board (the "PCAOB").

Documents/Reports Review

1. Review and discuss with management and the independent auditors prior to public dissemination the corporation's annual audited financial statements and quarterly financial statements, including the corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and discuss with the independent auditors the matters required to be discussed by the applicable auditing standards adopted by the PCAOB and approved by the SEC from time to time.
2. Review and discuss with management and the independent auditors the corporation's earnings press releases (paying particular attention to the use of any "pro forma," "adjusted" or non-GAAP information and measures), as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the corporation may provide earnings guidance.
3. Review and discuss with management and the independent auditors the adequacy of disclosures about changes in internal control over financial reporting.
4. Perform any functions required to be performed by it or otherwise appropriate under applicable law, rules or regulations, the corporation's by-laws and the resolutions or other directives of the Board of Directors, including review of any certification required to be reviewed in accordance with applicable law or regulations of the SEC.
5. At least on a quarterly basis, inquire from the independent auditor's firm whether the corporation's financial statements have been selected by the PCAOB for inspection. To the extent the corporation has been selected, the Committee should discuss with the independent auditor's firm any areas of the corporation's financial statements, internal controls and the audits thereof that are under review and whether any concerns have been raised regarding the corporation's financial statements, internal controls and the audits thereof. The Committee shall be apprised on a "real time" basis of any material developments in connection with this inspection. Finally, following the issuance by the PCAOB of any inspection reports relating to the independent auditors, such firm shall discuss with the Committee any findings included in the report (whether the public or private portions of the report) to the extent such firm believes relevant to the corporation.

Independent Auditors

6. Retain and terminate independent auditors and approve all audit engagement fees and terms.
7. Inform each registered public accounting firm performing auditing, review or attestation work for the corporation that such firm shall report directly to the Committee.
8. Oversee the work of any registered public accounting firm employed by the corporation, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.
9. Approve in advance any auditing services and non-audit services, other than "prohibited non-audit services" to be provided to the corporation by the independent auditors. The Committee may delegate to one or more of its members the authority to approve in advance all audit or permitted non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at its next scheduled meeting.

The following shall be "prohibited non-audit services": (i) bookkeeping or other services related to the accounting records or financial statements of the corporation; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service that the Public Company Accounting Oversight Board prohibits through regulation.

Notwithstanding the foregoing, pre-approval is not necessary for minor non-audit services if: (i) the aggregate amount of all such non-audit services provided to the corporation constitutes not more than five percent of the total amount of revenues paid by the corporation to its auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the corporation at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

10. Review, at least annually, the qualifications, performance and independence of the independent auditors and present its conclusions with respect to the independent auditors to the full Board of Directors. In conducting its review and evaluation, the Committee should:
 - (a) Obtain and review a report by the corporation's independent auditor: (i) describing the auditing firm's internal quality-control procedures; (ii) describing any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) to assess the auditor's independence, all relationships between the independent auditor and the corporation;

(b) Ensure the rotation of the lead audit partner at least every five years and the other partners with a significant role in the audit or the lead partner of a material subsidiary every seven years, and consider whether there should be regular rotation of the audit firm itself.

(c) Confirm with any independent auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has not performed audit services for the corporation in each of the five previous fiscal years of that corporation.

(d) Take into account the opinions of management and the corporation's internal auditors.

Financial Reporting Process

11. In consultation with the independent auditors, management and the internal auditors, review the integrity of the corporation's financial reporting processes, both internal and external. In that connection, the Committee must obtain and discuss with management and the independent auditor reports from management and the independent auditor regarding:

- (i) all critical accounting policies and practices to be used by the corporation;
- (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with the corporation's management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditor;
- (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the corporation's selection or application of accounting principles; and
- (iv) major issues as to the adequacy of the corporation's internal controls and any special audit steps adopted in light of material control deficiencies.

The Committee should also obtain and discuss with the independent auditors other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

12. Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures (if any), on the financial statements of the corporation.

13. Review with the independent auditor (i) any audit problems or difficulties encountered by the auditor in the course of the review or audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii)

any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the corporation.

14. Review with the independent auditors the corporation's internal audit function.

Legal Compliance / General

15. Review periodically, with the corporation's counsel, management, internal audit and/or compliance personnel, any legal, compliance, or regulatory matter that could have a material impact on the corporation's financial statements.

16. Review and discuss with management and the independent auditors the corporation's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

17. Set clear hiring policies for employees or former employees of the independent auditors. At a minimum, these policies must provide that any registered public accounting firm may not provide audit services to the corporation if the CEO, controller, CFO, chief accounting officer or any person serving in an equivalent capacity for the corporation was employed by the registered public accounting firm and participated in any capacity in the audit of the corporation during the one year period preceding the date of the initiation of the audit.

18. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the corporation of concerns regarding questionable accounting or auditing matters.

19. Review and approve at least on annual basis the decisions by management to enter into derivative transactions on a cleared or non-cleared basis, and the policies and processes of the corporation related thereto, and review and recommend to the Board of Directors on matters pertaining to the corporation's derivative transactions and hedging strategy.

20. Review and recommend to the full Board of Directors the director's and officer's indemnification and insurance matters.

21. Obtain an understanding of the Company's relationships and transactions with related parties that are significant to the company and respond to any auditor inquiries related to such relationships and transactions.

Reports

22. Prepare all Audit Committee reports required to be included in the corporation's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.

23. Report regularly to the Board of Directors, including:

- (i) with respect to any issues that arise with respect to the quality or integrity of the corporation's financial statements, the corporation's compliance with legal or regulatory requirements, the qualification, performance and independence of

- the corporation's independent auditors or the performance of the internal audit function;
- (ii) reporting all meetings of the Committee; and
- (iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide such recommendations to the Board of Directors as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.

24. Maintain minutes or other records of meetings and activities of the Committee.

V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess periodically the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or advisable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.