

HOVNANIAN ENTERPRISES INC

Form 10-Q

March 09, 2016

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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 JANUARY 31, 2016

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.)

110 West Front Street, P.O. Box 500, Red Bank, NJ 07701 (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)

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if smaller reporting company) Smaller Reporting Company

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. 131,802,260 shares of Class A Common Stock and 15,317,869 shares of Class B Common Stock were outstanding as of March 4, 2016.

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands)

	January 31, 2016 (Unaudited)	October 31, 2015 (1)
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$147,124	\$245,398
Restricted cash and cash equivalents	6,865	7,299
Inventories:		
Sold and unsold homes and lots under development	1,127,416	1,307,850
Land and land options held for future development or sale	186,503	214,503
Consolidated inventory not owned	338,067	122,225
Total inventories	1,651,986	1,644,578
Investments in and advances to unconsolidated joint ventures	69,094	61,209
Receivables, deposits and notes, net	69,629	70,349
Property, plant and equipment, net	46,010	45,534
Prepaid expenses and other assets	81,186	77,671
Total homebuilding	2,071,894	2,152,038
Financial services:		
Cash and cash equivalents	5,454	8,347
Restricted cash and cash equivalents	20,072	19,223
Mortgage loans held for sale at fair value	164,961	130,320
Other assets	2,971	2,091
Total financial services	193,458	159,981
Income taxes receivable – including net deferred tax benefits	287,388	290,279
Total assets	\$2,552,740	\$2,602,298

(1) Derived from the audited balance sheet as of October 31, 2015.

See notes to condensed consolidated financial statements (unaudited).

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HOVNIANIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands Except Share and Per Share Amounts)

	January 31, 2016 (Unaudited)	October 31, 2015 (1)
LIABILITIES AND EQUITY		
Homebuilding:		
Nonrecourse mortgages secured by inventory	\$128,668	\$143,863
Accounts payable and other liabilities	348,400	348,516
Customers' deposits	42,433	44,218
Nonrecourse mortgages secured by operating properties	15,220	15,511
Liabilities from inventory not owned	242,409	105,856
Total homebuilding	777,130	657,964
Financial services:		
Accounts payable and other liabilities	27,695	27,908
Mortgage warehouse lines of credit	140,356	108,875
Total financial services	168,051	136,783
Notes payable:		
Revolving credit agreement	47,000	47,000
Senior secured notes, net of discount	981,716	981,346
Senior notes, net of discount	607,575	780,319
Senior amortizing notes	10,516	12,811
Senior exchangeable notes	74,720	73,771
Accrued interest	29,172	40,388
Total notes payable	1,750,699	1,935,635
Total liabilities	2,695,880	2,730,382
Stockholders' equity deficit:		
Preferred stock, \$0.01 par value - authorized 100,000 shares; issued and outstanding 5,600 shares with a liquidation preference of \$140,000 at January 31, 2016 and at October 31, 2015	135,299	135,299
Common stock, Class A, \$0.01 par value – authorized 400,000,000 shares; issued 143,562,913 shares at January 31, 2016 and 143,292,881 shares at October 31, 2015 (including 11,760,763 shares at January 31, 2016 and October 31, 2015 held in treasury)	1,436	1,433
Common stock, Class B, \$0.01 par value (convertible to Class A at time of sale) – authorized 60,000,000 shares; issued 16,009,727 shares at January 31, 2016 and	160	157

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15,676,829 shares at October 31, 2015 (including 691,748 shares at January 31, 2016 and October 31, 2015 held in treasury)

Paid in capital – common stock	704,862	703,751
Accumulated deficit	(869,537)	(853,364)
Treasury stock – at cost	(115,360)	(115,360)
Total stockholders' equity deficit	(143,140)	(128,084)
Total liabilities and equity	\$2,552,740	\$2,602,298

(1) Derived from the audited balance sheet as of October 31, 2015.

See notes to condensed consolidated financial statements (unaudited).

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands Except Share and Per Share Data)

(Unaudited)

Three
Months
Ended
January
31,
2016