

HOVNIANIAN ENTERPRISES INC

Form 10-Q

March 08, 2013

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 quarterly period ended JANUARY 31, 2013

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-8551

Hovnianian 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

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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. 124,479,163 shares of Class A Common Stock and 14,658,151 shares of Class B Common Stock were outstanding as of March 1, 2013.

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HOVNANIAN ENTERPRISES, INC.

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	January 31, 2013 (Unaudited)	October 31, 2012 (1)
ASSETS		
Homebuilding:		
Cash	\$232,793	\$258,323
Restricted cash and cash equivalents	39,580	41,732
Inventories:		
Sold and unsold homes and lots under development	689,539	671,851
Land and land options held for future development or sale	225,455	218,996
Consolidated inventory not owned - other options	90,894	90,619
Total inventories	1,005,888	981,466
Investments in and advances to unconsolidated joint ventures	53,446	61,083
Receivables, deposits, and notes	47,338	61,794
Property, plant, and equipment – net	47,781	48,524
Prepaid expenses and other assets	58,689	66,694
Total homebuilding	1,485,515	1,519,616
Financial services:		
Cash	5,360	14,909
Restricted cash and cash equivalents	11,915	22,470
Mortgage loans held for sale	72,424	117,024
Other assets	2,475	10,231
Total financial services	92,174	164,634
Income taxes receivable – including net deferred tax benefits	2,621	-
Total assets	\$1,580,310	\$1,684,250

(1) Derived from the audited balance sheet as of October 31, 2012.

See notes to condensed consolidated financial statements (unaudited).

HOVNIANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands Except Share Amounts)

	January 31, 2013 (Unaudited)	October 31, 2012 (1)
LIABILITIES AND EQUITY		
Homebuilding:		
Nonrecourse mortgages	\$ 44,427	\$ 38,302
Accounts payable and other liabilities	261,478	296,510
Customers' deposits	28,895	23,846
Nonrecourse mortgages secured by operating properties	18,522	18,775
Liabilities from inventory not owned	78,213	77,791
Total homebuilding	431,535	455,224
Financial services:		
Accounts payable and other liabilities	20,822	37,609
Mortgage warehouse line of credit	52,038	107,485
Total financial services	72,860	145,094
Notes payable:		
Senior secured notes	977,674	977,369
Senior notes	458,869	458,736
Senior amortizing notes	23,149	23,149
Senior exchangeable notes	63,887	76,851
TEU senior subordinated amortizing notes	5,150	6,091
Accrued interest	28,419	20,199
Total notes payable	1,557,148	1,562,395
Income taxes payable	-	6,882
Total liabilities	2,061,543	2,169,595
Equity:		
Hovnianian Enterprises, Inc. stockholders' equity deficit:		
Preferred stock, \$.01 par value - authorized 100,000 shares; issued 5,600 shares with a liquidation preference of \$140,000 at January 31, 2013 and at October 31, 2012	135,299	135,299
Common stock, Class A, \$.01 par value – authorized 200,000,000 shares; issued 136,239,926 shares at January 31, 2013 and 130,055,304 shares at October 31, 2012 (including 11,760,763 shares at January 31, 2013 and October 31, 2012 held in Treasury)	1,362	1,300
Common stock, Class B, \$.01 par value (convertible to Class A at time of sale) – authorized 30,000,000 shares; issued 15,349,899 shares at January 31, 2013 and 15,350,101 shares at October 31, 2012 (including 691,748 shares at January 31, 2013 and October 31, 2012 held in Treasury)	153	154
Paid in capital - common stock	684,091	668,735
Accumulated deficit	(1,187,011)	(1,175,703)

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Treasury stock - at cost	(115,360)	(115,360)
Total Hovnanian Enterprises, Inc. stockholders' equity deficit	(481,466)	(485,575)
Noncontrolling interest in consolidated joint ventures	233	230
Total equity deficit	(481,233)	(485,345)
Total liabilities and equity	\$ 1,580,310	\$ 1,684,250

(1) Derived from the audited balance sheet as of October 31, 2012.

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 January 31,	
	2013	2012
Revenues:		
Homebuilding:		
Sale of homes	\$ 334,281	\$ 252,330
Land sales and other revenues	12,271	10,579
Total homebuilding	346,552	262,909
Financial services	11,659	6,690
Total revenues	358,211	269,599
Expenses:		
Homebuilding:		
Cost of sales, excluding interest	288,755	217,427
Cost of sales interest	10,280	12,476
Inventory impairment loss and land option write-offs	665	3,325
Total cost of sales	299,700	233,228
Selling, general and administrative	36,771	33,254
Total homebuilding expenses	336,471	266,482
Financial services	7,428	5,177
Corporate general and administrative	12,503	12,784
Other interest	24,000	21,995
Other operations	900	5,398
Total expenses	381,302	311,836
Gain on extinguishment of debt	-	24,698