



Hovnanian Enterprises Acquires First Home Builders of Florida

August 8, 2005

RED BANK, N.J., Aug. 8 /PRNewswire-FirstCall/ -- Hovnanian Enterprises, Inc. (NYSE: HOV), a leading national homebuilder, announced today that it acquired the assets of First Home Builders of Florida, a privately held homebuilder and provider of related financial services headquartered in Cape Coral, Florida, for an undisclosed purchase price paid in cash. First Home Builders is a leading builder in Western Florida and ranked 1st in the greater Fort Myers-Cape Coral market and 51st nationally based on 2004 permit activity as tracked by Builder Magazine. Thus the acquisition provides Hovnanian with the number one market position in the high growth Fort Myers-Cape Coral market, which is the 18th largest housing market in the U.S. as ranked by Builder Magazine based on 2004 permits.

First Home Builders of Florida designs, markets and sells single family homes, with a focus on the first-time home buying segment. The company also provides mortgage financing, title and settlement services to its homebuyers. In 2004, First Home Builders delivered 1,819 homes with revenues of \$308 million. As of July 31, 2005, First Home Builders had approximately 4,350 homes in contract backlog with a sales value of \$925 million.

"We are excited about the addition of Fred Hermann, Bruce Robb and their team to our Company," commented Ara Hovnanian, President and Chief Executive Officer of Hovnanian Enterprises, Inc. "First Home Builders has an excellent reputation as a high-quality homebuilder and a strong track record of financial performance. With several initiatives in vertical integration underway, Fred and Bruce share our focus on becoming more efficient as a homebuilder to gain competitive advantages."

"Earlier in 2005, we increased our presence in Florida through two acquisitions. The addition of First Home Builders further solidifies our footprint in this strategically important state," Mr. Hovnanian said. "We have targeted further investment in Florida because the regulatory process in the state is lengthening, which is constricting the supply of land available for homebuilding. At the same time, population growth and job growth in Florida are creating sustained demand for new homes. The confluence of these factors make Florida an attractive market for the foreseeable future," Mr. Hovnanian concluded.

Mr. Patrick Logue, General Partner and Founder of First Home Builders of Florida, stated, "We established our presence in Western Florida by providing homebuyers with a quality product. By combining our operations with a premier company such as Hovnanian, we can take our vertical integration efforts to the next level and expand our product offering. This partnership will provide us with the capital we need to continue our growth and remain one of the dominant homebuilders in the Fort Myers-Cape Coral market. Our cultures have a common purpose that will provide our associates with tremendous opportunities for professional growth and development."

Fred Hermann, President, and Bruce Robb, Chief Operating Officer of First Home Builders of Florida, will remain with Hovnanian following the acquisition. JMP Securities LLC represented First Home Builders of Florida in the transaction.

Hovnanian expects the addition of First Home Builders will be accretive by approximately \$0.05 to earnings per fully diluted share in its 2006 fiscal year. In future years, Hovnanian expects First Home Builders' contribution to earnings to increase through growth of the operations and a reduction in the amount of stepped up inventory and intangibles amortized. Hovnanian does not anticipate booking any goodwill in conjunction with the transaction. Further, after taking into account the effects of the acquisition, the Company expects to be within its targeted ratio of 50% net debt to capitalization at its fiscal year end, October 31, 2005.

Hovnanian Enterprises, Inc., founded in 1959 by Kevork S. Hovnanian, Chairman, is headquartered in Red Bank, New Jersey. The Company is one of the nation's largest homebuilders with operations in Arizona, California, Delaware, Florida, Illinois, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia. The Company's homes are marketed and sold under the trade names K. Hovnanian Homes, Goodman Homes, Matzel & Mumford, Diamond Homes, Westminster Homes, Forecast Homes, Parkside Homes, Brighton Homes, Parkwood Builders, Great Western Homes, Windward Homes, Cambridge Homes, Town & Country Homes and Oster Homes. As the developer of K. Hovnanian's Four Seasons communities, the Company is also one of the nation's largest builders of active adult homes.

Additional information on Hovnanian Enterprises, Inc., including a summary investment profile and the Company's 2004 annual report, can be accessed through the Investor Relations page of the Hovnanian website at <http://www.khov.com>. To be added to Hovnanian's investor e-mail or fax lists, please send an e-mail to IR@khov.com or sign up at <http://www.khov.com>.

Note: All statements in this Press Release that are not historical facts should be considered as "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic and business conditions, (2) weather conditions, (3) changes in market conditions, (4) changes in home prices and sales activity in the markets where the Company builds homes, (5) government regulation, including regulations concerning development of land, the homebuilding process and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in and price fluctuations of raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) geopolitical risks, terrorist acts and other acts of war and (13) other factors described in detail in the Company's Form 10-K for the year ended October 31, 2004.

SOURCE Hovnanian Enterprises, Inc.

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