
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **December 3, 2008**

HOVNANIAN ENTERPRISES, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction
of Incorporation)

1-8551
(Commission File Number)

22-1851059
(I.R.S. Employer
Identification No.)

110 West Front Street
P.O. Box 500
Red Bank, New Jersey 07701
(Address of Principal Executive Offices) (Zip Code)

(732) 747-7800
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On December 3, 2008, K. Hovnanian Enterprises, Inc. ("K. Hovnanian"), a wholly owned subsidiary of Hovnanian Enterprises, Inc. ("Hovnanian"), entered into an Indenture among K. Hovnanian, Hovnanian, the other guarantors named therein and Wilmington Trust Company, as trustee (the "Indenture"), under which K. Hovnanian issued \$29,299,000 aggregate principal amount of 18.0% Senior Secured Notes due 2017 (the "New Secured Notes") which are guaranteed by Hovnanian and substantially all of its subsidiaries, in exchange for senior unsecured notes of K. Hovnanian tendered by holders thereof in a private exchange offer (the "Private Exchange Transaction"). The senior unsecured notes exchanged in the Private Exchange Transaction consisted of \$560,000 in aggregate principal amount of 8% Senior Notes due 2012 (the "8% 2012 Notes"), \$11,975,000 in aggregate principal amount of 6¹/₂% Senior Notes due 2014 (the "6¹/₂% 2014 Notes"), \$1,132,000 in aggregate principal amount of 6³/₈% Senior Notes due 2014 (the "6³/₈% 2014 Notes"), \$3,297,000 in aggregate principal amount of 6¹/₄% Senior Notes due 2015 (the "6¹/₄% 2015 Notes"), \$24,764,000 in aggregate principal amount of 7¹/₂% Senior Notes due 2016 (the "7¹/₂% 2016 Notes"), \$28,675,000 in aggregate principal amount of 6¹/₄% Senior Notes due 2016 (the "6¹/₄% 2016 Notes") and \$1,012,000 in aggregate principal amount of 8⁵/₈% Senior Notes due 2017 (the "8⁵/₈% 2017 Notes"). After completion of the Private Exchange Transaction, the outstanding amounts of K. Hovnanian's senior unsecured notes are \$99,440,000 aggregate principal amount of 8% 2012 Notes, \$203,025,000 aggregate principal amount of 6¹/₂% 2014 Notes, \$148,868,000 aggregate principal amount of 6³/₈% 2014 Notes, \$196,703,000 aggregate principal amount of 6¹/₄% 2015 Notes, \$275,236,000 aggregate principal amount of 7¹/₂% 2016 Notes, \$271,325,000 aggregate principal amount of 6¹/₄% 2016 Notes and \$248,988,000 aggregate principal amount of 8⁵/₈% 2017 Notes.

Each of Hovnanian's subsidiaries, except for certain of its financial service subsidiaries and joint ventures, is a guarantor of the New Secured Notes. The New Secured Notes and the guarantees will be secured, subject to permitted liens and other exceptions, by a third-priority lien on substantially all of the assets owned by K. Hovnanian, Hovnanian and the other guarantors to the extent such assets secure obligations under K. Hovnanian's Revolving Credit Agreement and second-priority secured notes.

The New Secured Notes bear interest at 18.0% per annum and mature on May 1, 2017. Interest is payable semi-annually on May 1 and November 1 of each year, beginning on May 1, 2009, to holders of record at the close of business on April 15 or October 15, as the case may be, immediately preceding each such interest payment date.

The Indenture contains restrictive covenants that limit among other things, the ability of Hovnanian and certain of its subsidiaries, including K. Hovnanian, to incur additional indebtedness, pay dividends and make distributions on common and preferred stock, repurchase senior and subordinated notes and common and preferred stock, make other restricted payments, make investments, sell certain assets, incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets and enter into certain transactions with affiliates. The Indenture also contains customary events of default which would permit the holders of the New Secured Notes to declare those New Secured Notes to be immediately due and payable if not cured within applicable grace periods, including the failure to make timely payments on the New Secured Notes or other material indebtedness, the failure to satisfy covenants, the failure of the documents granting security for the New Secured Notes to be in full force and effect, the failure of the liens on any material portion of the collateral securing the New Secured Notes to be valid and perfected and specified events of bankruptcy and insolvency.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth above under Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
4.1	Indenture dated as of December 3, 2008, relating to the 18.0% Senior Secured Notes due 2017, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors named therein and Wilmington Trust Company, as Trustee, including the form of 18.0% Senior Secured Notes due 2017.
10.1	Intercreditor Agreement dated as of December 3, 2008.
10.2	Third Lien Pledge Agreement, dated as of December 3, 2008, relating to the 18.0% Senior Secured Notes due 2017.
10.3	Third Lien Security Agreement, dated as of December 3, 2008, relating to the 18.0% Senior Secured Notes due 2017.
10.4	Intellectual Property Security Agreement, dated as of December 3, 2008, relating to the 18.0% Senior Secured Notes due 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.
(Registrant)

By: /s/ Peter S. Reinhart _____

Name: Peter S. Reinhart

Title: Senior Vice President, General Counsel
and Secretary

Date: December 8, 2008

INDEX TO EXHIBITS

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K. HOVNANIAN ENTERPRISES, INC.,
as Issuer
HOVNANIAN ENTERPRISES, INC.
and
the other Guarantors party hereto
and
WILMINGTON TRUST COMPANY,
as Trustee

Indenture
Dated as of December 3, 2008

18.0% Senior Secured Notes Due 2017

CROSS-REFERENCE TABLE

<u>TIA Sections</u>	<u>Indenture Sections</u>
310 (a)	7.10
310 (b)	7.03, 7.08(a)(iii), 7.08(e)
310 (c)	Inapplicable
311	7.03
312 (a)	13.02
313 (a)	7.06
313 (c)	5.10(b), 7.06
314 (a)	4.15(c), 4.16(c)
314 (b)	6.10, 11.05(a), 13.01
314 (c)	Inapplicable
314 (d)	6.10, 11.05(a), 11.05(b), 13.01
314 (e)	Inapplicable
314 (f)	Inapplicable
315 (a)	7.02
315 (b)	7.02
315 (c)	7.02
315 (d)	7.02
315 (e)	Inapplicable
316 (a)	Inapplicable
316 (b)	Inapplicable
316 (c)	13.02(d)
317 (a) (1)	Inapplicable
317 (a) (2)	Inapplicable
317 (b)	Inapplicable
318	Inapplicable

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EXHIBIT F	Rule 144A Certificate
EXHIBIT G	Institutional Accredited Investor Certificate
EXHIBIT H	Certificate of Beneficial Ownership
EXHIBIT I	Regulation S Temporary Global Note Legend
EXHIBIT J	Unrestricted Subsidiaries

INDENTURE, dated as of December 3, 2008, among K. HOVNANIAN ENTERPRISES, INC., a California corporation (the “**Issuer**”), HOVNANIAN ENTERPRISES, INC., a Delaware corporation (the “**Company**”), each of the other Guarantors (as defined hereafter) and WILMINGTON TRUST COMPANY, a Delaware banking corporation, as Trustee (the “**Trustee**”).

RECITALS

The Issuer has duly authorized the execution and delivery of the Indenture to provide for the issuance of up to \$29,299,000 aggregate principal amount of the Issuer’s 18.0% Senior Secured Notes Due 2017 and, if and when issued, any Initial Additional Notes (together with any Exchange Notes issued therefor as provided herein, the “**Notes**”). All things necessary to make the Indenture a valid agreement of the Issuer, in accordance with its terms, have been done, and the Issuer has done all things necessary to make the Notes (in the case of any Additional Notes, when duly authorized), when duly issued and executed by the Issuer and authenticated and delivered by the Trustee, the valid obligations of the Issuer as hereinafter provided.

In addition, the Guarantors party hereto have duly authorized the execution and delivery of the Indenture as guarantors of the Notes. All things necessary to make the Indenture a valid agreement of each Guarantor, in accordance with its terms, have been done, and each Guarantor has done all things necessary to make the Guarantees (in the case of the Guarantee of any Additional Notes, when duly authorized), when duly issued and executed by each Guarantor and when the Notes have been authenticated and delivered by the Trustee, the valid obligation of such Guarantor as hereinafter provided.

This Indenture is subject to, and will be governed by, the provisions of the Trust Indenture Act that are required to be a part of, and govern indentures qualified under, the Trust Indenture Act, *provided* that in each case the provisions of TIA §314(b) and §314(d) shall only apply following qualification of this Indenture under the TIA.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. *Definitions.*

“**Acquired Indebtedness**” means (a) with respect to any Person that becomes a Restricted Subsidiary (or is merged into the Company, the Issuer or any Restricted Subsidiary) after the Issue Date, Indebtedness of such Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary (or is merged into the Company, the Issuer or any Restricted Subsidiary) that was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary (or being merged into the Company, the Issuer or any Restricted Subsidiary) and (b) with respect to the Company, the Issuer or any Restricted Subsidiary, any Indebtedness expressly assumed by the Company, the Issuer or any Restricted Subsidiary in connection with the acquisition of any assets from another Person (other than the Company, the Issuer or any Restricted Subsidiary), which Indebtedness was not incurred by such other Person in connection with or in contemplation of such acquisition. Indebtedness incurred in connection with or in contemplation of any transaction described in clause (a) or (b) of the preceding sentence shall be deemed to have been incurred by the Company or a Restricted Subsidiary, as the case may be, at the time such Person becomes a Restricted Subsidiary (or is merged into the Company, the Issuer or any Restricted Subsidiary) in the case of clause (a) or at the time of the acquisition of such assets in the case of clause (b), but shall not be deemed Acquired Indebtedness.

“**Additional Interest**” means additional interest or liquidated damages owed to the Holders pursuant to a Registration Rights Agreement.

“**Additional Notes**” means any notes of the Issuer issued under this Indenture in addition to the Original Notes, including any Exchange Notes issued in exchange for such Additional Notes, having the same terms in all respects as the Original Notes, except that interest will accrue on the Additional Notes from their date of issuance.

“**Administrative Agent**” means the administrative agent under the Revolving Credit Agreement (and any successor thereto).

“**Affiliate**” means, when used with reference to a specified Person, any Person directly or indirectly controlling, or controlled by or under direct or indirect common control with, the Person specified.

“**Affiliate Transaction**” has the meaning ascribed to it in Section 4.13 hereof.

“**Agent**” means any Registrar, Paying Agent or Authenticating Agent.

“**Agent Member**” means a member of, or a participant in, the Depository.

“**Asset Acquisition**” means (a) an Investment by the Company, the Issuer or any Restricted Subsidiary in any other Person if, as a result of such Investment,

such Person shall become a Restricted Subsidiary or shall be consolidated or merged with or into the Company, the Issuer or any Restricted Subsidiary or (b) the acquisition by the Company, the Issuer or any Restricted Subsidiary of the assets of any Person, which constitute all or substantially all of the assets or of an operating unit or line of business of such Person or which is otherwise outside the ordinary course of business.

“**Asset Disposition**” means any sale, transfer, conveyance, lease or other disposition (including, without limitation, by way of merger, consolidation or sale and leaseback or sale of shares of Capital Stock in any Subsidiary) (each, a “**transaction**”) by the Company, the Issuer or any Restricted Subsidiary to any Person of any Property having a Fair Market Value in any transaction or series of related transactions of at least \$5 million. The term “**Asset Disposition**” shall not include:

(a) a transaction between the Company, the Issuer and any Restricted Subsidiary or a transaction between Restricted Subsidiaries,

(b) a transaction in the ordinary course of business, including, without limitation, sales (directly or indirectly), dedications and other donations to governmental authorities, leases and sales and leasebacks of (i) homes, improved land and unimproved land and (ii) real estate (including related amenities and improvements),

(c) a transaction involving the sale of Capital Stock of, or the disposition of assets in, an Unrestricted Subsidiary,

(d) any exchange or swap of assets of the Company, the Issuer or any Restricted Subsidiary for assets (including Capital Stock of any Person that is or will be a Restricted Subsidiary following receipt thereof) that (i) are to be used by the Company, the Issuer or any Restricted Subsidiary in the ordinary course of its Real Estate Business and (ii) have a Fair Market Value not less than the Fair Market Value of the assets exchanged or swapped (*provided* that (except as permitted by clause (c) under the definition of “Permitted Investment”) to the extent that the assets exchanged or swapped were Collateral, the assets received are pledged as Collateral under the Security Documents substantially simultaneously with such sale, with the Lien on such assets received being of the same priority with respect to the Notes as the Lien on the assets disposed of),

(e) any sale, transfer, conveyance, lease or other disposition of assets and properties that is governed by Section 4.14 hereof,

(f) dispositions of mortgage loans and related assets and mortgage-backed securities in the ordinary course of a mortgage lending business, or

(g) the creation of a Permitted Lien and dispositions in connection with Permitted Liens.

“Attributable Debt” means, with respect to any Capitalized Lease Obligations, the capitalized amount thereof determined in accordance with GAAP.

“Authenticating Agent” refers to a Person engaged to authenticate the Notes in the stead of the Trustee.

“Bankruptcy Law” means title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“Board of Directors” means, when used with reference to the Issuer or the Company, as the case may be, the board of directors or any duly authorized committee of that board or any director or directors and/or officer or officers to whom that board or committee shall have duly delegated its authority.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York City or in the city where the Corporate Trust Office of the Trustee is located are authorized or required by law or regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of or in such Person’s capital stock or other equity interests, and options, rights or warrants to purchase such capital stock or other equity interests, whether now outstanding or issued after the Issue Date, including, without limitation, all Disqualified Stock and Preferred Stock.

“Capitalized Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of such obligations will be the capitalized amount thereof determined in accordance with GAAP.

“Cash Equivalents” means

(a) U.S. dollars;

(b) securities issued or directly and fully guaranteed or insured by the U.S. government or any agency or instrumentality thereof having maturities of one year or less from the date of acquisition;

(c) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with

maturities not exceeding six months and overnight bank deposits, in each case with any domestic commercial bank having capital and surplus in excess of \$500 million;

(d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) of this definition entered into with any financial institution meeting the qualifications specified in clause (c) of this definition;

(e) commercial paper rated P-1, A-1 or the equivalent thereof by Moody's or S&P, respectively, and in each case maturing within six months after the date of acquisition; and

(f) investments in money market funds substantially all of the assets of which consist of securities described in the foregoing clauses (a) through (e) of this definition.

“**cash transaction**” has the meaning ascribed to it in Section 7.03 hereof.

“**Certificate of Beneficial Ownership**” means a certificate substantially in the form of Exhibit H.

“**Certificated Note**” means a Note in registered individual form without interest coupons.

“**Change of Control**” means

(a) any sale, lease or other transfer (in one transaction or a series of transactions) of all or substantially all of the consolidated assets of the Company and its Restricted Subsidiaries to any Person (other than a Restricted Subsidiary); *provided, however*, that a transaction where the holders of all classes of Common Equity of the Company immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of Common Equity of such Person immediately after such transaction shall not be a Change of Control;

(b) a “**person**” or “**group**” (within the meaning of Section 13(d) of the Exchange Act (other than (x) the Company or (y) the Permitted Hovnanian Holders)) becomes the “**beneficial owner**” (as defined in Rule 13d-3 under the Exchange Act) of Common Equity of the Company representing more than 50% of the voting power of the Common Equity of the Company;

(c) Continuing Directors cease to constitute at least a majority of the Board of Directors of the Company;

(d) the stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; *provided, however*, that a

liquidation or dissolution of the Company which is part of a transaction that does not constitute a Change of Control under the proviso contained in clause (a) of this definition shall not constitute a Change of Control; or

(e) a change of control shall occur as defined in the instrument governing any publicly traded debt securities of the Company or the Issuer which requires the Company or the Issuer to repay or repurchase such debt securities.

“**Clearstream**” means Clearstream Banking, société anonyme, Luxembourg, formerly Cedelbank.

“**Collateral**” means all property or assets of the Issuer and the Guarantors (whether now owned or hereafter arising or acquired) that secures Third-Priority Lien Obligations under the Security Documents.

“**Collateral Agent**” means the Trustee acting as the collateral agent for the holders of the Third-Priority Lien Obligations under the Security Documents and any successor acting in such capacity.

“**Collateralized Debt**” means (i) the aggregate principal amount of all Indebtedness and all letters of credit secured by Liens on the Collateral and (ii) the aggregate amount of all unfunded commitments under all credit facilities or lines of credit secured by Liens on the Collateral but excluding Indebtedness, letters of credit and unfunded commitments secured by Liens on the Collateral that rank junior to the Liens on the Collateral securing the Second-Priority Liens.

“**Commission**” means the Securities and Exchange Commission.

“**Common Equity**” of any Person means Capital Stock of such Person that is generally entitled to (a) vote in the election of directors of such Person or (b) if such Person is not a corporation, vote or otherwise participate in the selection of the governing body, partners, managers or others that will control the management or policies of such Person.

“**Company**” has the meaning ascribed to it in the preamble hereof and shall also refer to any successor obligor under the Indenture and its Guarantee(s).

“**Consolidated Adjusted Tangible Assets**” of the Company as of any date means the Consolidated Tangible Assets of the Company, the Issuer and the Restricted Subsidiaries at the end of the fiscal quarter immediately preceding the date less any assets securing any Non-Recourse Indebtedness, as determined in accordance with GAAP.

“**Consolidated Cash Flow Available for Fixed Charges**” means, for any period, Consolidated Net Income for such period plus (each to the extent deducted

in calculating such Consolidated Net Income and determined in accordance with GAAP) the sum for such period, without duplication, of:

- (a) income taxes,
- (b) Consolidated Interest Expense,
- (c) depreciation and amortization expenses and other non-cash charges to earnings, and
- (d) interest and financing fees and expenses which were previously capitalized and which are amortized to cost of sales, *minus* all other non-cash items (other than the receipt of notes receivable) increasing such Consolidated Net Income.

“**Consolidated Fixed Charge Coverage Ratio**” means, with respect to any determination date, the ratio of (x) Consolidated Cash Flow Available for Fixed Charges for the prior four full fiscal quarters (the “**Four Quarter Period**”) for which financial results have been reported immediately preceding the determination date (the “**Transaction Date**”), to (y) the aggregate Consolidated Interest Incurred for the Four Quarter Period. For purposes of this definition, “**Consolidated Cash Flow Available for Fixed Charges**” and “**Consolidated Interest Incurred**” shall be calculated after giving effect on a *pro forma* basis for the period of such calculation to:

(a) the incurrence or the repayment, repurchase, defeasance or other discharge or the assumption by another Person that is not an Affiliate (collectively, “**repayment**”) of any Indebtedness of the Company, the Issuer or any Restricted Subsidiary (and the application of the proceeds thereof) giving rise to the need to make such calculation, and any incurrence or repayment of other Indebtedness (and the application of the proceeds thereof), at any time on or after the first day of the Four Quarter Period and on or prior to the Transaction Date, as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of the Four Quarter Period, except that Indebtedness under revolving credit facilities shall be deemed to be the average daily balance of such Indebtedness during the Four Quarter Period (as reduced on such *pro forma* basis by the application of any proceeds of the incurrence of Indebtedness giving rise to the need to make such calculation);

(b) any Asset Disposition or Asset Acquisition (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of the Company, the Issuer or any Restricted Subsidiary (including any Person that becomes a Restricted Subsidiary as a result of any such Asset Acquisition) incurring Acquired Indebtedness at any time on or after the first day of the Four Quarter Period and on or prior to the Transaction Date), as if such

Asset Disposition or Asset Acquisition (including the incurrence or repayment of any such Indebtedness) and the inclusion, notwithstanding clause (b) of the definition of “Consolidated Net Income,” of any Consolidated Cash Flow Available for Fixed Charges associated with such Asset Acquisition as if it occurred on the first day of the Four Quarter Period; *provided, however*, that the Consolidated Cash Flow Available for Fixed Charges associated with any Asset Acquisition shall not be included to the extent the net income so associated would be excluded pursuant to the definition of “Consolidated Net Income,” other than clause (b) thereof, as if it applied to the Person or assets involved before they were acquired; and

(c) the Consolidated Cash Flow Available for Fixed Charges and the Consolidated Interest Incurred attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded.

Furthermore, in calculating “Consolidated Cash Flow Available for Fixed Charges” for purposes of determining the denominator (but not the numerator) of this “Consolidated Fixed Charge Coverage Ratio,”

(a) interest on Indebtedness in respect of which a *pro forma* calculation is required that is determined on a fluctuating basis as of the Transaction Date (including Indebtedness actually incurred on the Transaction Date) and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date, and

(b) notwithstanding the immediately preceding clause (a), interest on such Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to Interest Protection Agreements, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such agreements.

“**Consolidated Interest Expense**” of the Company for any period means the Interest Expense of the Company, the Issuer and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Interest Incurred**” for any period means the Interest Incurred of the Company, the Issuer and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“**Consolidated Net Income**” for any period means the aggregate net income (or loss) of the Company and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; *provided*, that there will be excluded from such net income (loss) (to the extent otherwise included therein), without duplication:

(a) the net income (or loss) of (x) any Unrestricted Subsidiary (other than a Mortgage Subsidiary) or (y) any Person (other than a Restricted Subsidiary or a Mortgage Subsidiary) in which any Person other than the Company, the Issuer or any Restricted Subsidiary has an ownership interest, except, in each case, to the extent that any such income has actually been received by the Company, the Issuer or any Restricted Subsidiary in the form of cash dividends or similar cash distributions during such period, which dividends or distributions are not in excess of the Company's, the Issuer's or such Restricted Subsidiary's (as applicable) *pro rata* share of such Unrestricted Subsidiary's or such other Person's net income earned during such period,

(b) except to the extent includable in Consolidated Net Income pursuant to clause (a) of this definition, the net income (or loss) of any Person that accrued prior to the date that (i) such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company, the Issuer or any of its Restricted Subsidiaries (except, in the case of an Unrestricted Subsidiary that is redesignated a Restricted Subsidiary during such period, to the extent of its retained earnings from the beginning of such period to the date of such redesignation) or (ii) the assets of such Person are acquired by the Company or any Restricted Subsidiary,

(c) the net income of any Restricted Subsidiary to the extent that (but only so long as) the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of that income is not permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary during such period,

(d) the gains or losses, together with any related provision for taxes, realized during such period by the Company, the Issuer or any Restricted Subsidiary resulting from (i) the acquisition of securities, or extinguishment of Indebtedness, of the Company or any Restricted Subsidiary or (ii) any Asset Disposition by the Company or any Restricted Subsidiary, and

(e) any extraordinary gain or loss together with any related provision for taxes, realized by the Company, the Issuer or any Restricted Subsidiary;

provided, further, that for purposes of calculating Consolidated Net Income solely as it relates to clause (iii) of Section 4.07(a) hereof, clause (d)(ii) of this definition shall not be applicable.

"Consolidated Tangible Assets" of the Company as of any date means the total amount of assets of the Company, the Issuer and the Restricted Subsidiaries (less applicable reserves) on a consolidated basis at the end of the fiscal quarter immediately preceding such date, as determined in accordance with

GAAP, less (1) Intangible Assets and (2) appropriate adjustments on account of minority interests of other Persons holding equity investments in Restricted Subsidiaries.

“**Continuing Director**” means a director who either was a member of the Board of Directors of the Company on the Issue Date or who became a director of the Company subsequent to such date and whose election or nomination for election by the Company’s stockholders was duly approved by a majority of the Continuing Directors on the Board of Directors of the Company at the time of such approval, either by a specific vote or by approval of the proxy statement issued by the Company on behalf of the entire Board of Directors of the Company in which such individual is named as nominee for director.

“**control**” when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Corporate Trust Office**” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of this Indenture is located at Rodney Square North, 1100 North Market Street, Wilmington, DE 19801.

“**Covenant Defeasance**” has the meaning ascribed to it in Section 8.02 hereof.

“**Credit Facilities**” means, collectively, each of the credit facilities and lines of credit of the Company or one or more Restricted Subsidiaries in existence, or entered into, on the Issue Date, including, without limitation, the Revolving Credit Agreement, and one or more other facilities and lines of credit among or between the Company or one or more Restricted Subsidiaries and one or more lenders pursuant to which the Company or one or more Restricted Subsidiaries may incur indebtedness for working capital and general corporate purposes (including acquisitions), as any such facility or line of credit may be amended, restated, supplemented or otherwise modified from time to time, and includes any agreement extending the maturity of, increasing the amount of, or restructuring, all or any portion of the Indebtedness under such facility or line of credit or any successor facilities or lines of credit and includes any facility or line of credit with one or more lenders refinancing or replacing all or any portion of the Indebtedness under such facility or line of credit or any successor facility or line of credit.

“**Currency Agreement**” of any Person means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement

designed to protect such Person or any of its Subsidiaries against fluctuations in currency values.

“**Custodian**” means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

“**Dealer Managers**” means Lazard Frères & Co. LLC, Alvarez & Marsal Securities, LLC and Credit Suisse Securities (USA) LLC.

“**Dealer Managers Agreement**” means the Dealer Managers Agreement dated as of October 27, 2008 by and among the Dealer Managers, the Issuer and the Guarantors party thereto relating to the offer to exchange Initial Notes for certain of the Issuer’s then outstanding senior notes.

“**Default**” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“**Depository**” means the depository of each Global Note, which will initially be DTC.

“**Designation Amount**” has the meaning ascribed to it in the definition of “Unrestricted Subsidiary.”

“**Disqualified Stock**” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the final maturity date of the Notes or (b) is convertible into or exchangeable or exercisable for (whether at the option of the issuer or the holder thereof) (i) debt securities or (ii) any Capital Stock referred to in (a) above, in each case, at any time prior to the final maturity date of the Notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Capital Stock is convertible, exchangeable or exercisable) the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a change in control or asset disposition occurring prior to the final maturity date of the Notes shall not constitute Disqualified Stock if the change in control or asset disposition provision applicable to such Capital Stock are no more favorable to such holders than Section 4.10 or Section 4.12 hereof (as applicable) and such Capital Stock specifically provides that the Company will not repurchase or redeem any such Capital Stock pursuant to such provisions prior to the Company’s repurchase of the Notes as are required pursuant to Section 4.10 or Section 4.12 hereof (as applicable).

“**DTC**” means The Depository Trust Company, a New York corporation.

“DTC Legend” means the legend set forth in Exhibit D.

“Equity Offering” means any public or private sale, after the Issue Date, of Qualified Stock of the Company, other than (i) an Excluded Contribution, (ii) public offerings registered on Form S-4 or S-8 or any successor form thereto or (iii) any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or employees.

“Euroclear” means Euroclear Bank S.A./N.V. and its successors or assigns, as operator of the Euroclear System.

“Event of Default” has the meaning ascribed to it in Section 5.01 hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Notes” means the notes of the Issuer issued under the Indenture in exchange for, and in an aggregate principal amount equal to, the Initial Notes or any Initial Additional Notes in compliance with the terms of a Registration Rights Agreement and containing terms substantially identical to the Initial Notes or any Initial Additional Notes (except that (i) such Exchange Notes will be registered under the Securities Act and will not be subject to transfer restrictions or bear the Restricted Legend, and (ii) the provisions relating to Additional Interest will be eliminated).

“Exchange Offer” means an offer by the Issuer to the Holders of the Initial Notes or any Initial Additional Notes to exchange such Notes for Exchange Notes, as provided for in the applicable Registration Rights Agreement.

“Exchange Offer Registration Statement” means the Exchange Offer Registration Statement as defined in the applicable Registration Rights Agreement.

“Excluded Contribution” means cash or Cash Equivalents received by the Company as capital contributions to its equity (other than through the issuance of Disqualified Stock) or from the issuance or sale (other than to a Subsidiary) of Qualified Stock of the Company, in each case, after January 31, 2008 and to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate of the Company.

“Excluded Property” means (a) any pledges of stock of a Guarantor to the extent that Rule 3-16 of Regulation S-X under the Securities Act requires or would require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, that would require) the filing with the Commission of separate financial statements of such Guarantor that are not otherwise required to be filed, but only to the extent necessary to not be subject to such requirement, (b) up to \$50.0 million of assets received in connection with Asset Dispositions

and asset swaps or exchanges as permitted by clause (c) of the definition of “Permitted Investment,” (c) personal property where the cost of obtaining a security interest or perfection thereof exceeds its benefits, (d) real property subject to a Lien securing Indebtedness incurred for the purpose of financing the acquisition thereof, (e) real property located outside the United States, (f) unentitled land, (g) real property that is leased or held for the purpose of leasing to unaffiliated third parties, (h) equity interests in Unrestricted Subsidiaries (subject to future grants under the terms of the Indenture), (i) any real property in a community under development with a dollar amount of investment as of the most recent month-end (as determined in accordance with GAAP) of less than \$2.0 million or with less than 10 lots remaining, (j) assets, with respect to which any applicable law or contract prohibits the creation or perfection of security interests therein and (k) any other assets excluded from the Collateral securing the First-Priority Lien Obligations or the Second-Priority Lien Obligations, if any.

“**expiration date**” has the meaning ascribed to it in Section 3.05(b) hereof.

“**Fair Market Value**” means, with respect to any asset, the price (after taking into account any liabilities relating to such assets) that would be negotiated in an arm’s-length transaction for cash between a willing seller and a willing and able buyer, neither of which is under any compulsion to complete the transaction, as such price is determined in good faith by the Board of Directors of the Company or a duly authorized committee thereof, as evidenced by a resolution of such Board or committee.

“**First-Priority Lien Obligations**” has the meaning ascribed to it in the definition of “Permitted Liens”.

“**First-Priority Liens**” means all Liens that secure the First-Priority Lien Obligations.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, as in effect on the Issue Date.

“**Global Note**” means a Note in registered, global form without interest coupons.

“**Guarantee**” means the guarantee of the Notes by each Guarantor under the Indenture.

“**guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person: (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; *provided*, that the term “**guarantee**” does not include endorsements for collection or deposit in the ordinary course of business. The term “**guarantee**” used as a verb has a corresponding meaning.

“**Guarantors**” means (a) initially, the Company and each of the other Guarantors signatory hereto as set forth on Schedule A hereto, which includes each of the Company’s Restricted Subsidiaries in existence on the Issue Date, other than the Issuer and K. Hovnanian Poland, sp.zo.o. and (b) each of the Company’s Subsidiaries that becomes a Guarantor of the Notes pursuant to the provisions of this Indenture, and their successors, in each case until released from its respective Guarantee pursuant to this Indenture.

“**Holder**” or “**Holder(s) of Notes**” means the Person in whose name a Note is registered in the books of the Registrar for the Notes.

“**incurrence**” has the meaning ascribed to it in Section 4.06(a) hereof.

“**Indebtedness**” of any Person means, without duplication,

(a) any liability of such Person (i) for borrowed money or under any reimbursement obligation relating to a letter of credit or other similar instruments (other than standby letters of credit or similar instruments issued for the benefit of, or surety, performance, completion or payment bonds, earnest money notes or similar purpose undertakings or indemnifications issued by, such Person in the ordinary course of business), (ii) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any businesses, properties or assets of any kind or with services incurred in connection with capital expenditures (other than any obligation to pay a contingent purchase price which, as of the date of incurrence thereof, is not required to be recorded as a liability in accordance with GAAP), or (iii) in respect of Capitalized Lease Obligations (to the extent of the Attributable Debt in respect thereof),

(b) any Indebtedness of others that such Person has guaranteed to the extent of the guarantee; *provided, however*, that Indebtedness of the Company and

its Restricted Subsidiaries will not include the obligations of the Company or a Restricted Subsidiary under warehouse lines of credit of Mortgage Subsidiaries to repurchase mortgages at prices no greater than 98% of the principal amount thereof, and upon any such purchase the excess, if any, of the purchase price thereof over the Fair Market Value of the mortgages acquired, will constitute Restricted Payments subject to Section 4.07 hereof,

(c) to the extent not otherwise included, the obligations of such Person under Currency Agreements or Interest Protection Agreements to the extent recorded as liabilities not constituting Interest Incurred, net of amounts recorded as assets in respect of such agreements, in accordance with GAAP, and

(d) all Indebtedness of others secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person;

provided, that Indebtedness shall not include accounts payable, liabilities to trade creditors of such Person or other accrued expenses arising in the ordinary course of business. The amount of Indebtedness of any Person at any date shall be (i) the outstanding balance at such date of all unconditional obligations as described above, net of any unamortized discount to be accounted for as Interest Expense, in accordance with GAAP, (ii) the maximum liability of such Person for any contingent obligations under clause (a) of this definition at such date, net of an unamortized discount to be accounted for as Interest Expense in accordance with GAAP, and (iii) in the case of clause (d) of this definition, the lesser of (x) the fair market value of any asset subject to a Lien securing the Indebtedness of others on the date that the Lien attaches and (y) the amount of the Indebtedness secured.

“**Indenture**” means this indenture, as amended or supplemented from time to time.

“**Initial Additional Notes**” means Additional Notes of the Issuer issued under the Indenture in an offering not registered under the Securities Act and any Notes issued in replacement therefor, but not including any Exchange Notes issued in exchange therefor.

“**Initial Notes**” means the notes of the Issuer issued under the Indenture on the Issue Date and any Notes issued in replacement thereof, but not including any Exchange Notes issued in exchange therefor.

“**Initial Purchasers**” means the initial purchasers party to a purchase agreement with the Issuer, the Company and the Guarantors party thereto relating to the sale of any Additional Notes by the Issuer.

“**Institutional Accredited Investor Certificate**” means a certificate substantially in the form of Exhibit G hereto.

“Intangible Assets” of the Company means all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, write-ups of assets over their prior carrying value (other than write-ups which occurred prior to the Issue Date and other than, in connection with the acquisition of an asset, the write-up of the value of such asset (within one year of its acquisition) to its fair market value in accordance with GAAP) and all other items which would be treated as intangible on the consolidated balance sheet of the Company, the Issuer and the Restricted Subsidiaries prepared in accordance with GAAP.

“Intercreditor Agreement” means the Intercreditor Agreement dated on or about the Issue Date among the Administrative Agent, the Second Lien Notes Trustee, the Second Lien Notes Collateral Agent, the Trustee, the Collateral Agent, Wilmington Trust Company, the Issuer, the Company and each other Guarantor named therein, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Interest Expense” of any Person for any period means, without duplication, the aggregate amount of (a) interest which, in conformity with GAAP, would be set opposite the caption “interest expense” or any like caption on an income statement for such Person (including, without limitation, imputed interest included in Capitalized Lease Obligations, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptance financing, the net costs (but reduced by net gains) associated with Currency Agreements and Interest Protection Agreements, amortization of other financing fees and expenses, the interest portion of any deferred payment obligation, amortization of discount or premium, if any, and all other noncash interest expense (other than interest and other charges amortized to cost of sales)), and (b) all interest actually paid by the Company or a Restricted Subsidiary under any guarantee of Indebtedness (including, without limitation, a guarantee of principal, interest or any combination thereof) of any Person other than the Company, the Issuer or any Restricted Subsidiary during such period; *provided*, that Interest Expense shall exclude any expense associated with the complete write-off of financing fees and expenses in connection with the repayment of any Indebtedness.

“Interest Incurred” of any Person for any period means, without duplication, the aggregate amount of (a) Interest Expense and (b) all capitalized interest and amortized debt issuance costs.

“Interest Payment Date” means each May 1 and November 1 of each year, commencing May 1, 2009.

“Interest Protection Agreement” of any Person means any interest rate swap agreement, interest rate collar agreement, option or futures contract or other

similar agreement or arrangement designed to protect such Person or any of its Subsidiaries against fluctuations in interest rates with respect to Indebtedness permitted to be incurred under the Indenture.

“**Investments**” of any Person means (a) all investments by such Person in any other Person in the form of loans, advances or capital contributions, (b) all guarantees of Indebtedness or other obligations of any other Person by such Person, (c) all purchases (or other acquisitions for consideration) by such Person of Indebtedness, Capital Stock or other securities of any other Person and (d) all other items that would be classified as investments in any other Person (including, without limitation, purchases of assets outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with GAAP.

“**Issue Date**” means December 3, 2008.

“**Issuer**” has the meaning ascribed to it in the preamble hereof and shall also refer to any successor obligor under the Indenture.

“**Legal Defeasance**” has the meaning ascribed to it in Section 8.01 hereof.

“**Lien**” means, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes of this definition, a Person shall be deemed to own, subject to a Lien, any Property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such Property.

“**Marketable Securities**” means (a) equity securities that are listed on the New York Stock Exchange, the American Stock Exchange or The Nasdaq Stock Market and (b) debt securities that are rated by a nationally recognized rating agency, listed on the New York Stock Exchange or the American Stock Exchange or covered by at least two reputable market makers.

“**Moody’s**” means Moody’s Investors Service, Inc. or any successor to its debt rating business.

“**Mortgage Subsidiary**” means any Subsidiary of the Company substantially all of whose operations consist of the mortgage lending business.

“**Mortgage Tax Collateral Agent**” means Wilmington Trust Company in its capacity as Mortgage Tax Collateral Agent with respect to Liens granted on real property located in certain states identified under the Intercreditor Agreement and any successor thereto.

“**Net Cash Proceeds**” means with respect to an Asset Disposition, payments received in cash (including any such payments received by way of

deferred payment of principal pursuant to a note or installment receivable or otherwise (including any cash received upon sale or disposition of such note or receivable), but only as and when received), excluding any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other obligations relating to the Property disposed of in such Asset Disposition or received in any other non-cash form unless and until such non-cash consideration is converted into cash therefrom, in each case, net of all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all federal, state and local taxes required to be accrued as a liability under GAAP as a consequence of such Asset Disposition, and in each case net of a reasonable reserve for the after-tax cost of any indemnification or other payments (fixed and contingent) attributable to the seller's indemnities or other obligations to the purchaser undertaken by the Company, the Issuer or any of its Restricted Subsidiaries in connection with such Asset Disposition, and net of all payments made on any Indebtedness which is secured by or relates to such Property (other than Indebtedness secured by Liens on the Collateral) in accordance with the terms of any Lien or agreement upon or with respect to such Property or which such Indebtedness must by its terms or by applicable law be repaid out of the proceeds from such Asset Disposition, and net of all contractually required distributions and payments made to minority interest holders in Restricted Subsidiaries or joint ventures as a result of such Asset Disposition.

“Non-Recourse Indebtedness” with respect to any Person means Indebtedness of such Person for which (a) the sole legal recourse for collection of principal and interest on such Indebtedness is against the specific property identified in the instruments evidencing or securing such Indebtedness and such property was acquired with the proceeds of such Indebtedness or such Indebtedness was incurred within 90 days after the acquisition of such property and (b) no other assets of such Person may be realized upon in collection of principal or interest on such Indebtedness. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to the borrower, any guarantor or any other Person for (i) environmental warranties and indemnities, or (ii) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received by the borrower from secured assets to be paid to the lender, waste and mechanics' liens.

“Non-U.S. Person” means a Person that is not a “U.S. person,” as such term is defined in Regulation S.

“Notes” has the meaning ascribed to it in the Recitals hereof.

“offer” has the meaning ascribed to it in Section 3.05(a) hereof.

“**Obligations**” means with respect to any Indebtedness, all obligations (whether in existence on the Issue Date or arising afterwards, absolute or contingent, direct or indirect) for or in respect of principal (when due, upon acceleration, upon redemption, upon mandatory repayment or repurchase pursuant to a mandatory offer to purchase, or otherwise), premium, interest, penalties, fees, indemnification, reimbursement and other amounts payable and liabilities with respect to such Indebtedness, including all interest accrued or accruing after the commencement of any bankruptcy, insolvency or reorganization or similar case or proceeding at the contract rate (including, without limitation, any contract rate applicable upon default) specified in the relevant documentation, whether or not the claim for such interest is allowed as a claim in such case or proceeding.

“**Offer to Purchase**” has the meaning ascribed to it in Section 3.05(a) hereof.

“**Officer**,” when used with respect to the Issuer or the Company, means the chairman of the Board of Directors, the president or chief executive officer, any vice president, the chief financial officer, the treasurer, any assistant treasurer, the controller, any assistant controller, the secretary or any assistant secretary of the Issuer or the Company, as the case may be.

“**Officers’ Certificate**,” when used with respect to the Issuer or the Company, means a certificate signed by the chairman of the Board of Directors, the president or chief executive officer, or any vice president and by the chief financial officer, the treasurer, any assistant treasurer, the controller, any assistant controller, the secretary or any assistant secretary of the Issuer or the Company, as the case may be.

“**Opinion of Counsel**” means a written opinion signed by legal counsel of the Issuer or the Company, who may be an employee of, or counsel to, the Issuer or the Company, and who shall be reasonably satisfactory to the Trustee.

“**Original Notes**” means the Initial Notes and any Exchange Notes issued in exchange therefor.

“**Paying Agent**” refers to a Person engaged to perform the obligations of the Trustee in respect of payments made or funds held hereunder in respect of the Notes.

“**Permanent Regulation S Global Note**” means a Regulation S Global Note that does not bear the Regulation S Temporary Global Note Legend.

“**Permitted Hovnanian Holders**” means, collectively, Kevork S. Hovnanian, Ara K. Hovnanian, the members of their immediate families, the respective estates, spouses, heirs, ancestors, lineal descendants, legatees and legal representatives of any of the foregoing and the trustee of any *bona fide* trust of

which one or more of the foregoing are the sole beneficiaries or the grantors thereof, or any entity of which any of the foregoing, individually or collectively, beneficially own more than 50% of the Common Equity.

“Permitted Indebtedness” means

(a) Indebtedness under Credit Facilities which does not exceed \$300.0 million principal amount outstanding at any one time;

(b) Indebtedness in respect of obligations of the Company and its Subsidiaries to the trustees under indentures for debt securities;

(c) intercompany debt obligations of (i) the Company to the Issuer, (ii) the Issuer to the Company, (iii) the Company or the Issuer to any Restricted Subsidiary and (iv) any Restricted Subsidiary to the Company or the Issuer or any other Restricted Subsidiary; *provided, however*, that any Indebtedness of any Restricted Subsidiary or the Issuer or the Company owed to any Restricted Subsidiary or the Issuer that ceases to be a Restricted Subsidiary shall be deemed to be incurred and shall be treated as an incurrence for purposes of Section 4.06(a) hereof at the time the Restricted Subsidiary in question ceases to be a Restricted Subsidiary;

(d) Indebtedness of the Company or the Issuer or any Restricted Subsidiary under any Currency Agreements or Interest Protection Agreements in a notional amount no greater than the payments due (at the time the related Currency Agreement or Interest Protection Agreement is entered into) with respect to the Indebtedness or currency being hedged;

(e) Purchase Money Indebtedness and Capitalized Lease Obligations in an aggregate principal amount outstanding at any one time not to exceed \$25.0 million;

(f) obligations for, pledge of assets in respect of, and guaranties of, bond financings of political subdivisions or enterprises thereof in the ordinary course of business;

(g) Indebtedness secured only by office buildings owned or occupied by the Company or any Restricted Subsidiary, which Indebtedness does not exceed \$10 million aggregate principal amount outstanding at any one time;

(h) Indebtedness under warehouse lines of credit, repurchase agreements and Indebtedness secured by mortgage loans and related assets of mortgage lending Subsidiaries in the ordinary course of a mortgage lending business; and

(i) Indebtedness of the Company or any Restricted Subsidiary which, together with all other Indebtedness under this clause (i), does not exceed \$50 million aggregate principal amount outstanding at any one time.

“Permitted Investment” means

(a) Cash Equivalents;

(b) any Investment in the Company, the Issuer or any Restricted Subsidiary or any Person that becomes a Restricted Subsidiary as a result of such Investment or that is consolidated or merged with or into, or transfers all or substantially all of the assets of it or an operating unit or line of business to, the Company or a Restricted Subsidiary;

(c) any receivables, loans or other consideration taken by the Company, the Issuer or any Restricted Subsidiary in connection with any asset sale otherwise permitted by the Indenture; *provided* that non-cash consideration received in an Asset Disposition or an exchange or swap of assets shall be pledged as Collateral under the Security Documents to the extent the assets subject to such Asset Disposition or exchange or swap of assets constituted Collateral, with the Lien on such Collateral securing the Notes being of the same priority with respect to the Notes as the Lien on the assets disposed of; *provided, further*, that notwithstanding the foregoing clause, up to an aggregate of \$50.0 million of (x) non-cash consideration and consideration received as referred to in Section 4.10(b)(ii), (y) assets invested in pursuant to Section 4.10(c) and (z) assets received pursuant to clause (d) under the definition of “Asset Disposition” may be designated by the Company or the Issuer as Excluded Property not required to be pledged as Collateral;

(d) Investments received in connection with any bankruptcy or reorganization proceeding, or as a result of foreclosure, perfection or enforcement of any Lien or any judgment or settlement of any Person in exchange for or satisfaction of Indebtedness or other obligations or other property received from such Person, or for other liabilities or obligations of such Person created, in accordance with the terms of the Indenture;

(e) Investments in Currency Agreements or Interest Protection Agreements described in the definition of “Permitted Indebtedness”;

(f) any loan or advance to an executive officer, director or employee of the Company or any Restricted Subsidiary made in the ordinary course of business or in accordance with past practice; *provided, however*, that any such loan or advance exceeding \$1 million shall have been approved by the Board of Directors of the Company or a committee thereof consisting of disinterested members;

- (g) Investments in interests in issuances of collateralized mortgage obligations, mortgages, mortgage loan servicing, or other mortgage related assets;
- (h) obligations of the Company or a Restricted Subsidiary under warehouse lines of credit of Mortgage Subsidiaries to repurchase mortgages; and
- (i) Investments in an aggregate amount outstanding not to exceed \$10 million.

“Permitted Liens” means

(a) Liens for taxes, assessments or governmental or quasi-governmental charges or claims that (i) are not yet delinquent, (ii) are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been established or other provisions have been made in accordance with GAAP, if required, or (iii) encumber solely property abandoned or in the process of being abandoned,

(b) statutory Liens of landlords and carriers’, warehousemen’s, mechanics’, suppliers’, materialmen’s, repairmen’s or other Liens imposed by law and arising in the ordinary course of business and with respect to amounts that, to the extent applicable, either (i) are not yet delinquent or (ii) are being contested in good faith by appropriate proceedings and as to which appropriate reserves have been established or other provisions have been made in accordance with GAAP, if required,

(c) Liens (other than any Lien imposed by the Employer Retirement Income Security Act of 1974, as amended) incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security,

(d) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, development obligations, progress payments, government contacts, utility services, developer’s or other obligations to make on-site or off-site improvements and other obligations of like nature (exclusive of obligations for the payment of borrowed money but including the items referred to in the parenthetical in clause (a)(i) of the definition of “Indebtedness”), in each case incurred in the ordinary course of business of the Company, the Issuer and the Restricted Subsidiaries,

(e) attachment or judgment Liens not giving rise to a Default or an Event of Default,

(f) easements, dedications, assessment district or similar Liens in connection with municipal or special district financing, rights-of-way, restrictions, reservations and other similar charges, burdens, and other similar charges or

encumbrances not materially interfering with the ordinary course of business of the Company, the Issuer and the Restricted Subsidiaries,

(g) zoning restrictions, licenses, restrictions on the use of real property or minor irregularities in title thereto, which do not materially impair the use of such real property in the ordinary course of business of the Company, the Issuer and the Restricted Subsidiaries,

(h) Liens securing Indebtedness incurred pursuant to clause (g) or (h) of the definition of “Permitted Indebtedness”,

(i) Liens on the Collateral and other assets not constituting Collateral pursuant to clauses (a) and (b) of the definition of “Excluded Property” securing:

(a) the Notes (other than Additional Notes), the Guarantees thereof and other Obligations under the Indenture and the Security Documents and in respect thereof and any obligations owing to the Trustee or the Collateral Agent under the Indenture or the Security Documents;

(b) (i) Indebtedness incurred under clause (a) of the definition of “Permitted Indebtedness” (and all Obligations, including letters of credit and similar instruments, incurred, issued or arising under such secured Credit Facilities that permit borrowings not in excess of the limit set out in such clause (a)) and Liens securing Refinancing Indebtedness in respect thereof (which Refinancing Indebtedness is incurred under such clause (a)), (ii) up to an additional \$25.0 million of Indebtedness otherwise permitted to be incurred under the Indenture (and all Obligations, including letters of credit and similar instruments, incurred, issued or arising thereunder) and Liens securing Refinancing Indebtedness in respect thereof and (iii) Obligations under Currency Agreements and Interest Protection Agreements entered into with agents or lenders under the Indebtedness referred to in clause (i)(b)(i) of this definition or their affiliates, which Liens incurred under this clause (i)(b) may be on a first-lien priority basis senior to the Liens securing the Notes on terms as set forth in the Intercreditor Agreement (collectively, “**First-Priority Lien Obligations**”);

(c) other Indebtedness permitted to be incurred under the Indenture (and all Obligations in respect thereof), which may be in the form of Additional Notes; *provided*, that (i) such Indebtedness is Refinancing Indebtedness issued in exchange for or to refinance Indebtedness of the Issuer outstanding on May 27, 2008 and (ii) the Liens securing such Indebtedness rank *pari passu* with (or junior to) the Liens on the Collateral securing the Notes (if junior, on a basis substantially the same as the basis on which the Liens securing the Notes are treated under the Intercreditor Agreement with respect to the Second-Priority Liens); *provided, further*, that after giving effect to such incurrence, the aggregate amount of all consolidated Indebtedness of the Company, the Issuer and the

Restricted Subsidiaries (including, with respect to Capitalized Lease Obligations, the Attributable Debt in respect thereof) secured by Liens (other than Non-Recourse Indebtedness and Indebtedness incurred pursuant to clause (h) of the definition of "Permitted Indebtedness") shall not exceed 40% of Consolidated Adjusted Tangible Assets at any one time outstanding (after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof); and

(d) the Second Lien Notes, the guarantees thereof and other Obligations under the Second Lien Notes Indenture and the security documents related thereto and in respect thereof and any obligations owing to the Second Lien Notes Trustee or the Second Lien Notes Collateral Agent under the Second Lien Notes Indenture or the security documents related thereto and any Liens securing Refinancing Indebtedness in respect thereof, which Liens incurred under this clause (i)(d) may be on a second-lien priority basis senior to the Liens securing the Notes on terms as set forth in the Intercreditor Agreement (the "**Second-Priority Lien Obligations**"),

(j) Liens securing Non-Recourse Indebtedness of the Company, the Issuer or any Restricted Subsidiary; *provided*, that such Liens apply only to the property financed out of the net proceeds of such Non-Recourse Indebtedness within 90 days after the incurrence of such Non-Recourse Indebtedness,

(k) Liens securing Purchase Money Indebtedness; *provided*, that such Liens apply only to the property acquired, constructed or improved with the proceeds of such Purchase Money Indebtedness within 90 days after the incurrence of such Purchase Money Indebtedness,

(l) Liens on property or assets of the Company, the Issuer or any Restricted Subsidiary securing Indebtedness of the Company, the Issuer or any Restricted Subsidiary owing to the Company, the Issuer or one or more Restricted Subsidiaries (other than K. Hovnanian Poland, sp.zo.o.),

(m) leases or subleases granted to others not materially interfering with the ordinary course of business of the Company and the Restricted Subsidiaries,

(n) purchase money security interests (including, without limitation, Capitalized Lease Obligations); *provided*, that such Liens apply only to the Property acquired and the related Indebtedness is incurred within 90 days after the acquisition of such Property,

(o) any right of first refusal, right of first offer, option, contract or other agreement to sell an asset; *provided*, that such sale is not otherwise prohibited under the Indenture,

(p) any right of a lender or lenders to which the Company, the Issuer or a Restricted Subsidiary may be indebted to offset against, or appropriate and

apply to the payment of such, Indebtedness any and all balances, credits, deposits, accounts or money of the Company, the Issuer or a Restricted Subsidiary with or held by such lender or lenders or its Affiliates,

(q) any pledge or deposit of cash or property in conjunction with obtaining surety, performance, completion or payment bonds and letters of credit or other similar instruments or providing earnest money obligations, escrows or similar purpose undertakings or indemnifications in the ordinary course of business of the Company, the Issuer and the Restricted Subsidiaries,

(r) Liens for homeowner and property owner association developments and assessments,

(s) Liens securing Refinancing Indebtedness; *provided*, that such Liens extend only to the assets securing the Indebtedness being refinanced and have the same or junior priority as the initial Liens; *provided, further*, that no Liens may be incurred under this clause (s) in respect of Refinancing Indebtedness incurred to refinance Indebtedness that is secured by Liens incurred under clauses (i)(b)(i), (i)(b)(ii) or (i)(d) of this definition (it being understood that Liens incurred in respect of such Indebtedness may only be refinanced under such clauses (i)(b)(i), (i)(b)(ii) or (i)(d),

(t) Liens incurred in the ordinary course of business as security for the obligations of the Company, the Issuer and the Restricted Subsidiaries with respect to indemnification in respect of title insurance providers,

(u) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company or becomes a Subsidiary of the Company; *provided*, that such Liens were in existence prior to the contemplation of such merger or consolidation or acquisition and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary or acquired by the Company or its Subsidiaries,

(v) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, *provided*, that such Liens were in existence prior to the contemplation of such acquisition,

(w) Liens existing on the Issue Date (other than Liens securing Obligations under the Revolving Credit Agreement, the Second Lien Notes or the Notes) and any extensions, renewals or replacements thereof, and

(x) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, incorporated or unincorporated association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Preferred Stock**” of any Person means all Capital Stock of such Person which has a preference in liquidation or with respect to the payment of dividends.

“**Property**” of any Person means all types of real, personal, tangible, intangible or mixed property owned by such Person, whether or not included in the most recent consolidated balance sheet of such Person and its Subsidiaries under GAAP.

“**purchase amount**” has the meaning ascribed to it in Section 3.05(b) hereof.

“**purchase date**” has the meaning ascribed to it in Section 3.05(b) hereof.

“**Purchase Money Indebtedness**” means Indebtedness of the Company, the Issuer or any Restricted Subsidiary incurred for the purpose of financing all or any part of the purchase price, or the cost of construction or improvement, of any property to be used in the ordinary course of business by the Company, the Issuer and the Restricted Subsidiaries; *provided, however*, that (a) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost and (b) such Indebtedness shall be incurred no later than 90 days after the acquisition of such property or completion of such construction or improvement.

“**Qualified Stock**” means Capital Stock of the Company other than Disqualified Stock.

“**Real Estate Business**” means homebuilding, housing construction, real estate development or construction and the sale of homes and related real estate activities, including the provision of mortgage financing or title insurance.

“**Record Date**” for the interest payable on any Interest Payment Date means the April 15 or October 15 (whether or not a Business Day) immediately preceding such Interest Payment Date.

“**Refinancing Indebtedness**” means Indebtedness (to the extent not Permitted Indebtedness) that refunds, refinances or extends any Indebtedness of the Company, the Issuer or any Restricted Subsidiary (to the extent not Permitted Indebtedness) outstanding on the Issue Date or other Indebtedness (to the extent not Permitted Indebtedness) permitted to be incurred by the Company, the Issuer or any Restricted Subsidiary pursuant to the terms of the Indenture, but only to the extent that:

(a) the Refinancing Indebtedness is subordinated, if at all, to the Notes or the Guarantees, as the case may be, to the same extent as the Indebtedness being refunded, refinanced or extended (*provided* that Refinancing Indebtedness issued to refund, refinance or extend Subordinated Indebtedness outstanding as of the Issue Date (“**Existing Subordinated Debt**”) need not be subordinated to the Notes or the Guarantees, as the case may, so long as any Liens securing such Indebtedness are *pari passu* or junior to the Liens securing the Notes or the Guarantees, as the case may be),

(b) the Refinancing Indebtedness is scheduled to mature either (i) no earlier than the Indebtedness being refunded, refinanced or extended or (ii) after the maturity date of the Notes (unless the Refinancing Indebtedness is in respect of Existing Subordinated Debt and is secured by Liens on the Collateral, in which case the Refinancing Indebtedness must be scheduled to mature no earlier than the maturity date of the Notes),

(c) the portion, if any, of the Refinancing Indebtedness that is scheduled to mature on or prior to the maturity date of the Notes has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Weighted Average Life to Maturity of the portion of the Indebtedness being refunded, refinanced or extended that is scheduled to mature on or prior to the maturity date of the Notes, and

(d) such Refinancing Indebtedness is in an aggregate principal amount that is equal to or less than the aggregate principal amount then outstanding under the Indebtedness being refunded, refinanced or extended.

“**Register**” has the meaning ascribed to it in Section 2.09 hereof.

“**Registrar**” means a Person engaged to maintain the Register.

“**Registration Rights Agreement**” means (i) with respect to the Initial Notes, the Registration Rights Agreement dated the Issue Date among the Issuer, the Company, the other Guarantors party thereto and the Dealer Managers, and (ii) with respect to any Initial Additional Notes, any registration rights agreements among the Issuer, the Company, the other Guarantors party thereto and any initial purchasers or dealer managers party thereto relating to rights given by the Issuer to the purchasers of Initial Additional Notes to register such Initial Additional Notes or exchange them for Exchange Notes registered under the Securities Act.

“**Regulation S**” means Regulation S under the Securities Act.

“**Regulation S Certificate**” means a certificate substantially in the form of Exhibit E hereto.

“Regulation S Global Note” means a Global Note representing Notes issued and sold pursuant to Regulation S.

“Regulation S Temporary Global Note” means an Regulation S Global Note that bears the Regulation S Temporary Global Note Legend.

“Regulation S Temporary Global Note Legend” means the legend set forth in Exhibit I.

“Repurchase Date” has the meaning ascribed to it in Section 4.12(a) hereof.

“Responsible Officer,” when used with respect to the Trustee, means any officer of the Trustee with direct responsibility for the administration of the trust created by this Indenture.

“Restricted Investment” means any Investment other than a Permitted Investment.

“Restricted Legend” means the legend set forth in Exhibit C.

“Restricted Payment” means any of the following:

(a) the declaration or payment of any dividend or any other distribution on Capital Stock of the Company, the Issuer or any Restricted Subsidiary or any payment made to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company, the Issuer or any Restricted Subsidiary (other than (i) dividends or distributions payable solely in Qualified Stock and (ii) in the case of the Issuer or Restricted Subsidiaries, dividends or distributions payable to the Company, the Issuer or a Restricted Subsidiary);

(b) the purchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company, the Issuer or any Restricted Subsidiary (other than a payment made to the Company, the Issuer or any Restricted Subsidiary);

(c) any Investment (other than any Permitted Investment), including any Investment in an Unrestricted Subsidiary (including by the designation of a Subsidiary of the Company as an Unrestricted Subsidiary) and any amounts paid in accordance with clause (b) of the definition of “Indebtedness”; and

(d) the purchase, repurchase, redemption, acquisition or retirement for value, prior to the date for any scheduled maturity, sinking fund or amortization or other principal installment payment, of any Subordinated Indebtedness (other than (a) Indebtedness permitted under clause (c) of the definition of “Permitted Indebtedness” or (b) the purchase, repurchase, redemption, defeasance, or other

acquisition or retirement of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, amortization or principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement).

“**Restricted Period**” means the relevant 40-day “distribution compliance period” as such term is defined in Regulation S, which, for each relevant Note, commences on the date such Note is issued.

“**Restricted Subsidiary**” means any Subsidiary of the Company which is not an Unrestricted Subsidiary.

“**Revolving Credit Agreement**” means that certain Seventh Amended and Restated Credit Agreement dated as of March 7, 2008, as amended by Amendment No. 1 thereto dated May 16, 2008, among the Issuer, the Company, the Administrative Agent, and a syndicate of lenders, as may be amended, restated, renewed, modified, refunded, replaced, revised, restructured or refinanced in whole or in part from time to time, including to extend the maturity thereof, to increase the amount of commitments thereunder (*provided* that any such increase is permitted under Section 4.06, or to add Restricted Subsidiaries as additional borrowers or guarantors thereunder, whether by the same or any other agent, lender or group of lenders or investors and whether such revision, restructuring, amendment, restatement, refunding, renewal, modification, replacement or refinancing is under one or more credit facilities or commercial paper facilities, indentures or other agreements, in each case with banks or other institutional lenders or trustees or investors providing for revolving credit loans, term loans, notes or letters of credit, together with related documents thereto (including, without limitation, any guaranty agreements and security documents).

“**Rule 144A**” means Rule 144A under the Securities Act.

“**Rule 144A Certificate**” means a certificate substantially in the form of Exhibit F hereto.

“**Rule 144A Global Note**” means a Global Note that bears the Restricted Legend representing Notes issued, transferred or exchanged pursuant to Rule 144A.

“**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a New York corporation, or any successor to its debt rating business.

“**Second Lien Notes**” means the Issuer’s \$600 million 11¹/₂% Senior Secured Notes due May 1, 2013 issued under the Second Lien Notes Indenture.

“**Second Lien Notes Collateral Agent**” means the Second Lien Notes Trustee acting as the collateral agent for the holders of the Second-Priority Lien Obligations and any successor acting in such capacity.

“**Second Lien Notes Indenture**” means the indenture dated as of May 27, 2008, relating to the Second Lien Notes, among the Issuer, the Company, the guarantors party thereto and the Second Lien Notes Trustee.

“**Second Lien Notes Trustee**” means Wilmington Trust Company, a Delaware banking corporation (as successor to Deutsche Bank National Trust Company, a national banking association), acting as trustee for the Second Lien Notes, or any successor acting in such capacity.

“**Second-Priority Lien Obligations**” has the meaning ascribed to it in the definition of “Permitted Liens”.

“**Second-Priority Liens**” means all Liens that secure the Second-Priority Lien Obligations.

“**Securities Act**” means the Securities Act of 1933, as amended.

“**Security Documents**” means (i) the Intercreditor Agreement and (ii) the security documents granting a security interest in any assets of any Person to secure the Obligations under the Notes and the Guarantees as each may be amended, restated, supplemented or otherwise modified from time to time.

“**self-liquidating paper**” has the meaning ascribed to it in Section 7.03 hereof.

“**Significant Subsidiary**” means any Subsidiary of the Company which would constitute a “**significant subsidiary**” as defined in Rule 1-02(w)(1) or (2) of Regulation S-X under the Securities Act and the Exchange Act as in effect on the Issue Date.

“**Subordinated Indebtedness**” means Indebtedness subordinated in right of payment to the Notes pursuant to a written agreement and includes any Indebtedness ranking equally in right of payment to the Notes but unsecured or secured by the Collateral on a basis entirely junior to that of the Notes.

“**Subsidiary**” of any Person means any corporation or other entity of which a majority of the Capital Stock having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions is at the time directly or indirectly owned or controlled by such Person.

“**Successor**” has the meaning ascribed to it in Section 4.14 hereof.

“**Third-Priority Liens**” means all Liens that secure the Third-Priority Lien Obligations.

“**Third-Priority Lien Obligations**” means (i) all Indebtedness and other Obligations under the Indenture, the Notes, the Guarantees and the Security Documents and (ii) any other Indebtedness secured on a third-priority basis by the Collateral and the Obligations under the indenture under which such Indebtedness is issued, the guarantees thereof and the security documents related thereto.

“**Trustee**” means the party named as such in the preamble of this Indenture until such time, if any, a successor replaces such party in accordance with the applicable provisions of the Indenture and thereafter means the successor serving hereunder.

“**Trust Indenture Act**” or “**TIA**” means the Trust Indenture Act of 1939, as amended.

“**U.S. Government Obligations**” means non-callable, non-payable bonds, notes, bills or other similar obligations issued or guaranteed by the United States government or any agency thereof the full and timely payment of which are backed by the full faith and credit of the United States.

“**Unrestricted Subsidiary**” means any Subsidiary of the Company so designated by a resolution adopted by the Board of Directors of the Company or a duly authorized committee thereof as provided below; *provided*, that (a) the holders of Indebtedness thereof do not have direct or indirect recourse against the Company, the Issuer or any Restricted Subsidiary, and neither the Company, the Issuer nor any Restricted Subsidiary otherwise has liability for, any payment obligations in respect of such Indebtedness (including any undertaking, agreement or instrument evidencing such Indebtedness), except, in each case, to the extent that the amount thereof constitutes a Restricted Payment permitted by the Indenture, in the case of Non-Recourse Indebtedness, to the extent such recourse or liability is for the matters discussed in the last sentence of the definition of “Non-Recourse Indebtedness,” or to the extent such Indebtedness is a guarantee by such Subsidiary of Indebtedness of the Company, the Issuer or a Restricted Subsidiary and (b) no holder of any Indebtedness of such Subsidiary shall have a right to declare a default on such Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity as a result of a default on any Indebtedness of the Company, the Issuer or any Restricted Subsidiary. As of the Issue Date, the Unrestricted Subsidiaries will be the subsidiaries of the Company named in Exhibit J hereto.

Subject to the foregoing, the Board of Directors of the Company or a duly authorized committee thereof may designate any Subsidiary in addition to those named above to be an Unrestricted Subsidiary; *provided, however*, that (a) the net

amount (the “**Designation Amount**”) then outstanding of all previous Investments by the Company and the Restricted Subsidiaries in such Subsidiary will be deemed to be a Restricted Payment at the time of such designation and will reduce the amount available for Restricted Payments under Section 4.07 hereof to the extent provided therein, (b) the Company must be permitted under Section 4.07 hereof to make the Restricted Payment deemed to have been made pursuant to clause (a) of this paragraph, and (c) after giving effect to such designation, no Default or Event of Default shall have occurred or be continuing. In accordance with the foregoing, and not in limitation thereof, Investments made by any Person in any Subsidiary of such Person prior to such Person’s merger with the Company or any Restricted Subsidiary (but not in contemplation or anticipation of such merger) shall not be counted as an Investment by the Company or such Restricted Subsidiary if such Subsidiary of such Person is designated as an Unrestricted Subsidiary.

The Board of Directors of the Company or a duly authorized committee thereof may also redesignate an Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however*, that (a) the Indebtedness of such Unrestricted Subsidiary as of the date of such redesignation could then be incurred under Section 4.06 hereof and (b) immediately after giving effect to such redesignation and the incurrence of any such additional Indebtedness, the Company and the Restricted Subsidiaries could incur \$1.00 of additional Indebtedness under Section 4.06(a) hereof. Any such designation or redesignation by the Board of Directors of the Company or a committee thereof will be evidenced to the Trustee by the filing with the Trustee of a certified copy of the resolution of the Board of Directors of the Company or a committee thereof giving effect to such designation or redesignation and an Officers’ Certificate certifying that such designation or redesignation complied with the foregoing conditions and setting forth the underlying calculations of such Officers’ Certificate. The designation of any Person as an Unrestricted Subsidiary shall be deemed to include a designation of all Subsidiaries of such Person as Unrestricted Subsidiaries; *provided, however*, that the ownership of the general partnership interest (or a similar member’s interest in a limited liability company) by an Unrestricted Subsidiary shall not cause a Subsidiary of the Company of which more than 95% of the equity interest is held by the Company or one or more Restricted Subsidiaries to be deemed an Unrestricted Subsidiary.

“**Weighted Average Life to Maturity**” means, when applied to any Indebtedness or portion thereof at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including, without limitation, payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (b) the sum of all such payments described in clause (a)(i) of this definition.

“\$” means U.S. dollars.

Section 1.02. *Rules of Construction.* Unless the context otherwise requires or except as otherwise expressly provided,

(a) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(b) “herein,” “hereof” and other words of similar import refer to the Indenture as a whole and not to any particular Section, Article other subdivision;

(c) all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to this Indenture unless otherwise indicated;

(d) references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended from time to time (or to successor statutes and regulations); and

(e) in the event that a transaction meets the criteria of more than one category of permitted transactions or listed exceptions, the Issuer may classify such transaction as it, in its sole discretion, determines.

ARTICLE 2

THE NOTES

Section 2.01. *Form, Dating and Denominations; Legends.* (a) The Notes and the Trustee’s certificate of authentication will be substantially in the form attached as Exhibit A. The terms and provisions contained in the form of the Note annexed as Exhibit A constitute and are hereby expressly made a part of the Indenture. The Notes may have notations, legends or endorsements required by this Indenture, law, rules of or agreements with national securities exchanges to which the Issuer is subject, or usage. Each Note will be dated the date of its authentication. The Notes will be issuable in denominations of \$2,000 in principal amount and any multiple of \$1,000 in excess thereof (and in any multiple of \$1.00 principal amount in excess of \$2,000 principal amount or any multiple of \$1,000 principal amount, if the Issuer has elected to issue Notes in such denominations pursuant to Section 2.02).

(b) (i) Except as otherwise provided in clause (c) of this Section 2.01, Section 2.09(b)(iv), Section 2.10(b)(iii), Section 2.10(b)(v), or Section 2.10(c), each Initial Note or Initial Additional Note will bear the Restricted Legend.

(ii) Each Global Note, whether or not an Original Note or Additional Note, will bear the DTC Legend.

(iii) Each Regulation S Temporary Global Note will bear the Regulation S Temporary Global Note Legend.

(iv) Initial Notes and Initial Additional Notes offered and sold (or issued in an exchange transaction) in reliance on Regulation S will be issued as provided in Section 2.11(a).

(v) Initial Notes and Initial Additional Notes offered and sold (or issued in an exchange transaction) in reliance on any exception under the Securities Act other than Regulation S and Rule 144A will be issued, and upon the request of the Issuer to the Trustee, Initial Notes and Initial Additional Notes offered and sold (or issued in an exchange transaction) in reliance on Rule 144A may be issued, in the form of Certificated Notes.

(vi) Exchange Notes will be issued, subject to Section 2.09(b), in the form of one or more Global Notes.

(c) (i) If the Issuer determines (upon the advice of counsel and after consideration of other certifications and evidence as the Issuer may reasonably require) that a Note is eligible for resale pursuant to Rule 144 under the Securities Act (or a successor provision) without being subject to any conditions as provided in such Rule and that the Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of the Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(ii) after an Initial Note or any Initial Additional Note is

(A) sold pursuant to an effective registration statement under the Securities Act, filed pursuant to a Registration Rights Agreement or otherwise,
or

(B) is validly tendered for an Exchange Note pursuant to an Exchange Offer

then, the Issuer may instruct the Trustee to cancel the Note and issue to the Holder thereof (or to its transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear the Restricted Legend, and the Trustee will comply with such instruction.

(d) By its acceptance of any Note bearing the Restricted Legend (or any beneficial interest in such a Note), each Holder thereof and each owner of a beneficial interest therein acknowledges the restrictions on transfer of such Note (and any such beneficial interest) set forth in this Indenture and in the Restricted Legend and agrees that it will transfer such Note (and any such beneficial interest) only in accordance with the Indenture and such legend.

Section 2.02. *Execution and Authentication; Exchange Notes; Additional Notes.* (a) An Officer shall execute the Notes for the Issuer by facsimile or manual signature in the name and on behalf of the Issuer. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note will still be valid.

(b) A Note will not be valid until the Trustee manually signs the certificate of authentication on the Note, with the signature conclusive evidence that the Note has been authenticated under the Indenture.

(c) At any time and from time to time after the execution and delivery of the Indenture, the Issuer may deliver Notes executed by the Issuer to the Trustee for authentication. The Trustee will authenticate and deliver:

- (i) Initial Notes for original issue in the aggregate principal amount not to exceed \$29,299,000,
- (ii) Initial Additional Notes from time to time for original issue in the aggregate principal amounts specified by the Issuer, and
- (iii) Exchange Notes from time to time for issue in exchange for a like principal amount of Initial Notes or Initial Additional Notes

after the following conditions have been met:

(A) Receipt by the Trustee of a certificate, executed by an Officer specifying

- (1) the amount of Notes to be authenticated and the date on which the Notes are to be authenticated,
- (2) whether the Notes are to be Initial Notes, Initial Additional Notes or Exchange Notes,
- (3) in the case of Initial Additional Notes, that the issuance of such Notes does not contravene any provision of Article 4,
- (4) whether the Notes are to be issued as one or more Global Notes or Certificated Notes,
- (5) whether the Notes are to be issued in denominations of \$1.00 in excess of \$2,000 principal amount or any multiple of \$1,000 in excess thereof; and

(6) other information the Issuer may determine to include or the Trustee may reasonably request.

(B) In the case of Initial Additional Notes, receipt by the Senior Trustee of an Opinion of Counsel confirming that the Holders of the outstanding Notes will be subject to federal income tax in the same amounts, in the same manner and at the same times as would have been the case if such Initial Additional Notes were not issued.

(C) In the case of Exchange Notes, effectiveness of an Exchange Offer Registration Statement and Consummation (as defined in the applicable Registration Rights Agreement) of the exchange offer thereunder (and receipt by the Trustee of an Officers' Certificate to that effect). Initial Notes or Initial Additional Notes exchanged for Exchange Notes will be cancelled by the Trustee, who will dispose of them in accordance with its normal procedures or the written instructions of the Issuer.

Section 2.03. *Registrar, Paying Agent and Authenticating Agent; Paying Agent to Hold Money in Trust.* (a) The Issuer may appoint one or more Registrars and one or more Paying Agents, and the Trustee may appoint an Authenticating Agent, in which case each reference in the Indenture to the Trustee in respect of the obligations of the Trustee to be performed by that Agent will be deemed to be references to the Agent. The Issuer may act as Registrar or (except for purposes of Article 8) Paying Agent. In each case, the Issuer and the Trustee will enter into an appropriate agreement with the Agent implementing the provisions of the Indenture relating to the obligations of the Trustee to be performed by the Agent and the related rights.

(b) The Issuer will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, and interest and Additional Interest, if any, on, the Notes and will promptly notify the Trustee of any default by the Issuer in making any such payment. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds disbursed, and the Trustee may at any time during the continuance of any payment default, upon written request to a Paying Agent, require the Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon doing so, the Paying Agent will have no further liability for the money so paid over to the Trustee.

Section 2.04. *Replacement Notes*. If a mutilated Note is surrendered to the Trustee or if a Holder claims that its Note has been lost, destroyed or wrongfully taken, the Issuer will issue and the Trustee will authenticate a replacement Note of like tenor and principal amount and bearing a number not contemporaneously outstanding. Every replacement Note is an additional obligation of the Issuer and entitled to the benefits of the Indenture. If required by the Trustee or the Issuer, an indemnity must be furnished that is sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer and the Trustee from any loss they may suffer if a Note is replaced. The Issuer may charge the Holder for the expenses of the Issuer and the Trustee in replacing a Note. In case the mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuer in its discretion may pay the Note instead of issuing a replacement Note.

Section 2.05. *Outstanding Notes*. (a) Notes outstanding at any time are all Notes that have been authenticated by the Trustee except for:

(i) Notes cancelled by the Trustee or delivered to it for cancellation;

(ii) any Note which has been replaced pursuant to Section 2.04 unless and until the Trustee and the Issuer receive proof satisfactory to them that the replaced Note is held by a protected purchaser; and

(iii) on or after the maturity date or any redemption date or date for purchase of the Notes pursuant to an Offer to Purchase, those Notes payable or to be redeemed or purchased on that date for which the Trustee (or Paying Agent, other than the Issuer or an Affiliate of the Issuer) holds money sufficient to pay all amounts then due.

(b) A Note does not cease to be outstanding because the Issuer or one of its Affiliates holds the Note; *provided*, that in determining whether the Holders of the requisite principal amount of the outstanding Notes have given or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder, Notes owned by the Issuer or any Affiliate of the Issuer will be disregarded and deemed not to be outstanding (it being understood that in determining whether the Trustee is protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Notes which a Responsible Officer of the Trustee knows to be so owned will be so disregarded). Notes so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer or any Affiliate of the Issuer.

Section 2.06. *Temporary Notes.* Until definitive Notes are ready for delivery, the Issuer may prepare and the Trustee will authenticate temporary Notes. Temporary Notes will be substantially in the form of definitive Notes but may have insertions, substitutions, omissions and other variations determined to be appropriate by the Officer executing the temporary Notes, as evidenced by the execution of the temporary Notes. If temporary Notes are issued, the Issuer will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes will be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Issuer designated for the purpose pursuant to Section 4.02 without charge to the Holder. Upon surrender for cancellation of any temporary Notes, the Issuer will execute and the Trustee will authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes will be entitled to the same benefits under the Indenture as definitive Notes.

Section 2.07. *Cancellation.* The Issuer at any time may deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and may deliver to the Trustee for cancellation any Notes previously authenticated hereunder which the Issuer has not issued and sold. Any Registrar or the Paying Agent will forward to the Trustee any Notes surrendered to it for transfer, exchange or payment. The Trustee will cancel all Notes surrendered for transfer, exchange, payment or cancellation and dispose of them in accordance with its normal procedures or the written instructions of the Issuer. The Issuer may not issue new Notes to replace Notes that it has paid in full or delivered to the Trustee for cancellation, except for Exchange Notes.

Section 2.08. *CUSIP and ISIN Numbers.* The Issuer in issuing the Notes may use “CUSIP” and “ISIN” numbers, and the Trustee will use CUSIP numbers or ISIN numbers in notices of redemption or exchange or in Offers to Purchase as a convenience to Holders, the notice to state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption or exchange or Offer to Purchase. The Issuer will promptly notify the Trustee in writing of any change in the CUSIP or ISIN numbers.

Section 2.09. *Registration, Transfer and Exchange.* (a) The Notes will be issued in registered form only, without coupons, and the Issuer shall cause the Trustee to maintain a register (the “**Register**”) of the Notes, for registering the record ownership of the Notes by the Holders and transfers and exchanges of the Notes.

(b) (i) Each Global Note will be registered in the name of the Depository or its nominee and, so long as DTC is serving as the Depository thereof, will bear the DTC Legend.

(ii) Each Global Note will be delivered to the Trustee as custodian for the Depository. Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to the Depository, its successors or their respective nominees, except (A) as set forth in Section 2.09(b)(iv) and (B) transfers of portions thereof in the form of Certificated Notes may be made upon request of an Agent Member (for itself or on behalf of a beneficial owner) by 20 days' prior written notice given to the Trustee by or on behalf of the Depository in accordance with customary procedures of the Depository and in compliance with this Section and Section 2.10.

(iii) Agent Members will have no rights under the Indenture with respect to any Global Note held on their behalf by the Depository, and the Depository may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner and Holder of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, the Depository or its nominee may grant proxies and otherwise authorize any Person (including any Agent Member and any Person that holds a beneficial interest in a Global Note through an Agent Member) to take any action which a Holder is entitled to take under the Indenture or the Notes, and nothing herein will impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any security.

(iv) If (x) the Depository (i) notifies the Issuer that it is unwilling or unable to continue as Depository for a Global Note and a successor depository is not appointed by the Issuer within 90 days of the notice or (ii) has ceased to be a clearing agency registered under the Exchange Act, (y) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of Certificated Notes or (z) a Default or an Event of Default with respect to the Notes has occurred and is continuing, the Trustee will promptly exchange each beneficial interest in the Global Note for one or more Certificated Notes in authorized denominations having an equal aggregate principal amount registered in the name of the owner of such beneficial interest, as identified to the Trustee by the Depository, and thereupon the Global Note will be deemed canceled. If such Note does not bear the Restricted Legend, then the Certificated Notes issued in exchange therefor will not bear the Restricted Legend. If such Note bears the Restricted Legend, then the Certificated Notes issued in exchange therefor will bear the Restricted Legend; *provided*, that any Holder of any such Certificated Note issued in

exchange for a beneficial interest in a Regulation S Temporary Global Note will have the right upon presentation to the Trustee of a duly completed Certificate of Beneficial Ownership after the Restricted Period to exchange such Certificated Note for a Certificated Note of like tenor and amount that does not bear the Restricted Legend, registered in the name of such Holder.

(c) Each Certificated Note will be registered in the name of the holder thereof or its nominee.

(d) A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Trustee a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by Section 2.10. The Trustee will promptly register any transfer or exchange that meets the requirements of this Section and Section 2.10 noting the same in the register maintained by the Trustee for the purpose; *provided*, that

(i) no transfer or exchange will be effective until it is registered in such register, and

(ii) the Trustee will not be required (x) to issue, register the transfer of or exchange any Note for a period of 15 days before a selection of Notes to be redeemed or purchased pursuant to an Offer to Purchase, (y) to register the transfer of or exchange any Note so selected for redemption or purchase in whole or in part, except, in the case of a partial redemption or purchase, that portion of any Note not being redeemed or purchased, or (z) if a redemption or a purchase pursuant to an Offer to Purchase is to occur after a Record Date but on or before the corresponding Interest Payment Date, to register the transfer of or exchange any Note on or after the Record Date and before the date of redemption or purchase. Prior to the registration of any transfer, the Issuer, the Trustee and their agents will treat the Person in whose name the Note is registered as the owner and Holder thereof for all purposes (whether or not the Note is overdue), and will not be affected by notice to the contrary.

From time to time the Issuer will execute and the Trustee will authenticate additional Notes as necessary in order to permit the registration of a transfer or exchange in accordance with this Section.

No service charge will be imposed in connection with any transfer or exchange of any Note, but the Issuer or the Trustee may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in

connection therewith (other than a transfer tax or other similar governmental charge payable upon exchange pursuant to subsection (b)(iv)).

(e) (i) *Global Note to Global Note*. If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Trustee will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(ii) *Global Note to Certificated Note*. If a beneficial interest in a Global Note is transferred or exchanged for a Certificated Note, the Trustee will (x) record a decrease in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (y) deliver one or more new Certificated Notes in authorized denominations having an equal aggregate principal amount to the transferee (in the case of a transfer) or the owner of such beneficial interest (in the case of an exchange), registered in the name of such transferee or owner, as applicable.

(iii) *Certificated Note to Global Note*. If a Certificated Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Certificated Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more new Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

(iv) *Certificated Note to Certificated Note*. If a Certificated Note is transferred or exchanged for another Certificated Note, the Trustee will (x) cancel the Certificated Note being transferred or exchanged, (y) deliver one or more new Certificated Notes in authorized denominations having an aggregate principal amount equal to the principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the

Holder of the canceled Certificated Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

Section 2.10. *Restrictions on Transfer and Exchange.* (a) The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section and Section 2.09 and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of the Depository. The Trustee shall refuse to register any requested transfer or exchange that does not comply with the preceding sentence.

(b) Subject to paragraph (c) of this Section, the transfer or exchange of any Note (or a beneficial interest therein) of the type set forth in column A below for a Note (or a beneficial interest therein) of the type set forth opposite in column B below may only be made in compliance with the certification requirements (if any) described in the clause of this paragraph set forth opposite in column C below.

<i>A</i>	<i>B</i>	<i>C</i>
Rule 144A Global Note	Rule 144A Global Note	(i)
Rule 144A Global Note	Regulation S Global Note	(ii)
Rule 144A Global Note	Certificated Note	(iii)
Regulation S Global Note	Rule 144A Global Note	(iv)
Regulation S Global Note	Regulation S Global Note	(i)
Regulation S Global Note	Certificated Note	(v)
Certificated Note	Rule 144A Global Note	(iv)
Certificated Note	Regulation S Global Note	(ii)
Certificated Note	Certificated Note	(iii)

(i) No certification is required.

(ii) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Regulation S Certificate; *provided*, that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear the Restricted Legend, then no certification is required.

(iii) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee (x) a duly completed Rule 144A Certificate, (y) a duly completed Regulation S Certificate or (z) a duly completed Institutional Accredited Investor Certificate, and/or an

opinion of counsel and such other certifications and evidence as the Issuer or the Trustee may reasonably require in order to determine that the proposed transfer or exchange is being made in compliance with the Securities Act and any applicable securities laws of any state of the United States; *provided*, that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear the Restricted Legend, then no certification is required. In the event that a Rule 144A Global Note or a Certificated Note that does not bear the Restricted Legend is surrendered for transfer or exchange, upon transfer or exchange the Trustee will deliver a Certificated Note that does not bear the Restricted Legend.

(iv) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Rule 144A Certificate and must comply with all applicable securities laws of any state of the United States or any other jurisdiction.

(v) If the requested transfer involves a beneficial interest in a Regulation S Temporary Global Note, the Person requesting the registration of transfer must deliver or cause to be delivered to the Trustee (x) a duly completed Rule 144A Certificate or (y) a duly completed Institutional Accredited Investor Certificate and/or an opinion of counsel and such other certifications and evidence as the Issuer or the Trustee may reasonably require in order to determine that the proposed transfer is being made in compliance with the Securities Act and any applicable securities laws of any state of the United States. If the requested transfer or exchange involves a beneficial interest in a Permanent Regulation S Global Note, no certification is required and the Trustee will deliver a Certificated Note that does not bear the Restricted Legend. Notwithstanding anything to the contrary contained herein, no such exchange is permitted if the requested exchange involves a beneficial interest in a Regulation S Temporary Global Note.

(c) No certification is required in connection with any transfer or exchange of any Note (or a beneficial interest therein)

(i) after such Note is eligible for resale pursuant to Rule 144 under the Securities Act (or a successor provision) without being subject to any conditions as provided in such Rule; *provided*, that the Issuer has provided the Trustee with a certificate to that effect, and the Issuer or the Trustee may require from any Person requesting a transfer or exchange in reliance upon this clause (i) an opinion of counsel and any other reasonable certifications and evidence in order to support such certificate; or

(ii) (A) sold pursuant to an effective registration statement under the Securities Act, filed pursuant to a Registration Rights Agreement or otherwise or (B) which is validly tendered for exchange into an Exchange Note pursuant to an Exchange Offer.

Any Certificated Note delivered in reliance upon this paragraph will not bear the Restricted Legend.

(d) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the registration of transfer or exchange of a Note (or a beneficial interest therein), and the Issuer will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

Section 2.11. *Regulation S Temporary Global Notes.* (a) Each Initial Note and Initial Additional Note originally sold (or issued in an exchange transaction) in reliance upon Regulation S will be evidenced by one or more Regulation S Global Notes that bear the Regulation S Temporary Global Note Legend.

(b) An owner of a beneficial interest in a Regulation S Temporary Global Note (or a Person acting on behalf of such an owner) may provide to the Trustee (and the Trustee will accept) a duly completed Certificate of Beneficial Ownership at any time after the Restricted Period (it being understood that the Trustee will not accept any such certificate during the Restricted Period). Promptly after acceptance of a Certificate of Beneficial Ownership with respect to such a beneficial interest, the Trustee will cause such beneficial interest to be exchanged for an equivalent beneficial interest in a Permanent Regulation S Global Note, and will (x) permanently reduce the principal amount of such Regulation S Temporary Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Regulation S Global Note by the amount of such beneficial interest.

(c) Notwithstanding anything to the contrary contained herein, beneficial interests in a Regulation S Temporary Global Note may be held through the Depository only through Euroclear or Clearstream and their respective direct and indirect participants.

(d) Notwithstanding paragraph (b), if after the Restricted Period any Initial Purchaser owns a beneficial interest in a Regulation S Temporary Global Note, such Initial Purchaser may, upon written request to the Trustee accompanied by a certification as to its status as an Initial Purchaser, exchange such beneficial interest for an equivalent beneficial interest in a Permanent Regulation S Global Note, and the Trustee will comply with such request and will (x) permanently reduce the principal amount of such Regulation S Temporary

Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Regulation S Global Note by the amount of such beneficial interest.

ARTICLE 3
REDEMPTION; OFFER TO PURCHASE

Section 3.01. *Optional Redemption.* At any time and from time to time on or after May 1, 2011, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Interest thereon, if any, to the applicable redemption date.

Year	Percentage
May 1, 2011	102%
November 1, 2011	101%
November 1, 2012	100%

Section 3.02. *Redemption with Proceeds of Equity Offering.* At any time and from time to time prior to May 1, 2011, the Issuer may redeem Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 118.0% of the principal amount plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 35% of the original aggregate principal amount of the Notes, *provided that*:

- (i) in each case the redemption takes place not later than 60 days after the closing of the related Equity Offering, and
- (ii) not less than 65% of the original aggregate principal amount of the Notes remains outstanding immediately thereafter.

Section 3.03. *Sinking Fund; Mandatory Redemption.* There is no sinking fund for, or mandatory redemption of, the Notes.

Section 3.04. *Method and Effect of Redemption.* (a) If the Issuer elects to redeem Notes, it must notify the Trustee of the redemption date and the principal amount of Notes to be redeemed by delivering an Officers' Certificate at least 45 days before the redemption date (unless a shorter period is satisfactory to the Trustee). If fewer than all of the Notes are being redeemed, the Officers' Certificate must also specify a record date not less than 15 days after the date of the notice of redemption is given to the Trustee, and the Trustee will select the Notes to be redeemed *pro rata*, or as nearly a *pro rata* basis as is practicable (subject to the procedures of DTC), unless such method is otherwise prohibited, in which case, by lot or by any other method the Trustee in its sole discretion deems

fair and appropriate, in denominations of \$2,000 principal amount or any multiple of \$1,000 in excess thereof (and in any multiple of \$1.00 principal amount in excess of \$2,000 principal amount or any multiple of \$1,000 principal amount, if the Issuer has elected to issue Notes in such denominations pursuant to Section 2.02). The Trustee will notify the Issuer promptly of the Notes or portions of Notes to be called for redemption. Notice of redemption must be sent by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer to Holders whose Notes are to be redeemed at least 30 days but not more than 60 days before the redemption date. Notices of redemption may not be conditional.

(b) The notice of redemption will identify the Notes to be redeemed and will include or state the following:

(i) the redemption date;

(ii) the redemption price, including the portion thereof representing any accrued interest or Additional Interest, if any;

(iii) the place or places where Notes are to be surrendered for redemption (Notes called for redemption must be so surrendered in order to collect the redemption price);

(iv) that on the redemption date, the redemption price will become due and payable on Notes called for redemption, and interest on Notes called for redemption will cease to accrue on and after the redemption date;

(v) that if any Note is redeemed in part, the portion of the principal amount thereof to be redeemed, and that on and after the redemption date, upon surrender of such Note, new Notes equal in principal amount to the unredeemed portion will be issued; and

(vi) if any Note contains a CUSIP or ISIN number, no representation is being made as to the correctness of the CUSIP or ISIN number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

(c) Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and upon surrender of the Notes called for redemption, the Issuer shall redeem such Notes at the redemption price. Commencing on the redemption date, Notes redeemed will cease to accrue interest. Upon surrender of any Note redeemed in part, the Holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note.

Section 3.05. *Offer to Purchase.* (a) An “**Offer to Purchase**” means an offer by the Issuer to purchase Notes as required by the Indenture. An Offer to Purchase must be made by written offer (the “**offer**”) sent to the Holders. The Issuer will notify the Trustee at least 15 days (or such shorter period as is acceptable to the Trustee) prior to sending the offer to Holders of its obligation to make an Offer to Purchase, and the offer will be sent by the Issuer or, at the Issuer’s request, by the Trustee in the name and at the expense of the Issuer.

(b) The offer must include or state the following as to the terms of the Offer to Purchase:

(i) the provision of the Indenture pursuant to which the Offer to Purchase is being made;

(ii) the aggregate principal amount of the outstanding Notes offered to be purchased by the Issuer pursuant to the Offer to Purchase (including, if less than 100%, the manner by which such amount has been determined pursuant to the Indenture) (the “**purchase amount**”);

(iii) the purchase price, including the portion thereof representing accrued interest and Additional Interest, if any;

(iv) an expiration date (the “**expiration date**”) not less than 30 days or more than 60 days after the date of the offer, and a settlement date for purchase (the “**purchase date**”) not more than five Business Days after the expiration date;

(v) information concerning the business of the Company, the Issuer and its Subsidiaries which the Issuer in good faith believes will enable the Holders to make an informed decision with respect to the Offer to Purchase, at a minimum to include:

(A) the most recent annual and quarterly financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the Company,

(B) a description of material developments in the Company’s business subsequent to the date of the latest of the financial statements (including a description of the events requiring the Issuer to make the Offer to Purchase), and

(C) if applicable, appropriate *pro forma* financial information concerning the Offer to Purchase and the events requiring the Issuer to make the Offer to Purchase;

(vi) a Holder may tender all or any portion of its Notes, subject to the requirement that any portion of a Note tendered must be in denominations of \$2,000 principal amount and any multiple of \$1,000 in excess thereof (and in any multiple of \$1.00 principal amount in excess of \$2,000 principal amount or any multiple of \$1,000 principal amount, if the Issuer has elected to issue Notes in such denominations pursuant to Section 2.02);

(vii) the place or places where Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(viii) each Holder electing to tender a Note pursuant to the offer will be required to surrender such Note at the place or places specified in the offer prior to the close of business on the expiration date (such Note being, if the Issuer or the Trustee so requires, duly endorsed or accompanied by a duly executed written instrument of transfer);

(ix) interest on any Note not tendered, or tendered but not purchased by the Issuer pursuant to the Offer to Purchase, will continue to accrue;

(x) on the purchase date the purchase price will become due and payable on each Note accepted for purchase, and interest on Notes purchased will cease to accrue on and after the purchase date;

(xi) Holders are entitled to withdraw Notes tendered by giving notice, which must be received by the Issuer or the Trustee not later than the close of business on the expiration date, setting forth the name of the Holder, the principal amount of the tendered Notes, the certificate number of the tendered Notes and a statement that the Holder is withdrawing all or a portion of the tender;

(xii) (A) if Notes in an aggregate principal amount less than or equal to the purchase amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Issuer will purchase all such Notes, and (B) if the Offer to Purchase is for less than all of the outstanding Notes and Notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, the Issuer will purchase Notes having an aggregate principal amount equal to the purchase amount on a *pro rata* basis, with adjustments so that only Notes in denominations of \$2,000 principal amount and any multiples of \$1,000 in excess thereof (and in any multiple of \$1.00 principal amount in excess of \$2,000 principal amount or any multiple of \$1,000 principal amount, if the Issuer has elected to issue Notes in such denominations pursuant to Section 2.02);

(xiii) if any Note is purchased in part, new Notes equal in principal amount to the unpurchased portion of the Note will be issued; and

(xiv) if any Note contains a CUSIP or ISIN number, no representation is being made as to the correctness of the CUSIP or ISIN number either as printed on the Notes or as contained in the offer and that the Holder should rely only on the other identification numbers printed on the Notes.

(c) Prior to the purchase date, the Issuer will accept tendered Notes for purchase as required by the Offer to Purchase and deliver to the Trustee all Notes so accepted together with an Officers' Certificate specifying which Notes have been accepted for purchase. On the purchase date, the purchase price will become due and payable on each Note accepted for purchase, and interest on Notes purchased will cease to accrue on and after the purchase date. The Trustee will promptly return to Holders any Notes not accepted for purchase and send to Holders new Notes equal in principal amount to any unpurchased portion of any Notes accepted for purchase in part.

(d) The Issuer will comply with Rule 14e-1 under the Exchange Act and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

ARTICLE 4

COVENANTS

Section 4.01. *Payment of Notes.* (a) The Issuer agrees to pay the principal of, premium, if any, and interest and Additional Interest, if any, on the Notes on the dates and in the manner provided in the Notes and the Indenture. The Issuer shall pay Additional Interest, if any, in the amounts set forth in the applicable Registration Rights Agreement. Not later than 9:00 A.M. (New York City time) on the due date of any principal of, premium, if any, or interest and Additional Interest, if any, on, any Notes, or any redemption or purchase price of the Notes, the Issuer will deposit with the Trustee (or Paying Agent) money in immediately available funds sufficient to pay such amounts; *provided*, that if the Issuer or any Affiliate of the Issuer is acting as Paying Agent, it will, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in the Indenture. In each case, the Issuer will promptly notify the Trustee of its compliance with this paragraph.

(b) An installment of principal, premium, if any, or interest and Additional Interest, if any, will be considered paid on the date due if the Trustee (or Paying Agent, other than the Issuer or any Affiliate of the Issuer) holds on that

date money designated for and sufficient to pay the installment. If the Issuer or any Affiliate of the Issuer acts as Paying Agent, an installment of principal, premium, if any, or interest and Additional Interest, if any, will be considered paid on the due date only if paid to the Holders.

(c) The Issuer agrees to pay interest on overdue principal, and, to the extent lawful, overdue installments of interest and Additional Interest, if any, at the rate per annum specified in the Notes.

(d) Payments in respect of the Notes represented by the Global Notes are to be made by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes. With respect to Certificated Notes, the Issuer will make all payments by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each Holder's registered address.

Section 4.02. *Maintenance of Office or Agency.* The Company and the Issuer will maintain an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company and the Issuer in respect of the Notes and the Indenture may be served. The Issuer and the Company hereby initially designate the Corporate Trust Office of the Trustee as such office of the Issuer and the Company. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer and the Company fail to maintain any such required office or agency or fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served to the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 4.03. *Existence.* The Company and the Issuer will each do or cause to be done all things necessary to preserve and keep in full force and effect their existence and the existence of each of the Restricted Subsidiaries in accordance with their respective organizational documents, and the material rights, licenses and franchises of the Company, the Issuer and each Restricted Subsidiary; *provided*, that the Company and the Issuer are not required to preserve any such right, license or franchise, or the existence of any Restricted Subsidiary, if the maintenance or preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries taken as a

whole; and *provided, further*, that this Section not prohibit any transaction otherwise permitted by Section 4.10 or Section 4.14.

Section 4.04. *Payment of Taxes and Other Claims.* The Company will pay or discharge, and cause each of its Subsidiaries to pay or discharge before the same become delinquent (a) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or its income or profits or property, and (b) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of the Company or any Subsidiary, other than any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established.

Section 4.05. *Maintenance of Properties and Insurance.* (a) The Company will cause all properties used or useful in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order as in the judgment of the Company may be necessary so that the business of the Company and its Restricted Subsidiaries may be properly and advantageously conducted at all times; *provided*, that nothing in this Section prevents the Company or any Restricted Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Company, desirable in the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole.

(b) The Company will provide or cause to be provided, for itself and its Restricted Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by corporations similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers, in such amounts, with such deductibles and by such methods as are customary for corporations similarly situated in the industry in which the Company and its Restricted Subsidiaries are then conducting business.

Section 4.06. *Limitations on Indebtedness.* (a) The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary, directly or indirectly, to create, incur, assume, become liable for or guarantee the payment of (collectively, an “**incurrence**”) any Indebtedness (including Acquired Indebtedness) unless, after giving effect thereto and the application of the proceeds therefrom, the Consolidated Fixed Charge Coverage Ratio on the date thereof would be at least 2.0 to 1.0.

(b) Notwithstanding the foregoing, the provisions of the Indenture will not prevent the incurrence of:

- (i) Permitted Indebtedness,
- (ii) Refinancing Indebtedness,
- (iii) Non-Recourse Indebtedness,
- (iv) any Guarantee of Indebtedness represented by the Notes, and
- (v) any guarantee of Indebtedness incurred under Credit Facilities in compliance with the Indenture.

(c) For purposes of determining compliance with this covenant, in the event that an item of Indebtedness may be incurred through the first paragraph of this covenant or by meeting the criteria of one or more of the types of Indebtedness described in the second paragraph of this covenant (or the definitions of the terms used therein), the Company, in its sole discretion,

- (i) may classify such item of Indebtedness under and comply with either of such paragraphs (or any of such definitions), as applicable,
- (ii) may classify and divide such item of Indebtedness into more than one of such paragraphs (or definitions), as applicable, and
- (iii) may elect to comply with such paragraphs (or definitions), as applicable, in any order.

(d) The Company and the Issuer will not, and will not cause or permit any Guarantor to, directly or indirectly, in any event incur any Indebtedness that purports to be by its terms (or by the terms of any agreement governing such Indebtedness) subordinated to any other Indebtedness of the Company or of such Guarantor, as the case may be, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinated to the Notes or the Guarantee of such Guarantor, as the case may be, to the same extent and in the same manner as such Indebtedness is subordinated to such other Indebtedness of the Company or such Guarantor, as the case may be.

Section 4.07. *Limitations on Restricted Payments.* (a) The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, make any Restricted Payment unless:

- (i) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Restricted Payment;

(ii) immediately after giving effect to such Restricted Payment, the Company could incur at least \$1.00 of Indebtedness pursuant to Section 4.06(a) hereof; and

(iii) immediately after giving effect to such Restricted Payment, the aggregate amount of all Restricted Payments (including the Fair Market Value of any non-cash Restricted Payment) declared or made on or after the Issue Date does not exceed the sum of:

(A) 50% of the Consolidated Net Income of the Company on a cumulative basis during the period (taken as one accounting period) from and including November 1, 2008 and ending on the last day of the Company's fiscal quarter immediately preceding the date of such Restricted Payment (or in the event such Consolidated Net Income shall be a deficit, minus 100% of such deficit), *plus*

(B) 100% of the aggregate net cash proceeds of and the Fair Market Value of Property received by the Company from (1) any capital contribution to the Company after the Issue Date or any issue or sale after the Issue Date of Qualified Stock (other than (x) to any Subsidiary of the Company or (y) any Excluded Contribution) and (2) the issue or sale after the Issue Date of any Indebtedness or other securities of the Company convertible into or exercisable for Qualified Stock of the Company that have been so converted or exercised, as the case may be, *plus*

(C) in the case of the disposition or repayment of any Investment constituting a Restricted Payment (or if the Investment was made prior to the Issue Date, that would have constituted a Restricted Payment if made after the Issue Date, if such disposition or repayment results in cash received by the Company, the Issuer or any Restricted Subsidiary), an amount (to the extent not included in the calculation of Consolidated Net Income referred to in (A)) equal to the lesser of (x) the return of capital with respect to such Investment (including by dividend, distribution or sale of Capital Stock) and (y) the amount of such Investment that was treated (or would have been treated when made) as a Restricted Payment, in either case, less the cost of the disposition or repayment of such Investment (to the extent not included in the calculation of Consolidated Net Income referred to in (A)), *plus*

(D) with respect to any Unrestricted Subsidiary that is redesignated as a Restricted Subsidiary after the Issue Date, in

accordance with the definition of “Unrestricted Subsidiary” (so long as the designation of such Subsidiary as an Unrestricted Subsidiary was treated as a Restricted Payment made after the Issue Date, and only to the extent not included in the calculation of Consolidated Net Income referred to in (A)), an amount equal to the lesser of (x) the proportionate interest of the Company or a Restricted Subsidiary in an amount equal to the excess of (I) the total assets of such Subsidiary, valued on an aggregate basis at the lesser of book value and Fair Market Value thereof, over (II) the total liabilities of such Subsidiary, determined in accordance with GAAP, and (y) the Designation Amount at the time of such Subsidiary’s designation as an Unrestricted Subsidiary.

(b) clauses (ii) and (iii) of Section 4.07(a) will not prohibit:

(i) the payment of any dividend within 60 days of its declaration if such dividend could have been made on the date of its declaration without violation of the provisions of the Indenture;

(ii) the purchase, repayment, repurchase, redemption, defeasance or other acquisition or retirement of any Subordinated Indebtedness of the Issuer, the Company or any Restricted Subsidiary or shares of Capital Stock of the Company in exchange for, or out of the net proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company or constituting an Excluded Contribution) of, other shares of Qualified Stock;

(iii) (A) the purchase, repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer, the Company or any Restricted Subsidiary in exchange for, or out of proceeds of, Refinancing Indebtedness;

(B) the purchase, repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer, the Company or any Restricted Subsidiary or the making of Restricted Investments in joint ventures:

(1) in an aggregate amount not to exceed \$50.0 million (after giving effect to all subsequent reductions in the amount of any Restricted Investment in a joint venture made pursuant to this clause (B)(1) as a result of the repayment or disposition thereof for cash, not to exceed the amount of such Restricted Investment previously made pursuant to this clause (B)(1)); or

(2) in an aggregate amount made under this clause (B)(2) not to exceed Excluded Contributions (after giving effect to all subsequent reductions in the amount of any Restricted Investment in a joint venture made pursuant to this clause (B)(2) as a result of the repayment or disposition thereof for cash, not to exceed the amount of such Restricted Investment previously made pursuant to this clause (B)(2)); and

(C) the purchase, repayment, redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer, the Company or any Restricted Subsidiary or the making of Restricted Investments in joint ventures (after giving effect to all subsequent reductions in the amount of any Restricted Investment in a joint venture made pursuant to this clause (C) as a result of the repayment or disposition thereof for cash, not to exceed the amount of such Restricted Investment previously made pursuant to this clause (C)), in an aggregate amount not to exceed \$400.0 million less the aggregate amount of Restricted Payments previously made under clause (iii)(B)(1) of this Section 4.07(b); *provided that*, on a *pro forma* basis after giving effect to any such Restricted Payment, the aggregate fair market value of the Collateral (as determined in good faith by the Company's chief financial officer) is equal to at least 200% of the aggregate principal amount of Collateralized Debt as of such date (or, in the case of a Restricted Investment in a joint venture, on the date the Company determines to make such Investment, so long as the Investment is completed within 120 days of such determination date), such fair market value to be determined by the most recent appraisal of the Collateral required to be provided under the Revolving Credit Agreement;

(iv) the payment of dividends on Preferred Stock and Disqualified Stock up to an aggregate amount of \$10 million in any fiscal year; *provided that* immediately after giving effect to any declaration of such dividend, the Company could incur at least \$1.00 of Indebtedness pursuant to Section 4.06(a); and

(v) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock, of the Company or any Subsidiary held by officers or employees or former officers or employees of the Company or any Subsidiary (or their estates or beneficiaries under their estates) not to exceed \$10 million in the aggregate since the Issue Date;

provided, however, that each Restricted Payment described in clauses (i) and (ii) of this Section 4.07(b) shall be taken into account for purposes of computing the aggregate amount of all Restricted Payments pursuant to clause (iii) of Section 4.07(a).

(c) For purposes of determining the aggregate and permitted amounts of Restricted Payments made, the amount of any guarantee of any Investment in any Person that was initially treated as a Restricted Payment and which was subsequently terminated or expired, net of any amounts paid by the Company or any Restricted Subsidiary in respect of such guarantee, shall be deducted.

(d) In determining the "Fair Market Value of Property" for purposes of clause (iii) of Section 4.07(a), Property other than cash, Cash Equivalents and Marketable Securities shall be deemed to be equal in value to the "equity value" of the Capital Stock or other securities issued in exchange therefor. The equity value of such Capital Stock or other securities shall be equal to (i) the number of shares of Common Equity issued in the transaction (or issuable upon conversion or exercise of the Capital Stock or other securities issued in the transaction) multiplied by the closing sale price of the Common Equity on its principal market on the date of the transaction (less, in the case of Capital Stock or other securities which require the payment of consideration at the time of conversion or exercise, the aggregate consideration payable thereupon) or (ii) if the Common Equity is not then traded on the New York Stock Exchange, American Stock Exchange or Nasdaq Stock Market, or if the Capital Stock or other securities issued in the transaction do not consist of Common Equity (or Capital Stock or other securities convertible into or exercisable for Common Equity), the value (if more than \$10 million) of such Capital Stock or other securities as determined by a nationally recognized investment banking firm retained by the Board of Directors of the Company.

Section 4.08. *Limitations on Liens.* The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Liens, other than Permitted Liens, on any of its Property, or on any shares of Capital Stock or Indebtedness of any Restricted Subsidiary.

Section 4.09. *Limitations on Restrictions Affecting Restricted Subsidiaries.* The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, create, assume or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction (other than encumbrances or restrictions imposed by law or by judicial or regulatory action or by provisions of agreements that restrict the assignability thereof) on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in, or measured by, its profits, owned by the

Company or any other Restricted Subsidiary, or pay interest on or principal of any Indebtedness owed to the Company or any other Restricted Subsidiary,

(b) make loans or advances to the Company or any other Restricted Subsidiary, or

(c) transfer any of its property or assets to the Company or any other Restricted Subsidiary,

except for:

(i) encumbrances or restrictions existing under or by reason of applicable law,

(ii) contractual encumbrances or restrictions in effect at or entered into on the Issue Date and any amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings thereof; *provided*, that such amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in such contractual encumbrances or restrictions, as in effect at or entered into on the Issue Date,

(iii) any restrictions or encumbrances arising under Acquired Indebtedness; *provided*, that such encumbrance or restriction applies only to either the assets that were subject to the restriction or encumbrance at the time of the acquisition or the obligor on such Indebtedness and its Subsidiaries prior to such acquisition,

(iv) any restrictions or encumbrances arising in connection with Refinancing Indebtedness; *provided, however*, that any restrictions and encumbrances of the type described in this clause (iv) that arise under such Refinancing Indebtedness shall not be materially more restrictive or apply to additional assets than those under the agreement creating or evidencing the Indebtedness being refunded, refinanced, replaced or extended,

(v) any Permitted Lien, or any other agreement restricting the sale or other disposition of property, securing Indebtedness permitted by the Indenture if such Permitted Lien or agreement does not expressly restrict the ability of a Subsidiary of the Company to pay dividends or make or repay loans or advances prior to default thereunder,

(vi) reasonable and customary borrowing base covenants set forth in agreements evidencing Indebtedness otherwise permitted by the Indenture,

(vii) customary non-assignment provisions in leases, licenses, encumbrances, contracts or similar assets entered into or acquired in the ordinary course of business,

(viii) any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition,

(ix) encumbrances or restrictions existing under or by reason of the Indenture, the Notes or the Guarantees,

(x) purchase money obligations that impose restrictions on the property so acquired of the nature described in clause (c) of this Section 4.09,

(xi) Liens permitted under the Indenture securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien,

(xii) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, assets sale agreements, stock sale agreements and other similar agreements,

(xiii) customary provisions of any franchise, distribution or similar agreements,

(xiv) restrictions on cash or other deposits or net worth imposed by contracts entered into in the ordinary course of business, and

(xv) any encumbrance or restrictions of the type referred to in clauses (a), (b) or (c) of this Section 4.09 imposed by any amendments, modifications, restatements, renewals, supplements, refinancings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (i) through (xiv) of this Section 4.09; *provided*, that such amendments, modifications, restatements, renewals, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company's Board of Directors, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing.

Section 4.10. *Limitations on Dispositions of Assets.* (a) The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, make any Asset Disposition unless: (x) the Company (or such Restricted

Subsidiary, as the case may be) receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value thereof, and (y) not less than 70% of the consideration received by the Company (or such Restricted Subsidiary, as the case may be) is in the form of cash, Cash Equivalents and Marketable Securities (which must be pledged as Collateral if the assets disposed of constituted Collateral).

(b) The amount of (i) any Indebtedness (other than any Subordinated Indebtedness) of the Company or any Restricted Subsidiary that is actually assumed by the transferee in such Asset Disposition and (ii) the fair market value (as determined in good faith by the Board of Directors of the Company) of any property or assets (including Capital Stock of any Person that will be a Restricted Subsidiary following receipt thereof) received that are used or useful in a Real Estate Business (*provided* that (except as permitted by clause (c) under the definition of "Permitted Investment") to the extent that the assets disposed of in such Asset Disposition were Collateral, such property or assets are pledged as Collateral under the Security Documents substantially simultaneously with such sale, with the Lien on such Collateral securing the Notes being of the same priority with respect to the Notes as the Lien on the assets disposed of), shall be deemed to be consideration required by clause (y) of Section 4.10(a) for purposes of determining the percentage of such consideration received by the Company or the Restricted Subsidiaries.

(c) The Net Cash Proceeds of an Asset Disposition shall, within one year, at the Company's election, (1) be used by the Company or a Restricted Subsidiary to invest in assets (including Capital Stock of any Person that is or will be a Restricted Subsidiary following investment therein) used or useful in the business of the construction and sale of homes conducted by the Company and the Restricted Subsidiaries (*provided* that (except as permitted by clause (c) under the definition of "Permitted Investment" to the extent that the assets disposed of in such Asset Disposition were Collateral, such assets are pledged as Collateral under the Security Documents with the Lien on such Collateral securing the Notes being of the same priority with respect to the Notes as the Lien on the assets disposed of), (2) be used to permanently prepay or permanently repay any (i) Indebtedness (or cash collateralize letters of credit) constituting First-Priority Lien Obligations or Second-Priority Lien Obligations, (ii) Indebtedness which had been secured by the assets sold in the relevant Asset Disposition, to the extent the assets sold were not Collateral or (iii) Indebtedness of a Restricted Subsidiary that is not a Guarantor, to the extent the assets sold were not Collateral, or (3) be applied to make an Offer to Purchase Notes and, if the Company or a Restricted Subsidiary elects or is required to do so, repay, purchase or redeem any other Third-Priority Lien Obligations and, if the assets disposed of were not Collateral, any other unsubordinated Indebtedness (on a *pro rata* basis if the amount available for such repayment, purchase or redemption is less than the aggregate amount of (x) the principal amount of the Notes tendered in such Offer to

Purchase, (y) the lesser of the principal amount, or accreted value, of such other Third-Priority Lien Obligations and (z) the lesser of the principal amount, or accreted value, of such other unsubordinated Indebtedness, plus, in each case accrued interest to the date of repayment, purchase or redemption) at 100% of the principal amount or accreted value thereof, as the case may be, plus accrued and unpaid interest, if any, to the date of repurchase or repayment. Pending any such application under this Section 4.10(c), Net Cash Proceeds may be used to temporarily reduce Indebtedness or otherwise be invested in any manner not prohibited by the Indenture.

(d) Notwithstanding the foregoing, (A) the Company will not be required to apply such Net Cash Proceeds in accordance with clauses (2) or (3) of Section 4.10(c) except to the extent that such Net Cash Proceeds, together with the aggregate Net Cash Proceeds of prior Asset Dispositions (other than those so used) which have not been applied in accordance with this provision and as to which no prior prepayments or repayments shall have been made and no Offer to Purchase shall have been made, exceed \$25 million and (B) in connection with an Asset Disposition, the Company and the Restricted Subsidiaries will not be required to comply with the requirements of clause (y) of Section 4.10(a) to the extent that the non-cash consideration received in connection with such Asset Disposition, together with the sum of all non-cash consideration received in connection with all prior Asset Dispositions that has not yet been converted into cash, Cash Equivalents or Marketable Securities, does not exceed \$25 million; *provided, however*, that when any non-cash consideration is converted into cash, Cash Equivalents or Marketable Securities, such cash shall constitute Net Cash Proceeds and be subject to the preceding sentence.

Section 4.11. *Guarantees by Restricted Subsidiaries.* Each existing Restricted Subsidiary (other than the Issuer (for so long as it remains the Issuer) and K. Hovnanian Poland, sp.zo.o.) will be a Guarantor. The Company is permitted to cause any Unrestricted Subsidiary to be a Guarantor. If the Issuer, the Company or any of its Restricted Subsidiaries acquires or creates a Restricted Subsidiary after the Issue Date, such Restricted Subsidiary shall execute a guarantee substantially in the form included in Exhibit A, execute a supplemental indenture in the form of Exhibit B, and deliver an Opinion of Counsel to the Trustee to the effect that the supplemental indenture has been duly authorized, executed and delivered by the new Restricted Subsidiary and constitutes a valid and binding obligation of the new Restricted Subsidiary, enforceable against the new Restricted Subsidiary in accordance with its terms (subject to customary exceptions).

Section 4.12. *Repurchase of Notes upon a Change of Control.* (a) In the event that there shall occur a Change of Control, each Holder of Notes shall have the right, at such Holder's option, to require the Issuer to purchase all or any part of such Holder's Notes on a date (the "**Repurchase Date**") that is no later than 90

days after notice of the Change of Control, at 101% of the principal amount thereof plus accrued and unpaid interest and Additional Interest, if any, to the Repurchase Date.

(b) On or before the thirtieth day after any Change of Control, the Issuer is obligated to mail, or cause to be mailed, to all Holders of record of Notes and the Trustee a notice regarding the Change of Control and the repurchase right. The notice shall state the Repurchase Date, the date by which the repurchase right must be exercised, the price for the Notes and the procedure which the Holder must follow to exercise such right. Substantially simultaneously with mailing of the notice, the Issuer shall cause a copy of such notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York. To exercise such right, the Holder of such Note must deliver, at least ten days prior to the Repurchase Date, written notice to the Issuer (or an agent designated by the Issuer for such purpose) of the Holder's exercise of such right, together with the Note with respect to which the right is being exercised, duly endorsed for transfer; *provided, however*, that if mandated by applicable law, a Holder may be permitted to deliver such written notice nearer to the Repurchase Date than may be specified by the Issuer.

(c) The Issuer will comply with applicable law, including Section 14(e) of the Exchange Act and Rule 14e-1 thereunder, if applicable, if the Issuer is required to give a notice of a right of repurchase as a result of a Change of Control.

Section 4.13. *Limitations on Transactions with Affiliates.* (a) The Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, make any loan, advance, guarantee or capital contribution to, or for the benefit of, or sell, lease, transfer or otherwise dispose of any property or assets to or for the benefit of, or purchase or lease any property or assets from, or enter into or amend any contract, agreement or understanding with, or for the benefit of, any Affiliate of the Company or any Affiliate of any of the Company's Subsidiaries or any holder of 10% or more of the Common Equity of the Company (including any Affiliates of such holders), in a single transaction or series of related transactions (each, an "**Affiliate Transaction**"), except for any Affiliate Transaction the terms of which are at least as favorable as the terms which could be obtained by the Company, the Issuer or such Restricted Subsidiary, as the case may be, in a comparable transaction made on an arm's-length basis with Persons who are not such a holder, an Affiliate of such a holder or an Affiliate of the Company or any of the Company's Subsidiaries.

(b) In addition, the Company and the Issuer will not, and will not cause or permit any Restricted Subsidiary to, enter into an Affiliate Transaction unless:

(i) with respect to any such Affiliate Transaction involving or having a value of more than \$1 million, the Company shall have (x) obtained the approval of a majority of the Board of Directors of the Company and (y) either obtained the approval of a majority of the Company's disinterested directors or obtained an opinion of a qualified independent financial advisor to the effect that such Affiliate Transaction is fair to the Company, the Issuer or such Restricted Subsidiary, as the case may be, from a financial point of view, and

(ii) with respect to any such Affiliate Transaction involving or having a value of more than \$10 million, the Company shall have (x) obtained the approval of a majority of the Board of Directors of the Company and (y) delivered to the Trustee an opinion of a qualified independent financial advisor to the effect that such Affiliate Transaction is fair to the Company, the Issuer or such Restricted Subsidiary, as the case may be, from a financial point of view.

(c) Notwithstanding the foregoing, an Affiliate Transaction will not include:

(i) any contract, agreement or understanding with, or for the benefit of, or plan for the benefit of, employees of the Company or its Subsidiaries generally (in their capacities as such) that has been approved by the Board of Directors of the Company,

(ii) Capital Stock issuances to directors, officers and employees of the Company or its Subsidiaries pursuant to plans approved by the stockholders of the Company,

(iii) any Restricted Payment otherwise permitted under Section 4.07 hereof,

(iv) any transaction between or among the Company and one or more Restricted Subsidiaries or between or among Restricted Subsidiaries (*provided, however, no such transaction shall involve any other Affiliate of the Company (other than an Unrestricted Subsidiary to the extent the applicable amount constitutes a Restricted Payment permitted by this Indenture)*),

(v) any transaction between one or more Restricted Subsidiaries and one or more Unrestricted Subsidiaries where all of the payments to, or other benefits conferred upon, such Unrestricted Subsidiaries are substantially contemporaneously dividended, or otherwise distributed or transferred without charge, to the Company or a Restricted Subsidiary,

(vi) issuances, sales or other transfers or dispositions of mortgages and collateralized mortgage obligations in the ordinary course of business between Restricted Subsidiaries and Unrestricted Subsidiaries of the Company, and

(vii) the payment of reasonable and customary fees to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Company, the Issuer or any Restricted Subsidiary.

Section 4.14. *Limitations on Mergers, Consolidations and Sales of Assets.* Neither the Issuer nor any Guarantor will consolidate or merge with or into, or sell, lease, convey or otherwise dispose of all or substantially all of its assets (including, without limitation, by way of liquidation or dissolution), or assign any of its obligations under the Notes, the Guarantees or the Indenture (as an entirety or substantially as an entirety in one transaction or in a series of related transactions), to any Person (in each case other than in a transaction in which the Company, the Issuer or a Restricted Subsidiary is the survivor of a consolidation or merger, or the transferee in a sale, lease, conveyance or other disposition) unless:

(i) the Person formed by or surviving such consolidation or merger (if other than the Company, the Issuer or the Guarantor, as the case may be), or to which such sale, lease, conveyance or other disposition or assignment will be made (collectively, the “**Successor**”), is a corporation or other legal entity organized and existing under the laws of the United States or any state thereof or the District of Columbia, and the Successor assumes by supplemental indenture in a form reasonably satisfactory to the Trustee all of the obligations of the Company, the Issuer or the Guarantor, as the case may be, under the Notes or a Guarantee, as the case may be, and the Indenture and the Security Documents,

(ii) immediately after giving effect to such transaction, no Default or Event of Default has occurred and is continuing, and

(iii) immediately after giving effect to such transaction, the Company (or its Successor) could incur at least \$1.00 of Indebtedness pursuant to Section 4.06(a) hereof.

The foregoing provisions shall not apply to: (i) a transaction involving the sale or disposition of Capital Stock of a Guarantor, or the consolidation or merger of a Guarantor, or the sale, lease, conveyance or other disposition of all or substantially all of the assets of a Guarantor, that in any such case results in such Guarantor being released from its Guarantee pursuant to Section 6.03, or (ii) a transaction the purpose of which is to change the state of incorporation of the Company, the Issuer or any Guarantor.

Section 4.15. *Reports to Holders of Notes.* (a) The Company shall file with the Commission the annual reports and the information, documents and other reports required to be filed pursuant to Section 13 or 15(d) of the Exchange Act. The Company shall file with the Trustee and mail to each Holder of record of Notes such reports, information and documents within 15 days after it files them with the Commission. In the event that the Company is no longer subject to these periodic reporting requirements of the Exchange Act, it will nonetheless continue to file reports with the Commission and the Trustee and mail such reports to each Holder of Notes as if it were subject to such reporting requirements. Regardless of whether the Company is required to furnish such reports to its stockholders pursuant to the Exchange Act, the Company will cause its consolidated financial statements and a “Management’s Discussion and Analysis of Results of Operations and Financial Condition” written report, similar to those that would have been required to appear in annual or quarterly reports, to be delivered to Holders of Notes.

(b) For so long as any of the Notes remain outstanding and constitute “restricted securities” under Rule 144, the Company will furnish to the Holders of Notes and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) All “obligors,” as that term is defined under the Trust Indenture Act, on the Notes, including the Issuer and the Guarantors, will comply with Section 314(a) of the Trust Indenture Act.

(d) Delivery of these reports, information and documents to the Trustee is for informational purposes only and the Trustee’s receipt of them will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer’s and/or the Company’s compliance with any of its covenants in this Indenture (as to which the Trustee is entitled to rely exclusively on Officers’ Certificates).

Section 4.16. *Reports to Trustee.* (a) The Company will deliver to the Trustee within 120 days after the end of each fiscal year a written statement by the Company’s independent public accountants stating (i) that their audit examination has included a review of the terms of this Indenture and the Notes as they relate to accounting matters, and (ii) whether, in connection with their audit examination, any Default has come to their attention and, if a Default has come to their attention, specifying the nature and period of the existence thereof.

(b) The Company shall deliver to the Trustee, on or prior to each Interest Payment Date, an Officers’ Certificate setting forth the amount of Additional Interest, if any, the Issuer is required to pay on that Interest Payment Date. If no Additional Interest is required to be paid on a given Interest Payment

Date, no such Officers' Certificate is required to be delivered to the Trustee for that Interest Payment Date.

(c) All "obligors," as that term is defined under the Trust Indenture Act, on the Notes, including the Issuer and the Guarantors, will comply with Section 314(a) of the Trust Indenture Act. The Company will notify the Trustee when any Notes are listed on any national securities exchange and of any delisting.

Section 4.17. *Notice of Other Defaults.* In the event that any Indebtedness of the Issuer or any Guarantor is declared due and payable before its maturity because of the occurrence of any default under such Indebtedness, the Issuer or the relevant Guarantor, as the case may be, shall promptly deliver to the Trustee an Officers' Certificate stating such declaration; *provided*, that the term "Indebtedness" as used in this Section 4.17 shall not include Non-Recourse Indebtedness.

Section 4.18. *Further Assurances; Costs.*

(a) If the Issuer or any of the Guarantors at any time grants, assumes, perfects or becomes subject to any Lien upon any of its property (other than Excluded Property of the type referred to in clauses (a) and (b) of the definition thereof) then owned or thereafter acquired as security for any First-Priority Lien Obligation or Second-Priority Lien Obligation, the Issuer will, or will cause such Guarantor to, as promptly as practical (subject to the requirements of the Intercreditor Agreement):

(i) grant a Lien on such property to the Collateral Agent for the benefit of the holders of Third-Priority Lien Obligations and, to the extent such grant would require the execution and delivery of a Security Document, the Issuer or such Guarantor shall execute and deliver a Security Document on substantially the same terms as the agreement or instrument executed and delivered to secure the First-Priority Lien Obligations or Second-Priority Lien Obligations, with changes to reflect the subordination of the Liens securing the Third-Priority Lien Obligations, including the changes made to the Security Documents executed and delivered on the Issue Date (as compared to the comparable security documents securing First-Priority Lien Obligations and Second-Priority Lien Obligations entered into or in existence on the Issue Date); and

(ii) cause the Lien granted in such Security Document to be duly perfected in any manner permitted by law to the same extent as the Liens granted for the benefit of the First-Priority Lien Obligations and Second-Priority Lien Obligations are perfected (but junior to such Liens pursuant to the Intercreditor Agreement).

If the Issuer or such Guarantor delivers an Opinion of Counsel to the holders of First-Priority Lien Obligations or Second-Priority Lien Obligations in respect of the validity, perfection or priority of any Lien grant referred to in this clause (a), the Issuer or such Guarantor shall also deliver an Opinion of Counsel (of no greater scope) with respect to such matters to the Trustee and Collateral Agent.

(b) In addition, if the Issuer or any Guarantor at any time after the Issue Date acquires any new property (other than Excluded Property) that is not automatically subject to a Lien under the Security Documents, or a Restricted Subsidiary becomes a Guarantor, the Issuer will, or will cause such Guarantor, subject to the requirements of the Security Documents, to as soon as practical after such property's acquisition or it no longer being Excluded Property:

(i) grant a Lien on such property (or, in the case of a new Guarantor, all of its assets except Excluded Property) to the Collateral Agent for the benefit of the holders of Third-Priority Lien Obligations (and, to the extent such grant would require the execution and delivery of a Security Document, the Issuer or such Guarantor shall execute and deliver a Security Document on substantially the same terms as the Security Documents executed and delivered on the Issue Date); and

(ii) cause the Lien granted in such Security Document to be duly perfected in any manner permitted by law to the same extent as the Liens granted on the Issue Date are perfected.

The Issuer or such Guarantor shall deliver an Opinion of Counsel to the Trustee in respect of the validity, perfection or priority of any Lien grant referred to in this clause (b), addressing customary matters (and containing customary exceptions) consistent with the Opinion of Counsel delivered on the Issue Date in respect of such matters. For the avoidance of doubt, while either the First-Priority Lien Obligations or the Second-Priority Lien Obligations are outstanding and the Intercreditor Agreement is in effect: (i) any waiver or other determination by the holders of the First-Priority Lien Obligations or, if the First-Priority Lien Obligations are no longer outstanding, the holders of the Second-Priority Lien Obligations (or the Administrative Agent, if so permitted or, if the First-Priority Lien Obligations are no longer outstanding, the Second Lien Notes Trustee, if so permitted) with respect to an obligation to grant Liens on any assets subject to this Section 4.18(b) shall also be applicable to the Third-Priority Lien Obligations, and if applicable, to the extent provided by the Intercreditor Agreement, (ii) any such Opinion of Counsel to the Trustee shall only be required to the extent that an Opinion of Counsel is delivered to the holders of either the First-Priority Lien Obligations or the Second-Priority Lien Obligations (and shall be of no greater scope).

(c) Notwithstanding anything to the contrary set forth in clause (a) of this Section 4.18 or elsewhere in this Indenture or any Security Document:

(i) any mortgages (and any related Security Documents), and any control agreements with respect to deposit, checking and securities accounts, required to be granted or provided, as the case may be, pursuant to clause (a) of this Section 4.18 on the Issue Date with respect to real property or accounts, as applicable, that is securing First-Priority Lien Obligations or Second-Priority Lien Obligations on the Issue Date shall be granted or provided as soon as commercially reasonable following the Issue Date, but in no event later than 90 days following the Issue Date; and

(ii) in the event that Rule 3-16 of Regulation S-X under the Securities Act requires or would require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the Commission of separate financial statements of a Guarantor that are not otherwise required to be filed, then the capital stock or other securities of such Guarantor need not be pledged pursuant to clauses (a) or (d) of this Section 4.18 and shall automatically be deemed released and to not be and to not have been part of the Collateral, but only to the extent necessary to not be subject to such requirement. In such event, the Security Documents may be amended or modified, without the consent of any Holder of Notes, to the extent necessary to evidence the release of Liens securing the Third-Priority Lien Obligations on the shares of capital stock or other securities that are so deemed to no longer constitute part of the Collateral.

(d) If, after the Collateral is released in full as contemplated by Section 5.1 of the Intercreditor Agreement and, thereafter, the Issuer subsequently incurs Obligations under a new Credit Facility or other First-Priority Lien Obligations that are secured by Liens on assets of the Issuer or any Guarantor of the type constituting Collateral, then the Issuer and the Guarantors shall be required to secure the Notes and the Guarantees at such time by a Third-Priority Lien on the collateral securing such Obligations under the new Credit Facility or other First-Priority Lien Obligations to the same extent provided by clause (a) of this Section 4.18 on the terms and conditions of the security documents relating to the new Credit Facility or such other First-Priority Lien Obligations, with the Liens on the Collateral granted in favor either of the administrative agent under such new Credit Facility or a collateral agent designated by the Issuer to hold the Liens for the benefit of the holders of Third-Priority Lien Obligations and subject to an intercreditor agreement that provides the administrative agent under such new Credit Facility substantially the same rights and powers as afforded under the Security Documents entered into on the Issue Date.

(e) The Issuer will bear and pay all legal expenses, collateral audit and valuation costs, filing fees, insurance premiums and other costs associated with the performance of the obligations of the Issuer and the Guarantors set forth in this Section 4.18 and will also pay or reimburse the Trustee and Collateral Agent for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee and Collateral Agent in connection therewith, including the reasonable compensation and expenses of the Trustee and Collateral Agent's agents and counsel.

(f) Neither the Issuer nor any of the Guarantors will be permitted to take any action, or knowingly or negligently omit to take any action, which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Trustee and the Holders of the Notes.

ARTICLE 5

REMEDIES

Section 5.01. *Events of Default*. "**Event of Default**" means any one or more of the following events:

(i) the failure by the Company, the Issuer and the Guarantors to pay interest on, or Additional Interest, if any, with respect to, any Note when the same becomes due and payable and the continuance of any such failure for a period of 30 days;

(ii) the failure by the Company, the Issuer and the Guarantors to pay the principal or premium of any Note when the same becomes due and payable at maturity, upon acceleration or otherwise;

(iii) the failure by the Company, the Issuer or any Restricted Subsidiary to comply with any of its agreements or covenants in, or provisions of, the Notes, the Guarantees or the Indenture and such failure continues for the period and after the notice specified below (except in the case of a default under Section 4.12 and 4.14, which will constitute Events of Default with notice but without passage of time);

(iv) the acceleration of any Indebtedness (other than Non-Recourse Indebtedness) of the Company, the Issuer or any Restricted Subsidiary that has an outstanding principal amount of \$10 million or more, individually or in the aggregate, and such acceleration does not cease to exist, or such Indebtedness is not satisfied, in either case within 30 days after such acceleration;

(v) the failure by the Company, the Issuer or any Restricted Subsidiary to make any principal or interest payment in an amount of \$10 million or more, individually or in the aggregate, in respect of Indebtedness (other than Non-Recourse Indebtedness) of the Company or any Restricted Subsidiary within 30 days of such principal or interest becoming due and payable (after giving effect to any applicable grace period set forth in the documents governing such Indebtedness);

(vi) a final judgment or judgments that exceed \$10 million or more, individually or in the aggregate, for the payment of money having been entered by a court or courts of competent jurisdiction against the Company, the Issuer or any of its Restricted Subsidiaries and such judgment or judgments is not satisfied, stayed, annulled or rescinded within 60 days of being entered;

(vii) the Company, the Issuer or any Restricted Subsidiary that is a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors;

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company, the Issuer or any Restricted Subsidiary that is a Significant Subsidiary as debtor in an involuntary case,

(B) appoints a Custodian of the Company, the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or a Custodian for all or substantially all of the property of the Company or any Restricted Subsidiary that is a Significant Subsidiary, or

(C) orders the liquidation of the Company, the Issuer or any Restricted Subsidiary that is a Significant Subsidiary, and the order or decree remains unstayed and in effect for 60 days;

(ix) any Guarantee of a Guarantor which is a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee and this Indenture) or is declared null and void and unenforceable or found to be invalid or any Guarantor denies its liability under its Guarantee (other than by reason of release of a Guarantor from its Guarantee in accordance with the terms of the Indenture and the Guarantee); or

(x) the Liens created by the Security Documents shall at any time not constitute a valid and perfected Lien on any material portion of the Collateral intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required by this Indenture or the Security Documents) other than in accordance with the terms of the relevant Security Document and this Indenture and other than the satisfaction in full of all Obligations under this Indenture or the release or amendment of any such Lien in accordance with the terms of this Indenture or the Security Documents, or, except for expiration in accordance with its terms or amendment, modification, waiver, termination or release in accordance with the terms of this Indenture and the relevant Security Document, any of the Security Documents shall for whatever reason be terminated or cease to be in full force and effect, if in either case, such default continues for 30 days after notice, or the enforceability thereof shall be contested by the Issuer or any Guarantor.

A Default as described in subclause (iii) of this Section 5.01 will not be deemed an Event of Default until the Trustee notifies the Company, or the Holders of at least 25 percent in principal amount of the then outstanding Notes notify the Company and the Trustee, of the Default and (except in the case of a default with respect to Section 4.12 and 4.14 hereof) the Company does not cure the Default within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied and state that the notice is a "Notice of Default." If such a Default is cured within such time period, it ceases.

If an Event of Default (other than an Event of Default with respect to the Company or the Issuer resulting from subclauses (vii) or (viii) of this Section 5.01), shall have occurred and be continuing under the Indenture, the Trustee by notice to the Company, or the Holders of at least 25 percent in principal amount of the Notes then outstanding by notice to the Company and the Trustee, may declare all Notes to be due and payable immediately. Upon such declaration of acceleration, the amounts due and payable on the Notes will be due and payable immediately. If an Event of Default with respect to the Company or the Issuer specified in subclauses (vii) or (viii) of this Section 5.01 occurs, such an amount will *ipso facto* become and be immediately due and payable without any

declaration, notice or other act on the part of the Trustee and the Company or any Holder. This provision, however, is subject to the condition that, if at any time after the unpaid principal amount (or such specified amount) of the Notes shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest and Additional Interest, if any, upon all of the Notes and the principal of all the Notes which shall have become due otherwise than by acceleration (with interest on overdue installments of interest and Additional Interest, if any, to the extent that payment of such interest is enforceable under applicable law and on such principal at the rate borne by the Notes to the date of such payment or deposit) and the reasonable compensation, disbursements, expenses and advances of the Trustee and all other amounts due the Trustee under Section 7.07, and any and all defaults under this Indenture, other than the nonpayment of such portion of the principal amount of and accrued interest and Additional Interest, if any, on Notes which shall have become due by acceleration, shall have been cured or shall have been waived in accordance with Section 5.03 or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer and to the Trustee, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon. Notwithstanding the previous sentence, no waiver shall be effective against any Holder for any Event of Default or event which with notice or lapse of time or both would be an Event of Default with respect to any covenant or provision which cannot be modified or amended without the consent of the Holder of each outstanding Note affected thereby, unless all such affected Holders agree, in writing, to waive such Event of Default or other event.

If the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any reason or shall have been determined to be adverse to the Trustee, then and in every such case the Issuer, the Trustee and the Holders of Notes shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Holders of Notes shall continue as though no such proceeding had been taken.

Except with respect to an Event of Default pursuant to clauses (i) or (ii) of this Section 5.01, the Trustee shall not be charged with knowledge of any Event of Default unless written notice thereof shall have been given to the Trustee by the Issuer, a Paying Agent or any Holder.

Section 5.02. *Other Remedies.* If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of, premium, if any, and interest or Additional Interest, if any, on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

Section 5.03. *Waiver of Defaults by Majority of Holders.* By written notice to the Trustee and the Company, the Holders of a majority in aggregate principal amount of the Notes then outstanding may on behalf of the Holders of all of the Notes waive any past Default or Event of Default hereunder and its consequences, except a Default in the payment of interest and Additional Interest, if any, on, or the principal of, the Notes. Upon any such waiver, the Issuer, the Trustee and the Holders of Notes shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 5.03, said Default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing.

Section 5.04. *Direction of Proceedings.* The Holders of a majority in aggregate principal amount of the outstanding Notes shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided, however,* that (subject to the provisions of Section 7.01) the Trustee shall have the right to decline to follow any such direction if the Trustee shall determine upon advice of counsel that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, its executive committee, or a trust committee of directors or Responsible Officers or both shall determine that the action or proceeding so directed would involve the Trustee in personal liability.

Section 5.05. *Application of Moneys Collected by Trustee.* Any moneys collected by the Trustee pursuant to this Article (including any proceeds from Collateral received pursuant to the terms of the Security Documents) with respect to outstanding Notes shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the Notes and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

FIRST: To the payment of costs and expenses of collection and reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by

the Trustee pursuant to Section 7.07 except as a result of its negligence or bad faith;

SECOND: If the principal of the Notes shall not have become due and be unpaid, to the payment of interest or Additional Interest, if any, on the Notes, in the order of the maturity of the installments of such interest or Additional Interest, if any, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest and Additional Interest, if any, at the rate borne by the Notes, such payment to be made ratably to the Persons entitled thereto;

THIRD: If the principal of the Notes shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Notes for principal, interest and Additional Interest, if any, with interest on the overdue principal and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest and Additional Interest, if any, at the rate borne by the Notes, and in case such moneys shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal and interest and Additional Interest, if any, without preference or priority of principal over interest or Additional Interest, if any, or of interest or Additional Interest, if any, over principal, or of interest over Additional Interest, if any, or of any installment of interest, if any, or Additional Interest, if any, over any other installment of interest or Additional Interest, if any, ratably to the aggregate of such principal and accrued and unpaid interest and Additional Interest, if any; and

FOURTH: To the payment of any surplus then remaining to the Issuer, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

No claim for interest which in any manner at or after maturity shall have been transferred or pledged separate or apart from the Notes to which it relates, or which in any manner shall have been kept alive after maturity by an extension (otherwise than pursuant to an extension made pursuant to a plan proposed by the Issuer to the Holders of all Notes), purchase, funding or otherwise by or on behalf or with the consent or approval of the Issuer shall be entitled, in case of a default hereunder, to any benefit of this Indenture, except after prior payment in full of the principal of all Notes and of all claims for interest not so transferred, pledged, kept alive, extended, purchased or funded.

Section 5.06. *Proceedings by Holders.* No holder of any Notes shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture for the appointment of a receiver or trustee or similar official, or for

any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding shall have made written request to the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have neglected or refused to institute any such action, suit or proceeding, it being understood and intended, and being expressly covenanted by the Holder of every Note with every other Holder and the Trustee, that no one or more Holders of Notes shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture or of the Notes to affect, disturb or prejudice the rights of any other Holder of Notes, or to obtain or seek to obtain priority over or preference as to any other such Holder, or to enforce any right under this Indenture or the Notes, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Notes.

Notwithstanding any other provisions in this Indenture, however, the right of any Holder of any Note to receive payment of the principal of, premium, if any, and interest and Additional Interest, if any, on such Note, on or after the maturity thereof, or to institute suit for the enforcement of any such payment on or after such respective dates shall not be impaired or affected without the consent of such Holder.

Section 5.07. *Proceedings by Trustee.* In case of an Event of Default hereunder, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 5.08. *Remedies Cumulative and Continuing.* All powers and remedies given by this Article 5 to the Trustee or to the Holders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the Holders, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to the provisions of Section 5.06, every power and remedy

given by this Article 5 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Holders.

Section 5.09. *Undertaking to Pay Costs.* All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, or in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the cost of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the then outstanding Notes, or to any suit instituted by any Holders for the enforcement of the payment of the principal of, premium, if any, or interest or Additional Interest, if any, on any Note against the Issuer on or after the due date of such Note.

Section 5.10. *Notice of Defaults.* (a) The Company is required to deliver to the Trustee an annual statement regarding compliance with the Indenture, and include in such statement, if any officer of the Company is aware of any Default or Event of Default, a statement specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto. In addition, the Company is required to deliver to the Trustee prompt written notice of the occurrence of any Default or Event of Default.

(b) The Trustee shall, within 90 days after the occurrence of a default known to the Trustee, with respect to the Notes, mail to all Holders of Notes, as the names and the addresses of such Holders appear upon the Register, notice of all defaults, unless such defaults shall have been cured before the giving of such notice (the term "**default**" for the purpose of this Section 5.10(b) being hereby defined to be the events specified in clauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix) and (x) of Section 5.01, not including periods of grace, if any, provided for therein and irrespective of the giving of the written notice specified in said clause (iii) but in the case of any default of the character specified in said clause (iii) no such notice to Holders shall be given until at least 60 days after the giving of written notice thereof to the Company pursuant to said clause (iii)); *provided, however,* that, except in the case of default in the payment of the principal of, premium, if any, or interest and Additional Interest, if any, on any of the Notes, or in the payment or satisfaction of a purchase obligation, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, a trust committee of directors or a Responsible Officer of the Trustee in good faith determines that the withholding of such notice is in the

best interests of the Holders. Notice to Holders under this Section shall be given in the manner and to the extent provided in Trust Indenture Act Section 313(c).

Section 5.11. *Waiver of Stay, Extension or Usury Laws.* The Company, the Issuer and each Guarantor covenants, to the extent permitted by applicable law, that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company, the Issuer or the Guarantor from paying all or any portion of the principal of, premium, if any, or interest or Additional Interest, if any, on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of the Indenture. The Company, the Issuer and each Guarantor hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.12. *Trustee May File Proof of Claim.* The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee hereunder) and the Holders allowed in any judicial proceedings relating to the Company, the Issuer or any Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee hereunder. Nothing in the Indenture will be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 5.13. *Payment of Notes on Default; Suit Therefor.* The Issuer covenants that (a) if default shall be made in the payment of any installment of interest and Additional Interest, if any, upon the Notes as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) if default shall be made in the payment of the principal of, and premium, if any, on the Notes as and when the same shall have become due and

payable, whether at maturity of the Notes or upon redemption or by declaration or otherwise, then, upon demand of the Trustee, the Issuer will pay to the Trustee, for the benefit of the Holders, the whole amount that then shall have become due and payable on all such Notes for principal, and premium, if any, or interest and Additional Interest, if any, or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest and Additional Interest, if any, at the rate borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agent, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

If the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or any other obligor on the Notes and collect in the manner provided by law out of the property of the Issuer or any other obligor on the Notes, wherever situated, the moneys adjudged or decreed to be payable.

If there shall be pending proceedings for the bankruptcy or for the reorganization of the Issuer or any other obligor on the Notes under any bankruptcy, insolvency or other similar law now or hereafter in effect, or if a receiver or trustee or similar official shall have been appointed for the property of the Issuer or such other obligor, or in the case of any other similar judicial proceedings relative to the Issuer or other obligor on the Notes, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 5.13, shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim or claims for the whole amount of principal, premium, if any, interest and Additional Interest, if any, owing and unpaid in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Holders allowed in such judicial proceedings relative to the Issuer or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses, and any receiver, assignee or trustee or similar official in bankruptcy or reorganization is hereby authorized by each of the Holders to make such payments to the Trustee, and, if the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any

amount due it for compensation and expenses or otherwise pursuant to Section 7.07, including counsel fees and expenses incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses and counsel fees and expenses out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, moneys, securities and other property which the Holders of Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Holders of Notes in respect of which such judgment has been recovered.

ARTICLE 6
GUARANTEES; RELEASE OF GUARANTOR

Section 6.01. *Guarantee.* Each of the Guarantors hereby unconditionally guarantees, jointly and severally with each other Guarantor, to each Holder and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that: (i) the due and punctual payment of the principal of, premium, if any, and interest or Additional Interest, if any, on the Notes, whether at maturity or on an interest payment date, by acceleration, pursuant to an Offer to Purchase or otherwise, to the extent lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder shall be promptly paid in full when due, all in accordance with the terms hereof and thereof, including all amounts payable to the Trustee under Section 7.07 hereof, and (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

If the Issuer fails to make any payment when due of any amount so guaranteed for whatever reason, each Guarantor shall be obligated, jointly and severally with each other Guarantor, to pay the same immediately. Each Guarantor hereby agrees that its obligations hereunder shall be continuing, absolute and unconditional, irrespective of, and shall be unaffected by, the validity, regularity or enforceability of the Notes, this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder or the Trustee with respect to any provisions hereof or thereof, the recovery of any

judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of such Guarantor. If any Holder or the Trustee is required by any court or otherwise to return to the Issuer or any Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Issuer or such Guarantor, any amount paid by the Issuer or any Guarantor to the Trustee or such Holder, this Article 6, to the extent theretofore discharged with respect to any Guarantee, shall be reinstated in full force and effect. Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby by such Guarantor until payment in full of all such obligations. Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders of Notes and the Trustee on the other hand, (i) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 5 hereof for the purposes of such Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby and (ii) in the event of any acceleration of such obligations as provided in Article 5 hereof such obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor, jointly and severally with each other Guarantor, for the purpose of this Article 6. In addition, without limiting the foregoing, upon the effectiveness of an acceleration under Article 5, the Trustee may make a demand for payment on the Notes under any Guarantee provided hereunder and not discharged.

The Guarantee set forth in this Section 6.01 shall not be valid or become obligatory for any purpose with respect to a Note until the certificate of authentication on such Note shall have been signed by the Trustee or any duly appointed agent.

Section 6.02. *Obligations of each Guarantor Unconditional.* Nothing contained in this Article 6 or elsewhere in this Indenture or in any Note is intended to or shall impair, as between each Guarantor and the Holders, the obligations of such Guarantor which are absolute and unconditional, to pay to the Holders the principal of, premium, if any, and interest and Additional Interest, if any, on the Notes as and when the same shall become due and payable in accordance with the provisions of their Guarantee or is intended to or shall affect the relative rights of the Holders and creditors of such Guarantor, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon any Default under this Indenture in respect of cash, property or securities of such Guarantor received upon the exercise of any such remedy.

Upon any distribution of assets of a Guarantor referred to in this Article 6 the Trustee, subject to the provisions of Article 7, the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are

pending, or a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee or to such Holders for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of other indebtedness of such Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 6.

Section 6.03. *Release of a Guarantor.* (a) If all or substantially all of the assets of any Guarantor other than the Company or all of the Capital Stock of any Guarantor other than the Company is sold (including by consolidation, merger, issuance or otherwise) or disposed of (including by liquidation, dissolution or otherwise) by the Company or any of its Subsidiaries, or, unless the Company elects otherwise, if any Guarantor other than the Company is designated an Unrestricted Subsidiary in accordance with the terms of the Indenture, then such Guarantor (in the event of a sale or other disposition of all of the Capital Stock of such Guarantor or a designation as an Unrestricted Subsidiary) or the Person acquiring such assets (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) shall be deemed automatically and unconditionally released and discharged from any of its obligations under the Indenture without any further action on the part of the Trustee or any Holder of Notes.

(b) An Unrestricted Subsidiary that is a Guarantor shall be deemed automatically and unconditionally released and discharged from all obligations under its Guarantee upon notice from the Company to the Trustee to such effect, without any further action required on the part of the Trustee or any Holder.

Section 6.04. *Execution and Delivery of Guarantee.* The execution by each Guarantor of the Indenture (or a supplemental indenture in the form of Exhibit B) together with an executed guarantee substantially in the form included in Exhibit A evidences the Guarantee of such Guarantor, whether or not the person signing as an officer of the Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Trustee after authentication constitutes due delivery of the Guarantee on behalf of each Guarantor.

Section 6.05. *Limitation on Guarantor Liability.* Notwithstanding anything to the contrary in this Article 6, each Guarantor, and by its acceptance of a Note, each Holder, hereby confirms that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of state law. To effectuate that intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor under its Guarantee are limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance

under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of state law.

Section 6.06. *Article 6 not to Prevent Events of Default.* The failure to make a payment on account of principal, premium, if any, or interest or Additional Interest, if any, on the Notes by reason of any provision in this Article 6 shall not be construed as preventing the occurrence of any Event of Default under Section 5.01.

Section 6.07. *Waiver by the Guarantors.* To the extent permitted by applicable law, each Guarantor hereby irrevocably waives diligence, presentment, demand of payment, demand of performance, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, the benefit of discussion, protest, notice and all demand whatsoever and covenants that this Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, in this Indenture and in this Article 6.

Section 6.08. *Subrogation and Contribution.* Upon making any payment with respect to any obligation of the Issuer under this Article, the Guarantor making such payment will be subrogated to the rights of the payee against the Issuer with respect to such obligation; *provided*, that the Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from any other Guarantor, with respect to such payment so long as any amount payable by the Issuer hereunder or under the Notes remains unpaid.

Section 6.09. *Stay of Acceleration.* If acceleration of the time for payment of any amount payable by the Issuer under the Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Issuer, all such amounts otherwise subject to acceleration under the terms of the Indenture are nonetheless payable by the Guarantors hereunder forthwith on demand by the Trustee or the Holders.

Section 6.10. *Guarantors as “obligors” for Provisions Included in the Indenture Pursuant to the Trust Indenture Act.* Each provision included in the Indenture which is required to be included by any of Sections 310 to 317 of the Trust Indenture Act, inclusive, or is deemed applicable to the Indenture by virtue of the provisions of the Trust Indenture Act, and which applies to an “obligor,” as that term is defined under the Trust Indenture Act, shall apply to each of the Guarantors; *provided* that in each case the provisions of TIA §314(b) and §314(d) shall only apply following qualification of this Indenture under the TIA.

ARTICLE 7
THE TRUSTEE

Section 7.01. *General.* (a) The duties and responsibilities of the Trustee are as provided by the Trust Indenture Act and as set forth herein. Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee is subject to this Article.

(b) Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into this Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 7.02. *Certain Rights of the Trustee.* Subject to Trust Indenture Act Sections 315(a) through (d):

(a) The Trustee may rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make further inquiry or investigation into such facts or matters as it sees fit.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel conforming to Section 13.05 and the Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such a certificate or opinion. Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer or the Company, as applicable, shall be sufficient if signed by an Officer of the Issuer or the Company, as applicable.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have offered to the

Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(e) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders in accordance with Section 5.04 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(f) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

(h) The Trustee may request that the Company (on behalf of itself and the Issuer) deliver an Officers' Certificate setting forth the name of the individuals and/or titles of Officers authorized at such time to take specific actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such Officers' Certificate previously delivered and not superseded.

(i) In no event shall the Trustee be liable, directly or indirectly, for any special, indirect or consequential damages, even if the Trustee has been advised of the possibility of such damages.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

Section 7.03. *Individual Rights of the Trustee.* The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like

rights. However, the Trustee is subject to Trust Indenture Act Sections 310(b) and 311. For purposes of Trust Indenture Act Section 311(b)(4) and (6):

(a) “**cash transaction**” means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand; and

(b) “**self-liquidating paper**” means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

Section 7.04. *Trustee’s Disclaimer.* The Trustee (a) makes no representation as to the validity or adequacy of this Indenture or the Notes, (b) is not accountable for the Company’s use or application of the proceeds from the Notes and (c) is not responsible for any statement in the Notes other than its certificate of authentication.

Section 7.05. *Reserved.*

Section 7.06. *Reports by Trustee to Holders.* Within 60 days after each May 1, beginning with May 1, 2009, the Trustee will mail to each Holder, as provided in Trust Indenture Act Section 313(c) a brief report dated as of such May 1, if required by Trust Indenture Act Section 313(a).

Section 7.07. *Compensation and Indemnity.* (a) The Company will pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee, including the reasonable compensation and expenses of the Trustee’s agents and counsel.

(b) In addition to any other indemnity provided to the Trustee hereunder, the Company will indemnify the Trustee for, and hold it harmless against, any loss or liability or expense incurred by it without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of the Indenture and its duties under the Indenture and the Notes,

including the costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties under the Indenture and the Notes.

(c) To secure the Company's payment obligations in this Section or as otherwise provided in the Indenture, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held in trust to pay principal of, premium, if any, and interest or Additional Interest, if any, on particular Notes.

(d) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01(vii) or Section 5.01(viii) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08. *Replacement of Trustee.* (a) (i) The Trustee may resign at any time by written notice to the Issuer.

(ii) The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by written notice to the Trustee.

(iii) If the Trustee is no longer eligible under Section 7.10 or in the circumstances described in Trust Indenture Act Section 310(b), any Holder that satisfies the requirements of Trust Indenture Act Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(iv) The Issuer may remove the Trustee if: (A) the Trustee is no longer eligible under Section 7.10; (B) the Trustee is adjudged bankrupt or an insolvent; (C) a receiver or other public officer takes charge of the Trustee or its property; or (D) the Trustee becomes incapable of acting.

A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

(b) If the Trustee has been removed by the Holders, Holders of a majority in principal amount of the Notes may appoint a successor Trustee with the consent of the Issuer. Otherwise, if the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor Trustee. If the successor Trustee does not deliver its written acceptance within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuer or the Holders of a majority in principal amount of the

outstanding Notes may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Trustee.

(c) Upon delivery by the successor Trustee of a written acceptance of its appointment to the retiring Trustee and to the Issuer, (i) the retiring Trustee will transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor Trustee will have all the rights, powers and duties of the Trustee under the Indenture. Upon request of any successor Trustee, the Issuer will execute any and all instruments for fully and vesting in and confirming to the successor Trustee all such rights, powers and trusts. The Issuer will give notice of any resignation and any removal of the Trustee and each appointment of a successor Trustee to all Holders, and include in the notice the name of the successor Trustee and the address of its Corporate Trust Office.

(d) Notwithstanding replacement of the Trustee pursuant to this Section, Issuer's obligations under Section 7.07 will continue for the benefit of the retiring Trustee.

(e) The Trustee agrees to give the notices provided for in, and otherwise comply with, Trust Indenture Act Section 310(b).

Section 7.09. *Successor Trustee by Merger.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in the Indenture.

Section 7.10. *Eligibility.* The Indenture must always have a Trustee that satisfies the requirements of Trust Indenture Act Section 310(a) and has a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition.

Section 7.11. *Money Held in Trust.* The Trustee will not be liable for interest on any money received by it except as it may agree with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and except for money held in trust under Article 8.

ARTICLE 8
DEFEASANCE AND DISCHARGE

Section 8.01. *Legal Defeasance and Discharge.* The Issuer, the Company and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.03 hereof, be deemed to have been discharged from their respective obligations with respect to the Notes, the Guarantees and under the Security Documents and cause the release of all Liens on the Collateral granted under the Security Documents, on the date the conditions set forth below are satisfied (hereinafter, “**Legal Defeasance**”). For this purpose, Legal Defeasance means that the Issuer shall be deemed to have paid and discharged the entire Indebtedness represented by the Notes, which shall thereafter be deemed to be outstanding only for the purposes of Section 8.04 hereof and the other Sections of this Indenture referred to in clauses (a) through (f) of this Section 8.01, and the Issuer, the Company and the Guarantors shall be deemed to have satisfied all of their respective obligations under the Notes, the Guarantees, this Indenture and the Security Documents (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments delivered to it by the Issuer acknowledging the same), except of the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Notes to receive payments in respect of the principal, premium, if any, and interest and Additional Interest, if any, on the Notes when such payments are due from the trust referred to below; (b) the Issuer’s obligations with respect to the Notes concerning mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust; (c) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer’s and the Guarantors’ obligations in connection therewith; (d) the Legal Defeasance provisions of this Indenture; (e) the rights of registration of transfer and exchange of the Notes; and (f) the rights of Holders that are beneficiaries with respect to property so deposited with the Trustee payable to all or any of them.

Section 8.02. *Covenant Defeasance.* The Issuer, the Company and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.03 hereof, be released from their obligations with respect to the Notes and the Guarantees under the covenants contained in Sections 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12 and 4.13, clause (iii) of Section 4.14, Section 4.18 and Article 6 (except for Section 6.03 and Section 6.10) and each Guarantor’s obligation under its Guarantee, on and after the date that the conditions set forth in Section 8.03 are satisfied and the Liens on the Collateral granted under the Security Documents will be released (hereinafter, “**Covenant Defeasance**”), and the Notes shall thereafter be deemed not outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed outstanding for all other purposes hereunder (it being understood that the Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant

Defeasance means that, with respect to the Notes and the Guarantees, the Issuer, the Company and the Guarantors may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01 hereof, but, except as specified above, the remainder of this Indenture and the Notes shall be unaffected thereby. Subject to the satisfaction of the conditions set forth in Section 8.03 hereof, Sections 5.01(iii) (with respect to the covenants so defeased), 5.01(iv), 5.01(v), 5.01(vi), 5.01(ix) and 5.01(x) shall not constitute Events of Default or Defaults hereunder.

Section 8.03. *Conditions to Legal or Covenant Defeasance.* The following shall be the conditions to the application of either Section 8.01 or Section 8.02 hereof to the Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit, or cause to be deposited, with the Trustee, in trust, for the benefit of the Holders of Notes, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay, without reinvestment, the principal of, premium, if any, and interest and Additional Interest, if any, on the Notes on the stated maturity thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or there has been a change in the applicable United States federal income tax law after the date of this Indenture, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance, and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance, and such

Holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound;

(f) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of Notes over other creditors of the Issuer, or with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(g) the Issuer must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel in the United States reasonably acceptable to the Trustee, each stating that the conditions precedent provided for or relating to Legal Defeasance or Covenant Defeasance, as applicable, in the case of the Officers' Certificate, in clauses (a) through (f) and, in the case of the Opinion of Counsel, in clauses (b) and (c) of this Section 8.03, have been complied with.

Section 8.04. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.05 hereof, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively, and solely for purposes of this Section 8.04, the "Trustee") pursuant to Section 8.03 or Section 8.08 hereof in respect of the Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or indirectly or through any paying agent (including the Issuer acting as paying agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, interest and Additional Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.03 or Section 8.08 hereof or the principal, premium, if any, interest and Additional Interest, if any,

received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Notes.

Subject to the preceding paragraph and Section 7.07 herein, anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay, solely to the extent available in such trust, to the Issuer from time to time upon the request of the Issuer any money or non-callable U.S. Government Obligations held by it as provided in Section 8.03 or Section 8.08 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.03(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.05. *Repayment to Issuer.* Any money deposited with the Trustee or any paying agent, or then held by the Issuer, in trust for the payment of the principal, premium, if any, interest and Additional Interest, if any, on the Notes and remaining unclaimed for two years after such principal, premium, if any, interest and Additional Interest, if any, has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured creditor, look only to the Issuer for payment thereof, and all liability of the Trustee or such paying agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; *provided, however,* that the Trustee or such paying agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in *The New York Times* and *The Wall Street Journal* (national editions), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

Section 8.06. *Reinstatement.* If the Trustee or paying agent is unable to apply any money or non-callable U.S. Government Obligations in accordance with Section 8.01, Section 8.02 or Section 8.08 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01, Section 8.02 or Section 8.08 hereof until such time as the Trustee or paying agent is permitted to apply all such money in accordance with Section 8.01, Section 8.02 or Section 8.08 hereof, as the case may be; *provided, however,* that, if the Issuer makes any payment of principal of, premium, if any, or interest or Additional Interest, if any, on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or paying agent.

Section 8.07. *Survival.* The Trustee's rights under Article 7 and this Article 8 shall survive termination of this Indenture.

Section 8.08. *Satisfaction and Discharge of Indenture.* If at any time (a) (i) the Issuer shall have paid or caused to be paid the principal of, premium, if any, and interest and Additional Interest, if any, on all the outstanding Notes (other than Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.04) as and when the same shall have become due and payable, or (ii) the Issuer shall have delivered to the Trustee for cancellation all Notes theretofore authenticated (other than Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.04), or (b) (i) the Notes mature within one year, or all of them are to be called for redemption within one year under arrangements satisfactory to the Trustee for giving the notice of redemption, (ii) the Issuer irrevocably deposits in trust with the Trustee, as trust funds solely for the benefit of the Holders, money or U.S. Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certificate delivered to the Trustee, without consideration of any reinvestment, to pay principal of and premium, interest and Additional Interest, if any, on the Notes to maturity or redemption, as the case may be, and to pay all other sums payable by it hereunder, (iii) no Default has occurred and is continuing on the date of the deposit, (iv) the deposit will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Issuer is a party or by which it is bound, and (v) the Issuer delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that all conditions precedent provided for herein relating to the satisfaction and discharge of the Indenture have been complied with; and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer (including all amounts, payable to the Trustee pursuant to Section 7.07), then, (x) after satisfying the conditions in clause (a), only the Company's obligations under Sections 7.07 and 8.04 will survive or (y) after satisfying the conditions in clause (b), only the Issuer's or the Company's, as applicable, obligations in Article 2 and Sections 4.01, 4.02, 7.07, 7.08, 8.04, 8.05 and 8.06 will survive, and, in either case, the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the satisfaction and discharge contemplated by this provision have been complied with, and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction and discharging of this Indenture and the Security Documents and cause the release of all Liens on the Collateral granted under the Security Documents. The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred, and to compensate the Trustee for any services thereafter reasonably and properly rendered, by the Trustee in connection with this Indenture or the Notes.

ARTICLE 9
AMENDMENTS, SUPPLEMENTS AND WAIVERS

Section 9.01. *Amendments Without Consent of Holders.* The Company, the Issuer, the Guarantors and the Trustee and with respect to the Security Documents, the Collateral Agent, the Administrative Agent, the Second Lien Notes Collateral Agent, the Second Lien Notes Trustee and the Mortgage Tax Collateral Agent (as applicable) may amend, supplement or waive the Indenture, the Notes, the Guarantees or the Security Documents without notice to or the consent of any Holder:

(a) to evidence the succession of another Person to the Issuer or the Company or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Issuer or the Company herein and in the Notes or the Guarantees;

(b) to add to the covenants of the Issuer or the Company such further covenants, restrictions, conditions or provisions for the protection of the Holders of Notes, or to surrender any right or power herein conferred upon the Issuer or the Company, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; *provided, however*, that in respect of any such additional covenants, restrictions, conditions or provisions such amendment, supplemented indenture or waiver may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Notes to waive such an Event of Default;

(c) to cure any ambiguity, defect or inconsistency in the Indenture, the Notes, the Guarantees or the Security Documents;

(d) to comply with any requirements of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act;

(e) to evidence and provide for the acceptance of appointment hereunder by a successor or replacement Trustee or under the Security Documents of a successor or replacement Collateral Agent;

(f) to provide for uncertificated Notes in addition to, or in place of, Certificated Notes;

(g) to provide for any Guarantee of the Notes, to add security to or for the benefit of the Notes and, in the case of the Security Documents, to or for the benefit of the other secured parties named therein, or to confirm and evidence the release, termination or discharge of any Guarantee of or Lien securing the Notes when such release, termination or discharge is permitted by the Indenture and the Security Documents;

(h) to provide for or confirm the issuance of Additional Notes;

(i) to evidence compliance with Section 4.14;

(j) to make any other change that does not adversely affect the legal rights of any Holder; or

(k) to conform any provision of the Indenture, the Notes, the Guarantees or the Security Documents to the “Description of New Secured Notes” contained in the Issuer’s Confidential Offering Memorandum dated October 27, 2008 to the extent that the “Description of New Secured Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Guarantees or the Security Documents.

In addition, the Collateral Agent, the Trustee, the Administrative Agent, the Second Lien Notes Collateral Agent, the Second Lien Notes Trustee and the Mortgage Tax Collateral Agent (as applicable) may amend the Security Documents to add additional secured parties to the extent Liens securing Obligations held by such parties are permitted under the Indenture, including that after so securing any such additional secured parties, the amount of First-Priority Lien Obligations and Second-Priority Lien Obligations do not exceed the amounts set forth under clauses (i)(b) and (i)(d), respectively, of the definition of “Permitted Liens.”

Section 9.02. *Amendments with Consent of Holders.* (a) Except as otherwise provided in Sections 5.01, 5.03 and 5.06 or Section 9.02(b) of this Section, the Company, the Issuer, the Guarantors and the Trustee and (with respect to the Security Documents) the Collateral Agent, the Administrative Agent, the Second Lien Notes Collateral Agent, the Second Lien Notes Trustee and the Mortgage Tax Collateral Agent (as applicable) may amend or supplement the Indenture, the Notes, the Guarantees and the Security Documents with the consent of the Holders of a majority in principal amount of the outstanding Notes (which may include written consents obtained in connection with a tender offer or exchange offer for Notes), and the Holders of a majority in principal amount of the outstanding Notes by written notice to the Trustee may waive future compliance by the Company, the Issuer and the Guarantors with any provision of the Indenture, the Notes, the Guarantees or the Security Documents (which may

include waivers obtained in connection with a tender offer or exchange offer for Notes).

(b) Notwithstanding the provisions of paragraph (a) of this Section, without the consent of each Holder affected, an amendment or waiver may not:

(i) reduce the amount of Notes whose Holders must consent to an amendment, supplement or waiver,

(ii) reduce the rate of, or extend the time for payment of, any interest, including default interest, on any Note,

(iii) reduce principal of, or change the fixed maturity of, any Note or alter the provisions (including related definitions) with respect to redemptions described under Article 3 or with respect to mandatory offers to repurchase Notes described under Section 4.10 and Section 4.12,

(iv) make any Note payable in money other than that stated in the Note,

(v) modify the ranking or priority of the Notes or any Guarantee,

(vi) make any change in Sections 5.03 or 5.06,

(vii) release any Guarantor from any of its obligations under its Guarantee or the Indenture otherwise than in accordance with the Indenture,

(viii) waive a continuing Default or Event of Default in the payment of principal of, premium, if any, or interest or Additional Interest, if any, on the Notes, or

(ix) effect a release of all or substantially all of the Collateral other than pursuant to the terms of the Security Documents or as otherwise permitted under this Indenture.

(c) It is not necessary for Holders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

(d) An amendment, supplement or waiver under this Section will become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes. After an amendment, supplement or waiver under this Section becomes effective, the Issuer (or the Trustee at the request and expense of the Issuer) will send to the

Holders affected thereby a notice briefly describing the amendment, supplement or waiver. The Issuer will send supplemental indentures to Holders upon request. Any failure of the Issuer to send such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture, amendment or waiver.

Section 9.03. *Effect of Consent.* (a) After an amendment, supplement or waiver becomes effective, it will bind every Holder unless it is of the type requiring the consent of each Holder affected. If the amendment, supplement or waiver is of the type requiring the consent of each Holder affected, the amendment, supplement or waiver will bind each Holder that has consented to it and every subsequent Holder of a Note that evidences the same debt as the Note of the consenting Holder.

(b) If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder to deliver it to the Trustee so that the Trustee may place an appropriate notation of the changed terms on the Note and return it to the Holder, or exchange it for a new Note that reflects the changed terms. The Trustee may also place an appropriate notation on any Note thereafter authenticated. However, the effectiveness of the amendment, supplement or waiver shall not be affected or impaired by any failure to annotate or exchange Notes in this fashion.

Section 9.04. *Trustee's Rights and Obligations.* The Trustee is entitled to receive, in addition to the documents required by Section 13.04, and will be fully protected in relying upon, an Opinion of Counsel stating (i) that the execution of any amendment, supplement or waiver authorized pursuant to this Article is authorized or permitted by the Indenture or the applicable Security Document and (ii) in the case of an amendment, supplement or waiver in connection with Section 9.01(j) that such amendment, supplement or waiver does not adversely affect the legal rights of any Holder of Notes affected by such change. If the Trustee has received such Opinion of Counsel, it shall sign the amendment, supplement or waiver so long as the same does not adversely affect the rights of the Trustee. The Trustee may, but is not obligated to, execute any amendment, supplement or waiver that affects the Trustee's own rights, duties or immunities under the Indenture.

Section 9.05. *Conformity with Trust Indenture Act.* Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

Section 9.06. *Payments for Consents.* Neither the Issuer, the Company nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of

the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all Holders of Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

ARTICLE 10
RANKING OF LIENS

Section 10.01. *Agreement for the Benefit of Holders of First-Priority Liens and Second-Priority Liens.* The Trustee and the Collateral Agent agree, and each Holder of Notes by accepting a Note agrees, that:

- (a) the Liens securing the Third-Priority Lien Obligations upon any and all Collateral are, to the extent and in the manner provided in the Intercreditor Agreement, subordinate in ranking to all present and future First-Priority Liens and Second-Priority Liens; and
- (b) the agreements as to the ranking of the Third-Priority Liens set forth in the Intercreditor Agreement:
 - (1) are enforceable by the holders of each of the First-Priority Liens and Second-Priority Liens, for the benefit of the respective holders of First-Priority Lien Obligations and Second-Priority Lien Obligations secured thereby; and
 - (2) will remain enforceable by the holders of each of the First-Priority Liens and the Second-Priority Liens until the Discharge of Senior Claims (as defined in the Intercreditor Agreement).
- (c) without the necessity of any consent of, or notice to, the Trustee or any holder of Third-Priority Lien Obligations, the Issuer, the Restricted Subsidiaries, the Administrative Agent, the Second Lien Notes Collateral Agent and Second Lien Notes Trustee may amend, modify, supplement or terminate any Security Document, subject to the limitations set forth in the Intercreditor Agreement; *provided* that the Issuer will use commercially reasonable efforts to notify the Trustee and the Collateral Agent of any such amendment, modification, supplement or termination (but the failure to provide such notice shall not affect the applicability, validity or enforceability of such amendment);
- (d) as among the Collateral Agent, the Trustee and the holders of Third-Priority Lien Obligations on the one hand and the holders of the First-Priority Lien Obligations and Second-Priority Lien Obligations on the other hand, the holders of the First-Priority Lien Obligations and the Administrative Agent will have the sole ability to control and obtain remedies with respect to all Collateral, and at any time when First-Priority Lien Obligations are no longer outstanding

and while Second-Priority Lien Obligations are outstanding, the holders of the Second-Priority Lien Obligations, the Second Lien Notes Collateral Agent and the Second Lien Notes Trustee will have the sole ability to control and obtain remedies with respect to all Collateral, in each case, without the necessity of any consent of or notice to the Collateral Agent, the Trustee or any such holder, as set forth in more detail in the Intercreditor Agreement;

(e) any or all Liens as set forth in, and granted under the Security Documents for the benefit of the Holders will be automatically and unconditionally released, without the necessity of any consent of the Collateral Agent, the Trustee or any Holders, upon a release of both the First-Priority Liens and the Second-Priority Liens on such Collateral, but will not be so released if the release is in connection with the (i) payment in full of the First-Priority Lien Obligations and in such circumstance, the Second-Priority Lien Obligations are not released in accordance with the Second Lien Notes Indenture and the Intercreditor Agreement or (ii) the payment in full of the First-Priority Lien Obligations and in such circumstance, the Second-Priority Liens are released in connection with the repayment in full of the Second Lien Notes in accordance with the Second Lien Notes Indenture and the Intercreditor Agreement, subject, in each case, to the exceptions set forth in Section 5.1 of the Intercreditor Agreement; and

(f) the Indenture, Notes, Guarantees and Security Documents are subject to the Intercreditor Agreement.

Section 10.02. *Notes, Guarantees and Other Third-Priority Lien Obligations not Subordinated.* The provisions of this Article 10 are intended solely to set forth the relative ranking, as Liens, of the Third-Priority Liens as against each of the First-Priority Liens and the Second-Priority Liens. The Notes and Guarantees are senior non-subordinated obligations of the Issuer and Guarantors. Neither the Notes, the Guarantees and other Third-Priority Lien Obligations nor the exercise or enforcement of any right or remedy for the payment or collection thereof (other than the exercise of rights and remedies of a secured party, which are subject to the Intercreditor Agreement) are intended to be, or will ever be by reason of the provisions of this Article 10, in any respect subordinated, deferred, postponed, restricted or prejudiced.

Section 10.03. *Relative Rights.* The Intercreditor Agreement defines the relative rights, as lienholders, of holders of Third-Priority Liens, holders of First-Priority Liens and holders of Second-Priority Liens. Nothing in this Indenture or the Intercreditor Agreement will:

(a) impair, as between the Issuer and Holders of Notes, the obligation of the Issuer, which is absolute and unconditional, to pay principal of, premium and interest on the Notes in accordance with their terms or to perform any other

obligation of the Issuer or any other obligor under the Indenture, Notes, Guarantees and Security Documents;

(b) restrict the right of any Holder of Notes to sue for payments that are then due and owing;

(c) prevent the Trustee, the Collateral Agent or any Holder of Notes from exercising against the Issuer or any other obligor any of its other available remedies upon a Default or Event of Default (other than its rights as a secured party, which are subject to the Intercreditor Agreement); or

(d) restrict the right of the Trustee, the Collateral Agent or any Holder of Notes:

(1) to file and prosecute a petition seeking an order for relief in an involuntary bankruptcy case as to any obligor or otherwise to commence, or seek relief commencing, any insolvency or liquidation proceeding involuntarily against any obligor;

(2) to make, support or oppose any request for an order for dismissal, abstention or conversion in any insolvency or liquidation proceeding;

(3) to make, support or oppose, in any insolvency or liquidation proceeding, any request for an order extending or terminating any period during which the debtor (or any other Person) has the exclusive right to propose a plan of reorganization or other dispositive restructuring or liquidation plan therein;

(4) to seek the creation of, or appointment to, any official committee representing creditors (or certain of the creditors) in any insolvency or liquidation proceedings and, if appointed, to serve and act as a member of such committee without being in any respect restricted or bound by, or liable for, any of the obligations under this Article 10;

(5) to seek or object to the appointment of any professional person to serve in any capacity in any insolvency or liquidation proceeding or to support or object to any request for compensation made by any professional person or others therein;

(6) to make, support or oppose any request for an order appointing a trustee or examiner in any insolvency or liquidation proceedings; or

(7) otherwise to make, support or oppose any request for relief in any insolvency or liquidation proceeding that it is permitted by law to make, support or oppose:

(x) if it were a holder of unsecured claims; or

(y) as to any matter relating to any plan of reorganization or other restructuring or liquidation plan or as to any matter relating to the administration of the estate or the disposition of the case or proceeding;

in each case, except as set forth in the Intercreditor Agreement.

ARTICLE 11

COLLATERAL AND SECURITY

Section 11.01. *Security Documents.* The payment of the principal of and interest and premium, if any, on the Notes when due, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise and whether by the Issuer pursuant to the Notes or by any Guarantor pursuant to its Guarantees, the payment of all other Third-Priority Lien Obligations and the performance of all other obligations of the Issuer and the Guarantors under the Indenture, the Notes, the Guarantees and the Security Documents are secured by Third-Priority Liens on the Collateral, subject to Permitted Liens, as provided in the Security Documents which the Issuer and the Guarantors have entered into simultaneously with the execution of this Indenture, or in certain circumstances, subsequent to the Issue Date, and will be secured as provided in the Security Documents hereafter delivered as required or permitted by this Indenture.

Section 11.02. *Collateral Agent.*

(a) The Issuer hereby appoints Wilmington Trust Company to act as Collateral Agent, and the Collateral Agent shall have the privileges, powers and immunities as set forth herein and in the Security Documents. The Issuer and the Guarantors hereby agree that the Collateral Agent shall hold the Collateral in trust for the benefit of all of the Holders and the Trustee, in each case, pursuant to the terms of the Security Documents and the Collateral Agent is hereby authorized to execute and deliver the Security Documents. Subject to the Intercreditor Agreement, the Collateral Agent is authorized and empowered to appoint one or more co-Collateral Agents as it deems necessary or appropriate.

(b) Subject to Section 7.01, neither the Trustee nor the Collateral Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral, for the legality, enforceability, effectiveness or sufficiency of the

Security Documents, for the creation, perfection, priority, sufficiency or protection of any Third-Priority Lien, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Third-Priority Liens or Security Documents or any delay in doing so.

(c) The Collateral Agent will be subject to such directions as may be given it by the Trustee from time to time (as required or permitted by this Indenture). Except as directed by the Trustee as required or permitted by this Indenture or as required or permitted by the Security Documents, the Collateral Agent will not be obligated:

- (1) to act upon directions purported to be delivered to it by any other Person;
- (2) to foreclose upon or otherwise enforce any Third-Priority Lien; or
- (3) to take any other action whatsoever with regard to any or all of the Third-Priority Liens, Security Documents or Collateral.

(d) The Collateral Agent will be accountable only for amounts that it actually receives as a result of the enforcement of the Third-Priority Liens or the Security Documents.

(e) In acting as Collateral Agent or co-Collateral Agent, the Collateral Agent and each co-Collateral Agent may rely upon and enforce for its own benefit each and all of the rights, powers, immunities, indemnities and benefits of the Trustee under Article 7 hereof, each of which shall also be deemed to be for the benefit of the Collateral Agent.

(f) At all times when the Trustee is not itself the Collateral Agent, the Issuer will deliver to the Trustee copies of all Security Documents delivered to the Collateral Agent and copies of all documents delivered to the Collateral Agent pursuant to the Security Documents.

Section 11.03. Authorization of Actions to be Taken.

(a) Each Holder of Notes, by its acceptance thereof, consents and agrees to the terms of each Security Document, as originally in effect on the Issue Date and as amended, supplemented or replaced from time to time in accordance with its terms or the terms of this Indenture, authorizes and directs the Trustee and the Collateral Agent to execute and deliver the Security Documents to which it is a party and authorizes and empowers the Trustee and the Collateral Agent to bind the Holders of Notes and other holders of Third-Priority Lien Obligations as set

forth in the Security Documents to which it is a party and to perform its obligations and exercise its rights and powers thereunder.

(b) The Collateral Agent and the Trustee are authorized and empowered to receive for the benefit of the Holders of Notes any funds collected or distributed under the Security Documents to which the Collateral Agent or Trustee is a party and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

(c) Subject to the provisions of Section 7.01, Section 7.02, Article 10 and the Intercreditor Agreement, the Trustee may, in its sole discretion and without the consent of the Holders of Notes, direct, on behalf of the Holders of Notes, the Collateral Agent to take all actions it deems necessary or appropriate in order to:

- (1) foreclose upon or otherwise enforce any or all of the Third-Priority Liens;
- (2) enforce any of the terms of the Security Documents to which the Collateral Agent or Trustee is a party; or
- (3) collect and receive payment of any and all Third-Priority Lien Obligations.

Subject to the Intercreditor Agreement, Section 7.01, Section 7.02 and Article 10, the Trustee is authorized and empowered to institute and maintain, or direct the Collateral Agent to institute and maintain, such suits and proceedings as it may deem expedient to protect or enforce the Third-Priority Liens or the Security Documents to which the Collateral Agent or Trustee is a party or to prevent any impairment of Collateral by any acts that may be unlawful or in violation of the Security Documents to which the Collateral Agent or Trustee is a party or this Indenture, and such suits and proceedings as the Trustee or the Collateral Agent may deem expedient to preserve or protect its interests and the interests of the Holders of Notes in the Collateral, including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of Holders of Notes, the Trustee or the Collateral Agent.

Section 11.04. *Release of Third-Priority Liens.*

(a) The Third-Priority Liens will be released, with respect to the Notes and the Guarantees:

(1) in whole, in accordance with Section 5.1 of the Intercreditor Agreement;

(2) in whole, upon payment in full of the principal of, accrued and unpaid interest and premium, if any, on the Notes and payment in full of all other Third-Priority Lien Obligations in respect thereof that are due and payable at or prior to the time such principal, accrued and unpaid interest and premium, if any, on the Notes are paid;

(3) in whole, upon satisfaction and discharge of this Indenture pursuant to Section 8.08;

(4) in whole, upon a legal defeasance or covenant defeasance pursuant to Article 8;

(5) in part, as to any property constituting Collateral that (a) is sold or otherwise disposed of by the Issuer or one of the Restricted Subsidiaries to any Person other than the Company, the Issuer or any of its Restricted Subsidiaries (but excluding any transaction subject to Section 4.14 where the recipient is required to become the obligor on the Notes or a Guarantee) in a transaction permitted by this Indenture, at the time of such sale or disposition, to the extent of the interest sold or disposed of, (b) is to be released, in whole or in part, pursuant to Section 5.1 of the Intercreditor Agreement, (c) is owned or at any time acquired by a Restricted Subsidiary that has been released from its Guarantee under this Indenture, concurrently with the release of such Guarantee, or (d) consists of securities of a Guarantor of the Issuer to be released as contemplated by Section 4.18(c); or

(6) In accordance with and subject to the provisions of Article 9, with the consent of Holders of a majority in principal amount of the outstanding Notes or each Holder affected if required by Section 9.02(b)(ix) (including consents obtained in connection with a tender offer or exchange offer).

(b) If an instrument confirming the release of the Third-Priority Liens pursuant to Section 11.04(a) is requested by the Issuer or a Guarantor, then upon delivery to the Trustee of an Officers' Certificate requesting execution of such an instrument, accompanied by:

(1) an Opinion of Counsel confirming that such release is permitted by Section 11.04(a);

(2) all instruments requested by the Issuer to effectuate or confirm such release; and

(3) such other certificates and documents as the Trustee or Collateral Agent may reasonably request to confirm the matters set forth in Section 11.04(a) that are required by this Indenture or the Security Documents,

the Trustee will, if such instruments and documents are reasonably satisfactory to the Trustee and Collateral Agent, instruct the Collateral Agent to execute and deliver, and the Collateral Agent will promptly execute and deliver, such instruments.

(c) All instruments effectuating or confirming any release of any Third-Priority Liens will have the effect solely of releasing such Third-Priority Liens as to the Collateral described therein, on customary terms and without any recourse, representation, warranty or liability whatsoever.

(d) The Issuer will bear and pay all costs and expenses associated with any release of Third-Priority Liens pursuant to this Section 11.04, including all reasonable fees and disbursements of any attorneys or representatives acting for the Trustee or for the Collateral Agent.

Section 11.05. *Filing, Recording and Opinions.*

(a) The Issuer will comply with the provisions of TIA §314(b) and §314(d), in each case following qualification of this Indenture pursuant to the TIA. Any certificate or opinion required by TIA §314(d) may be made by an Officer of the Issuer except in cases where TIA §314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert, who shall be reasonably satisfactory to the Trustee. Notwithstanding anything to the contrary herein, the Issuer and the Guarantors will not be required to comply with all or any portion of TIA §314(d) if they determine, in good faith based on advice of counsel (which may be internal counsel), that under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the Commission and its staff, including “no action” letters or exemptive orders, all or any portion of TIA §314(d) is inapplicable to the released Collateral. Following the qualification of this Indenture pursuant to the TIA, to the extent the Issuer is required to furnish to the Trustee an Opinion of Counsel pursuant to TIA §314(b)(2), the Issuer will furnish such opinion prior to each December 3.

Any release of Collateral permitted by Section 11.04 hereof or the Security Documents will be deemed not to impair the Liens under the Indenture and the Security Documents in contravention thereof and any person that is required to deliver a certificate or opinion pursuant to Section 314(d) of the TIA or otherwise under this Indenture or the Security Documents, shall be entitled to rely upon the foregoing as a basis for delivery of such certificate or opinion. The Trustee may, to the extent permitted by Section 7.01 and 7.02 hereof, accept as

conclusive evidence of compliance with the foregoing provisions the appropriate statements contained in such documents and opinion.

(b) If any Collateral is released in accordance with this Indenture or any Security Document at a time when the Trustee is not itself also the Collateral Agent and if the Issuer has delivered the certificates and documents required by the Security Documents and permitted to be delivered by Section 11.04 (if any), the Trustee will determine whether it has received all documentation required by TIA §314(d) in connection with such release and, based on such determination and the Opinion of Counsel delivered pursuant to Section 11.04, if any, will, upon request, deliver a certificate to the Collateral Agent setting forth such determination.

ARTICLE 12
RELEASE OF ISSUER AND GUARANTORS

Section 12.01. *Release of Issuer.* (a) The Issuer shall be released from its obligations under this Indenture and the Notes, without the consent of the Holders, if: (1) the Company or any successor to the Company has assumed the obligations of the Issuer under this Indenture and the Notes, by supplemental indenture executed and delivered to the Trustee and satisfactory in form to the Trustee, (2) the Company delivers an Opinion of Counsel to the Trustee to the effect that Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such release and such Holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such release had not occurred and (3) the Issuer shall (w) become a Guarantor subject to the provisions of Article 6 and Section 4.11 hereof, (x) execute a Guarantee, (y) execute a supplemental indenture evidencing its Guarantee and (z) deliver an Opinion of Counsel to the Trustee to the effect that the supplemental indenture has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms (subject to customary exceptions).

(b) A Guarantor may be released from its obligations under the Indenture, the Notes and its Guarantee in accordance with the provisions contained in Section 6.03 herein.

ARTICLE 13
MISCELLANEOUS

Section 13.01. *Trust Indenture Act of 1939.* The Indenture shall incorporate and be governed by the provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act. To the extent permitted by applicable law, in the event of any inconsistency

between the terms of the Notes and the terms of the Indenture, the terms of the Indenture will control; *provided however* that provisions of TIA §314(b) and §314(d), in each case, shall not apply until qualification of this Indenture under the TIA.

Section 13.02. *Holder Communications; Holder Actions.* (a) The rights of Holders to communicate with other Holders with respect to the Indenture or the Notes are as provided by the Trust Indenture Act, and the Company and the Issuer shall comply with the requirements of Trust Indenture Act § 312(a). Neither the Company, the Issuer nor the Trustee will be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

(b) (i) any request, demand, authorization, direction, notice, consent to amendment, supplement or waiver or other action provided by this Indenture to be given or taken by a Holder (an “**act**”) may be evidenced by an instrument signed by the Holder delivered to the Trustee. The fact and date of the execution of the instrument, or the authority of the person executing it, may be proved in any manner that the Trustee deems sufficient.

(ii) The Trustee may make reasonable rules for action by or at a meeting of Holders, which will be binding on all the Holders.

(c) Any act by the Holder of any Note binds that Holder and every subsequent Holder of a Note that evidences the same debt as the Note of the acting Holder, even if no notation thereof appears on the Note. Subject to paragraph (d), a Holder may revoke an act as to its Notes, but only if the Trustee receives the notice of revocation before the date the amendment or waiver or other consequence of the act becomes effective.

(d) The Issuer may, but is not obligated to, fix a record date (which need not be within the time limits otherwise prescribed by Trust Indenture Act § 316(c)) for the purpose of determining the Holders entitled to act with respect to any amendment or waiver or in any other regard, except that during the continuance of an Event of Default, only the Trustee may set a record date as to notices of Default, any declaration or acceleration or any other remedies or other consequences of the Event of Default. If a record date is fixed, those Persons that were Holders at such record date and only those Persons will be entitled to act, or to revoke any previous act, whether or not those Persons continue to be Holders after the record date. No act will be valid or effective for more than 90 days after the record date.

Section 13.03. *Notices.* (a) Any notice or communication to the Issuer or the Company will be deemed given if in writing (i) when delivered in person or (ii) five days after mailing when mailed by first class mail or (iii) when sent by

facsimile transmission, with transmission confirmed. Notices or communications to a Guarantor will be deemed given if given to the Company. Any notice to the Trustee will be effective only upon receipt. In each case the notice or communication should be addressed as follows:

if to the Issuer or the Company:

K. Hovnanian Enterprises, Inc.
110 West Front Street
Box 500
Red Bank, NJ 07701
Facsimile: (732) 383-2945
Attention: General Counsel

if to the Trustee:

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Except as otherwise expressly provided with respect to published notices, any notice or communication to a Holder will be deemed given when mailed to the Holder at its address as it appears on the Register by first class mail or, as to any Global Note registered in the name of DTC or its nominee, as agreed by the Issuer, the Trustee and DTC. Copies of any notice or communication to a Holder, if given by the Issuer or the Company, will be mailed to the Trustee at the same time. Defect in mailing a notice or communication to any particular Holder will not affect its sufficiency with respect to other Holders.

(c) Where the Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver will be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but such filing is not a condition precedent to the validity of any action taken in reliance upon such waivers.

Section 13.04. *Certificate and Opinion as to Conditions Precedent.* Upon any request or application by the Issuer or the Company to the Trustee to take any action under the Indenture, the Issuer or the Company will furnish to the Trustee:

(a) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in the Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel stating that all such conditions precedent relating to the proposed action have been complied with.

Section 13.05. *Statements Required in Certificate or Opinion.* Each certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture must include:

(a) a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

(c) a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with, *provided*, that an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials with respect to matters of fact.

Any certificate, statement or opinion of an Officer of the Issuer or the Company, as applicable, may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such Officer knows that the certificate or opinion or representations with respect to the matters upon which such certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or Opinion of Counsel may be based, insofar as it relates to factual matters on information with respect to which is in the possession of the Issuer, or the Company, as applicable, upon the certificate, statement or opinion of or representations by an officer or officers of the Issuer, or the Company, as applicable, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which such certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate, statement or opinion of an Officer of the Issuer or the Company, as applicable, or of counsel may be based, insofar as it relates to accounting matters, upon a certificate or opinion of or representations by an

accountant or firm of accountants in the employ of the Issuer or the Company, as applicable, unless such Officer or counsel, as the case may be, knows that the certificate or opinion or representations with respect to the accounting matters upon which such certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous.

Any certificate or opinion of any independent firm of public accountants filed with and directed to the Trustee shall contain a statement that such firm is independent.

Section 13.06. *Payment Date Other Than a Business Day.* If any payment with respect to a payment of any principal of, premium, if any, or interest or Additional Interest, if any, on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

Section 13.07. *Governing Law.* The Indenture, the Guarantees and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 13.08. *No Adverse Interpretation of Other Agreements.* The Indenture may not be used to interpret another indenture or loan or debt agreement of the Issuer, the Company or any Subsidiary of the Company, and no such indenture or loan or debt agreement may be used to interpret the Indenture.

Section 13.09. *Successors.* All agreements of the Issuer, the Company or any Guarantor in the Indenture and the Notes will bind its successors. All agreements of the Trustee in the Indenture will bind its successor.

Section 13.10. *Duplicate Originals.* The parties may sign any number of copies of the Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 13.11. *Separability.* To the extent permitted by applicable law, in case any provision in the Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12. *Table of Contents and Headings.* The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of the Indenture have been inserted for convenience of reference only, are not to be considered a part of the Indenture and in no way modify or restrict any of the terms and provisions of the Indenture.

Section 13.13. *No Liability of Directors, Officers, Employees, Partners, Incorporators and Stockholders.* No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in the Notes, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such or against any past, present or future stockholder, officer, director or employee, as such, of the Issuer, the Company or the Guarantors or any partner of the Issuer, the Company or the Guarantors or of any successor, either directly or through the Issuer, the Company or the Guarantors or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Notes by the Holders thereof and as part of the consideration for the issue of the Notes.

Section 13.14. *Provisions of Indenture for the Sole Benefit of Parties and Holders of Notes.* Nothing in this Indenture or in the Notes, expressed or implied, shall give or be construed to give to any Person, other than the parties hereto and their successors and the Holders of Notes, any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the Holders of Notes.

[Signature page follows]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused the Indenture to be duly executed as of the date first written above.

K. HOVNIANIAN ENTERPRISES, INC.,
as Issuer

By: /s/ Peter S. Reinhart

Name: Peter S. Reinhart

Title: Senior Vice President

HOVNIANIAN ENTERPRISES, INC.,
as the Company and a Guarantor

By: /s/ Peter S. Reinhart

Name: Peter S. Reinhart

Title: Senior Vice President

On behalf of each entity named in
Schedule A hereto, as a Guarantor

By: /s/ Peter S. Reinhart

Name: Peter S. Reinhart

Title: Authorized Officer

WILMINGTON TRUST COMPANY,
as Trustee

By: /s/ Patrick J. Healy

Name: Patrick J. Healy

Title: Vice President

[Signature page to the Indenture]

GUARANTORS

ALFORD, L.L.C.
AUDDIE ENTERPRISES, L.L.C.
BUILDER SERVICES NJ, L.L.C.
BUILDER SERVICES NY, L.L.C.
BUILDER SERVICES PA, L.L.C.
DULLES COPPERMINE, L.L.C.
EASTERN TITLE AGENCY, INC.
F&W MECHANICAL SERVICES, L.L.C.
FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.
FOUNDERS TITLE AGENCY, INC.
GOVERNOR'S ABSTRACT CO., INC.
GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.
HOMEBUYERS FINANCIAL SERVICES, L.L.C.
HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.
HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF GEORGIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP, L.L.C.
K. H. SAN MARCOS CONSERVANCY HOLDINGS L.L.C.
K. HOV I P, INC.
K. HOV INTERNATIONAL, INC.
K. HOV IP, II, INC.
K. HOVNANIAN ACQUISITIONS, INC.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, LLC
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, LLC
K. HOVNANIAN AT ALISO, LLC
K. HOVNANIAN AT ALLENBERRY, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT ALLENTOWN, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, LLC
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BELLA LAGO, LLC
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS IV, INC.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRANCHBURG III, INC.
K. HOVNANIAN AT BRIDGEPORT, INC.

K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT BRIDGEWATER VI, INC.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.
K. HOVNANIAN AT BURLINGTON III, INC.
K. HOVNANIAN AT BURLINGTON, INC.
K. HOVNANIAN AT CALABRIA, INC.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CAMERON CHASE, INC.
K. HOVNANIAN AT CAMP HILL, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL DEL MAR, INC.
K. HOVNANIAN AT CARMEL VILLAGE, LLC
K. HOVNANIAN AT CASTILE, INC.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.
K. HOVNANIAN AT CHAPARRAL, INC.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT CLARKSTOWN, INC.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, LLC
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CRESTLINE, INC.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOMINGUEZ HILLS, INC.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EAST BRANDYWINE, L.L.C.
K. HOVNANIAN AT EAST WHITELAND I, INC.
K. HOVNANIAN AT EASTLAKE, LLC
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, LLC
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT EWING, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.
K. HOVNANIAN AT FOREST MEADOWS, L.L.C.
K. HOVNANIAN AT FORKS TWP. I, L.L.C.
K. HOVNANIAN AT FRANKLIN, L.L.C.
K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
K. HOVNANIAN AT GALLOWAY, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.

K. HOVNANIAN AT GREAT NOTCH, L.L.C.
K. HOVNANIAN AT GUTTENBERG, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN, INC.
K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
K. HOVNANIAN AT HAMBURG, L.L.C.
K. HOVNANIAN AT HAWTHORNE, L.L.C.
K. HOVNANIAN AT HAZLET, L.L.C.
K. HOVNANIAN AT HERSHEY'S MILL, INC.
K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.
K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT HILLTOP, L.L.C.
K. HOVNANIAN AT HOPEWELL IV, INC.
K. HOVNANIAN AT HOPEWELL VI, INC.
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.
K. HOVNANIAN AT HUDSON POINTE, L.L.C.
K. HOVNANIAN AT JACKSON I, L.L.C.
K. HOVNANIAN AT JACKSON, L.L.C.
K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY, L.L.C.
K. HOVNANIAN AT KEYPORT, L.L.C.
K. HOVNANIAN AT KING FARM, L.L.C.
K. HOVNANIAN AT KINGS GRANT I, INC.
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA HABRA KNOLLS, LLC
K. HOVNANIAN AT LA TERRAZA, INC.
K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, LLC
K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.
K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.
K. HOVNANIAN AT LAKEWOOD, INC.
K. HOVNANIAN AT LAWRENCE V, L.L.C.
K. HOVNANIAN AT LINWOOD, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
K. HOVNANIAN AT LONG BRANCH I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND II, L.L.C.
K. HOVNANIAN AT LOWER MORELAND III, L.L.C.
K. HOVNANIAN AT LOWER SAUCON, INC.
K. HOVNANIAN AT MACUNGIE, L.L.C.
K. HOVNANIAN AT MAHWAH II, INC.
K. HOVNANIAN AT MAHWAH VI, INC.
K. HOVNANIAN AT MAHWAH VII, INC.
K. HOVNANIAN AT MANALAPAN III, L.L.C.
K. HOVNANIAN AT MANALAPAN, INC.

K. HOVNANIAN AT MANSFIELD I, L.L.C.
K. HOVNANIAN AT MANSFIELD II, L.L.C.
K. HOVNANIAN AT MANSFIELD III, L.L.C.
K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNANIAN AT MARLBORO II, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.
K. HOVNANIAN AT MARLBORO VI, L.L.C.
K. HOVNANIAN AT MARLBORO VII, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
K. HOVNANIAN AT MENIFEE VALLEY CONDOMINIUMS, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN, L.L.C.
K. HOVNANIAN AT MILLVILLE I, L.L.C.
K. HOVNANIAN AT MILLVILLE II, L.L.C.
K. HOVNANIAN AT MILLVILLE III, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MONROE II, INC.
K. HOVNANIAN AT MONROE III, L.L.C.
K. HOVNANIAN AT MONROE IV, L.L.C.
K. HOVNANIAN AT MONROE NJ, L.L.C.
K. HOVNANIAN AT MONTGOMERY I, INC.
K. HOVNANIAN AT MONTVALE, L.L.C.
K. HOVNANIAN AT MOSAIC, LLC
K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT NEW WINDSOR, L.L.C.
K. HOVNANIAN AT NORTH BERGEN, L.L.C.
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
K. HOVNANIAN AT NORTH HALEDON, L.L.C.
K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNANIAN AT NORTHAMPTON, L.L.C.
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.
K. HOVNANIAN AT NORTHFIELD, L.L.C.
K. HOVNANIAN AT NORTHLAKE, INC.
K. HOVNANIAN AT OCEAN TOWNSHIP, INC.
K. HOVNANIAN AT OCEAN WALK, INC.
K. HOVNANIAN AT OCEANPORT, L.L.C.
K. HOVNANIAN AT OLD BRIDGE, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, LLC
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, LLC
K. HOVNANIAN AT PARAMUS, L.L.C.
K. HOVNANIAN AT PARK LANE, LLC

K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
K. HOVNANIAN AT PERKIOMEN I, INC.
K. HOVNANIAN AT PERKIOMEN II, INC.
K. HOVNANIAN AT PHILADELPHIA II, L.L.C.
K. HOVNANIAN AT PHILADELPHIA III, L.L.C.
K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.
K. HOVNANIAN AT PITTSBORO, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNANIAN AT PRADO, L.L.C.
K. HOVNANIAN AT PRINCETON LANDING, L.L.C.
K. HOVNANIAN AT PRINCETON NJ, L.L.C.
K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.
K. HOVNANIAN AT RANCHO SANTA MARGARITA, LLC
K. HOVNANIAN AT RANDOLPH I, L.L.C.
K. HOVNANIAN AT RAPHO, L.L.C.
K. HOVNANIAN AT READINGTON II, L.L.C.
K. HOVNANIAN AT RED BANK, L.L.C.
K. HOVNANIAN AT RESERVOIR RIDGE, INC.
K. HOVNANIAN AT RIDGEMONT, L.L.C.
K. HOVNANIAN AT RIDGESTONE, L.L.C.
K. HOVNANIAN AT RIVERBEND, LLC
K. HOVNANIAN AT RODERUCK, L.L.C.
K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNANIAN AT ROWLAND HEIGHTS, LLC
K. HOVNANIAN AT SAGE, L.L.C.
K. HOVNANIAN AT SAN SEVAINE, INC.
K. HOVNANIAN AT SARATOGA, INC.
K. HOVNANIAN AT SAWMILL, INC.
K. HOVNANIAN AT SAYREVILLE, L.L.C.
K. HOVNANIAN AT SCOTCH PLAINS II, INC.
K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
K. HOVNANIAN AT SILVER SPRING, L.L.C.
K. HOVNANIAN AT SKYE ISLE, LLC
K. HOVNANIAN AT SMITHVILLE III, L.L.C.
K. HOVNANIAN AT SMITHVILLE, INC.
K. HOVNANIAN AT SOMERS POINT, L.L.C.
K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.
K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
K. HOVNANIAN AT SPARTA, L.L.C.
K. HOVNANIAN AT SPRINGCO, L.L.C.
K. HOVNANIAN AT STONE CANYON, INC.
K. HOVNANIAN AT STONY POINT, INC.
K. HOVNANIAN AT SUNSETS, LLC
K. HOVNANIAN AT SYCAMORE, INC.
K. HOVNANIAN AT TANNERY HILL, INC.
K. HOVNANIAN AT TEANECK, L.L.C.
K. HOVNANIAN AT THE BLUFF, INC.
K. HOVNANIAN AT THE CROSBY, LLC

K. HOVNIANIAN AT THE GABLES, LLC
K. HOVNIANIAN AT THE MONARCH, L.L.C.
K. HOVNIANIAN AT THE PRESERVE, L.L.C.
K. HOVNIANIAN AT THOMPSON RANCH, LLC
K. HOVNIANIAN AT THORNBURY, INC.
K. HOVNIANIAN AT TIERRASANTA, INC.
K. HOVNIANIAN AT TRAIL RIDGE, LLC
K. HOVNIANIAN AT TRENTON, L.L.C.
K. HOVNIANIAN AT TROVATA, INC.
K. HOVNIANIAN AT TUXEDO, INC.
K. HOVNIANIAN AT UNION TOWNSHIP I, INC.
K. HOVNIANIAN AT UNION TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
K. HOVNIANIAN AT UPPER MAKEFIELD I, INC.
K. HOVNIANIAN AT UPPER UWCHLAN II, L.L.C.
K. HOVNIANIAN AT UPPER UWCHLAN, L.L.C.
K. HOVNIANIAN AT VAIL RANCH, INC.
K. HOVNIANIAN AT VERONA URBAN RENEWAL, L.L.C.
K. HOVNIANIAN AT VINELAND, L.L.C.
K. HOVNIANIAN AT WALL TOWNSHIP VI, INC.
K. HOVNIANIAN AT WALL TOWNSHIP VIII, INC.
K. HOVNIANIAN AT WANAQUE, L.L.C.
K. HOVNIANIAN AT WARREN TOWNSHIP, L.L.C.
K. HOVNIANIAN AT WASHINGTON, L.L.C.
K. HOVNIANIAN AT WASHINGTONVILLE, INC.
K. HOVNIANIAN AT WAYNE III, INC.
K. HOVNIANIAN AT WAYNE IX, L.L.C.
K. HOVNIANIAN AT WAYNE V, INC.
K. HOVNIANIAN AT WAYNE VIII, L.L.C.
K. HOVNIANIAN AT WEST BRADFORD, L.L.C.
K. HOVNIANIAN AT WEST MILFORD, L.L.C.
K. HOVNIANIAN AT WEST WINDSOR, L.L.C.
K. HOVNIANIAN AT WILDROSE, INC.
K. HOVNIANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNIANIAN AT WILLOW BROOK, L.L.C.
K. HOVNIANIAN AT WINCHESTER, LLC
K. HOVNIANIAN AT WOODHILL ESTATES, L.L.C.
K. HOVNIANIAN AT WOOLWICH I, L.L.C.
K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNIANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN CHESTERFIELD INVESTMENT, L.L.C.
K. HOVNIANIAN CLASSICS CIP, L.L.C.
K. HOVNIANIAN CLASSICS, L.L.C.
K. HOVNIANIAN COMMUNITIES, INC.
K. HOVNIANIAN COMPANIES METRO D.C. NORTH, L.L.C.
K. HOVNIANIAN COMPANIES NORTHEAST, INC.
K. HOVNIANIAN COMPANIES OF CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES OF MARYLAND, INC.
K. HOVNIANIAN COMPANIES OF NEW YORK, INC.
K. HOVNIANIAN COMPANIES OF PENNSYLVANIA, INC.
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES OF VIRGINIA, INC.

K. HOVNANIAN COMPANIES, LLC
K. HOVNANIAN CONNECTICUT ACQUISITIONS, L.L.C.
K. HOVNANIAN CONSTRUCTION II, INC
K. HOVNANIAN CONSTRUCTION III, INC
K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.
K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNANIAN DELAWARE ACQUISITIONS, L.L.C.
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.
K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.
K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.
K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.
K. HOVNANIAN DEVELOPMENTS OF KENTUCKY, INC.
K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.
K. HOVNANIAN FIRST HOMES, L.L.C.
K. HOVNANIAN FLORIDA REALTY, L.L.C.
K. HOVNANIAN FORECAST HOMES NORTHERN, INC.
K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, LLC
K. HOVNANIAN FOUR SEASONS AT GOLD HILL, LLC
K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, LLC
K. HOVNANIAN GREAT WESTERN HOMES, LLC
K. HOVNANIAN HOLDINGS NJ, L.L.C.
K. HOVNANIAN HOMES — DFW, L.L.C.
K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.
K. HOVNANIAN HOMES AT CAMERON STATION, LLC
K. HOVNANIAN HOMES AT CAMP SPRINGS, L.L.C.
K. HOVNANIAN HOMES AT CIDER MILL, L.L.C.
K. HOVNANIAN HOMES AT FAIRWOOD, L.L.C.
K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.
K. HOVNANIAN HOMES AT JONES STATION 1, L.L.C.
K. HOVNANIAN HOMES AT JONES STATION 2, L.L.C.
K. HOVNANIAN HOMES AT MAXWELL PLACE. L.L.C.
K. HOVNANIAN HOMES AT NASSAU GROVE, L.L.C.
K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.
K. HOVNANIAN HOMES AT PRIMERA, L.L.C.
K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.

K. HOVNANIAN HOMES AT RUSSETT, L.L.C.
K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.
K. HOVNANIAN HOMES OF D.C., L.L.C.
K. HOVNANIAN HOMES OF DELAWARE, L.L.C.
K. HOVNANIAN HOMES OF GEORGIA, L.L.C.
K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
K. HOVNANIAN HOMES OF INDIANA, L.L.C.
K. HOVNANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN HOMES OF SOUTH CAROLINA, LLC
K. HOVNANIAN HOMES OF VIRGINIA, INC.
K. HOVNANIAN HOMES OF WEST VIRGINIA, L.L.C.
K. HOVNANIAN INTERNATIONAL, L.L.C.
K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNANIAN OF HOUSTON II, L.L.C.
K. HOVNANIAN OHIO REALTY, L.L.C.
K. HOVNANIAN OSTER HOMES, L.L.C.
K. HOVNANIAN PA REAL ESTATE, INC.
K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.
K. HOVNANIAN PROPERTIES OF RED BANK, INC.
K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNANIAN STANDING ENTITY, L.L.C.
K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF KENTUCKY, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.
K. HOVNANIAN SUMMIT HOMES, L.L.C.
K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.
K. HOVNANIAN T&C INVESTMENT, L.L.C.
K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
K. HOVNANIAN VENTURE I, L.L.C.
K. HOVNANIAN WINDWARD HOMES, LLC
K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY CONDOMINIUM, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HAMPTONBURGH, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HEMET, LLC
K. HOVNANIAN'S FOUR SEASONS AT HUNTFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND CONDOMINIUMS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.

K. HOVNIANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT PALM SPRINGS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS, LLC
K. HOVNIANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
K. HOVNIANIAN'S PRIVATE HOME PORTFOLIO, L.L.C.
KHIP, L.L.C.
LANDARAMA, INC.
M & M AT KENSINGTON WOODS, L.L.C.
M & M AT LONG BRANCH, INC
M&M AT APPLE RIDGE, L.L.C.
M&M AT CHESTERFIELD, L.L.C.
M&M AT COPPER BEECH, L.L.C.
M&M AT CRESCENT COURT, L.L.C.
M&M AT EAST MILL, L.L.C.
M&M AT EAST RUTHERFORD, L.L.C.
M&M AT MORRISTOWN, L.L.C.
M&M AT SHERIDAN, L.L.C.
M&M AT SPINNAKER POINTE, L.L.C.
M&M AT SPRUCE HOLLOW, L.L.C.
M&M AT SPRUCE RUN, L.L.C.
M&M AT STATION SQUARE, L.L.C.
M&M AT TAMARACK HOLLOW, L.L.C.
M&M AT THE CHATEAU, L.L.C.
M&M AT THE HIGHLANDS, L.L.C.
M&M AT UNION, L.L.C.
M&M AT WEST ORANGE, L.L.C.
M&M AT WESTPORT, L.L.C.
M&M AT WHEATENA URBAN RENEWAL, L.L.C.
M&M INVESTMENTS, L.P.
MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MATZEL & MUMFORD AT MONTGOMERY, L.L.C.
MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN RENEWAL, L.L.C.
MCNJ, INC.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF KENTUCKY, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF MICHIGAN, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
MMIP, L.L.C.
NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.
NEW LAND TITLE AGENCY, L.L.C.
PADDOCKS, L.L.C.
PARK TITLE COMPANY, LLC
PINE AYR, LLC
RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.
RIDGEMORE UTILITY L.L.C.
SEABROOK ACCUMULATION CORPORATION
STONEBROOK HOMES, INC.
TERRAPIN REALTY, L.L.C.

THE LANDINGS AT SPINNAKER POINTE, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.
WASHINGTON HOMES, INC.
WESTMINSTER HOMES OF ALABAMA, L.L.C.
WESTMINSTER HOMES OF MISSISSIPPI, LLC
WESTMINSTER HOMES OF TENNESSEE, INC.
WESTMINSTER HOMES, INC.
WH LAND I, INC
WH PROPERTIES, INC.
WH/PR LAND COMPANY, L.L.C.
WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

Sch. A-10

[FACE OF NOTE]

K. HOVNANIAN ENTERPRISES, INC.

18.0% Senior Secured Notes Due 2017

CUSIP No.:

No.

\$_____

K. Hovnanian Enterprises, Inc., a California corporation (the “**Issuer**,” which term includes any successor under the Indenture hereinafter referred to), for value received, promises to pay to _____, or its registered assigns, the principal sum of _____ DOLLARS (\$_____), [or such other amount as is provided in a schedule attached hereto]¹, on May 1, 2017.

Interest Rate: 18.0% per annum.

Interest Payment Dates: May 1 and November 1, commencing May 1, 2009.

Record Dates: April 15 and October 15.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which will for all purposes have the same effect as if set forth at this place.

¹ For Global Notes.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officer.

Dated: [_____], 2008

K. HOVNANIAN ENTERPRISES, INC.

By: _____

Name:

Title:

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[Form of] Trustee's Certificate of Authentication

This is one of the 18.0% Senior Secured Notes Due 2017 described in the Indenture referred to in this Note.

WILMINGTON TRUST COMPANY,
as Trustee

By: _____
Authorized Signatory

[REVERSE SIDE OF NOTE]
K. HOVNANIAN ENTERPRISES, INC.
18.0% Senior Secured Notes Due 2017

Capitalized terms used herein are used as defined in the Indenture referred to below unless otherwise indicated.

1. *Principal and Interest.*

K. Hovnanian Enterprises, Inc. (the “**Issuer**,” which term includes any successor under the Indenture hereinafter referred to), a California corporation, promises to pay the principal of this Note on May 1, 2017.

The Issuer promises to pay interest on the principal amount of this Note on each interest payment date, as set forth on the face of this Note, at the rate of 18.0% per annum.

Interest will be payable semiannually (to the holders of record of the Notes at the close of business on the April 15 or October 15 immediately preceding the interest payment date) on each interest payment date, commencing May 1, 2009.

[The Holder of this Note is entitled to the benefits of the Registration Rights Agreement, dated [_____], 2008, among the Issuer, the Guarantors party thereto and the [Initial Purchasers][Dealer Managers] named therein (the “**Registration Rights Agreement**”). In the event of a Registration Default (as defined in the Registration Rights Agreement), the Holder shall be entitled to Additional Interest as specified in the Registration Rights Agreement until the Registration Default is cured.]²

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note or the Note surrendered in exchange for this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a regular record date and the next interest payment date, from such interest payment date) or, if no interest has been paid, from [_____], 2008. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Paying Agent and Registrar.*

Initially, Wilmington Trust Company (the “**Trustee**”) will act as Paying Agent and Registrar. The Issuer may change or appoint any Paying Agent, Registrar or co-Registrar without notice to any Holder. The Issuer or any of its Subsidiaries may act as Paying Agent, Registrar or co-Registrar.

² For Initial Notes and Initial Additional Notes only.

3. Indenture; Guarantees.

This is one of the Notes issued under an Indenture dated as of [_____], 2008 (as amended from time to time, the “**Indenture**”), among the Issuer, the Guarantors party thereto and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Issuer, secured by Liens on the Collateral as described in the Indenture. The Indenture limits the original aggregate principal amount of the Notes issued thereunder to \$29,299,000 but Additional Notes may be issued pursuant to the Indenture (subject to the conditions stated therein), and the originally issued Notes and all such Additional Notes vote together for all purposes as a single class. This Note is guaranteed by the Guarantors as set forth in the Indenture and the Guarantee endorsed hereon.

Reference is hereby made to the Indenture for a statement of the respective rights, duties and obligations thereunder of the Issuer, the Guarantors, the Trustee and the Holders.

4. Optional Redemption; Redemption with Proceeds of Equity Offering.

At any time and from time to time on or after May 1, 2011, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Interest thereon, if any, to the applicable redemption date.

Year	Percentage
May 1, 2011	102%
November 1, 2011	101%
November 1, 2012	100%

At any time and from time to time prior to May 1, 2011, the Issuer may redeem Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 118.0% of the principal amount plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 35% of the original aggregate principal amount of the Notes, *provided* that:

(i) in each case the redemption takes place not later than 60 days after the closing of the related Equity Offering, and

(ii) not less than 65% of the original aggregate principal amount of the Notes remains outstanding immediately thereafter.

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion shall deem appropriate and fair.

No Notes of \$2,000 in original principal amount or less shall be redeemed in part. Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions thereof called for redemption.

5. Repurchase Provisions.

If a Change of Control occurs, each Holder shall have the right, at such Holder's option, to require the Issuer to purchase all or any part (equal to \$2,000 principal amount or any multiple of \$1,000 in excess thereof (or multiples of \$1.00 principal amount in excess of \$2,000 or any multiple of \$1,000 if the Issuer has elected to issue Notes in such denomination as described in the Indenture) of such Holder's Notes on a date that is no later than 90 days after notice of the Change of Control, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, to the date of repurchase as provided in, and subject to the terms of, the Indenture.

6. Mandatory Redemption.

There is no sinking fund for, or mandatory redemption of, the Notes.

7. Discharge and Defeasance.

If the Issuer deposits with the Trustee money and/or U.S. Government Obligations sufficient to pay the then outstanding principal of, premium, interest and Additional Interest, if any, and accrued interest on the Notes to redemption or maturity, as the case may be, the Issuer, the Company and the Guarantors may in certain circumstances be discharged from the Indenture, the Notes, the Guarantees and the Security Documents or may be discharged from certain of their obligations under certain provisions of the Indenture.

8. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form only without coupons in denominations of \$2,000 principal amount and any multiple of \$1,000 in excess thereof (or multiples of \$1.00 in excess of \$2,000 or any multiple of \$1,000 if the Issuer has elected to issue Notes in such denomination as described in the Indenture). A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of, or exchange any Note or certain portions of a Note.

9. Persons Deemed Owners.

The registered Holder of this Note shall be treated as the owner of it for all purposes.

10. Defaults and Remedies.

If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be due and payable immediately. If a bankruptcy or insolvency default with respect to the Issuer or the Company occurs and is continuing, the Notes automatically become immediately due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

11. Amendment, Supplement and Waiver.

Subject to certain exceptions, the Indenture, the Notes, the Guarantees and the Security Documents may be amended or supplemented, or future compliance therewith may be waived, with the consent of the Holders of a majority in principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Company, the Issuer, the Guarantors and the Trustee, and with respect to the Security Documents, the Collateral Agent, the Administrative Agent, the Second Lien Notes Collateral Agent, Second Lien Notes Trustee and the Mortgage Tax Collateral Agent (as applicable) may amend or supplement the Indenture, the Notes, the Guarantees or the Security Documents to, among other things, cure any ambiguity, defect or inconsistency or if such amendment or supplement does not adversely affect the legal rights of any Holder.

12. Lien Subordination and Sharing.

These Notes and the Guarantees are secured by Third-Priority Liens upon the Collateral pursuant to certain Security Documents. The Third-Priority Liens upon any

and all Collateral are, to the extent and in the manner provided in the Intercreditor Agreement, subordinate in ranking to all present and future First-Priority Liens and Second-Priority Liens as set forth in Article 10 of the Indenture and in the Intercreditor Agreement.

13. *Trustee Dealings With Issuer.*

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Issuer or its affiliates, with the same rights as if it were not Trustee; *however*, if it acquires any conflicting interest (as defined in the Trust Indenture Act), it must eliminate such conflict, apply to the Commission for permission to continue or resign.

14. *No Recourse Against Others.*

An incorporator, and any past, present or future director, officer, partner, employee or stockholder, as such, of the Issuer, the Company or the Guarantors shall not have any liability for any obligations of the Issuer, the Company or the Guarantors under the Notes, the Indenture or the Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

15. *Governing Law.*

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

16. *CUSIP Numbers.*

Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice and reliance may be placed only on the other identification numbers placed thereon.

17. *Authentication.*

This Note is not valid until the Trustee (or Authenticating Agent) manually signs the certificate of authentication on the other side of this Note.

18. *Abbreviations.*

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT

TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Issuer will furnish a copy of the Indenture to any Holder upon written request and without charge.

[FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto
Insert Social Security or Taxpayer Identification No.

Please print or typewrite name and address, including zip code, of assignee

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

agent to transfer this Note on the books of the Issuer with full power of substitution in the premises.

Dated: _____

Signed: _____
(sign exactly as name appears on the other side of this Note)

Signature Guarantee³: _____

³ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Registrar, which requirements include membership or participation in the Note Transfer Agent Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

[THE FOLLOWING PROVISION TO BE INCLUDED ON ALL CERTIFICATES
BEARING A RESTRICTED LEGEND]

In connection with any transfer of this Note occurring prior to the date which is the date following the first anniversary of the original issuance of this Note, the undersigned confirms that such transfer is made without utilizing any general solicitation or general advertising in connection with the transfer and further as follows:

Check One

(1) This Note is being transferred to a “qualified institutional buyer” in compliance with Rule 144A under the Securities Act of 1933, as amended, and certification in the form of Exhibit F to the Indenture is being furnished herewith.

(2) This Note is being transferred to a non-“U.S. Person,” as defined in Rule 902 of Regulation S under the Securities Act in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Regulation S thereunder, and certification in the form of Exhibit E to the Indenture is being furnished herewith.

or

(3) This Note is being transferred other than in accordance with (1) or (2) above and documents are being furnished herewith which comply with the conditions of transfer set forth in this Note and the Indenture.

If none of the foregoing boxes is checked, the Trustee is not obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in the Indenture have been satisfied.

Dated: _____

Transferor

Signed: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee:⁴ _____

By: _____
(To be executed by an executive officer)

⁴ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Registrar, which requirements include membership or participation in the Note Transfer Agent Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.12 of the Indenture, check the box: o

If you wish to have a portion of this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.12 of the Indenture, state the amount (in original principal amount) below:

\$ _____.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:⁵ _____

⁵ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Note Transfer Agent Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF INTERESTS IN GLOBAL NOTES⁶

The following exchanges of a part of this Global Note for Certificated Notes or an interest in another Global Note, or exchanges of a part of another Global Note or Certificated Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in principal amount of this Global Note</u>	<u>Amount of increase in principal amount of this Global Note</u>	<u>Principal amount of this Global Note following such decrease or increase</u>	<u>Signature of authorized officer of Trustee</u>
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⁶ For Global Notes

[FORM OF NOTATION ON NOTE RELATING TO GUARANTEE]

GUARANTEE

The undersigned (the “**Guarantors**”) have unconditionally guaranteed, jointly and severally (such guarantee by each Guarantor being referred to herein as the “**Guarantee**”) (i) the due and punctual payment of the principal of and interest and Additional Interest, if any, on the Issuer’s 18.0% Senior Secured Notes due 2017 (the “**Notes**”), whether at maturity or on an interest payment date, by acceleration or otherwise, on the Notes, to the extent lawful, and of all other obligations of the Issuer to the Holders or the Trustee all in accordance with the terms set forth in Article 6 of the Indenture and (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

No past, present or future stockholder, officer, director, employee, partner or incorporator, as such, of any of the Guarantors shall have any liability under the Guarantee evidenced hereby by reason of such person’s status as stockholder, officer, director, employee, partner or incorporator. Each Holder of a Note by accepting a Note waives and releases all such liability. This waiver and release are part of the consideration for the issuance of the Guarantee.

Each Holder of a Note by accepting a Note agrees that any Guarantor named below shall have no further liability with respect to its Guarantee if such Guarantor otherwise ceases to be liable in respect of its Guarantee in accordance with the terms of the Indenture.

The Guarantee evidenced hereby shall not be valid or obligatory for any purpose until the certificate of authentication on the Notes upon which the Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

HOVNANIAN ENTERPRISES, INC.

ALFORD, L.L.C.

AUDDIE ENTERPRISES, L.L.C.

BUILDER SERVICES NJ, L.L.C.

BUILDER SERVICES NY, L.L.C.

BUILDER SERVICES PA, L.L.C.

DULLES COPPERMINE, L.L.C.

EASTERN TITLE AGENCY, INC.

F&W MECHANICAL SERVICES, L.L.C.

FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.

FOUNDERS TITLE AGENCY, INC.

GOVERNOR’S ABSTRACT CO., INC.

GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.
HOMEBUYERS FINANCIAL SERVICES, L.L.C.
HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.
HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF GEORGIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP, L.L.C.
K. H. SAN MARCOS CONSERVANCY HOLDINGS L.L.C.
K. HOV I P, INC.
K. HOV INTERNATIONAL, INC.
K. HOV IP, II, INC.
K. HOVNANIAN ACQUISITIONS, INC.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, LLC
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, LLC
K. HOVNANIAN AT ALISO, LLC
K. HOVNANIAN AT ALLENBERRY, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT ALLENTOWN, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, LLC
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BELLA LAGO, LLC
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS IV, INC.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRANCBURG III, INC.
K. HOVNANIAN AT BRIDGEPORT, INC.
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT BRIDGEWATER VI, INC.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.
K. HOVNANIAN AT BURLINGTON III, INC.
K. HOVNANIAN AT BURLINGTON, INC.
K. HOVNANIAN AT CALABRIA, INC.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CAMERON CHASE, INC.
K. HOVNANIAN AT CAMP HILL, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL DEL MAR, INC.
K. HOVNANIAN AT CARMEL VILLAGE, LLC
K. HOVNANIAN AT CASTILE, INC.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.

K. HOVNANIAN AT CHAPARRAL, INC.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT CLARKSTOWN, INC.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, LLC
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CRESTLINE, INC.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOMINGUEZ HILLS, INC.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EAST BRANDYWINE, L.L.C.
K. HOVNANIAN AT EAST WHITELAND I, INC.
K. HOVNANIAN AT EASTLAKE, LLC
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, LLC
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT EWING, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.
K. HOVNANIAN AT FOREST MEADOWS, L.L.C.
K. HOVNANIAN AT FORKS TWP. I, L.L.C.
K. HOVNANIAN AT FRANKLIN, L.L.C.
K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
K. HOVNANIAN AT GALLOWAY, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.
K. HOVNANIAN AT GREAT NOTCH, L.L.C.
K. HOVNANIAN AT GUTTENBERG, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN, INC.
K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
K. HOVNANIAN AT HAMBURG, L.L.C.
K. HOVNANIAN AT HAWTHORNE, L.L.C.
K. HOVNANIAN AT HAZLET, L.L.C.
K. HOVNANIAN AT HERSHEY'S MILL, INC.
K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.
K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT HILLTOP, L.L.C.
K. HOVNANIAN AT HOPEWELL IV, INC.
K. HOVNANIAN AT HOPEWELL VI, INC.
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.

K. HOVNANIAN AT HUDSON POINTE, L.L.C.
K. HOVNANIAN AT JACKSON I, L.L.C.
K. HOVNANIAN AT JACKSON, L.L.C.
K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY, L.L.C.
K. HOVNANIAN AT KEYPORT, L.L.C.
K. HOVNANIAN AT KING FARM, L.L.C.
K. HOVNANIAN AT KINGS GRANT I, INC.
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA HABRA KNOLLS, LLC
K. HOVNANIAN AT LA TERRAZA, INC.
K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, LLC
K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.
K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.
K. HOVNANIAN AT LAKEWOOD, INC.
K. HOVNANIAN AT LAWRENCE V, L.L.C.
K. HOVNANIAN AT LINWOOD, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
K. HOVNANIAN AT LONG BRANCH I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND II, L.L.C.
K. HOVNANIAN AT LOWER MORELAND III, L.L.C.
K. HOVNANIAN AT LOWER SAUCON, INC.
K. HOVNANIAN AT MACUNGIE, L.L.C.
K. HOVNANIAN AT MAHWAH II, INC.
K. HOVNANIAN AT MAHWAH VI, INC.
K. HOVNANIAN AT MAHWAH VII, INC.
K. HOVNANIAN AT MANALAPAN III, L.L.C.
K. HOVNANIAN AT MANALAPAN, INC.
K. HOVNANIAN AT MANSFIELD I, L.L.C.
K. HOVNANIAN AT MANSFIELD II, L.L.C.
K. HOVNANIAN AT MANSFIELD III, L.L.C.
K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNANIAN AT MARLBORO II, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.
K. HOVNANIAN AT MARLBORO VI, L.L.C.
K. HOVNANIAN AT MARLBORO VII, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
K. HOVNANIAN AT MENIFEE VALLEY CONDOMINIUMS, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.

K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN, L.L.C.
K. HOVNANIAN AT MILLVILLE I, L.L.C.
K. HOVNANIAN AT MILLVILLE II, L.L.C.
K. HOVNANIAN AT MILLVILLE III, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MONROE II, INC.
K. HOVNANIAN AT MONROE III, L.L.C.
K. HOVNANIAN AT MONROE IV, L.L.C.
K. HOVNANIAN AT MONROE NJ, L.L.C.
K. HOVNANIAN AT MONTGOMERY I, INC.
K. HOVNANIAN AT MONTVALE, L.L.C.
K. HOVNANIAN AT MOSAIC, LLC
K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT NEW WINDSOR, L.L.C.
K. HOVNANIAN AT NORTH BERGEN, L.L.C.
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
K. HOVNANIAN AT NORTH HALEDON, L.L.C.
K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNANIAN AT NORTHAMPTON, L.L.C.
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.
K. HOVNANIAN AT NORTHFIELD, L.L.C.
K. HOVNANIAN AT NORTHLAKE, INC.
K. HOVNANIAN AT OCEAN TOWNSHIP, INC.
K. HOVNANIAN AT OCEAN WALK, INC.
K. HOVNANIAN AT OCEANPORT, L.L.C.
K. HOVNANIAN AT OLD BRIDGE, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, LLC
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, LLC
K. HOVNANIAN AT PARAMUS, L.L.C.
K. HOVNANIAN AT PARK LANE, LLC
K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
K. HOVNANIAN AT PERKIOMEN I, INC.
K. HOVNANIAN AT PERKIOMEN II, INC.
K. HOVNANIAN AT PHILADELPHIA II, L.L.C.
K. HOVNANIAN AT PHILADELPHIA III, L.L.C.
K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.
K. HOVNANIAN AT PITTSBORO, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNANIAN AT PRADO, L.L.C.
K. HOVNANIAN AT PRINCETON LANDING, L.L.C.

K. HOVNANIAN AT PRINCETON NJ, L.L.C.
K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.
K. HOVNANIAN AT RANCHO SANTA MARGARITA, LLC
K. HOVNANIAN AT RANDOLPH I, L.L.C.
K. HOVNANIAN AT RAPHO, L.L.C.
K. HOVNANIAN AT READINGTON II, L.L.C.
K. HOVNANIAN AT RED BANK, L.L.C.
K. HOVNANIAN AT RESERVOIR RIDGE, INC.
K. HOVNANIAN AT RIDGEMONT, L.L.C.
K. HOVNANIAN AT RIDGESTONE, L.L.C.
K. HOVNANIAN AT RIVERBEND, LLC
K. HOVNANIAN AT RODERUCK, L.L.C.
K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNANIAN AT ROWLAND HEIGHTS, LLC
K. HOVNANIAN AT SAGE, L.L.C.
K. HOVNANIAN AT SAN SEVAINE, INC.
K. HOVNANIAN AT SARATOGA, INC.
K. HOVNANIAN AT SAWMILL, INC.
K. HOVNANIAN AT SAYREVILLE, L.L.C.
K. HOVNANIAN AT SCOTCH PLAINS II, INC.
K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
K. HOVNANIAN AT SILVER SPRING, L.L.C.
K. HOVNANIAN AT SKYE ISLE, LLC
K. HOVNANIAN AT SMITHVILLE III, L.L.C.
K. HOVNANIAN AT SMITHVILLE, INC.
K. HOVNANIAN AT SOMERS POINT, L.L.C.
K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.
K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
K. HOVNANIAN AT SPARTA, L.L.C.
K. HOVNANIAN AT SPRINGCO, L.L.C.
K. HOVNANIAN AT STONE CANYON, INC.
K. HOVNANIAN AT STONY POINT, INC.
K. HOVNANIAN AT SUNSETS, LLC
K. HOVNANIAN AT SYCAMORE, INC.
K. HOVNANIAN AT TANNERY HILL, INC.
K. HOVNANIAN AT TEANECK, L.L.C.
K. HOVNANIAN AT THE BLUFF, INC.
K. HOVNANIAN AT THE CROSBY, LLC
K. HOVNANIAN AT THE GABLES, LLC
K. HOVNANIAN AT THE MONARCH, L.L.C.
K. HOVNANIAN AT THE PRESERVE, L.L.C.
K. HOVNANIAN AT THOMPSON RANCH, LLC
K. HOVNANIAN AT THORNBURY, INC.
K. HOVNANIAN AT TIERRASANTA, INC.
K. HOVNANIAN AT TRAIL RIDGE, LLC
K. HOVNANIAN AT TRENTON, L.L.C.
K. HOVNANIAN AT TROVATA, INC.
K. HOVNANIAN AT TUXEDO, INC.
K. HOVNANIAN AT UNION TOWNSHIP I, INC.
K. HOVNANIAN AT UNION TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
K. HOVNANIAN AT UPPER MAKEFIELD I, INC.

K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.
K. HOVNANIAN AT VAIL RANCH, INC.
K. HOVNANIAN AT VERONA URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT VINELAND, L.L.C.
K. HOVNANIAN AT WALL TOWNSHIP VI, INC.
K. HOVNANIAN AT WALL TOWNSHIP VIII, INC.
K. HOVNANIAN AT WANAQUE, L.L.C.
K. HOVNANIAN AT WARREN TOWNSHIP, L.L.C.
K. HOVNANIAN AT WASHINGTON, L.L.C.
K. HOVNANIAN AT WASHINGTONVILLE, INC.
K. HOVNANIAN AT WAYNE III, INC.
K. HOVNANIAN AT WAYNE IX, L.L.C.
K. HOVNANIAN AT WAYNE V, INC.
K. HOVNANIAN AT WAYNE VIII, L.L.C.
K. HOVNANIAN AT WEST BRADFORD, L.L.C.
K. HOVNANIAN AT WEST MILFORD, L.L.C.
K. HOVNANIAN AT WEST WINDSOR, L.L.C.
K. HOVNANIAN AT WILDROSE, INC.
K. HOVNANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNANIAN AT WILLOW BROOK, L.L.C.
K. HOVNANIAN AT WINCHESTER, LLC
K. HOVNANIAN AT WOODHILL ESTATES, L.L.C.
K. HOVNANIAN AT WOOLWICH I, L.L.C.
K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.
K. HOVNANIAN CLASSICS CIP, L.L.C.
K. HOVNANIAN CLASSICS, L.L.C.
K. HOVNANIAN COMMUNITIES, INC.
K. HOVNANIAN COMPANIES METRO D.C. NORTH, L.L.C.
K. HOVNANIAN COMPANIES NORTHEAST, INC.
K. HOVNANIAN COMPANIES OF CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF MARYLAND, INC.
K. HOVNANIAN COMPANIES OF NEW YORK, INC.
K. HOVNANIAN COMPANIES OF PENNSYLVANIA, INC.
K. HOVNANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF VIRGINIA, INC.
K. HOVNANIAN COMPANIES, LLC
K. HOVNANIAN CONNECTICUT ACQUISITIONS, L.L.C.
K. HOVNANIAN CONSTRUCTION II, INC
K. HOVNANIAN CONSTRUCTION III, INC
K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.
K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNANIAN DELAWARE ACQUISITIONS, L.L.C.
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.
K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.
K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.
K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.
K. HOVNANIAN DEVELOPMENTS OF KENTUCKY, INC.

K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.
K. HOVNANIAN FIRST HOMES, L.L.C.
K. HOVNANIAN FLORIDA REALTY, L.L.C.
K. HOVNANIAN FORECAST HOMES NORTHERN, INC.
K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, LLC
K. HOVNANIAN FOUR SEASONS AT GOLD HILL, LLC
K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, LLC
K. HOVNANIAN GREAT WESTERN HOMES, LLC
K. HOVNANIAN HOLDINGS NJ, L.L.C.
K. HOVNANIAN HOMES — DFW, L.L.C.
K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.
K. HOVNANIAN HOMES AT CAMERON STATION, LLC
K. HOVNANIAN HOMES AT CAMP SPRINGS, L.L.C.
K. HOVNANIAN HOMES AT CIDER MILL, L.L.C.
K. HOVNANIAN HOMES AT FAIRWOOD, L.L.C.
K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.
K. HOVNANIAN HOMES AT JONES STATION 1, L.L.C.
K. HOVNANIAN HOMES AT JONES STATION 2, L.L.C.
K. HOVNANIAN HOMES AT MAXWELL PLACE, L.L.C.
K. HOVNANIAN HOMES AT NASSAU GROVE, L.L.C.
K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.
K. HOVNANIAN HOMES AT PRIMERA, L.L.C.
K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.
K. HOVNANIAN HOMES AT RUSSETT, L.L.C.
K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.
K. HOVNANIAN HOMES OF D.C., L.L.C.
K. HOVNANIAN HOMES OF DELAWARE, L.L.C.
K. HOVNANIAN HOMES OF GEORGIA, L.L.C.
K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
K. HOVNANIAN HOMES OF INDIANA, L.L.C.
K. HOVNANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN HOMES OF SOUTH CAROLINA, LLC
K. HOVNANIAN HOMES OF VIRGINIA, INC.
K. HOVNANIAN HOMES OF WEST VIRGINIA, L.L.C.
K. HOVNANIAN INTERNATIONAL, L.L.C.
K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.

K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNANIAN OF HOUSTON II, L.L.C.
K. HOVNANIAN OHIO REALTY, L.L.C.
K. HOVNANIAN OSTER HOMES, L.L.C.
K. HOVNANIAN PA REAL ESTATE, INC.
K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.
K. HOVNANIAN PROPERTIES OF RED BANK, INC.
K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNANIAN STANDING ENTITY, L.L.C.
K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF KENTUCKY, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.
K. HOVNANIAN SUMMIT HOMES, L.L.C.
K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.
K. HOVNANIAN T&C INVESTMENT, L.L.C.
K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
K. HOVNANIAN VENTURE I, L.L.C.
K. HOVNANIAN WINDWARD HOMES, LLC
K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY CONDOMINIUM, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HAMPTONBURGH, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HEMET, LLC
K. HOVNANIAN'S FOUR SEASONS AT HUNTFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND CONDOMINIUMS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT PALM SPRINGS, LLC
K. HOVNANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.
K. HOVNANIAN'S FOUR SEASONS, LLC
K. HOVNANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
K. HOVNANIAN'S PRIVATE HOME PORTFOLIO, L.L.C.
KHIP, L.L.C.
LANDARAMA, INC.
M & M AT KENSINGTON WOODS, L.L.C.
M & M AT LONG BRANCH, INC
M&M AT APPLE RIDGE, L.L.C.
M&M AT CHESTERFIELD, L.L.C.

M&M AT COPPER BEECH, L.L.C.
M&M AT CRESCENT COURT, L.L.C.
M&M AT EAST MILL, L.L.C.
M&M AT EAST RUTHERFORD, L.L.C.
M&M AT MORRISTOWN, L.L.C.
M&M AT SHERIDAN, L.L.C.
M&M AT SPINNAKER POINTE, L.L.C.
M&M AT SPRUCE HOLLOW, L.L.C.
M&M AT SPRUCE RUN, L.L.C.
M&M AT STATION SQUARE, L.L.C.
M&M AT TAMARACK HOLLOW, L.L.C.
M&M AT THE CHATEAU, L.L.C.
M&M AT THE HIGHLANDS, L.L.C.
M&M AT UNION, L.L.C.
M&M AT WEST ORANGE, L.L.C.
M&M AT WESTPORT, L.L.C.
M&M AT WHEATENA URBAN RENEWAL, L.L.C.
M&M INVESTMENTS, L.P.
MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MATZEL & MUMFORD AT MONTGOMERY, L.L.C.
MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN RENEWAL, L.L.C.
MCNJ, INC.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF KENTUCKY, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF MICHIGAN, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
MMIP, L.L.C.
NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.
NEW LAND TITLE AGENCY, L.L.C.
PADDOCKS, L.L.C.
PARK TITLE COMPANY, LLC
PINE AYR, LLC
RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.
RIDGEMORE UTILITY L.L.C.
SEABROOK ACCUMULATION CORPORATION
STONEBROOK HOMES, INC.
TERRAPIN REALTY, L.L.C.
THE LANDINGS AT SPINNAKER POINTE, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.
WASHINGTON HOMES, INC.
WESTMINSTER HOMES OF ALABAMA, L.L.C.
WESTMINSTER HOMES OF MISSISSIPPI, LLC
WESTMINSTER HOMES OF TENNESSEE, INC.
WESTMINSTER HOMES, INC.
WH LAND I, INC
WH PROPERTIES, INC.
WH/PR LAND COMPANY, L.L.C.
WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

By: _____
Name:
Title: Authorized Officer

[This Guarantee relates to K. Hovnanian's 18.0% Senior Secured Notes due 2017 – CUSIP No.: _____]

SUPPLEMENTAL INDENTURE

dated as of _____, ____

among

K. HOVNANIAN ENTERPRISES, INC.

HOVNANIAN ENTERPRISES, INC.

The Other Guarantors Party Hereto

and

WILMINGTON TRUST COMPANY

as Trustee

18.0% Senior Secured Notes due 2017

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THIS [] SUPPLEMENTAL INDENTURE (this “[] **Supplemental Indenture**”), entered into as of [], [], among K. Hovnanian Enterprises, Inc., a California corporation (the “**Issuer**”), Hovnanian Enterprises, Inc. (the “**Company**”), [list each new guarantor and its jurisdiction of incorporation] (each an “**Undersigned**”) and Wilmington Trust Company, a Delaware banking corporation, as Trustee (the “**Trustee**”).

RECITALS

WHEREAS, the Issuer, Company, the other Guarantors party thereto and the Trustee entered into an indenture, dated as of December 3, 2008 (the “**Indenture**”), relating to the Company’s 18.0% Senior Secured Notes due 2017 (the “**Notes**”);

WHEREAS, as a condition to the purchase of the Notes by the Holders, the Company agreed pursuant to the Indenture to cause any newly acquired or created Restricted Subsidiaries to provide Guarantees.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties hereto hereby agree as follows:

SECTION 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

SECTION 2. Each Undersigned, by its execution of this [] Supplemental Indenture, agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Guarantors, including, but not limited to, Article 6 thereof.

SECTION 3. This [] Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 4. This [] Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

SECTION 5. This [] Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this [] Supplemental Indenture will henceforth be read together.

SECTION 6. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental

Indenture or for or in respect of the Recitals contained herein, all of which are made solely by the Issuer, the Company and each of the undersigned.

IN WITNESS WHEREOF, the parties hereto have caused this [_____] Supplemental Indenture to be duly executed as of the date first above written.

K. HOVNIANIAN ENTERPRISES, INC.,
as Issuer

By: _____
Name:
Title:

HOVNIANIAN ENTERPRISES, INC.

By: _____
Name:
Title:

[GUARANTOR]

By: _____
Name:
Title:

WILMINGTON TRUST COMPANY,
as Trustee

By: _____
Name:
Title:

RESTRICTED LEGEND

THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”), (B) IT IS NOT A U.S. PERSON, IS NOT ACQUIRING THIS SECURITY FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER REGULATION D OF THE SECURITIES ACT (AN “IAI”),

(2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144(d)(1) UNDER THE SECURITIES ACT (TAKING INTO ACCOUNT THE PROVISIONS OF RULE 144(d) UNDER THE SECURITIES ACT, IF APPLICABLE) AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS SECURITY, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER, THE COMPANY OR ANY OF ITS SUBSIDIARIES, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB OR PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED THAT PRIOR TO SUCH TRANSFER, THE TRUSTEE IS FURNISHED WITH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE AND PROVIDED THAT PRIOR TO SUCH TRANSFER, THE TRUSTEE IS FURNISHED WITH AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT), (F) TO AN IAI THAT,

PRIOR TO SUCH TRANSFER, FURNISHES THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS SECURITY (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN \$250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER AND THE TRUSTEE THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE (2)(D) OR 2(E) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY OR ANY INTEREST HEREIN WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING.

DTC LEGEND

UNLESS THIS SECURITY IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ANY OF ITS SUBSIDIARIES OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SECURITY ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS A BENEFICIAL INTEREST HEREIN.

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED. TRANSFERS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, BY DTC TO A NOMINEE OF DTC OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE TRANSFER PROVISIONS OF THE INDENTURE.

Regulation S Certificate

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

Re: K. Hovnanian Enterprises, Inc.
18.0% Senior Secured Notes due 2017 (the “Notes”)
Issued under the Indenture (the “**Indenture**”) dated as
as of December 3, 2008 relating to the Notes

Dear Sirs:

Terms are used in this Certificate as used in Regulation S (“**Regulation S**”) under the Securities Act of 1933, as amended (the “**Securities Act**”), except as otherwise stated herein.

[CHECK A OR B AS APPLICABLE.]

- o A. This Certificate relates to our proposed transfer of \$___ principal amount of Notes issued under the Indenture. We hereby certify as follows:
 1. The offer and sale of the Notes was not and will not be made to a person in the United States (unless such person is excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(vi) or the account held by it for which it is acting is excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(g)(3)) and such offer and sale was not and will not be specifically targeted at an identifiable group of U.S. citizens abroad.
 2. Unless the circumstances described in the parenthetical in paragraph 1 above are applicable, either (a) at the time the buy order was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was

outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market, and neither we nor any person acting on our behalf knows that the transaction was pre-arranged with a buyer in the United States.

3. Neither we, any of our affiliates, nor any person acting on our or their behalf has made any directed selling efforts in the United States with respect to the Notes.
 4. The proposed transfer of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.
 5. If we are a dealer or a person receiving a selling concession, fee or other remuneration in respect of the Notes, and the proposed transfer takes place during the Restricted Period (as defined in the Indenture), or we are an officer or director of the Company or [a Dealer Manager] [an Initial Purchaser] (as defined in the Indenture), we certify that the proposed transfer is being made in accordance with the provisions of Rule 904(b) of Regulation S.
- o B. This Certificate relates to our proposed exchange of \$___ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us. We hereby certify as follows:
1. At the time the offer and sale of the Notes was made to us, either (i) we were not in the United States or (ii) we were excluded from the definition of "U.S. person" pursuant to Rule 902(k)(2)(vi) or the account held by us for which we were acting was excluded from the definition of "U.S. person" pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(g)(3); and we were not a member of an identifiable group of U.S. citizens abroad.
 2. Unless the circumstances described in paragraph 1(ii) above are applicable, either (a) at the time our buy order was originated, we were outside the United States or (b) the transaction was executed in, on or through the

facilities of a designated offshore securities market and we did not pre-arrange the transaction in the United States.

3. The proposed exchange of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.

You and the Issuer are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF SELLER (FOR
TRANSFERS) OR OWNER (FOR
EXCHANGES)]

By: _____
Name:
Title:
Address:

Date: _____

Upon transfer of certificated Notes, the Notes would be registered in the name of the new beneficial owner as follows:

By: _____

Date: _____

Taxpayer ID number: _____

Rule 144A Certificate

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

Re: K. Hovnanian Enterprises, Inc.
18.0% Senior Secured Notes due 2017 (the “Notes”)
Issued under the Indenture (the “**Indenture**”) dated as
as of December 3, 2008 relating to the Notes

Ladies and Gentlemen:

This Certificate relates to:

[CHECK A OR B AS APPLICABLE.]

- o A. Our proposed purchase of \$___ principal amount of Notes issued under the Indenture.
- o B. Our proposed transfer or exchange of \$___ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us.

We and, if applicable, each account for which we are acting, are a qualified institutional buyer within the meaning of Rule 144A (“**Rule 144A**”) under the Securities Act of 1933, as amended (the “**Securities Act**”). If we are acting on behalf of an account, we exercise sole investment discretion with respect to such account. We are aware that the transfer of Notes to us, or such exchange, as applicable, is being made in reliance upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Prior to the date of this Certificate we have received such information regarding the Company as we have requested pursuant to Rule 144A(d)(4) or have determined not to request such information.

You and the Issuer are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF PURCHASER (FOR
TRANSFERS) OR OWNER (FOR
EXCHANGES)]

By: _____

Name:

Title:

Address:

Date: _____

Upon transfer of certificated Notes, the Notes would be registered in the name of the new beneficial owner as follows:

By: _____

Date: _____

Taxpayer ID number: _____

Institutional Accredited Investor Certificate

Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

Re: K. Hovnanian Enterprises, Inc.
18.0% Senior Secured Notes due 2017 (the "**Notes**")
Issued under the Indenture (the "**Indenture**") dated as
as of December 3, 2008 relating to the Notes

Ladies and Gentlemen:

This Certificate relates to:

[CHECK A, B OR C AS APPLICABLE.]

- o A. Our proposed purchase of \$___ principal amount of Notes issued under the Indenture.
- o B. Our proposed purchase of \$___ principal amount of a beneficial interest in a Global Note
- o C. Our proposed transfer or exchange of \$___ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us.

We hereby confirm that:

1. We are an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**") (an "**Institutional Accredited Investor**").
2. Any acquisition of Notes by us will be for our own account or for the account of one or more other Institutional Accredited Investors as to which we exercise sole investment discretion.

3. We have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Notes and we and any accounts for which we are acting are able to bear the economic risks of and an entire loss of our or their investment in the Notes.
4. We are not acquiring the Notes or beneficial interest therein with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; *provided*, that the disposition of our property and the property of any accounts for which we are acting as fiduciary will remain at all times within our and their control.
5. We acknowledge that the Notes have not been registered under the Securities Act and that the Notes may not be offered or sold within the United States or to or for the benefit of U.S. persons except as set forth below.
6. The principal amount of Notes to which this Certificate relates is at least equal to \$250,000.

We agree for the benefit of the Issuer and the Guarantors, on our own behalf and on behalf of each account for which we are acting, that we will not, within the time period referred to under Rule 144(d)(1) under the Securities Act (taking into account the provisions of Rule 144(d) under the Securities Act, if applicable) as in effect on the date of the transfer of this Note, resell or otherwise transfer this Note except (A) to the Issuer, the Company or any of its subsidiaries, (B) to a person whom we reasonably believe is a QIB or purchasing for its own account or for the account of a QIB in compliance with Rule 144A under the Securities Act, (C) in compliance with an available exemption from the registration requirements of the Securities Act provided that prior to such transfer, the Trustee is furnished with an opinion of counsel acceptable to the Issuer that such transfer is in compliance with the Securities Act, (D) outside the United States in an offshore transaction in compliance with Rule 904 under the Securities Act, (E) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available and provided that prior to such transfer, the Trustee is furnished with an opinion of counsel acceptable to the Issuer that such transfer is in compliance with the Securities Act), (F) to an IAI that, prior to such transfer, furnishes the Trustee a signed letter containing certain representations and agreements relating to the transfer of this Note (the form of which can be obtained from the Trustee) and, if such transfer is in respect of an aggregate principal

amount of Notes less than \$250,000, an opinion of counsel acceptable to the Issuer and the Trustee that such transfer is in compliance with the Securities Act or (G) pursuant to an effective registration statement under the Securities Act and, in each case, in accordance with applicable state securities laws.

Prior to the registration of any transfer or exchange, we acknowledge that the Issuer reserves the right to require the delivery of such legal opinions, certifications or other evidence as may reasonably be required in order to determine that the proposed transfer or exchange is being made in compliance with the Securities Act and applicable state securities laws. We acknowledge that no representation is made as to the availability of any Rule 144 exemption from the registration requirements of the Securities Act.

We understand that the Trustee will not be required to accept for registration of transfer or exchange any Notes acquired by us, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the foregoing restrictions on transfer have been complied with. We further agree to deliver to each person acquiring any of the Notes or any beneficial interest therein from us a notice advising such person that resales of the Notes are restricted as stated herein.

We agree to notify you promptly in writing if any of our acknowledgments, representations or agreements herein ceases to be accurate and complete.

We represent to you that we have full power to make the foregoing acknowledgments, representations and agreements on our own behalf and on behalf of any account for which we are acting.

You and the Issuer are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF PURCHASER (FOR
TRANSFERS) OR OWNER (FOR
EXCHANGES)]

By: _____

Name:

Title:

Address:

Date: _____

Upon transfer of certificated Notes, the Notes would be registered in the name of the new beneficial owner as follows:

By: _____

Date: _____

Taxpayer ID number: _____

[COMPLETE FORM I OR FORM II AS APPLICABLE.]

[FORM I]

Certificate of Beneficial Ownership

To: Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

[Euroclear Bank S.A./N.V., as operator of the Euroclear System] OR

[Clearstream Banking, *société anonyme*]

Re: K. Hovnanian Enterprises, Inc.
18.0% Senior Secured Notes due 2017 (the “**Notes**”)
Issued under the Indenture (the “**Indenture**”) dated as
as of December 3, 2008 relating to the Notes

Ladies and Gentlemen:

We are the beneficial owner of \$___ principal amount of Notes issued under the Indenture and represented by a Regulation S Temporary Global Note (as defined in the Indenture).

[CHECK A OR B AS APPLICABLE.]

- o A. We are a non-U.S. person (within the meaning of Regulation S under the Securities Act of 1933, as amended).
- o B. We are a U.S. person (within the meaning of Regulation S under the Securities Act of 1933, as amended) that purchased the Notes in a transaction that did not require registration under the Securities Act of 1933, as amended.

You and the Issuer are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF BENEFICIAL OWNER]

By: _____

Name:

Title:

Address:

Date: _____

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[FORM II]

Certificate of Beneficial Ownership

To: Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Facsimile: 302-636-4149
Attention: Corporate Client Services

Re: K. Hovnanian Enterprises, Inc.
18.0% Senior Secured Notes due 2017 (the “**Notes**”)
Issued under the Indenture (the “**Indenture**”) dated as
as of December 3, 2008 relating to the Notes

Ladies and Gentlemen:

This is to certify that based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organizations (“**Member Organizations**”) appearing in our records as persons being entitled to a portion of the principal amount of Notes represented by a Regulation S Temporary Global Note issued under the above-referenced Indenture, that as of the date hereof, \$___ principal amount of Notes represented by the Regulation S Temporary Global Note being submitted herewith for exchange is beneficially owned by persons that are either (i) non-U.S. persons (within the meaning of Regulation S under the Securities Act of 1933, as amended) or (ii) U.S. persons that purchased the Notes in a transaction that did not require registration under the Securities Act of 1933, as amended.

We further certify that (i) we are not submitting herewith for exchange any portion of such Regulation S Temporary Global Note excepted in such Member Organization certifications and (ii) as of the date hereof we have not received any notification from any Member Organization to the effect that the statements made by such Member Organization with respect to any portion of such Regulation S Temporary Global Note submitted herewith for exchange are no longer true and cannot be relied upon as of the date hereof.

You and the Issuer are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Yours faithfully,

[EUROCLEAR BANK S.A./N.V., as
operator of the Euroclear System]

OR

[CLEARSTREAM BANKING, *société anonyme*]

By: _____

Name:

Title:

Address:

Date: _____

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THIS SECURITY IS A TEMPORARY GLOBAL NOTE. PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD APPLICABLE HERETO, BENEFICIAL INTERESTS HEREIN MAY NOT BE HELD BY ANY PERSON OTHER THAN (1) A NON-U.S. PERSON OR (2) A U.S. PERSON THAT PURCHASED SUCH INTEREST IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). BENEFICIAL INTERESTS HEREIN ARE NOT EXCHANGEABLE FOR CERTIFICATED SECURITIES OTHER THAN A PERMANENT GLOBAL NOTE IN ACCORDANCE WITH THE TERMS OF THE INDENTURE. TERMS IN THIS LEGEND ARE USED AS USED IN REGULATION S UNDER THE SECURITIES ACT.

UNRESTRICTED SUBSIDIARIES

WINDWARD HOME MORTGAGE, LLC
77 HUDSON STREET JOINT DEVELOPMENT, L.L.C.
COBBLESTONE SQUARE DEVELOPMENT, LLC
HERITAGE PINES, LLC
HOVSTONE HOLDINGS, L.L.C.
HOVSTONE PROPERTIES FLORIDA, L.L.C.
HOVSTONE PROPERTIES ILLINOIS, L.L.C.
HOVSTONE PROPERTIES MINNESOTA, L.L.C.
JAEGER ROAD 530, LLC
K. HOVNANIAN 77 HUDSON STREET INVESTMENTS, L.L.C.
K. HOVNANIAN AT 77 HUDSON STREET URBAN RENEWAL COMPANY, L.L.C.
K. HOVNANIAN AT MANALAPAN II, L.L.C.
K. HOVNANIAN AT PHILADELPHIA I, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL II, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL III, L.L.C.
K. HOVNANIAN AT TRENTON II, L.L.C.
K. HOVNANIAN AT TRENTON URBAN RENEWAL, L.L.C.
K. HOVNANIAN INVESTMENTS, L.L.C.
K. HOVNANIAN AT MANALAPAN INVESTMENT, L.L.C.
K. HOVNANIAN JV HOLDINGS, L.L.C.
K. HOVNANIAN POLAND, SP. Z.O.O.
LAUREL HIGHLANDS, LLC
M&M AT MONROE WOODS, L.L.C.
MILLENNIUM TITLE AGENCY, LTD.
MM-BEACHFRONT NORTH I, L.L.C.
MM-BEACHFRONT NORTH II, L.L.C.
MSHOV HOLDING COMPANY, L.L.C.
NORTH MANATEE, L.L.C.
OLD CITY DELAWARE, LLC
OLD CITY DEVELOPMENT, INC.
OLD CITY JOINT DEVELOPMENT, L.L.C.
PI INVESTMENTS I, LLC
RR HOUSTON DEVELOPERS, LLC
RR HOUSTON INVESTORS, LLC
THOMPSON RANCH JOINT DEVELOPMENT, LLC
WHI-REPUBLIC, LLC
WRIGHT FARM, L.L.C.
PRESTON PARKER, LLC
RR HOUSTON DEVELOPMENT, L.P.
RR HOUSTON INVESTMENT, L.P.
12TH* STREET RESIDENTIAL, LTD.
BRIGHTBEACH DEVELOPMENT, LTD.
BRIGHTCHASE, LTD.
BRIGHTON HOMES AT WALDEN MANAGEMENT, L.L.C.
BRIGHTON HOMES AT WALDEN, LTD.
FIRST MORTGAGE LENDERS OF FLORIDA, LLC
HEXTER-FAIR LAND TITLE COMPANY I, INC.
K. HOVNANIAN AMERICAN MORTGAGE, L.L.C.

K. HOVNANIAN MORTGAGE FUNDING, LLC
NEW HOMEBUYERS TITLE CO. (VIRGINIA) LLC
PRESTON GRANDE HOMES, INC.
TOWN HOMES AT MONTGOMERY, L.L.C.
WOODMORE RESIDENTIAL, L.L.C.
WTC VENTURES, L.L.C.

INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT, dated as of December 3, 2008, and entered into by and among HOVNANIAN ENTERPRISES, INC., K. HOVNANIAN ENTERPRISES, each other Grantor (as defined below) from time to time party hereto, PNC Bank, National Association, as administrative agent (as of the date hereof includes the role of collateral agent) under the Senior Lender Documents (in such capacity(ies), together with any successor or assigns, the “First-Lien Administrative Agent” or “Senior Credit Agent”), Wilmington Trust Company, in its capacity as collateral agent under the Senior Noteholder Collateral Documents (as defined below) (together with its successor and assigns, the “Senior Noteholder Collateral Agent”), the Senior Trustee (as defined below), the Initial Junior Trustee (as defined below), Wilmington Trust Company, in its capacity as collateral agent for the Junior Mortgage Tax Collateral (as defined below) (together with its successors and assigns, the “Mortgage Tax Collateral Agent”), Wilmington Trust Company, in its capacity as collateral agent with respect to the Initial Junior Notes under the Junior Noteholder Collateral Documents (as defined below) (together with its successors and assigns, the “Initial Junior Noteholder Collateral Agent”) and each Additional Junior Trustee (as defined below) and Additional Junior Noteholder Collateral Agent (as defined below) from time to time party hereto.

RECITALS

WHEREAS, the Company (as defined below), Hovnanian (as defined below), certain lenders, and PNC Bank, National Association, as administrative agent, are parties to that certain Credit Agreement (as defined below);

WHEREAS, the Obligations (as defined below) of the Company under the Credit Joinder Agreement are or will be secured by various assets of the Company, Hovnanian and certain of their Subsidiaries and by various assets of certain Subsidiaries formed or acquired in the future;

WHEREAS, the Company, Hovnanian and certain of their Subsidiaries and the Senior Trustee have entered into the Indenture dated as of May 27, 2008 (as amended, supplemented or otherwise modified from time to time, the “Senior Indenture”), pursuant to which the Senior Notes are governed and the Obligations under which are or will be secured by various assets of the Grantors;

WHEREAS, the Company, Hovnanian and certain of their Subsidiaries and the Initial Junior Trustee have entered into the Indenture dated as of December 3, 2008 (as amended, supplemented or otherwise modified from time to time, the “Initial Junior Indenture”), pursuant to which \$29,299,000 aggregate principal amount of Senior Third-Lien Secured Notes (the “Initial Junior Notes”) shall be (and any Additional Junior Notes may be) governed and the Obligations under which shall be secured by various assets of the Grantors;

WHEREAS, the Company, Hovnanian and certain of their Subsidiaries and one or more Additional Junior Trustees may from time to time enter into one or more Indentures (each, as amended, supplemented or otherwise modified from time to time, an “Additional Junior”

Indenture” and, together with the Initial Junior Indenture, the “Junior Indentures”), pursuant to which Additional Junior Notes (as defined below) shall be governed and the Obligations under which shall be secured by various assets of the Grantors; and

WHEREAS, the parties hereto desire to order the priorities of their respective Liens (as defined below) on the assets of the Grantors and address other related matters set forth below.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. (a) Definitions. As used in this Agreement, the definitions set forth above are incorporated herein and the following terms have the meanings specified below:

“Additional Junior Indenture” has the meaning set forth in the recitals.

“Additional Junior Noteholder Collateral Agent(s)” means one or more Collateral Agents (which may be the Initial Junior Noteholder Collateral Agent), and its permitted successors and assigns, appointed by the Company with respect to Additional Junior Notes and which has executed a Joinder Agreement substantially in the form of Exhibit A hereto.

“Additional Junior Notes” means any and all Senior Third-Lien Secured Notes to be issued by the Company from time to time (other than the Initial Junior Notes) pursuant to the Initial Junior Indenture or one or more Additional Junior Indentures.

“Additional Junior Trustee(s)” means one or more Trustees (which may be the Initial Junior Trustee) under any Additional Junior Indentures, and its permitted successors and assigns, appointed by the Company and which has executed a Joinder Agreement substantially in the form of Exhibit A hereto.

“Additional Mortgaged Collateral” has the meaning set forth in the Credit Agreement.

“Agreement” means this Intercreditor Agreement, as amended, renewed, extended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Bankruptcy Code” means Title 11 of the United States Code.

“Bankruptcy Law” means the Bankruptcy Code and any similar Federal, state or foreign law for the relief of debtors.

“Business Day” means any day other than a Saturday, a Sunday or a day that is a legal holiday under the laws of the State of New York or on which banking institutions in the State of New York or the Commonwealth of Pennsylvania are required or authorized by law or other governmental action to close.

“Collateral Agency Agreement” means the Amended and Restated Collateral Agency Agreement dated as of December 3, 2008 among Hovnanian, the Company, the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent, the Senior Noteholder Collateral Agent and the Initial Junior Noteholder Collateral Agent.

“Common Collateral” means all of the assets of any Grantor, whether real, personal or mixed, constituting Senior Lender Collateral, Senior Noteholder Collateral and Junior Noteholder Collateral.

“Company” means K. Hovnanian Enterprises, Inc., a corporation organized and existing under the laws of the State of California and wholly-owned by Hovnanian.

“Comparable Junior Noteholder Collateral Document” means, in relation to any Common Collateral subject to any Lien created under any Senior Collateral Document or any Senior Noteholder Collateral Document, that Junior Noteholder Collateral Document that creates a Lien on the same Common Collateral, granted by the same Grantor.

“Credit Agreement” means that Seventh Amended and Restated Credit Agreement, dated as of March 7, 2008, and amended pursuant to Amendment No. 1 to Seventh Amended and Restated Credit Agreement, dated as of May 16, 2008, among Hovnanian, the Company, PNC Bank, National Association, as administrative agent, and a syndicate of lenders, as may be amended, restated, supplemented, renewed, modified, refunded, replaced, revised, restructured or refinanced in whole or in part from time to time, provided that the stated principal amount thereof shall not be increased beyond the limit set forth in the Indenture (as in effect on the date hereof) and if at any time a Discharge of Senior Lender Claims occurs with respect to the Credit Agreement, then, the term “Credit Agreement” shall mean the Future First-Lien Indebtedness designated by the Company.

“Deposit Account” has the meaning set forth in the Uniform Commercial Code.

“Deposit Account Collateral” means that part of the Common Collateral comprised of Deposit Accounts, Financial Assets and Investment Property.

“DIP Financing” has the meaning set forth in Section 6.1.

“Discharge of Senior Claims” means payment in full in cash of (a) all Obligations in respect of all outstanding First-Lien Indebtedness or, with respect to letters of credit outstanding thereunder, delivery of cash collateral in an amount equal to one hundred five Percent (105%) of the outstanding letters of credit, as applicable, and termination of all commitments to extend credit thereunder, (b) all Obligations in respect of all outstanding Senior Notes and (c) any other Senior Claims that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, excluding, in any case, Unasserted Contingent Obligations.

“Discharge of Senior Lender Claims” means indefeasible payment in full in cash of (a) all Obligations in respect of all outstanding First-Lien Indebtedness or, with respect to letters of credit outstanding thereunder, delivery of cash collateral in an amount equal to one hundred five Percent (105%) of the outstanding letters of credit, as applicable, and termination of

all commitments to extend credit thereunder and (b) any other Senior Lender Claims that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, excluding, in any case, Unasserted Contingent Obligations.

“Financial Assets” has the meaning set forth in the Uniform Commercial Code.

“First-Lien Administrative Agent” has the meaning set forth in the recitals.

“First-Lien Indebtedness” means Indebtedness incurred pursuant to the Credit Agreement, and all renewals, extensions, refundings, restructurings, replacements and refinancings thereof, in an aggregate principal amount not to exceed \$300,000,000 plus up to an additional \$25,000,000 of Indebtedness and other Obligations permitted pursuant to clause (i)(b)(ii) of the definition of Permitted Liens in the Initial Junior Indenture (and comparable clause under any Additional Junior Indenture) as of the date hereof, plus interest, advances reasonably necessary to preserve the value of the Common Collateral or to protect the Common Collateral, costs and fees, including legal fees, to the extent authorized under the Senior Collateral Documents or UCC § 9-607(d).

“Future First-Lien Indebtedness” means any First-Lien Indebtedness other than Indebtedness that is incurred pursuant to the Credit Agreement that is designated by the Company as Future First-Lien Indebtedness and as a “Credit Facility” under the Junior Indentures and which is permitted to be secured by a first lien on the Common Collateral for purposes of the Junior Indentures or any other Junior Noteholder Document.

“Grantors” means the Company, Hovnanian and each of its Subsidiaries that has or will have executed and delivered a Junior Noteholder Collateral Document, a Senior Noteholder Collateral Document or a Senior Collateral Document.

“Hedging Obligations” means, with respect to any Person, all obligations and liabilities of such Person in respect of (a) interest rate or currency swap agreements, interest rate or currency cap agreements, interest rate or currency collar agreements or (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates and/or currency exchange rates.

“Hovnanian” means Hovnanian Enterprises, Inc., a Delaware corporation.

“Indebtedness” means and includes all obligations that constitute “Indebtedness” within the definition of “Indebtedness” set forth in the Credit Agreement.

“Initial Junior Indenture” has the meaning set forth in the recitals.

“Initial Junior Noteholder Collateral Agent” has the meaning set forth in the recitals.

“Initial Junior Notes” has the meaning set forth in the recitals.

“Initial Junior Trustee” means Wilmington Trust Company, in its capacity as trustee under the Initial Junior Indenture, and its permitted successors and assigns.

“Initial Mortgaged Collateral” has the meaning set forth in the Credit Agreement.

“Insolvency or Liquidation Proceeding” means (a) any voluntary or involuntary case or proceeding under any Bankruptcy Law with respect to any Grantor as a debtor, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Grantor or with respect to any material part of their respective assets, (c) any liquidation, dissolution, reorganization or winding up of any Grantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (d) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Grantor.

“Investment Property” has the meaning set forth in the Uniform Commercial Code.

“Junior Indentures” has the meaning set forth in the recitals hereto.

“Junior Mortgage Tax Collateral” has the meaning set forth in Section 5.8(a).

“Junior Noteholder Claims” means all Indebtedness incurred pursuant to the Junior Indentures and all Obligations with respect thereto.

“Junior Noteholder Collateral” means all of the assets of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Junior Noteholder Claim.

“Junior Noteholder Collateral Agents” means the Initial Junior Noteholder Collateral Agent and any Additional Junior Noteholder Collateral Agents.

“Junior Noteholder Collateral Documents” means any agreement, document or instrument pursuant to which a Lien is granted by any Grantor to secure any Junior Noteholder Claims or under which rights or remedies with respect to any such Lien are governed as the same may be amended, restated or otherwise modified from time to time as permitted by this Agreement.

“Junior Noteholder Documents” means collectively (a) the Junior Indentures, the Junior Notes, the Junior Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any Junior Noteholder Document described in clause (a) of this definition evidencing or governing any Obligations thereunder as the same may be amended, restated or otherwise modified from time to time.

“Junior Noteholder Pledge Agreements” means the Pledge Agreement, dated as of December 3, 2008, among the Company, certain other Grantors and the Initial Junior Trustee (the “Initial Junior Noteholder Pledge Agreement”) and any other Pledge Agreement among the Company, certain other Grantors and any Additional Junior Trustee, *provided* that the terms of such other Pledge Agreements are substantially similar to the terms of the Initial Junior Noteholder Pledge Agreement.

“Junior Noteholder Security Agreements” means the Security Agreement, dated as of December 3, 2008, among the Company, the other Grantors and the Initial Junior Trustee (the “Initial Junior Noteholder Security Agreement”) and any other Security Agreement among the Company, the other Grantors and an Additional Junior Trustee. *provided* that the terms of such other Security Agreements are substantially similar to the terms of the Initial Junior Noteholder Security Agreement.

“Junior Noteholders” means the Persons holding Junior Noteholder Claims, including the Junior Trustees.

“Junior Notes” means the Initial Junior Notes (including any exchange notes issued in respect thereof) and the Additional Junior Notes (including any exchange notes issued in respect thereof).

“Junior Trustees” means the Initial Junior Trustee and any Additional Junior Trustees.

“Lien” means, with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset.

“Mortgage Tax Collateral Agent” has the meaning set forth in the recitals.

“Mortgage Tax States” means the states of Florida, Maryland, Washington, D.C., Minnesota, Virginia, New York and Georgia, and any other state(s) identified to the Mortgage Tax Collateral Agent by the Company and the First-Lien Administrative Agent which requires a significant payment of mortgage recording taxes or other fees or taxes of a comparable nature and magnitude as that of any of the foregoing Mortgage Tax States.

“Obligations” means, with respect to any Indebtedness, any and all obligations with respect to the payment of (a) any principal of or interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for post-filing interest is allowed in such proceeding) or premium on any Indebtedness, including any reimbursement obligation in respect of any letter of credit, (b) any fees, indemnification obligations, expense reimbursement obligations or other liabilities payable under the documentation governing such Indebtedness, (c) any obligation to post cash collateral in respect of letters of credit and any other obligations and/or (d) Hedging Obligations in connection with such Indebtedness.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, entity or other party, including any government and any political subdivision, agency or instrumentality thereof.

“Pledged Collateral” means (a) the Common Collateral in the possession or control of the Senior Credit Agent (or, after the Discharge of Senior Lender Claims, the Senior Noteholder Collateral Agent) (or its agents or bailees), to the extent that possession or control thereof is necessary to perfect a Lien thereon under the Uniform Commercial Code and (b) the “Pledged Collateral” under, and as defined in, the Junior Noteholder Pledge Agreements that is Common Collateral.

“Proceeds” means the following property (a) whatever is acquired upon the sale, lease, license, exchange or other disposition of Common Collateral, whether such sale, lease, license or other disposition is made by or on behalf of a Grantor, the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Noteholder Collateral Agent, the Senior Trustee, any Junior Noteholder Collateral Agent, any Junior Trustee, the Mortgage Tax Collateral Agent or any other person, (b) whatever is collected on, or distributed on account of, Common Collateral, (c) rights arising out of the loss, nonconformity, or interference with the use of, defects or infringements of rights in, or damage to, the Common Collateral, (d) rights arising out of the Common Collateral, or (e) to the extent of the value of the Common Collateral, and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the Common Collateral.

“Recovery” has the meaning set forth in Section 6.5.

“Required Lenders” means, with respect to any Senior Credit Agreement, those Senior Lenders the approval of which is required to approve an amendment or modification of, termination or waiver of any provision of or consent or departure from the Senior Credit Agreement (or would be required to effect such consent under this Agreement if such consent were treated as an amendment of the Senior Credit Agreement).

“Security Documents” means, collectively, the Junior Noteholder Collateral Documents, the Senior Noteholder Collateral Documents and the Senior Lender Collateral Documents.

“Senior Claims” means, collectively, the Senior Lender Claims and the Senior Noteholder Claims.

“Senior Collateral Documents” means any agreement, document or instrument pursuant to which a Lien is granted securing any Senior Lender Claims or under which rights or remedies with respect to such Liens are governed as the same may be amended, restated or otherwise modified from time to time.

“Senior Credit Agent” has the meaning set forth in the recitals.

“Senior Credit Agreement” means the Credit Agreement and any other agreement governing First-Lien Indebtedness.

“Senior Creditors” means, collectively, the Senior Lenders and the Senior Noteholders.

“Senior Indebtedness” means, collectively, (a) First-Lien Indebtedness and (b) Indebtedness incurred pursuant to the Senior Indenture and all renewals, extensions, refundings, restructurings, replacements and refinancings thereof.

“Senior Indenture” has the meaning set forth in the recitals hereto.

“Senior Intercreditor Agreement” means the Intercreditor Agreement, dated as of May 27, 2008, among the Hovnanian, the Company, each other Grantor party thereto, the First-

Lien Administrative Agent, the Senior Credit Agent, the Senior Noteholder Collateral Agent, the Senior Trustee and Wilmington Trust Company, as mortgage tax collateral agent.

“Senior Lender Claims” means all First-Lien Indebtedness outstanding including any Future First-Lien Indebtedness, and all Obligations in respect thereto. Senior Lender Claims shall include all interest and expenses accrued or accruing (or that would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the relevant Senior Lender Document whether or not the claim for such interest or expenses is allowed as a claim in such Insolvency or Liquidation Proceeding.

“Senior Lender Collateral” means all of the assets of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Senior Lender Claim.

“Senior Lender Documents” means the Senior Credit Agreement, the Senior Collateral Documents, and each of the other agreements, documents and instruments (including each agreement, document or instrument providing for or evidencing a Senior Lender Hedging Obligation, providing for or evidencing any other Obligation under the Credit Agreement and any other related document or instrument executed or delivered pursuant to any Senior Lender Document at any time or otherwise evidencing any Indebtedness arising under any Senior Lender Document.

“Senior Lender Hedging Obligations” means any Hedging Obligations secured by any Common Collateral under the Senior Collateral Documents.

“Senior Lenders” means the Persons holding Senior Lender Claims, including the First-Lien Administrative Agent.

“Senior Mortgage Tax Collateral” means the Mortgage Tax Collateral as defined in the Senior Intercreditor Agreement.

“Senior Noteholder Claims” means all Indebtedness incurred pursuant to the Senior Indenture and all Obligations with respect thereto. Senior Noteholder Claims shall include all interest and expenses accrued or accruing (or that would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the relevant Senior Noteholder Document whether or not the claim for such interest or expenses is allowed as a claim in such Insolvency or Liquidation Proceeding.

“Senior Noteholder Collateral” means all of the assets of any Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Senior Noteholder Claim.

“Senior Noteholder Collateral Agent” has the meaning set forth in the recitals.

“Senior Noteholder Collateral Documents” means any agreement, document or instrument pursuant to which a Lien is granted by any Grantor to secure any Senior Noteholder

Claims or under which rights or remedies with respect to any such Lien are governed as the same may be amended, restated or otherwise modified from time to time as permitted by this Agreement.

“Senior Noteholder Documents” means collectively (a) the Senior Indenture, the Senior Notes, the Senior Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any Senior Noteholder Document described in clause (a) of this definition evidencing or governing any Obligations thereunder as the same may be amended, restated or otherwise modified from time to time.

“Senior Noteholder Pledge Agreement” means the Pledge Agreement, dated as of May 27, 2008, among the Company, certain other Grantors and the Senior Trustee.

“Senior Noteholder Security Agreement” means the Security Agreement, dated as of May 27, 2008, among the Company, the other Grantors and the Senior Trustee.

“Senior Noteholders” means the Persons holding Senior Noteholder Claims, including the Senior Trustee.

“Senior Notes” means the \$600 million principal amount of 11 and 1/2% Senior Second-Lien Secured Notes due 2013 issued by the Company pursuant to the Senior Indenture (including any exchange notes issued in respect thereof).

“Senior Trustee” means Wilmington Trust Company, in its capacity as trustee under the Senior Indenture, and its permitted successors and assigns.

“Subsidiary” means any “Subsidiary” of Hovnanian as defined in the Senior Credit Agreement.

“Unasserted Contingent Obligations” means at any time, Obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities (except for (i) the principal of and interest and premium (if any) on, and fees relating to, any Indebtedness and (ii) contingent reimbursement obligations in respect of amounts that may be drawn under letters of credit) in respect of which no claim or demand for payment has been made (or, in the case of Obligations for indemnification, no notice for indemnification has been issued by the indemnitee) at such time.

“Uniform Commercial Code” or “UCC” means the Uniform Commercial Code as from time to time in effect in the State of New York.

(b) Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or

otherwise modified in accordance with this Agreement, (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections shall be construed to refer to Sections of this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 2. Lien Priorities.

2.1 *Subordination.* Notwithstanding the date, time, manner or order of filing or recordation of any document or instrument or grant, attachment or perfection of any Liens granted to the Junior Trustees, the Junior Noteholder Collateral Agents or the Junior Noteholders on the Common Collateral or of any Liens granted to First-Lien Administrative Agent, the Senior Credit Agent or the Senior Lenders or to the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders on the Common Collateral or to the Mortgage Tax Collateral Agent with respect to the Junior Mortgage Tax Collateral or the Senior Mortgage Tax Collateral and notwithstanding any provision of the UCC, or any applicable law or the Junior Noteholder Documents, the Senior Noteholder Documents or the Senior Lender Documents or any other circumstance whatsoever (including any non-perfection of any Lien purporting to secure the Senior Claims and/or the Junior Noteholder Claims, for example, the circumstance of non-perfection of the Lien purporting to secure the Senior Claims and perfection of the Lien purporting to secure the Junior Noteholder Claims), the Junior Trustees, the Mortgage Tax Collateral Agent (to the extent of the interest of the Junior Noteholders in the Common Collateral) and the Junior Noteholder Collateral Agents, on behalf of themselves and the Junior Noteholders, hereby agree that: (a) any Lien on the Common Collateral securing any Senior Claims now or hereafter held by or on behalf of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent (other than to the extent of the interest of the Junior Noteholders), any Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall have priority over and be senior in all respects and prior to any Lien on the Common Collateral securing any of the Junior Noteholder Claims and (b) any Lien on the Common Collateral securing any Junior Noteholder Claims now or hereafter held by or on behalf of the Junior Trustees, the Mortgage Tax Collateral Agent (to the extent of the interest of the Junior Noteholders in the Common Collateral), the Junior Noteholder Collateral Agents, or any Junior Noteholders or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the Common Collateral securing any Senior Claims. All Liens on the Common Collateral securing any Senior Claims shall be and remain senior in all respects and prior to all Liens on the Common Collateral securing any Junior Noteholder Claims for all purposes, whether or not such Liens securing any Senior Claims are subordinated to any Lien securing any other obligation of the Company, any other Grantor or any other Person.

2.2 *Prohibition on Contesting Liens.* Each of the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent for itself and on behalf of

each Junior Noteholder, each Senior Trustee, the Senior Noteholder Collateral Agent and the Mortgage Tax Collateral Agent for itself and on behalf of each Senior Noteholder and each of the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent and the Senior Credit Agent, for itself and on behalf of each Senior Lender, agrees that it shall not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the perfection, priority, validity or enforceability of (a) a Lien securing any Senior Claims held by or on behalf of any of the Senior Lenders or Senior Noteholders in the Common Collateral or (b) a Lien securing any Junior Noteholder Claims held by or on behalf of any of the Junior Noteholders in the Common Collateral, as the case may be; provided that nothing in this Agreement shall be construed to prevent or impair the rights of the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent, the Senior Credit Agent, any Senior Lender, the Senior Trustee, the Senior Noteholder Collateral Agent or any Senior Noteholder to enforce this Agreement, including the priority of the Liens securing the Senior Claims as provided in Section 2.1 and 3.1.

2.3 No New Liens. So long as the Discharge of Senior Claims has not occurred, the parties hereto agree that, after the date hereof, if the Junior Trustees and/or the Junior Noteholder Collateral Agents shall hold any Lien on any assets of the Company or any other Grantor securing any Junior Noteholder Claims that are not also subject to the first-priority Lien in respect of the Senior Lender Claims under the Senior Lender Documents and the second-priority Lien in respect of the Senior Noteholder Claims under the Senior Noteholder Documents, the Junior Trustees and/or the Junior Noteholder Collateral Agents, upon demand by the First-Lien Administrative Agent, Senior Credit Agent, the Senior Trustee, the Senior Noteholder Collateral Agent or the Company, will assign such Lien to the Senior Credit Agent, the Mortgage Tax Collateral Agent and/or the Senior Noteholder Collateral Agent as security for the relevant Senior Claims (in which case the Junior Trustees may retain a junior lien on such assets subject to the terms hereof).

2.4 Perfection of Liens. Except as provided in Section 5.5, 5.6 and 5.9, none of the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent nor the Senior Noteholders shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Common Collateral for the benefit of the Junior Trustees, the Junior Noteholder Collateral Agents and/or the Junior Noteholders. The provisions of this Intercreditor Agreement are intended solely to govern the respective Lien priorities as between the respective Senior Creditors and the Junior Noteholders and shall not impose on the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Mortgage Tax Collateral Agent, the Senior Trustee, the Senior Noteholder Collateral Agent, the Junior Trustees, the Junior Noteholder Collateral Agents, the Senior Noteholders or the Junior Noteholders any obligations in respect of the disposition of Proceeds of any Common Collateral which would conflict with prior perfected claims therein in favor of any other Person or any order or decree of any court or governmental authority or any applicable law.

2.5 Recording of Liens. Each of the Junior Trustees, the Junior Noteholder Collateral Agents, and the Junior Noteholders agree that until the prior Lien of the Senior Lenders and the Senior Noteholders on any Common Collateral has been recorded or otherwise perfected, each will take commercially reasonable efforts not to file or to otherwise perfect a

Lien against such Common Collateral. If, notwithstanding the preceding sentence, any Junior Trustee, any Junior Noteholder Collateral Agent and any Junior Noteholders have recorded or otherwise perfected a Lien prior to recording or other perfection of the Lien of the Senior Lenders and/or the Senior Noteholders on any Common Collateral, upon written request of the First-Lien Administrative Agent or the Senior Noteholder Collateral Agent, they and each of them will record a subordination of such Lien to the Lien of the Senior Lenders and/or the Senior Noteholder, as the case may be, in form and substance reasonably acceptable to the First-Lien Administrative Agent and/or the Senior Noteholder Collateral Agent, as applicable. The First-Lien Administrative Agent and the Senior Noteholder Collateral Agent will use commercially reasonable efforts to record or otherwise perfect its security interest in the Common Collateral as promptly as practicable.

Section 3. Enforcement.

3.1 Exercise of Remedies.

(a) So long as the Discharge of Senior Claims has not occurred, even if an event of default has occurred and remains uncured under the Junior Noteholder Collateral Documents, and whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, (i) the Junior Trustees, the Junior Noteholder Collateral Agents, and the Mortgage Tax Collateral Agent, to the extent of any interest of the Junior Noteholders, and the Junior Noteholders will not exercise or seek to exercise any rights or remedies as a secured creditor (including set-off) with respect to any Common Collateral on account of any Junior Noteholder Claims, institute any action or proceeding with respect to the Common Collateral, or exercise any remedies against the Common Collateral (including any action of foreclosure), or contest, protest or object to any foreclosure proceeding or action brought with respect to the Common Collateral by the First-Lien Administrative Agent, Senior Credit Agent, any Senior Lender, the Mortgage Tax Collateral Agent, the Senior Trustee, the Senior Noteholder Collateral Agent or any Senior Noteholder in respect of Senior Claims, any exercise of any right under any lockbox agreement, control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which any Junior Trustee, any Junior Noteholder Collateral Agent, the Mortgage Tax Collateral Agent or any Junior Noteholder is a party, or any other exercise by any such party, of any rights and remedies as a secured creditor relating to the Common Collateral under the Senior Lender Documents, the Senior Noteholder Documents or otherwise in respect of Senior Claims, or object to the forbearance by or on behalf of the Senior Lenders or the Senior Noteholders from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Common Collateral in respect of Senior Claims; provided that notwithstanding anything to the contrary in this Section 3.1(a), the Mortgage Tax Collateral Agent shall not be restricted from exercising or seeking to exercise the rights and remedies of a secured creditor with respect to any Common Collateral in respect of Senior Claims, and (ii) the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders shall have the exclusive right to enforce rights, exercise remedies (including set-off and the right to credit bid their debt) and make determinations regarding the sale, release, disposition, or restrictions with respect to the Common Collateral as a secured creditor without any consultation with or the consent of any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder; provided that

(A) in any Insolvency or Liquidation Proceeding commenced by or against any Grantor, any Junior Trustee or any Junior Noteholder may file a claim or statement of interest with respect to the Junior Noteholder Claims, (B) to the extent it would not prevent, restrict or otherwise limit any rights granted or created hereunder or under any Senior Lender Collateral Documents in favor of the First-Lien Administrative Agent or any other Senior Lender in respect of the Common Collateral or under any Senior Noteholder Collateral Documents in favor of the Senior Noteholder Collateral Agent, the Mortgage Tax Collateral Agent or any Senior Noteholders in respect of the Common Collateral, any Junior Trustee or any Junior Noteholder may take any action not adverse to the Liens on the Common Collateral securing the Senior Claims in order to preserve, perfect or protect its respective rights in the Common Collateral, (C) to the extent it would not prevent, restrict or otherwise limit any rights granted or created hereunder or under any Senior Lender Collateral Documents in favor of the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent, the Senior Credit Agent, or any other Senior Lender in respect of the Common Collateral or under any Senior Noteholder Collateral Documents in favor of the Senior Noteholder Collateral Agent or any Senior Noteholders in respect of the Common Collateral, any Junior Trustee or any Junior Noteholder shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings made by any person objecting to or otherwise seeking the disallowance of the Junior Noteholder Claims, including without limitation any claims secured by the Common Collateral, if any, in each case in accordance with the terms of this Agreement, or (D) any Junior Trustee or any Junior Noteholder shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Grantors arising under either Bankruptcy Law or applicable non-bankruptcy law, in each case in accordance with the terms of this Agreement. In exercising rights and remedies with respect to the Common Collateral, the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders may enforce the provisions of the Senior Lender Documents or the Senior Noteholder Documents, as applicable, and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Common Collateral upon foreclosure, to cause the Grantors to deliver a transfer document in lieu of foreclosure to the Senior Lenders or any nominee of the Senior Lenders (or, if the Discharge of the Senior Lender Claims has occurred, to the Senior Noteholders or any nominee of the Senior Noteholders), to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a mortgagee in any applicable jurisdiction and a secured lender under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction. Upon the Discharge of Senior Claims, the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, will not be required to release their claims on any Common Collateral that has not been sold or otherwise disposed of in connection with the Discharge of Senior Claims.

(b) The Junior Trustees and the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent (with respect to the Mortgage Tax Collateral Agent solely to the extent of any interest of the Junior Noteholders in the Common Collateral) on behalf of themselves and the Junior Noteholders, agree that solely as to the Common Collateral, they and each of them will not, in connection with the exercise of any right or remedy with respect to the

Common Collateral, receive any Common Collateral or Proceeds of any Common Collateral in respect of Junior Noteholder Claims, or, upon or in any Insolvency or Liquidation Proceeding (except under any plan of reorganization approved by the Senior Creditors or as provided in section 6.6) with respect to any Grantor as debtor, take or receive any Common Collateral or any Proceeds of Common Collateral in respect of Junior Noteholder Claims, unless and until the Discharge of Senior Claims has occurred. Without limiting the generality of the foregoing, unless and until the Discharge of Senior Claims has occurred, except as expressly provided in the proviso in clause (ii) of Section 3.1(a) or Section 6.3, the sole right of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders with respect to the Common Collateral is to hold a Lien on the Common Collateral in respect of Junior Noteholder Claims pursuant to the Junior Noteholder Documents for the period and to the extent granted therein and to receive a share of the Proceeds thereof, if any, after the Discharge of Senior Claims has occurred. In addition to the foregoing, the Junior Noteholders hereby acknowledge that the Junior Indentures and the Junior Noteholder Documents permit the Company and the other Grantors to repay Senior Claims with Proceeds from the disposition of the Common Collateral prior to application to repay the Junior Noteholders Claims, and agree that to the extent the Senior Lender Documents or the Senior Noteholder Documents require repayment of the Senior Claims with Proceeds from such dispositions, the Company shall pay such Proceeds to the Senior Creditors as so required and each of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders will not take or receive such Proceeds until after so applied.

(c) Subject to the proviso in clause (ii) of Section 3.1(a), the Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of the Junior Noteholders, agree that the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders will not take any action that would hinder any exercise of remedies undertaken by the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders with respect to the Common Collateral under the Senior Lender Documents or the Senior Noteholder Documents, including any sale, lease, exchange, transfer or other disposition of the Common Collateral, whether by foreclosure or otherwise and shall release any and all claims in respect of such Common Collateral (except for the right to receive the balance of Proceeds and to be secured by the Common Collateral after Discharge of Senior Claims as described in Section 4.1 and 5.1) so that it may be sold free and clear of the Liens of the Junior Noteholders, the Junior Noteholder Collateral Agents and of the Junior Trustees, on behalf of the Junior Noteholders, and the Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of any such Junior Noteholder, shall, within ten (10) Business Days of written request by the Senior Credit Agent or the Senior Noteholder Collateral Agent, execute and deliver to the Senior Credit Agent or the Senior Noteholder Collateral Agent, as applicable, such termination statements, releases and other documents as such agent may request to effectively confirm such release and the Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of the Junior Noteholders, hereby irrevocably constitute and appoint the First-Lien Administrative Agent or the Senior Credit Agent or the Senior Noteholder Collateral Agent or the Senior Trustee, as applicable, and any officer or agent of such Person, with full power of substitution, as their true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Junior Trustee, such Junior Noteholder Collateral Agent or such holder or in the First-Lien Administrative Agent or the Senior Credit Agent's or the Senior Noteholder Collateral Agent's or the Senior Trustee's, as

applicable, own name, from time to time in the First-Lien Administrative Agent or the Senior Credit Agent's or the Senior Noteholder Collateral Agent's or the Senior Trustee's discretion, for the purpose of carrying out the terms of this Section 3.1(c), to take any and all appropriate action and to execute any and all documents and instruments that may be necessary to accomplish the purposes of this Section 3.1(c), including any termination statements, endorsements or other instruments of transfer or release. In exercising rights and remedies with respect to the Common Collateral, the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders may enforce the provisions of the Senior Lender Documents or the Senior Noteholder Documents, as applicable, and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Common Collateral upon foreclosure, to cause the Grantors to deliver a transfer document in lieu of foreclosure to the Senior Lenders or any nominee of the Senior Lenders or the Senior Noteholders or any nominee of the Senior Noteholders, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a mortgagee in any applicable jurisdiction and a secured creditor under the Uniform Commercial Code or other laws of any applicable jurisdiction and of a secured creditor under Bankruptcy Laws of any applicable jurisdiction. The Junior Trustees and the Junior Noteholder Collateral Agents for themselves and on behalf of the Junior Noteholders, hereby waive any and all rights they or the Junior Noteholders may have as a junior lien creditor or otherwise to object to the manner in which the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders, seek to enforce or collect the Senior Claims or the Liens granted in any of the Common Collateral in respect of Senior Claims, regardless of whether any action or failure to act by or on behalf of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders is adverse to the interest of the Junior Noteholders. The Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of the Junior Noteholders, waive the right to commence any legal action or assert in any legal action or in any Insolvency or Liquidation Proceeding any claim against the Mortgage Tax Collateral Agent, the Senior Noteholders and/or Senior Lenders seeking damages from the Mortgage Tax Collateral Agent, Senior Noteholders or the Senior Lenders or other relief, by way of specific performance, injunction or otherwise, with respect to any action taken or omitted by the Mortgage Tax Collateral Agent, Senior Noteholders or the Senior Lenders as permitted by this Agreement.

(d) The Junior Trustees and the Junior Noteholder Collateral Agents hereby acknowledge and agree that no covenant, agreement or restriction contained in any Junior Noteholder Document shall be deemed to restrict in any way the rights and remedies of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders with respect to the Common Collateral as set forth in this Agreement, the Senior Lender Documents and the Senior Noteholder Documents, to the extent consistent with this Agreement.

3.2 *Cooperation.* Subject to the proviso in clause (ii) of Section 3.1(a), the Junior Trustees and the Junior Noteholder Collateral Agents, on behalf of themselves and the Junior Noteholders, agree that, unless and until the Discharge of Senior Claims has occurred, they will not commence, or join with any Person (other than the First-Lien Administrative Agent, the Senior Lenders, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders upon the written request thereof) in commencing any enforcement, collection, execution, levy or foreclosure action or proceeding with respect to any Lien held by it in the Common Collateral under any of the Junior Noteholder Documents or otherwise in respect of the Junior Noteholder Claims.

Section 4. Payments.

4.1 *Application of Proceeds.* So long as the Discharge of Senior Claims has not occurred, any Proceeds of any Common Collateral paid or payable to the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Noteholder Collateral Agent or the Senior Trustee as provided in section 3.1(b) or pursuant to the enforcement of any Security Document or the exercise of any right or remedy with respect to the Common Collateral under the Senior Lender Documents or the Senior Noteholder Documents, together with all other Proceeds received by any Person (including all funds received in respect of post-petition interest or fees and expenses) as a result of any such enforcement or the exercise of any such remedial provision or as a result of any distribution of or in respect of any Common Collateral (or the Proceeds thereof whether or not expressly characterized as such) upon or in any Insolvency or Liquidation Proceeding (except under any plan of reorganization approved by the Senior Creditors or as provided in Section 6.6) with respect to any Grantor as debtor, shall be applied by the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Noteholder Collateral Agent or the Senior Trustee to the Senior Claims in such order as specified in the relevant Senior Lender Documents and/or Senior Noteholder Documents. Upon the Discharge of Senior Claims, the First-Lien Administrative Agent and/or the Senior Credit Agent and/or the Senior Trustee and/or the Senior Noteholder Collateral Agent and/or the Mortgage Tax Collateral Agent, as applicable, shall deliver to the Junior Trustees any Proceeds of Common Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, to be applied by the Junior Trustees to the Junior Noteholder Claims in such order as specified in the Junior Noteholder Collateral Documents or, if not specified therein, ratably to each such Junior Trustee based on the respective amount of Junior Noteholder Claims owed under the Junior Noteholder Documents in which respect such Junior Trustee is acting.

4.2 *Payments Over.* So long as the Discharge of Senior Claims has not occurred, any Common Collateral or Proceeds thereof received by any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder in connection with the exercise of any right or remedy (including set-off) relating to the Common Collateral in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the Senior Credit Agent for the benefit of the Senior Creditors (or, at any time after the Discharge of the Senior Lender Claims, to the Senior Trustee for the benefit of the Senior Noteholders) in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. If any Lien on Common Collateral for Senior Indebtedness is void or voidable and the Lien on the same Common Collateral of any Junior Trustee, any Junior Noteholder

Collateral Agent or any Junior Noteholder is not void or voidable, the Proceeds of such Lien received by any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder shall be segregated and held in trust and forthwith paid over to the Senior Credit Agent for the benefit of the Senior Creditors (or, at any time after the Discharge of the Senior Lender Claims, to the Senior Trustee for the benefit of the Senior Noteholders) in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Senior Credit Agent and the Senior Trustee are hereby authorized to make any such endorsements as agent for any such Junior Trustee, any such Junior Noteholder Collateral Agent or any such Junior Noteholder. This authorization is coupled with an interest and is irrevocable.

Section 5. Other Agreements.

5.1 Releases.

(a) At such times as the Senior Creditors have released their Liens on all, or any portion of, the Common Collateral, even if an event of default has occurred and remains uncured under the Junior Noteholder Collateral Documents, and whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company or any other Grantor, the Liens granted to the Junior Trustees, the Mortgage Tax Collateral Agent or the Junior Noteholders on the Common Collateral (or, in the case of a release of Liens on only a portion of the Common Collateral, the portion of the Common Collateral on which the Liens of the Senior Creditors were released) shall be automatically, unconditionally and simultaneously released and the Junior Trustees, for themselves and on behalf of the Junior Noteholders, promptly shall execute and deliver to the First-Lien Administrative Agent, the Senior Trustee and the Company such termination statements, releases and other documents as the First-Lien Administrative Agent, the Senior Trustee and the Company may request to effectively confirm such release; provided that, (A) in the event that the Liens are released in connection with the Discharge of Senior Claims, the Liens granted to the Junior Trustees, the Mortgage Tax Collateral Agent or the Junior Noteholders on the Common Collateral will not be released, except to the extent that the Common Collateral, or any portion thereof, was disposed of in order to repay the Senior Claims, and thereafter, the Junior Trustees (acting at the written direction of the Junior Noteholders) will have the right to exercise remedies with respect to the Common Collateral and the restrictions in this Agreement shall no longer apply, and (B) if the Senior Claims (or any portion thereof) are thereafter secured by assets that would constitute Common Collateral, the Junior Noteholder Claims shall then be secured by a third priority Lien on such Common Collateral, to the same extent provided pursuant to the Junior Noteholder Collateral Documents.

(b) The Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of the Junior Noteholders, hereby irrevocably constitute and appoint the Senior Credit Agent, the First-Lien Administrative Agent, the Senior Noteholder Collateral Agent and the Senior Trustee and any officer or agent of the Senior Credit Agent, the First-Lien Administrative Agent, the Senior Noteholder Collateral Agent or the Senior Trustee, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Junior Trustees and/or the Junior Noteholder Collateral Agents or such holder or in the Senior Credit Agent's, the First-Lien Administrative Agent's, the Senior Noteholder Collateral Agent's or the Senior Trustee's own name, from time to time in the

Senior Credit Agent's, First-Lien Administrative Agent's, the Senior Noteholder Collateral Agent's and the Senior Trustee's discretion, for the purpose of carrying out the terms of this Section 5.1, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Section 5.1, including any termination statements, endorsements or other instruments of transfer or release.

5.2 *Insurance.* Unless and until the Discharge of Senior Claims has occurred, the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders shall have the sole and exclusive right, subject to the rights of the Grantors under the Senior Lender Documents and the Senior Noteholder Documents, to adjust settlement for any insurance policy covering the Common Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding affecting the Common Collateral. Unless and until the Discharge of Senior Claims has occurred, all proceeds of any such policy and any such award if in respect of the Common Collateral shall be paid to the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Trustee or the Senior Noteholder Collateral Agent for the benefit of the Senior Lenders or the Senior Noteholders, as applicable, to the extent required under the Senior Lender Documents and the Senior Noteholder Documents in respect of the Senior Claims and thereafter to the Junior Trustees for the benefit of the Junior Noteholders to the extent required under the applicable Junior Noteholder Documents and then to the owner of the subject property or as a court of competent jurisdiction may otherwise direct. Subject to Section 5.4, if any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the First-Lien Administrative Agent or the Senior Trustee in accordance with the terms of Section 4.2.

5.3 *Designation of Subordination; Amendments to Junior Noteholder Collateral Documents.*

(a) The Junior Trustees and the Junior Noteholder Collateral Agents agree that each Junior Noteholder Collateral Document shall include the following language (or language to similar effect approved by the First-Lien Administrative Agent and the Senior Noteholder Collateral Agent):

"Notwithstanding anything herein to the contrary, the lien and security interest granted to the Junior Trustee pursuant to this Agreement and the exercise of any right or remedy by the Junior Trustee hereunder are subject to the provisions of the Intercreditor Agreement, dated as of December 3, 2008 (as amended, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., and certain subsidiaries of Hovnanian Enterprises, Inc., party thereto, PNC Bank, N.A., as Senior Credit Agent and First-Lien Administrative Agent, Wilmington Trust Company, as Senior Trustee and Senior Noteholder Collateral Agent, Wilmington Trust Company, as Mortgage Tax Collateral Agent, Wilmington Trust Company, as Initial Junior Trustee and Initial Junior Noteholder Collateral Agent and the other parties from time to time partly thereto. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern."

(b) Unless and until the Discharge of Senior Claims has occurred, without the prior written consent of the First-Lien Administrative Agent and the Senior Noteholder Collateral Agent, no Junior Noteholder Collateral Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Junior Noteholder Collateral Document, would be prohibited by or inconsistent with any of the terms of this Agreement.

(c) In the event that the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders enter into any amendment, waiver or consent in respect of any of the Senior Collateral Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Collateral Document or any Senior Noteholder Collateral Document or changing in any manner the rights of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent, the Senior Noteholders, the Company or any other Grantor thereunder, then such amendment, waiver or consent shall apply automatically to any comparable provision of the Comparable Junior Noteholder Collateral Document without the consent of the Junior Trustees, the Junior Noteholder Collateral Agents or the Junior Noteholders and without any action by the Junior Trustees, the Junior Noteholder Collateral Agents, the Company or any other Grantor; provided that the consent of the Junior Noteholders shall be required only in the circumstance that an amendment to the Senior Collateral Documents and/or the Senior Noteholder Collateral Documents, as applicable, is prejudicial to the interests of the Junior Noteholders to a greater extent than it is to the interests of the Senior Creditors (other than by virtue of their relative priorities and rights and obligations, and subject to increases in principal, interest or fees of the Senior Creditors to the extent permitted in this Agreement). The Company will use commercially reasonable efforts to notify the Junior Trustees and Junior Noteholder Collateral Agents of such amendment(s) but the failure to provide such notice shall not affect the application, validity or enforceability of such amendment(s).

5.4 *Rights As Unsecured Creditors.* Notwithstanding anything to the contrary in this Agreement, the Junior Trustees and the Junior Noteholders may exercise rights and remedies as an unsecured creditors against the Company, Hovnanian or any Subsidiary that has guaranteed the Junior Noteholder Claims in accordance with the terms of the Junior Noteholder Documents and applicable law. Nothing in this Agreement shall prohibit the receipt by any Junior Trustee or any Junior Noteholders of the required payments of interest and principal so long as such receipt is not (i) the direct or indirect result of the exercise by any Junior Trustee, any Junior Noteholder Collateral Agent, the Mortgage Tax Collateral Agent or any Junior Noteholder of rights or remedies as a secured creditor in respect of Common Collateral or (ii) in violation of Section 3.1, 4.1, 5.2 or 6.3. In the event any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder becomes a judgment lien creditor in respect of Common Collateral as a result of its enforcement of its rights as an unsecured creditor in respect of Junior Noteholder Claims, such judgment lien shall be subordinated to the Liens securing Senior Claims on the same basis as the other Liens securing the Junior Noteholder Claims are so subordinated to such Liens securing Senior Claims under this Agreement. Nothing in this Agreement impairs or otherwise adversely affects any rights or remedies the Senior Credit

Agent, the Senior Lenders, the Senior Trustee or the Senior Noteholders may have with respect to the Common Collateral.

5.5 Bailee for Perfection — Senior Credit Agent.

Prior to the Discharge of Senior Lender Claims:

(a) The Senior Credit Agent agrees to hold the Pledged Collateral that is part of the Common Collateral in its possession or control (or in the possession or control of its agents or bailees) as bailee for the Junior Trustees and any assignee solely for the purpose of perfecting the security interest granted in such Pledged Collateral pursuant to the Junior Noteholder Security Agreements, subject to the terms and conditions of this Section 5.5.

(b) The Senior Credit Agent agrees to hold the Deposit Account Collateral that is part of the Common Collateral and controlled by the Senior Credit Agent for the Junior Trustees and any assignee solely for the purpose of perfecting the security interest granted in such Deposit Account Collateral pursuant to the Junior Noteholder Security Agreements, subject to the terms and conditions of this Section 5.5. Upon Discharge of Senior Lender Claims, the First-Lien Administrative Agent shall continue to hold such Deposit Account Collateral pursuant to this clause (b) until the earlier of the date (i) the Senior Trustee (or, at any time after the Discharge of Senior Claims, the Junior Trustees) has obtained control thereof for the purpose of perfecting its security interest and (ii) which is 30 days after the Discharge of Senior Lender Claims.

(c) Except as otherwise specifically provided herein (including, without limitation, Sections 3.1 and 4.1), until the Discharge of Senior Lender Claims has occurred, the Senior Credit Agent shall be entitled to deal with the Pledged Collateral in accordance with the terms of the Senior Lender Documents as if the Liens under the Junior Noteholder Collateral Documents did not exist. The rights of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement.

(d) The Senior Credit Agent shall have no obligation whatsoever to the Junior Trustees, the Junior Noteholder Collateral Agents or any Junior Noteholder to assure that the Pledged Collateral is genuine or owned by any of the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to the Common Collateral except as expressly set forth in this Section 5.5. The duties or responsibilities of the Senior Credit Agent under this Section 5.5 shall be limited solely to holding the Pledged Collateral as bailee for the Junior Trustees for purposes of perfecting the Lien held by the Junior Trustees.

(e) The Senior Credit Agent shall not have by reason of the Junior Noteholder Collateral Documents or this Agreement or any other document a fiduciary relationship in respect of any Junior Trustee or any Junior Noteholder and the Junior Trustees and the Junior Noteholders hereby waive and release the Senior Credit Agent from all claims and liabilities arising pursuant to the Senior Credit Agent's role under this Section 5.5, as agent and bailee with respect to the Common Collateral.

(f) Upon Discharge of Senior Lender Claims, the Senior Credit Agent shall deliver to the Senior Trustee (or, upon Discharge of Senior Claims, as applicable in accordance with Section 5.6(f), or at the direction of the Company, to the Junior Trustees), to the extent that it is legally permitted to do so, the remaining Pledged Collateral (if any) together with any necessary endorsements (or otherwise allow the Senior Trustee or Junior Trustees, as the case may be, to obtain control of such Pledged Collateral) or as a court of competent jurisdiction may otherwise direct. The Company shall take such further action as is required to effectuate the transfer contemplated hereunder and shall indemnify the Senior Credit Agent for loss or damage suffered by the Senior Credit Agent as a result of such transfer except for loss or damage suffered by the Senior Credit Agent as a result of its own wilful misconduct or bad faith. The Senior Credit Agent has no obligation to follow instructions from the Junior Trustees in contravention of this Agreement. Without limiting the foregoing, upon Discharge of Senior Lender Claims, the First-Lien Administrative Agent will use commercially reasonable efforts to promptly deliver an appropriate termination or other notice confirming such Discharge of Senior Lender Claims to the applicable depository bank, issuer of uncertificated securities or securities intermediary, if any, with respect to the Deposit Account Collateral, money market mutual fund or similar collateral, or securities account collateral.

(g) Neither the First-Lien Administrative Agent, the Senior Credit Agent nor the Senior Lenders shall be required to marshal any present or future collateral security for the Company's or its Subsidiaries' obligations to the Senior Credit Agent or the Senior Lenders under the Senior Credit Agreement or the Senior Collateral Documents or to resort to such collateral security or other assurances of payment in any particular order, and all of their rights in respect of such collateral security shall be cumulative and in addition to all other rights, however existing or arising.

5.6 Bailee For Perfection — Senior Trustee

At any time after the Discharge of Senior Lender Claims:

(a) The Senior Trustee agrees to hold the Pledged Collateral that is part of the Common Collateral in its possession or control (or in the possession or control of its agents or bailees) as bailee for the Junior Trustees and any assignee solely for the purpose of perfecting the security interest granted in such Pledged Collateral pursuant to the Junior Noteholder Security Agreements, subject to the terms and conditions of this Section 5.6.

(b) The Senior Trustee agrees to hold the Deposit Account Collateral that is part of the Common Collateral and controlled by the Senior Trustee for the Junior Trustees and any assignee solely for the purpose of perfecting the security interest granted in such Deposit Account Collateral pursuant to the Junior Noteholder Security Agreements, subject to the terms and conditions of this Section 5.6. Upon Discharge of Senior Claims, the Senior Trustee shall continue to hold such Deposit Account Collateral pursuant to this clause (b) until the earlier of the date (i) the Junior Trustees have obtained control thereof for the purpose of perfecting their security interests and (ii) which is 30 days after the Discharge of Senior Claims.

(c) Except as otherwise specifically provided herein (including, without limitation, Sections 3.1 and 4.1), until the Discharge of Senior Claims has occurred, the Senior

Trustee shall be entitled to deal with the Pledged Collateral in accordance with the terms of the Senior Noteholder Documents as if the Liens under the Junior Noteholder Collateral Documents did not exist. The rights of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement.

(d) The Senior Trustee shall have no obligation whatsoever to the Junior Trustees, the Junior Noteholder Collateral Agents or any Junior Noteholder to assure that the Pledged Collateral is genuine or owned by any of the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to the Common Collateral except as expressly set forth in this Section 5.6. The duties or responsibilities of the Senior Trustee under this Section 5.6 shall be limited solely to holding the Pledged Collateral as bailee for the Junior Trustees for purposes of perfecting the Lien held by the Junior Trustees.

(e) The Senior Trustee shall not have by reason of the Junior Noteholder Collateral Documents or this Agreement or any other document a fiduciary relationship in respect of any Junior Trustee or any Junior Noteholder and the Junior Trustees and the Junior Noteholders hereby waive and release the Senior Credit Agent from all claims and liabilities arising pursuant to the Senior Trustee's role under this Section 5.6, as agent and bailee with respect to the Common Collateral.

(f) Upon Discharge of Senior Claims, the Senior Trustee shall deliver to the Junior Trustees, to the extent that it is legally permitted to do so, the remaining Pledged Collateral (if any) together with any necessary endorsements (or otherwise allow the Junior Trustees to obtain control of such Pledged Collateral) or as a court of competent jurisdiction may otherwise direct. The Company shall take such further action as is required to effectuate the transfer contemplated hereunder and shall indemnify the Senior Trustee for loss or damage suffered by the Senior Trustee as a result of such transfer except for loss or damage suffered by the Senior Trustee as a result of its own wilful misconduct or bad faith. The Senior Trustee has no obligation to follow instructions from the Junior Trustees in contravention of this Agreement. Without limiting the foregoing, upon Discharge of Senior Claims, the Senior Trustee will use commercially reasonable efforts to promptly deliver an appropriate termination or other notice confirming such Discharge of Senior Claims to the applicable depository bank, issuer of uncertificated securities or securities intermediary, if any, with respect to the Deposit Account Collateral, money market mutual fund or similar collateral, or securities account collateral.

(g) Neither the Senior Trustee, the Senior Noteholder Collateral Agent nor the Senior Noteholders shall be required to marshal any present or future collateral security for the Company's or its Subsidiaries' obligations to the Senior Trustee or the Senior Noteholders under the Senior Indenture or the Senior Noteholder Collateral Documents or to resort to such collateral security or other assurances of payment in any particular order, and all of their rights in respect of such collateral security shall be cumulative and in addition to all other rights, however existing or arising.

5.7 Additional Collateral. If any Lien is granted by any Grantor in favor of or for the benefit of the Senior Lenders, the Senior Noteholders or the Junior Noteholders on any collateral, including Liens on the Initial Mortgaged Collateral and the Additional Mortgaged

Collateral (other than Common Collateral identified as Junior Mortgage Tax Collateral which shall be subject to the Liens of the Mortgage Tax Collateral Agent), such Collateral shall also be subject to a Lien in favor of the Senior Lenders, the Senior Noteholders and the Junior Noteholders in the relative lien priority scheme set forth in Section 2.1.

5.8 Collateral Agents; Collateral Documents.

(a) Pursuant to the Collateral Agency Agreement, the Mortgage Tax Collateral Agent shall act as collateral agent for the Senior Lenders, the Senior Noteholders and the Junior Noteholders with respect to Liens granted on real property located in the Mortgage Tax States (that is Initial Mortgaged Collateral or Additional Mortgaged Collateral) as determined in accordance with Section 5.8(c) below (the "Junior Mortgage Tax Collateral"). For the avoidance of doubt, such Liens may be created by modifying the security instruments creating the Liens on the existing Senior Mortgage Tax Collateral.

(b) With respect to any and all Junior Noteholder Collateral other than the Junior Mortgage Tax Collateral, the Junior Noteholder Collateral Agents shall act as collateral agents on behalf of the applicable Junior Noteholders. The Junior Noteholder Collateral Agents shall separately document their respective Lien(s) on any and all Junior Noteholder Collateral other than Junior Mortgage Tax Collateral.

(c) *Determination of Status of Mortgage Tax State Collateral; Reliance by Mortgage Tax Collateral Agent.* The determination of whether Liens to be granted on Initial Mortgaged Collateral and Additional Mortgaged Collateral would constitute Junior Mortgage Tax Collateral under the Credit Agreement shall be made by the Company and the First-Lien Administrative Agent (or the Company after the Discharge of Senior Lender Claims) in the reasonable exercise of each of their discretion, and the First-Lien Administrative Agent (or the Company) shall so notify the Mortgage Tax Collateral Agent in a written certificate of such determination with, as applicable, a copy of such certificate to be contemporaneously provided to the Company. The Mortgage Tax Collateral Agent shall not be responsible for determining the status of any Collateral as Junior Mortgage Tax Collateral and shall be entitled to rely on such certificate(s) of the First-Lien Administrative Agent (or the Company) identifying that any Collateral constitutes Junior Mortgage Tax Collateral and shall be under no obligation to treat any Collateral not so identified as Junior Mortgage Tax Collateral. Upon receipt of such certificate(s) from the First-Lien Administrative Agent identifying any Collateral as Junior Mortgage Tax Collateral, the Mortgage Tax Collateral Agent shall be entitled to treat such Collateral as Junior Mortgage Tax Collateral for all purposes under this Agreement. Any designation by the First-Lien Administrative Agent (or the Company) that any Collateral is Junior Mortgage Tax Collateral shall be, subject to the provisions of Section 5.1(a) hereof, irrevocable. Any such certificates shall be full warrant to the Mortgage Tax Collateral Agent for any action taken, suffered or omitted in reliance thereof.

5.9 Release of Liens on, and Application of the Proceeds of, the Junior Mortgage Tax Collateral.

(a) In the event of any release of the Liens on the Junior Mortgage Tax Collateral in respect of Senior Claims in accordance with the Senior Collateral Documents and

the Senior Noteholder Collateral Documents, the Junior Trustees and the Junior Noteholder Collateral Agents, for themselves and on behalf of the Junior Noteholders, promptly shall execute and deliver to the Mortgage Tax Collateral Agent or the applicable Grantor such termination statements, releases and other documents as the Mortgage Tax Collateral Agent or such Grantor may reasonably request to effectively confirm such release in connection with a release pursuant to Section 5.1.

(b) Proceeds of the Junior Mortgage Tax Collateral shall be applied as set forth in Section 4.1 so long as the Discharge of Senior Claims has not occurred. Unless and until the Discharge of Senior Claims has occurred, except as expressly provided in the proviso in clause (ii) of Section 3.1(a) and Section 6.3, the sole right of the Junior Noteholders with respect to the Junior Mortgage Tax Collateral is to hold a shared Lien on the Junior Mortgage Tax Collateral in respect of Junior Noteholder Claims pursuant to the Junior Noteholder Documents for the period and to the extent granted therein and to receive a share of the Proceeds thereof, if any, after the Discharge of the Senior Claims has occurred.

(c) Except as otherwise specifically provided in Sections 3.1 and 4.1, until the Discharge of Senior Claims has occurred, the Mortgage Tax Collateral Agent shall be entitled to deal with the Junior Mortgage Tax Collateral in accordance with the terms of the Senior Lender Documents as if the Liens under the Junior Noteholder Collateral Documents did not exist. The rights of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement.

(d) The Mortgage Tax Collateral Agent shall have no obligation whatsoever to the Junior Trustees, the Junior Noteholder Collateral Agents or any Junior Noteholder to assure that the Junior Mortgage Tax Collateral is genuine or owned by any of the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to the Common Collateral except as expressly set forth in this Section 5.9.

(e) Neither the Mortgage Tax Collateral Agent, the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent nor any of the Senior Noteholders shall be required to marshal any present or future collateral security for the Company's or its Subsidiaries' obligations to the Senior Credit Agent or the Senior Lenders under the Senior Credit Agreement or the Senior Collateral Documents or to the Senior Trustee or the Senior Noteholders under the Senior Indenture or the Senior Noteholder Collateral Documents or to resort to such collateral security or other assurances of payment in any particular order, and all of their rights in respect of such collateral security shall be cumulative and in addition to all other rights, however existing or arising.

5.10 *No Fiduciary Duty.* The Junior Trustees and the Junior Noteholder Collateral Agents agree, on behalf of themselves and the Junior Noteholders, that the Senior Lenders, the Mortgage Tax Collateral Agent, the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders shall not have by reason of the Junior Noteholder Collateral Documents or this Agreement or any other document, a fiduciary relationship in respect of any Junior Trustee, any Junior Noteholder Collateral Agent or any Junior Noteholder.

5.11 *Increases in the Principal Amount of the Senior Claims Indebtedness or Junior Noteholder Claims.* The Junior Noteholders may not increase the stated principal amount of the Junior Noteholder Claims above \$700 million hereof without the consent the Required Lenders (but in any event not more than 66 and 2/3%); provided that no consent is required after Discharge of Senior Lender Claims. The Senior Creditors may not increase the stated principal amount of the Senior Claims (exclusive of any increases to the amounts permitted in the definition of First-Lien Indebtedness) without the consent of the Junior Noteholders holding, at least, 51% in amount of the Junior Noteholder Claims.

Section 6. Insolvency or Liquidation Proceedings.

6.1 Financing and Sale Issues.

(a) If the Company or any other Grantor shall be subject to any Insolvency or Liquidation Proceeding and the First-Lien Administrative Agent and the Senior Trustee shall desire to permit the use of cash collateral or to permit the Company or any other Grantor to obtain financing under Section 363 or Section 364 of Title 11 of the United States Code or any similar Bankruptcy Law ("DIP Financing"), then the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders agree that (i) if the Senior Creditors consent to such use of cash collateral, the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, shall be deemed to have consented to such use of cash collateral and they will not request adequate protection except to the extent permitted in Section 6.3 and (ii) if the Senior Creditors consent to DIP Financing that provides for priming of or *pari passu* treatment with the Liens of the Senior Creditors, the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, will not raise any objection to and shall be deemed to have consented to such DIP Financing, and to the extent the Liens securing the Senior Claims under the Senior Collateral Documents and the Senior Noteholder Collateral Documents are subordinated or *pari passu* with such DIP Financing, they will subordinate their Liens in the Common Collateral to such DIP Financing (and all Obligations relating thereto) and the Senior Claims on the same basis as the other Liens securing the Junior Noteholder Claims are subordinated to Liens securing Senior Claims under this Agreement.

(b) The Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, agree that they will not raise any objection to or oppose a sale of or other disposition of any Common Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code if the Senior Creditors have consented to such sale or disposition of such assets so long as the interests of the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders in the Common Collateral attach to the Proceeds in the relative priority scheme set forth in Section 2.1 and subject to the terms of this Agreement.

6.2 *Relief from the Automatic Stay.* Until the Discharge of Senior Claims has occurred, the Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, agree that none of them shall seek relief from the automatic stay or any other stay in any Insolvency or Liquidation

Proceeding in respect of the Common Collateral, without the prior written consent of the First-Lien Administrative Agent and the Senior Trustee.

6.3 *Adequate Protection.* The Junior Trustees, the Junior Noteholder Collateral Agents and the Mortgage Tax Collateral Agent, on behalf of themselves and the Junior Noteholders, agree that none of them shall contest (or support any other Person contesting) (a) any request by the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee or the Senior Noteholders for adequate protection or (b) any objection by First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or the Senior Noteholders to any motion, relief, action or proceeding based on First-Lien Administrative Agent's, the Senior Credit Agent's, the Senior Lenders', the Senior Trustee's, the Senior Noteholder Collateral Agent's or the Senior Noteholders' claiming a lack of adequate protection. Notwithstanding the foregoing, in any Insolvency or Liquidation Proceeding, (i) the Junior Trustees on behalf of themselves and the Junior Noteholders, may seek or request adequate protection in the form of a replacement Lien on additional collateral, provided that the Senior Creditors are granted a Lien on such additional collateral before or at the same time the Junior Noteholders are granted a Lien on such collateral and that such Lien shall be subordinated to the Liens of the Senior Creditors and any DIP Financing permitted under Section 6.1 (and all Obligations relating thereto) on the same basis as the other Liens securing the Junior Noteholder Claims are so subordinated to the Liens securing the Senior Indebtedness under this Agreement and (ii) in the event that any Junior Trustee, on behalf of itself or any Junior Noteholder, seeks or requests adequate protection and such adequate protection is granted in the form of additional collateral securing the Junior Noteholder Claims, such Liens shall be subordinated to the Liens on such collateral securing the Senior Indebtedness and any such DIP Financing (and all Obligations relating thereto) and any other Liens granted to the Senior Creditors as adequate protection on the same basis as the other Liens securing the Junior Noteholder Claims are so subordinated to such Liens securing the Senior Claims under this Agreement and such additional collateral shall be included in and be part of the Common Collateral. Except as provided in this Section, the Junior Trustees, and the Junior Noteholder Collateral Agents, on behalf of themselves and the Junior Noteholders, further agree that they will not seek or accept any payments of adequate protection or any payments under Bankruptcy Code Section 362(d)(3)(B).

6.4 *No Waiver; Voting Restrictions.* Nothing contained herein shall prohibit or in any way limit the Senior Credit Agent, any Senior Lender, the Senior Trustee or any Senior Noteholder from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by any of the Junior Trustees or any of the Junior Noteholders, including the seeking by any Junior Trustee or any Junior Noteholder of adequate protection or the asserting by any Junior Trustee or any Junior Noteholder of any of its rights and remedies under the Junior Noteholder Documents or otherwise. In any Insolvency or Liquidation Proceeding, neither any Junior Trustee nor any Junior Noteholder shall vote any Junior Noteholder Claim in favor of any plan of reorganization (of any Grantor) unless (i) such plan provides for payment in full of the Senior Indebtedness, (ii) such plan provides for the treatment of the Senior Claims in a manner that preserves the relative lien priority of the Senior Claims over the Junior Noteholder Claims to at least the same extent as set forth in this Agreement or (iii) such plan is approved by the Senior Creditors.

6.5 *Preference Issues; Recovery.* If any Senior Creditor is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the Company or any other Grantor (or any trustee, receiver or similar person therefor), because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, any amount, whether received as proceeds of security, enforcement of any right of set-off or otherwise (a "Recovery"), then the Senior Claims shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred and the Senior Creditors shall be entitled to a Discharge of Senior Claims with respect to all such recovered amounts. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto.

6.6 *Reorganization Securities.* If, in any Insolvency or Liquidation Proceeding, debt obligations of the reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed, pursuant to a plan of reorganization or similar dispositive restructuring plan, both on account of Senior Claims and on account of Junior Noteholder Claims, then, to the extent the debt obligations distributed on account of the Senior Claims and on account of the Junior Noteholder Claims are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

6.7 *Application.* This Agreement shall be applicable and the terms hereof shall survive and shall continue in full force and effect prior to or after the commencement of any Insolvency or Liquidation Proceeding. All references herein to any Grantor shall apply to any trustee for such Person and such Person as debtor in possession. The relative rights as to the Collateral and Proceeds thereof shall continue after the filing thereof on the same basis as prior to the date of the petition, subject to any court order approving the financing of, or use of cash collateral by, any Grantor.

6.8 *Expense Claims.* None of any Junior Noteholder Collateral Agent, any Junior Trustee or any Junior Noteholder will assert or enforce, at any time prior to the Discharge of Senior Claims, any claim under §506(c) of the Bankruptcy Law senior to or on a parity with the Liens in favor of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders for costs or expenses of preserving or disposing of any Common Collateral.

6.9 *Post-Petition Claims.* (a) None of any Junior Noteholder Collateral Agent, any Junior Trustee or any Junior Noteholder shall oppose or seek to challenge any claim by the First-Lien Administrative Agent, the Senior Credit Agent, any Senior Lender, the Senior Trustee, the Senior Noteholder Collateral Agent or any Senior Noteholder for allowance in any Insolvency or Liquidation Proceeding of Senior Lender Claims consisting of post-petition interest, fees, including legal fees, expenses or indemnities to the extent of the value of the Lien in favor of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent and the Senior Lenders or the Lien in favor of the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders, without regard to the existence of the Lien of the Junior Trustees on behalf of the Junior Noteholders on the Common Collateral.

(b) None of the First-Lien Administrative Agent, the Senior Credit Agent, any other Senior Lender, the Senior Trustee or any Senior Noteholder shall oppose or seek to challenge any claim by any Junior Trustee or any Junior Noteholder for allowance in any Insolvency or Liquidation Proceeding of Noteholder Claims consisting of post-petition interest, fees, including legal fees, expenses or indemnities to the extent of the value of the Lien of any such Junior Trustee on behalf of the Junior Noteholders on the Common Collateral (after taking into account the Liens in favor of the First-Lien Administrative Agent, the Senior Credit Agent and the Senior Lenders and in favor of the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders).

Section 7. Reliance; Waivers; etc.

7.1 Reliance. The consent by the Senior Creditors to the execution and delivery of the Junior Noteholder Documents to which the Senior Creditors have consented and all loans and other extensions of credit made or deemed made on and after the date hereof by the Senior Creditors to the Company or any Subsidiary shall be deemed to have been given and made in reliance upon this Agreement. Each Junior Trustee, solely on behalf of the applicable Junior Noteholders, acknowledges, to the best of its knowledge, that the Junior Noteholders have, independently and without reliance on the First-Lien Administrative Agent, the Senior Credit Agent, any Senior Lender, the Senior Trustee, the Senior Noteholder Collateral Agent or any Senior Noteholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the applicable Junior Indenture, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under such applicable Junior Indentures or this Agreement.

7.2 No Warranties or Liability. Each Junior Trustee, on behalf of itself and the applicable Junior Noteholders, acknowledges and agrees that each of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee and the Senior Noteholders have made no express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Senior Lender Documents or the Senior Noteholder Documents, the ownership of any Common Collateral or the perfection or priority of any Liens thereon. The Senior Creditors will be entitled to manage and supervise their respective loans and extensions of credit under the Senior Lender Documents and the Senior Noteholder Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the Senior Creditors may manage their loans and extensions of credit without regard to any rights or interests that the Junior Trustees or any of the Junior Noteholders have in the Common Collateral or otherwise, except as otherwise provided in this Agreement. None of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, any Senior Lender, the Senior Trustee, the Senior Noteholder Collateral Agent nor any Senior Noteholder shall have any duty to the Junior Trustees, the Junior Noteholder Collateral Agents or any of the Junior Noteholders to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with the Company or any Subsidiary thereof (including the Junior Noteholder Documents), regardless of any knowledge thereof that they may have or be charged with. Except as expressly set forth in this Agreement, the First-Lien Administrative Agent, the

Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent, the Senior Noteholders, the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders have not otherwise made to each other nor do they hereby make to each other any warranties, express or implied, nor do they assume any liability to each other with respect to (a) the enforceability, validity, value or collectibility of any of the Junior Noteholder Claims, the Senior Noteholder Claims, the Senior Lender Claims or any guarantee or security which may have been granted to any of them in connection therewith, (b) the Company's, the Guarantors' (as defined in the Senior Credit Agreement) or any Subsidiary's title to or right to transfer any of the Common Collateral or (c) any other matter except as expressly set forth in this Intercreditor Agreement.

7.3 Obligations Unconditional. All rights, interests, agreements and obligations of the First-Lien Administrative Agent, the Senior Credit Agent, the Mortgage Tax Collateral Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders and the Junior Trustees, the Junior Noteholder Collateral Agents and the Junior Noteholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Senior Lender Documents, any Senior Noteholder Documents or any Junior Noteholder Documents;

(b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the Senior Claims or Junior Noteholder Claims, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of the Senior Credit Agreement or any other Senior Lender Document, of the terms of the Senior Indenture or any other Senior Noteholder Document or of the terms of the Junior Indentures or any other Junior Noteholder Document;

(c) any exchange of any security interest in any Common Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Claims or Junior Noteholder Claims or any guarantee thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Company or any other Grantor; or

(e) any other circumstances that otherwise might constitute a defense available to, or a discharge of, the Company or any other Grantor in respect of the Senior Claims, or of any Junior Trustee or any Junior Noteholder in respect of this Agreement.

Section 8. Miscellaneous.

8.1 Continuing Nature of this Agreement; Severability. This Agreement shall continue to be effective until the Discharge of Senior Claims shall have occurred. This is a continuing agreement of lien subordination and the Senior Lenders may continue, at any time and without notice to any Junior Trustee or any Junior Noteholder, to extend credit and other financial accommodations and lend monies to or for the benefit of the Company or any other

Grantor constituting Senior Claims in reliance hereon. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Notwithstanding anything to the contrary set forth in this Agreement, after the Discharge of Senior Lender Claims, the First-Lien Administrative Agent, the Senior Credit Agent and the Senior Lenders shall not have any rights or obligations under this Agreement other than as set forth in Sections 5.5(f), 6.5, 6.6 and 6.7.

8.2 Amendments; Waivers. No amendment, modification or waiver of any of the provisions of this Agreement by the Junior Trustees, the Senior Trustee, the First-Lien Administrative Agent or the Mortgage Tax Collateral Agent shall be deemed to be made unless the same shall be in writing signed on behalf of the party making the same or its authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. The Company and other Grantors shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent their rights are affected.

8.3 Information Concerning Financial Condition of the Company and the Subsidiaries. The First-Lien Administrative Agent, the Senior Lenders, the Senior Trustee and the Senior Noteholders, on the one hand, and the Junior Trustees and the Junior Noteholders, on the other hand, shall each be responsible for keeping themselves informed of (a) the financial condition of the Company and the Subsidiaries and all endorsers and/or guarantors of the Junior Noteholder Claims or the Senior Claims and (b) all other circumstances bearing upon the risk of nonpayment of the Junior Noteholder Claims or the Senior Claims. The First-Lien Administrative Agent, the Senior Lenders, the Senior Trustee and the Senior Noteholders shall have no duty to advise the Junior Trustees, the Junior Noteholder Collateral Agents or any Junior Noteholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that the First-Lien Administrative Agent, the Senior Credit Agent, any of the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent or any of the Senior Noteholders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the Junior Trustees, the Junior Noteholder Collateral Agents or any Junior Noteholder, it or they shall be under no obligation (w) to make, and the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders, shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation or (z) to disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

8.4 Subrogation. The Junior Trustees, on behalf of themselves and the Junior Noteholders, hereby agree not to assert or enforce any rights of subrogation they may acquire as a result of any payment hereunder until the Discharge of Senior Claims has occurred.

8.5 *Application of Payments.* Except as otherwise provided herein, all payments received by the Senior Creditors may be applied, reversed and reapplied, in whole or in part, to such part of the Senior Claims as the Senior Creditors, in their sole discretion, deem appropriate, consistent with the terms of the Senior Lender Documents and the Senior Noteholder Documents. Except as otherwise provided herein, the Junior Trustees, on behalf of themselves and the Junior Noteholders, assent to any such extension or postponement of the time of payment of the Senior Claims or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security that may at any time secure any part of the Senior Claims and to the addition or release of any other Person primarily or secondarily liable therefor.

8.6 *Consent to Jurisdiction; Waivers.* The parties hereto consent to the jurisdiction of any state or federal court located in New York, New York, and consent that all service of process may be made by registered mail directed to such party as provided in Section 8.7 for such party. Service so made shall be deemed to be completed three days after the same shall be posted as aforesaid. The parties hereto waive any objection to any action instituted hereunder in any such court based on *forum non conveniens*, and any objection to the venue of any action instituted hereunder in any such court. Each of the parties hereto waives any right it may have to trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Agreement, or any course of conduct, course of dealing, verbal or written statement or action of any party hereto in connection with the subject matter hereof.

8.7 *Notices.* All notices to the Junior Noteholders, the Senior Noteholders and the Senior Lenders permitted or required under this Agreement may be sent to the Junior Trustees, the Senior Trustee and the First-Lien Administrative Agent, respectively. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied or sent by electronic mail, courier service or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or electronic mail or four Business Days after deposit in the U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

8.8 *Further Assurances.* Each Junior Trustee and each Junior Noteholder Collateral Agent, on behalf of itself and the Junior Noteholders, the Senior Trustee and the Senior Noteholder Collateral Agent, on behalf of itself and the Senior Noteholders, and the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent and the Senior Credit Agent, on behalf of itself and the Senior Lenders, agrees that each of them, at the expense of the Company, shall take such further action and shall execute and deliver to the First-Lien Administrative Agent, the Mortgage Tax Collateral Agent and the Senior Credit Agent and the Senior Lenders such additional documents and instruments (in recordable form, if requested) as the First-Lien Administrative Agent, the Senior Credit Agent or the Senior Lenders may reasonably request to effectuate the terms of and the lien priorities contemplated by this Agreement.

8.9 *Company Notice of the Discharge of Senior Claims.* The Company shall provide prompt written notice to the Junior Trustees of any Discharge of the Senior Claims.

8.10 *Governing Law.* This Agreement has been delivered and accepted at and shall be deemed to have been made at New York, New York and shall be interpreted, and the rights and liabilities of the parties bound hereby determined, in accordance with the laws of the State of New York.

8.11 *Binding on Successors and Assigns.* This Agreement shall be binding upon the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Lenders, the Mortgage Tax Collateral Agent, the Senior Trustee, the Senior Noteholder Collateral Agent, the Senior Noteholders, the Junior Trustees, the Junior Noteholder Collateral Agents, the Junior Noteholders, Hovnanian, the Company, the Grantors, and their respective permitted successors and assigns. Any corporation or association into which Wilmington Trust Company may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which Wilmington Trust Company shall be a party, or any corporation or association to which all or substantially all of the corporate trust business of Wilmington Trust Company may be sold or otherwise transferred, shall be the successor to Wilmington Trust Company in each of its capacities hereunder without any further act.

8.12 *Specific Performance.* The First-Lien Administrative Agent or the Senior Trustee may demand specific performance of this Agreement. The Junior Trustees, on behalf of themselves and the Junior Noteholders, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense that might be asserted to bar the remedy of specific performance in any action that may be brought by the First-Lien Administrative Agent or the Senior Trustee.

8.13 *Section Titles.* The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of this Agreement.

8.14 *Counterparts; Telecopy Signatures.* This Agreement may be signed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument; and, delivery of executed signature pages hereof by telecopy transmission, or other electronic transmission in .pdf or similar format, from one party to another shall constitute effective and binding execution and delivery of this Agreement by such party.

8.15 *Authorization.* By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement. The First-Lien Administrative Agent represents and warrants that this Agreement is binding upon the Senior Lenders.

8.16 *No Third Party Beneficiaries; Successors and Assigns.* This Agreement and the rights and benefits hereof shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns and shall inure to the benefit of each of, and be binding upon, the holders of Senior Claims and Junior Noteholder Claims. No other Person shall have or be entitled to assert rights or benefits hereunder.

8.17 *Effectiveness*. This Agreement shall become effective when executed and delivered by the parties hereto. This Agreement shall be effective both before and after the commencement of any Insolvency or Liquidation Proceeding. All references to the Company or any other Grantor shall include the Company or any other Grantor as debtor and debtor-in-possession and any receiver or trustee for the Company or any other Grantor (as the case may be) in any Insolvency or Liquidation Proceeding.

8.18 *First-Lien Administrative Agent and Trustees*. It is understood and agreed that (a) PNC Bank, National Association is entering into this Agreement in its capacity as First-Lien Administrative Agent in the Senior Credit Agreement, (b) Wilmington Trust Company is entering in this Agreement in its capacity as Senior Trustee and the provisions of Article 7 of the Senior Indenture applicable to the Senior Trustee thereunder shall also apply to the Senior Trustee hereunder and (c) Wilmington Trust Company is entering in this Agreement in its capacity as Initial Junior Trustee and the provisions of Article 7 of the Initial Junior Indenture applicable to the Initial Junior Trustee thereunder shall also apply to the Initial Junior Trustee hereunder.

8.19 *Designations*. For purposes of the provisions hereof and the Senior Indenture and the Junior Indentures requiring the Company to designate Indebtedness for the purposes of the term "First-Lien Indebtedness," any such designation shall be sufficient if the relevant designation is set forth in writing, signed on behalf of the Company by an officer thereof and delivered to the Junior Trustees, the Senior Trustee and the First-Lien Administrative Agent. For all purposes hereof and the Senior Indenture and the Junior Indentures, the Company hereby designates the Indebtedness incurred pursuant to the Senior Credit Agreement as First-Lien Indebtedness.

8.20 *Relative Rights; Conflict*. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement is intended to or will (a) amend, waive or otherwise modify the provisions of the Senior Credit Agreement, the Senior Indenture or the Junior Indentures or any other Senior Lender Documents, Senior Noteholder Documents or Junior Noteholder Documents entered into in connection with the Senior Credit Agreement, the Senior Indenture or the Junior Indentures or permit the Company or any Subsidiary to take any action, or fail to take any action, to the extent such action or failure would otherwise constitute a breach of, or default under, the Senior Credit Agreement or any other Senior Lender Documents entered into in connection with the Senior Credit Agreement, the Senior Indenture or any other Senior Noteholder Documents entered into in connection with the Senior Indenture or the Junior Indentures or any other Junior Noteholder Documents entered into in connection with the Junior Indentures, (b) change the relative priorities of the Senior Claims or the Liens granted under the Senior Lender Documents and the Senior Noteholder Documents on the Common Collateral (or any other assets) as among the Senior Creditors, (c) otherwise change the relative rights of the Senior Creditors in respect of the Common Collateral as among such Senior Creditors or (d) obligate the Company or any Subsidiary to take any action, or fail to take any action, that would otherwise constitute a breach of, or default under, the Senior Credit Agreement or any other Senior Lender Document entered into in connection with the Senior Credit Agreement, the Senior Indenture or any other Senior Noteholder Documents entered into in connection with the Senior Indenture or the Junior Indentures or any other Junior Noteholder Documents entered into in connection with the Junior Indentures. As it relates to matters between the Junior Trustees,

the Junior Noteholder Collateral Agents and the Junior Noteholders on the one hand, and the First-Lien Administrative Agent, the Senior Credit Agent, the Senior Trustee, the Senior Noteholder Collateral Agent and the Senior Noteholders, on the other hand, in any conflict between the provisions of this Agreement and the Senior Lender Documents, the Senior Noteholder Documents or the Junior Noteholder Documents, this Agreement shall govern.

8.21 *Senior Intercreditor Agreement.* The provisions of this Agreement shall not be (or be construed to be) an amendment, modification or other change to the Senior Intercreditor Agreement and the provisions of the Senior Intercreditor Agreement shall remain in full force and effect in accordance with the terms thereof (as such provisions may be amended, modified or otherwise supplemented from time to time in accordance with the terms thereof). To the extent the terms of this Agreement conflict with the terms of the Senior Intercreditor Agreement, the terms of the Senior Intercreditor Credit Agreement shall control and provide for the respective rights of the Senior Credit Agent and Senior Trustee, including, but not limited to, their respective lien priorities, obligations, rights, remedies and priority of distribution.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the undersigned has caused this Intercreditor Agreement to be duly executed and delivered as of the date first above written.

First-Lien Administrative Agent

Notice Address:

PNC Bank, National Association

Two Tower Center, 18th Floor
E. Brunswick, NJ 08816
Attention: Douglas G. Paul
Telephone: (732) 220-3566
Telecopy: (732) 220-3744

PNC BANK, NATIONAL ASSOCIATION
in its capacity as First-Lien Administrative Agent

By: _____
Name:
Title:

Senior Credit Agent

Notice Address:

PNC Bank, National Association

Two Tower Center, 18th Floor
E. Brunswick, NJ 08816
Attention: Douglas G. Paul
Telephone: (732) 220-3566
Telecopy: (732) 220-3744

PNC BANK, NATIONAL ASSOCIATION
in its capacity as Senior Credit Agent

By: _____
Name:
Title:

Mortgage Tax Collateral Agent

Notice Address:

Wilmington Trust Company

Attention: James A. Hanley
Address: Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Phone 302-636-6453
Fax 302-636-4145

WILMINGTON TRUST COMPANY
in its capacity as Mortgage Tax Collateral Agent

By: _____
Name:
Title:

[INTERCREDITOR AGREEMENT]

Notice Address:

Wilmington Trust Company

Attention: Patrick Healy
Address: Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Phone: 302 636 6391
Fax: 302 636 4149

Notice Address:

Wilmington Trust Company

Attention: Patrick Healy
Address: Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Phone: 302 636 6391
Fax: 302 636 4149

Notice Address:

Wilmington Trust Company

Attention: Patrick Healy
Address: Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Phone: 302 636 6391
Fax: 302 636 4149

Senior Trustee

WILMINGTON TRUST COMPANY
in its capacity as Senior Trustee

By: _____
Name:
Title:

Senior Noteholder Collateral Agent

WILMINGTON TRUST COMPANY
in its capacity as Senior Noteholder Collateral Agent

By: _____
Name:
Title:

Initial Junior Trustee

WILMINGTON TRUST COMPANY
in its capacity as Initial Junior Trustee

By: _____
Name:
Title:

[INTERCREDITOR AGREEMENT]

Notice Address:

Wilmington Trust Company

Attention: Patrick Healy
Address: Rodney Square North
1100 North Market Street
Wilmington, DE 19890-1605
Phone: 302 636 6391
Fax: 302 636 4149

Initial Junior Noteholder Collateral Agent

WILMINGTON TRUST COMPANY
in its capacity as Initial Junior Noteholder Collateral
Agent

By: _____

Name:

Title:

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN ENTERPRISES, INC.

By: _____
Name: David G. Valiaveedan
Title: Vice-President — Finance

[INTERCREDITOR AGREEMENT]

HOVNANIAN ENTERPRISES, INC.

By:

Name: David G. Valiaveedan

Title: Vice-President - Finance

EASTERN TITLE AGENCY, INC.

FOUNDERS TITLE AGENCY, INC.

GOVERNOR'S ABSTRACT CO., INC.

HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.

K. HOV INTERNATIONAL, INC.

K. HOV IP, II, INC.

K. HOV I P, INC.

K. HOVNANIAN ACQUISITIONS, INC.

K. HOVNANIAN AT BERNARDS IV, INC.

K. HOVNANIAN AT BRANCHBURG III, INC.

K. HOVNANIAN AT BRIDGEPORT, INC.

K. HOVNANIAN AT BRIDGEWATER VI, INC.

K. HOVNANIAN AT BURLINGTON III, INC.

K. HOVNANIAN AT BURLINGTON, INC.

K. HOVNANIAN AT CALABRIA, INC.

K. HOVNANIAN AT CAMERON CHASE, INC.

K. HOVNANIAN AT CARMEL DEL MAR, INC.

K. HOVNANIAN AT CASTILE, INC.

K. HOVNANIAN AT CHAPARRAL, INC.

K. HOVNANIAN AT CLARKSTOWN, INC.

K. HOVNANIAN AT CRESTLINE, INC.

K. HOVNANIAN AT DOMINGUEZ HILLS, INC.

K. HOVNANIAN AT EAST WHITELAND I, INC.

K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.

K. HOVNANIAN AT HERSHEY'S MILL, INC.

K. HOVNANIAN AT HACKETTSTOWN, INC.

K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.

K. HOVNANIAN AT HOPEWELL IV, INC.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT HOPEWELL VI, INC.

K. HOVNANIAN AT HOWELL TOWNSHIP, INC.

K. HOVNANIAN AT KINGS GRANT I, INC.

K. HOVNANIAN AT LA TERRAZA, INC.

K. HOVNANIAN AT LAKEWOOD, INC.

K. HOVNANIAN AT LOWER SAUCON, INC.

K. HOVNANIAN AT MAHWAH II, INC.

K. HOVNANIAN AT MAHWAH VI, INC.

K. HOVNANIAN AT MAHWAH VII, INC.

K. HOVNANIAN AT MANALAPAN, INC.

K. HOVNANIAN AT MARLBORO II, INC.

K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.

K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.

K. HOVNANIAN AT MONTGOMERY I, INC.

K. HOVNANIAN AT MONROE II, INC.

K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.

K. HOVNANIAN AT NORTHLAKE, INC.

K. HOVNANIAN AT OCEAN TOWNSHIP, INC.

K. HOVNANIAN AT OCEAN WALK, INC.

K. HOVNANIAN AT PERKIOMEN I, INC.

K. HOVNANIAN AT PERKIOMEN II, INC.

K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.

K. HOVNANIAN AT RESERVOIR RIDGE, INC.

K. HOVNANIAN AT SAN SEVAINE, INC.

K. HOVNANIAN AT SARATOGA, INC.

K. HOVNANIAN AT SAWMILL, INC.

K. HOVNANIAN AT SCOTCH PLAINS II, INC.

K. HOVNANIAN AT SMITHVILLE, INC.

K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.

K. HOVNANIAN AT STONE CANYON, INC.

K. HOVNANIAN AT STONY POINT, INC.

K. HOVNANIAN AT SYCAMORE, INC.

K. HOVNANIAN AT TANNERY HILL, INC.

K. HOVNANIAN AT THE BLUFF, INC.

K. HOVNANIAN AT THORNBURY, INC.

K. HOVNANIAN AT TIERRASANTA, INC.

K. HOVNANIAN AT TROVATA, INC.

K. HOVNANIAN AT TUXEDO, INC.

K. HOVNANIAN AT UNION TOWNSHIP I, INC.

K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.

K. HOVNANIAN AT UPPER MAKEFIELD I, INC.

K. HOVNANIAN AT VAIL RANCH, INC.

K. HOVNANIAN AT WALL TOWNSHIP VI, INC.

K. HOVNANIAN AT WALL TOWNSHIP VIII, INC.

K. HOVNANIAN AT WASHINGTONVILLE, INC.

K. HOVNANIAN AT WAYNE III, INC.

K. HOVNANIAN AT WAYNE V, INC.

K. HOVNANIAN AT WILDROSE, INC.

K. HOVNANIAN COMMUNITIES, INC.

K. HOVNANIAN COMPANIES NORTHEAST, INC.

K. HOVNANIAN COMPANIES OF CALIFORNIA, INC.

K. HOVNANIAN COMPANIES OF MARYLAND, INC.

K. HOVNANIAN COMPANIES OF NEW YORK, INC.

K. HOVNANIAN COMPANIES OF PENNSYLVANIA, INC.

K. HOVNANIAN COMPANIES OF SOUTHERN CALIFORNIA,
INC.

K. HOVNANIAN COMPANIES OF VIRGINIA, INC.

K. HOVNANIAN CONSTRUCTION II, INC.

K. HOVNANIAN CONSTRUCTION III, INC.

K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.

K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.

K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.

K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.

K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.

K. HOVNANIAN DEVELOPMENTS OF D.C., INC.

K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.

K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.

K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.

K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.



K. HOVNANIAN DEVELOPMENTS OF KENTUCKY,
INC.

K. HOVNANIAN DEVELOPMENTS OF MARYLAND,
INC.

K. HOVNANIAN DEVELOPMENTS OF MICHIGAN,
INC.

K. HOVNANIAN DEVELOPMENTS OF MINNESOTA,
INC.

K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY
II, INC.

K. HOVNANIAN DEVELOPMENTS OF NEW
JERSEY, INC.

K. HOVNANIAN DEVELOPMENTS OF NEW YORK,
INC.

K. HOVNANIAN DEVELOPMENTS OF NORTH
CAROLINA, INC.

K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.

K. HOVNANIAN DEVELOPMENTS OF
PENNSYLVANIA, INC.

K. HOVNANIAN DEVELOPMENTS OF SOUTH
CAROLINA, INC.

K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.

K. HOVNANIAN DEVELOPMENTS OF WEST
VIRGINIA, INC.

K. HOVNANIAN FORECAST HOMES NORTHERN,
INC.

K. HOVNANIAN HOMES OF NORTH CAROLINA,
INC.

K. HOVNANIAN HOMES OF VIRGINIA, INC.

K. HOVNANIAN PA REAL ESTATE, INC.

K. HOVNANIAN PORT IMPERIAL URBAN
RENEWAL, INC.

K. HOVNANIAN PROPERTIES OF RED BANK, INC.

LANDARAMA, INC.

M&M AT LONG BRANCH, INC.

MCNJ, INC.

SEABROOK ACCUMULATION CORPORATION

[INTERCREDITOR AGREEMENT]

STONEBROOK HOMES, INC.

THE MATZEL & MUMFORD ORGANIZATION, INC.

WASHINGTON HOMES, INC.

WESTMINSTER HOMES, INC.

WESTMINSTER HOMES OF TENNESSEE, INC.

WH LAND I, INC.

WH PROPERTIES, INC.

By: _____
David G. Valiaveedan
On behalf of, and as Vice-President - Finance of each of
the foregoing corporations

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN HOMES OF D.C., L.L.C.

By: K. Hovnanian Developments of D.C., Inc., as the sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.
GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.
HOMEBUYERS FINANCIAL SERVICES, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP, L.L.C.
K. HOVNANIAN AT KING FARM, L.L.C.
K. HOVNANIAN AT RODERUCK, L.L.C.
K. HOVNANIAN AT WILLOW BROOK, L.L.C.
K. HOVNANIAN COMPANIES METRO D.C. NORTH, L.L.C.
K. HOVNANIAN HOMES AT CAMP SPRINGS, L.L.C.
K. HOVNANIAN HOMES AT CIDER MILL, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.

K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.

K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.

K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.

K. HOVNANIAN HOMES AT RUSSETT, L.L.C.

K. HOVNANIAN HOMES OF MARYLAND, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND CONDOMINIUMS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING, L.L.C.

RIDGEMORE UTILITY, L.L.C.

WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.

WH/PR LAND COMPANY, L.L.C.

WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the
sole member of each of the foregoing limited liability
companies.

By:

David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

ALFORD, L.L.C.

DULLES COPPERMINE, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.

K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.

K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.

K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, L.L.C.

K. HOVNANIAN HOMES AT CAMERON STATION, L.L.C.

K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.

K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.

K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.

K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY CONDOMINIUM, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.

By: K. Hovnanian Developments of Virginia, Inc., as the
sole member of each of the foregoing limited liability
companies.

By:

David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

AUDDIE ENTERPRISES, L.L.C.
BUILDER SERVICES NJ, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT FOREST MEADOWS, L.L.C.
K. HOVNANIAN AT FRANKLIN, L.L.C.
K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
K. HOVNANIAN AT GALLOWAY, L.L.C.
K. HOVNANIAN AT GREAT NOTCH, L.L.C.
K. HOVNANIAN AT GUTTENBERG, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
K. HOVNANIAN AT HAMBURG, L.L.C.
K. HOVNANIAN AT HAWTHORNE, L.L.C.
K. HOVNANIAN AT HAZLET, L.L.C.
K. HOVNANIAN AT HILLTOP, L.L.C.
K. HOVNANIAN AT JACKSON I, L.L.C.
K. HOVNANIAN AT JACKSON, L.L.C.
K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY,
L.L.C.
K. HOVNANIAN AT KEYPORT, L.L.C.
K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
K. HOVNANIAN AT LAWRENCE V, L.L.C.
K. HOVNANIAN AT LINWOOD, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
K. HOVNANIAN AT LONG BRANCH I, L.L.C.
K. HOVNANIAN AT MANALAPAN III, L.L.C.
K. HOVNANIAN AT MANSFIELD I, L.L.C.
K. HOVNANIAN AT MANSFIELD II, L.L.C.
K. HOVNANIAN AT MANSFIELD III, L.L.C.
K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT MARLBORO VI, L.L.C.
K. HOVNANIAN AT MARLBORO VII, L.L.C.
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN, L.L.C.
K. HOVNANIAN AT MILLVILLE I, L.L.C.
K. HOVNANIAN AT MILLVILLE II, L.L.C.
K. HOVNANIAN AT MILLVILLE III, L.L.C.
K. HOVNANIAN AT MONROE III, L.L.C.
K. HOVNANIAN AT MONROE IV, L.L.C.
K. HOVNANIAN AT MONROE NJ, L.L.C.
K. HOVNANIAN AT MONTVALE, L.L.C.
K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT NORTH BERGEN, L.L.C.
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
K. HOVNANIAN AT NORTH HALEDON, L.L.C.
K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNANIAN AT NORTHFIELD, L.L.C.
K. HOVNANIAN AT OCEANPORT, L.L.C.
K. HOVNANIAN AT OLD BRIDGE, L.L.C.
K. HOVNANIAN AT PARAMUS, L.L.C.
K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
K. HOVNANIAN AT PITTSBORO, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNANIAN AT PRINCETON LANDING, L.L.C.
K. HOVNANIAN AT PRINCETON NJ, L.L.C.
K. HOVNANIAN AT RANDOLPH I, L.L.C.
K. HOVNANIAN AT READINGTON II, L.L.C.
K. HOVNANIAN AT RED BANK, L.L.C.
K. HOVNANIAN AT RIDGEMONT, L.L.C.
K. HOVNANIAN AT SAYREVILLE, L.L.C.
K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
K. HOVNANIAN AT SMITHVILLE III, L.L.C.
K. HOVNANIAN AT SOMERS POINT, L.L.C.
K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
K. HOVNANIAN AT SPARTA, L.L.C.
K. HOVNANIAN AT SPRINGCO, L.L.C.
K. HOVNANIAN AT TEANECK, L.L.C.
K. HOVNANIAN AT THE MONARCH, L.L.C.
K. HOVNANIAN AT TRENTON, L.L.C.
K. HOVNANIAN AT UNION TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
K. HOVNANIAN AT VERONA URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT VINELAND, L.L.C.
K. HOVNANIAN AT WANAQUE, L.L.C.
K. HOVNANIAN AT WARREN TOWNSHIP, L.L.C.
K. HOVNANIAN AT WASHINGTON, L.L.C.
K. HOVNANIAN AT WAYNE IX, L.L.C.
K. HOVNANIAN AT WAYNE VIII, L.L.C.
K. HOVNANIAN AT WEST MILFORD, L.L.C.
K. HOVNANIAN AT WEST WINDSOR, L.L.C.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNANIAN AT WOODHILL ESTATES, L.L.C.
K. HOVNANIAN AT WOOLWICH I, L.L.C.
K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.
K. HOVNANIAN CLASSICS, L.L.C.
K. HOVNANIAN CLASSICS CIP, L.L.C.
K. HOVNANIAN HOMES – DFW, L.L.C.
K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
K. HOVNANIAN OF HOUSTON II, L.L.C.
K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN T&C INVESTMENT, L.L.C.
K. HOVNANIAN VENTURE I, L.L.C.
K. HOVNANIAN’S PRIVATE HOME PORTFOLIO, L.L.C.
TERRAPIN REALTY, L.L.C.
KHIP, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President – Finance

[INTERCREDITOR AGREEMENT]

F&W MECHANICAL SERVICES, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the managing member of
the foregoing limited liability company.

By: K. Hovnanian Developments of New Jersey, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President – Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN AT HUDSON POINTE, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc.,
as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

PARK TITLE COMPANY, L.L.C.

By: K. Hovnanian of Houston II, L.L.C., its sole member

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc., as
member

By:

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member

By:

David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
K.H. SAN MARCOS CONSERVANCY HOLDINGS, L.L.C.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, L.L.C.
K. HOVNANIAN AT ALISO, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, L.L.C.
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BELLA LAGO, L.L.C.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL VILLAGE, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, L.L.C.
K. HOVNANIAN AT EASTLAKE, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, L.L.C.
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA HABRA KNOLLS, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MOSAIC, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, L.L.C.
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, L.L.C.
K. HOVNANIAN AT PARK LANE, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT PRADO, L.L.C.
K. HOVNANIAN AT RANCHO SANTA MARGARITA, L.L.C.
K. HOVNANIAN AT RIVERBEND, L.L.C.
K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNANIAN AT ROWLAND HEIGHTS, L.L.C.
K. HOVNANIAN AT SAGE, L.L.C.
K. HOVNANIAN AT SKYE ISLE, L.L.C.
K. HOVNANIAN AT SUNSETS, L.L.C.
K. HOVNANIAN AT THE CROSBY, L.L.C.
K. HOVNANIAN AT THE GABLES, L.L.C.
K. HOVNANIAN AT THE PRESERVE, L.L.C.
K. HOVNANIAN AT THOMPSON RANCH, L.L.C.
K. HOVNANIAN AT TRAIL RIDGE, L.L.C.
K. HOVNANIAN AT WINCHESTER, L.L.C.
K. HOVNANIAN INTERNATIONAL, L.L.C.
K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HEMET, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT PALM SPRINGS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS, L.L.C.
K. HOVNANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.

By: K. Hovnanian Developments of California, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN HOLDINGS NJ, L.L.C.

By: K. Hovnanian Developments of New Jersey, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

BUILDER SERVICES, PA, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN AT ALLENBERRY, L.L.C.
K. HOVNANIAN AT ALLENTOWN, L.L.C.
K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.
K. HOVNANIAN AT CAMP HILL, L.L.C.
K HOVNANIAN AT EAST BRANDYWINE, L.L.C.
K HOVNANIAN AT FORKS TWP. I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND I, L.L.C.
K. HOVNANIAN AT LOWER MORELAND II, L.L.C.
K. HOVNANIAN AT LOWER MORELAND III, L.L.C.
K. HOVNANIAN AT MACUNGIE, L.L.C.
K. HOVNANIAN AT NORTHAMPTON, L.L.C.
K. HOVNANIAN AT PHILADELPHIA II, L.L.C.
K. HOVNANIAN AT PHILADELPHIA III, L.L.C.
K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.
K. HOVNANIAN AT RAPHO, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT SILVER SPRING, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.
K. HOVNANIAN AT WEST BRADFORD, L.L.C.
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
PENNSYLVANIA, L.L.C.
RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of each
of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.

K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.

K. HOVNANIAN FIRST HOMES, L.L.C.

K. HOVNANIAN FLORIDA REALTY, L.L.C.

K. HOVNANIAN STANDING ENTITY, L.L.C.

K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.

K. HOVNANIAN WINDWARD HOMES, L.L.C.

By: Hovnanian Developments of Florida, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN COMPANIES, LLC

By: K. Hovnanian Enterprises, Inc., as member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.

By: K. Hovnanian at Perkiomen II, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.

K. HOVNANIAN FOUR SEASONS AT GOLD HILL, L.L.C.

K. HOVNANIAN HOMES OF SOUTH CAROLINA, L.L.C.

By: K. Hovnanian Developments of South Carolina, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, L.L.C.

K. HOVNANIAN GREAT WESTERN HOMES, L.L.C.

NEW LAND TITLE AGENCY, L.L.C.

By: K. Hovnanian Developments of Arizona, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.

K. HOVNANIAN AT RIDGESTONE, L.L.C.

K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.

K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.

By: K. Hovnanian Developments of Minnesota, Inc., as the sole member of each
of the foregoing limited liability companies.

By: _____

David G. Valiavedan

Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN OHIO REALTY, L.L.C.

K. HOVNANIAN OSTER HOMES, L.L.C.

K. HOVNANIAN SUMMIT HOMES, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.

By: K. Hovnanian Developments of Ohio, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN HOMES OF WEST VIRGINIA, L.L.C.

K. HOVNIANIAN'S FOUR SEASONS AT HUNTFIELD, L.L.C.

K. HOVNIANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
WEST VIRGINIA, L.L.C.

By: K. Hovnianian Developments of West Virginia, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNIANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
MICHIGAN, L.L.C.

By: K. Hovnianian Developments of Michigan, Inc., as the sole member of the
foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

M&M AT CHESTERFIELD, L.L.C.
M&M AT APPLE RIDGE, L.L.C.
M&M AT EAST MILL, L.L.C.
M&M AT MORRISTOWN, L.L.C.
M&M AT SHERIDAN, L.L.C.
M&M AT SPINNAKER POINTE, L.L.C.
M&M AT SPRUCE HOLLOW, L.L.C.
M&M AT SPRUCE RUN, L.L.C.
M&M AT THE HIGHLANDS, L.L.C.
MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MATZEL & MUMFORD AT MONTGOMERY, L.L.C.
THE LANDINGS AT SPINNAKER POINTE, L.L.C.

By: The Matzel & Mumford Organization, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

M & M AT COPPER BEECH, L.L.C.

M & M AT CRESCENT COURT, L.L.C.

M&M AT EAST RUTHERFORD, L.L.C.

M&M AT KENSINGTON WOODS, L.L.C.

M & M AT STATION SQUARE, L.L.C.

M & M AT UNION, L.L.C.

M&M AT TAMARACK HOLLOW, L.L.C.

M&M AT THE CHATEAU, L.L.C.

M&M AT WEST ORANGE, L.L.C.

M&M AT WESTPORT, L.L.C.

M&M AT WHEATENA URBAN RENEWAL, L.L.C.

MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN RENEWAL,
L.L.C.

MMIP, L.L.C.

By: M&M Investments, L.P., as the sole member of each of the
foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN HOMES AT FAIRWOOD, L.L.C.
K. HOVNIANIAN HOMES AT JONES STATION 1, L.L.C.
K. HOVNIANIAN HOMES AT JONES STATION 2, L.L.C.
K. HOVNIANIAN HOMES AT MAXWELL PLACE. L.L.C.
K. HOVNIANIAN HOMES AT PRIMERA, L.L.C.
PADDOCKS, L.L.C.
PINE AYR, L.L.C.

By: K. Hovnianian Homes of Maryland, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNIANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.

By: K. Hovnianian Homes — DFW, L.L.C., as the sole member of the foregoing limited liability company.

By: K. Hovnianian Holdings NJ, L.L.C., as the sole of the member foregoing limited liability company .

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN AT NEW WINDSOR, L.L.C.

BUILDER SERVICES NY, L.L.C.

K. HOVNIANIAN'S FOUR SEASONS AT HAMPTONBURGH, L.L.C.

By: K. Hovnianian at Northern Westchester, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNIANIAN DELAWARE ACQUISITIONS, L.L.C.

K. HOVNIANIAN HOMES OF DELAWARE, L.L.C.

K. HOVNIANIAN HOMES AT NASSAU GROVE, L.L.C.

By: K. Hovnianian Developments of Delaware, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN AT MENIFEE VALLEY CONDOMINIUMS, L.L.C.

By: K. Hovnanian's Four Seasons At Menifee Valley, L.L.C.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNIANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA,
L.L.C.

By: K. Hovnanian Developments of North Carolina, Inc., as the
sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.

By: K. Hovnanian Homes of North Carolina, Inc. as the sole
member of the foregoing limited liability companies

By: _____
David G. Valiavedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNIANIAN HOMES OF INDIANA, L.L.C.

By: K. Hovnianian Developments of Indiana, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNIANIAN SUMMIT HOMES OF KENTUCKY, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF KENTUCKY, L.L.C.

By: K. Hovnianian Developments of Kentucky, Inc., as the sole member of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

K. HOVNANIAN CONNECTICUT ACQUISITIONS, L.L.C.

By: K. Hovnanian Developments of Connecticut, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.

By: K. Hovnanian Developments of Illinois, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF GEORGIA, L.L.C

K. HOVNANIAN HOMES OF GEORGIA, L.L.C.

By: K. Hovnanian Developments of Georgia, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

WESTMINSTER HOMES OF ALABAMA, L.L.C.

WESTMINSTER HOMES OF MISSISSIPPI, L.L.C.

By: Washington Homes, Inc., as sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN AT EWING, L.L.C.

By: K. Hovnanian at Lakewood, Inc., as sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

[INTERCREDITOR AGREEMENT]

M&M INVESTMENTS, L.P.

By: The Matzel & Mumford Organization, Inc., as general partner of the foregoing limited partnership.

By: _____
David G. Valiaveedan
Vice-President — Finance

Address for Notices for each of the foregoing:

c/o K. Hovnanian Enterprises, Inc.
110 West Front St., P.O. Box 500
Red Bank, NJ 07701
Attention: David G. Valiaveedan
Telephone: (732) 747-7800
Telecopy: (732) 747-6835

[INTERCREDITOR AGREEMENT]

Form of Joinder Agreement

This JOINDER AGREEMENT is made [], 20[] by [] as Additional Junior Noteholder Collateral Agent and [] as Additional Junior Trustee.

Reference is made to the Intercreditor Agreement, dated November [], 2008, among each of the Grantors, Hovnanian, the Company, the First-Lien Administration Agent, the Senior Credit Agent, Wilmington Trust Company, as Mortgage Tax Collateral Agent, the Senior Noteholder Collateral Agent, the Senior Trustee, the Initial Junior Noteholder Collateral Agent and the Initial Junior Trustee (as the same may be modified, supplemented, amended or restated, the "Intercreditor Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Intercreditor Agreement.

This Joinder Agreement is being executed and delivered in connection with the issuance of Additional Junior Notes denominated as the []% Senior Secured Notes due [] (the "Notes"). Each of the Additional Junior Noteholder Collateral Agent and the Additional Junior Trustee hereby agrees that effective as of the date hereof it hereby is, and shall be deemed to be, an Additional Junior Noteholder Collateral Agent and an Additional Junior Trustee, respectively, under the Intercreditor Agreement and agrees that from the date hereof until the Discharge of Senior Claims, it shall perform, comply with and be subject to and bound by each of the terms, provisions and conditions of the Intercreditor Agreement with all attendant rights, duties and obligations stated therein, with the same force and effect as if originally named, in the case of [], as an Additional Junior Noteholder Collateral Agent, and in the case of [], as an Additional Junior Trustee, therein and as if such party executed the Intercreditor Agreement on November [], 2008.

The Additional Junior Noteholder Collateral Agent and the Additional Junior Trustee hereby makes, affirms, and ratifies the Intercreditor Agreement.

It is understood and agreed that [] is entering into this Joinder Agreement in its capacity as Additional Junior Trustee and the provisions of [Article 7] of the Additional Junior Indenture applicable to the Additional Junior Trustee thereunder shall also apply to the Additional Junior Trustee under this Joinder Agreement and under the Intercreditor Agreement.

This Joinder Agreement has been delivered and accepted at and shall be deemed to have been made at New York, New York and shall be interpreted, and the rights and liabilities of the parties bound hereby determined, in accordance with the laws of the State of New York.

This Joinder Agreement may be signed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument; and, delivery of executed signature pages hereof by telecopy transmission, or other electronic transmission in .pdf or similar format, from one party to another shall constitute effective and binding execution and delivery of this Joinder Agreement by such party.

IN WITNESS WHEREOF, the Additional Junior Noteholder Collateral Agent and the Additional Junior Trustee have duly executed this Joinder Agreement as of the date and year first written above.

Notice Address:

Additional Junior Noteholder Collateral Agent

By: _____

Title: _____

Notice Address:

Additional Junior Trustee

By: _____

Title: _____

THIRD LIEN PLEDGE AGREEMENT

THIS THIRD LIEN PLEDGE AGREEMENT, dated as of December 3, 2008 (as restated, amended, modified or supplemented from time to time, the "Agreement"), is given by **EACH OF THE UNDERSIGNED PARTIES LISTED ON THE SIGNATURE PAGES HERETO AND EACH OF THE OTHER PERSONS AND ENTITIES THAT BECOME BOUND HEREBY FROM TIME TO TIME BY JOINDER, ASSUMPTION OR OTHERWISE** (each a "Pledgor" and collectively the "Pledgors"), as a Pledgor of the equity interests in the Companies (as defined herein), as more fully set forth herein, to WILMINGTON TRUST COMPANY, in its capacity as collateral agent, for the benefit of itself, the Junior Trustee (as defined below) and the Junior Noteholders (as defined below) (the "Secured Party").

WHEREAS, pursuant to the Seventh Amended and Restated Credit Agreement by and among K. Hovnanian Enterprises, Inc., a California corporation (the "Issuer"), Hovnanian Enterprises, Inc., a Delaware corporation ("HOV"), the Lenders now or hereafter party thereto (the "Lenders"), and PNC Bank National Association, as administrative agent (the "Administrative Agent"), dated as of March 7, 2008, as amended by Amendment No. 1 to Seventh Amended and Restated Credit Agreement, dated as of May 16, 2008, (together with all further amendments, restatements, modifications, extensions, supplements, renewals, refinancings and the like thereto, the "Credit Agreement"), the Lenders have provided certain loans and other financial accommodations to the Issuer;

WHEREAS, pursuant to and in consideration of the Credit Agreement and the Guaranty (as defined in the Credit Agreement), all of the issued and outstanding capital stock, shares, securities, member interests, partnership interests, ownership interests and other investment property of each of the Companies were pledged by each of the Pledgors to the Administrative Agent pursuant to the Pledge Agreement, dated as of March 7, 2008 (the "First Lien Pledge Agreement");

WHEREAS, the Issuer, HOV and each of the other guarantors party thereto entered into the Indenture, dated as of May 27, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Senior Note Indenture") with Wilmington Trust Company (as successor to Deutsche Bank National Trust Company) as trustee (in such capacity, together with its successors and assigns, the "Senior Trustee"), pursuant to which the Issuer issued its 111/2% Senior Secured Notes due 2013;

WHEREAS, pursuant to and in consideration of the Senior Note Indenture, all of the issued and outstanding capital stock, shares, securities, member interests, partnership interests, ownership interests and other investment property of each of the Companies were pledged by each of the Pledgors to the Senior Trustee pursuant to the Second Lien Pledge Agreement, dated as of May 27, 2008 (the "Second Lien Pledge Agreement");

WHEREAS, the Issuer, HOV and each of the other Guarantors (as defined in the Junior Note Indenture) have entered into the Indenture, dated as of December 3, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Junior Note Indenture") with Wilmington Trust Company as trustee (in such capacity, the "Junior Trustee") pursuant to which the Issuer issued its 18.0% Senior Secured Notes due 2017 (collectively, the "Junior Notes");

WHEREAS, in connection with the Junior Note Indenture, the Pledgors are required to execute and deliver this Agreement to secure their obligations with respect to the Junior Note Indenture and the Junior Notes;

WHEREAS, the Issuer, HOV, certain subsidiaries of HOV party thereto, PNC Bank, National Association, as Senior Credit Agent and First-Lien Administrative Agent, the Senior Trustee, the Senior Noteholder Collateral Agent, the Junior Trustee, Wilmington Trust Company, as Mortgage Tax Collateral Agent and the Junior Noteholder Collateral Agent have entered into the Intercreditor Agreement, dated as of December 3, 2008 (as amended, supplemented, amended or restated or otherwise modified from time to time, the "Intercreditor Agreement"); and

WHEREAS, each Pledgor owns the outstanding capital stock, shares, securities, member interests, partnership interests and other ownership interests of the Companies.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Defined Terms.

(a) Except as otherwise expressly provided herein, capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Junior Note Indenture or, if not defined herein or therein, in the Intercreditor Agreement. Where applicable and except as otherwise expressly provided herein, terms used herein (whether or not capitalized) that are defined in Article 8 or Article 9 of the Uniform Commercial Code as enacted in the State of New York, as amended from time to time (the "Code"), and are not otherwise defined herein, in the Junior Note Indenture or in the Intercreditor Agreement shall have the same meanings herein as set forth therein.

(b) "Collateral Agency Agreement": shall have the meaning ascribed to such term in the Junior Noteholder Security Agreement.

(c) "Company." shall mean individually each Restricted Subsidiary and "Companies" shall mean collectively, all Restricted Subsidiaries.

(d) "Junior Noteholder" means "Holder" or "Holder of Notes" as defined in the Junior Note Indenture.

(e) "Junior Noteholder Collateral Document" means any agreement, document or instrument pursuant to which a Lien is granted by the Issuer or any Guarantor to secure any Secured Obligations or under which rights or remedies with respect to any such Liens are governed, as the same may be amended, restated or otherwise modified from time to time.

(f) "Junior Noteholder Document" means collectively (a) the Junior Note Indenture, the Junior Notes and the Junior Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any Junior Noteholder Document described in clause (a) above evidencing or governing any Secured Obligations as the same may be amended, restated or otherwise modified from time to time.

(g) "Junior Noteholder Security Agreement" shall mean the third lien security agreement dated as of the date hereof among the Issuer, HOV and certain of their respective subsidiaries and the Secured Party, as amended, supplemented, amended and restated or otherwise modified from time to time.

(h) "Law" shall mean any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or settlement agreement with any Official Body.

(i) "Official Body," shall mean any national, federal, state, local or other governmental or political subdivision or any agency, authority, board, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

(j) "Perfection Agent" shall mean (i) prior to the Discharge of Senior Lender Claims, the Administrative Agent (including, with respect to any Collateral delivered to or held by the Perfection Agent hereunder, in its capacity as bailee for the Junior Trustee, the Secured Party and the Junior Noteholders under Section 5.5 of the Intercreditor Agreement), (ii) following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, the Senior Noteholder Collateral Agent (as defined in the Intercreditor Agreement) (including, with respect to any Collateral delivered to or held by the Perfection Agent hereunder, in its capacity as bailee for the Junior Trustee, the Agent and the Junior Noteholders under Section 5.6 of the Intercreditor Agreement) and (iii) following the Discharge of Senior Claims, the Secured Party; provided that the Secured Party may for certain purposes hereunder designate another Person to be the Perfection Agent pursuant to any Collateral Agency Agreement.

(k) "Permitted Encumbrance" has the meaning set forth in Section 4(b).

(l) "Pledged Collateral" shall mean and include the following with respect to each Company: (i) the capital stock, shares, securities, investment property, member interests, partnership interests, warrants, options, put rights, call rights, similar rights, and all other ownership or participation interests, in any Company owned or held by any Pledgor at any time including those in any Company hereafter formed or acquired, and (ii) all rights and privileges pertaining thereto, including without limitation, all present and future securities, shares, capital stock, investment property, dividends, distributions and other ownership interests receivable in respect of or in exchange for any of the foregoing, all present and future rights to subscribe for securities, shares, capital stock, investment property or other ownership interests incident to or arising from ownership of any of the foregoing, all present and future cash, interest, stock or other dividends or distributions paid or payable on any of the foregoing, and all present and future books and records (whether paper, electronic or any other medium) pertaining to any of the foregoing, including, without limitation, all stock record and transfer books and (iii) whatever is received when any of the foregoing is sold, exchanged, replaced or otherwise disposed of, including all proceeds, as such term is defined in the Code thereof. Notwithstanding the foregoing, in the event that Rule 3-16 of Regulation S-X under the Securities Act requires (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC of separate financial statements of any Guarantor that are not otherwise required to be filed, then the capital stock or other securities of such Guarantor shall automatically be deemed released and not to be and not to have been part of the Pledged Collateral but only to the extent necessary to not be subject to such requirement. In such event, this Agreement may be amended or modified, without the consent of any Junior Noteholder, to the extent necessary to evidence the release of the lien created hereby on the shares of capital stock or other securities that are so deemed to no longer constitute part of the Pledged Collateral.

(m) "Secured Obligations" shall mean and include all Indebtedness and other Obligations under the Junior Note Indenture, the Junior Notes, the Guarantee and the Junior Noteholder Collateral Documents, together with any extensions, renewals, replacements or refundings thereof.

2. Grant of Security Interests.

(a) To secure on a third priority perfected basis the payment and performance of all Secured Obligations, in full, each Pledgor hereby grants to the Secured Party a continuing third priority security interest under the Code in and hereby pledges to Secured Party, in each case for its benefit and the benefit of the Junior Trustee and each Junior Noteholder and their respective Affiliates, all of such Pledgor's now existing and hereafter acquired or arising right, title and interest in, to, and under the Pledged Collateral, whether now or hereafter existing and wherever located.

(b) Upon the execution and delivery of this Agreement, each Pledgor shall deliver to and deposit with the Perfection Agent (or with a Person designated by the Perfection Agent to hold the Pledged Collateral on behalf of the Perfection Agent) in pledge, all of such Pledgor's certificates, instruments or other documents comprising or evidencing the Pledged Collateral, together with undated stock powers or similar transfer documents signed in blank by such Pledgor. In the event that any Pledgor should ever acquire or receive certificates, securities, instruments or other documents evidencing the Pledged Collateral, such Pledgor shall deliver to and deposit with the Perfection Agent in pledge, all such certificates, securities, instruments or other documents which evidence the Pledged Collateral.

3. Further Assurances.

Prior to or concurrently with the execution of this Agreement, and thereafter at any time and from time to time upon reasonable request of the Secured Party, subject to the terms of the Intercreditor Agreement, each Pledgor (in its capacity as a Pledgor and in its capacity as a Company) shall execute and deliver to the Secured Party all financing statements, continuation financing statements, assignments, certificates and documents of title, affidavits, reports, notices, schedules of account, letters of authority, further pledges, powers of attorney and all other documents (collectively, the "Security Documents") that the Secured Party may reasonably request, in form reasonably satisfactory to the Secured Party, and take such other action which the Secured Party may reasonably request, to perfect and continue perfected and to create and maintain the third priority status of the Secured Party's security interest in the Pledged Collateral and to fully consummate the transactions contemplated under this Agreement. Each Pledgor authorizes the Secured Party to record any one or more financing statements under the applicable Uniform Commercial Code with respect to the pledge and security interest herein granted. Each Pledgor hereby irrevocably makes, constitutes and appoints the Secured Party (and any of the Secured Party's officers or employees or agents designated by the Secured Party) as such Pledgor's true and lawful attorney with power to sign the name of such Pledgor on all or any of the Security Documents which the Secured Party determines must be executed, filed, recorded or sent in order to perfect or continue perfected the Secured Party's security interest in the Pledged Collateral in any jurisdiction. Such power, being coupled with an interest, is irrevocable until all of the Secured Obligations have been indefeasibly paid, in cash, in full.

4. Representations and Warranties.

Each Pledgor hereby, jointly and severally, represents and warrants to the Secured Party as follows:

(a) The Pledged Collateral of such Pledgor does not include Margin Stock. "Margin Stock" as used in this clause (a) shall have the meaning ascribed to such term by Regulation U of the Board of Governors of the Federal Reserve System of the United States;

(b) Such Pledgor has and will continue to have (or, in the case of after-acquired Pledged Collateral, at the time such Pledgor acquires rights in such Pledged Collateral, will have and will continue

to have), title to its Pledged Collateral, free and clear of all Liens other than (i) Liens securing the Senior Claims and the Secured Obligations and (ii) Additional Junior Liens (as defined in the Junior Noteholder Security Agreement) (each a “Permitted Encumbrance”);

(c) The capital stock, shares, securities, member interests, partnership interests and other ownership interests constituting the Pledged Collateral of such Pledgor have been duly authorized and validly issued to such Pledgor, are fully paid and nonassessable and constitute one hundred percent (100%) of the issued and outstanding capital stock, member interests or partnership interests of each Company;

(d) Upon the completion of the filings and other actions specified on Schedule B attached hereto, the security interests in the Pledged Collateral granted hereunder by such Pledgor shall be are valid, perfected and of third priority, subject to the Lien of no other Person (other than a Permitted Encumbrance);

(e) There are no restrictions upon the transfer of the Pledged Collateral and such Pledgor has the power and authority and unencumbered right to transfer the Pledged Collateral owned by such Pledgor free of any Lien (other than a Permitted Encumbrance) and without obtaining the consent of any other Person;

(f) Such Pledgor has all necessary power to execute, deliver and perform this Agreement;

(g) This Agreement has been duly executed and delivered and constitutes the valid and legally binding obligation of each Pledgor, enforceable in accordance with its terms, except to the extent that enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforceability of creditors’ rights generally or limiting the right of specific performance;

(h) Neither the execution or delivery by each Pledgor of this Agreement, nor the compliance with the terms and provisions hereof, will violate any provision of any Law or conflict with or result in a breach of any of the terms, conditions or provisions of any judgment, order, injunction, decree or ruling of any Official Body to which any Pledgor or any of its property is subject or any provision of any material agreement or instrument to which Pledgor is a party or by which such Pledgor or any of its property is bound;

(i) Each Pledgor’s exact legal name is as set forth on such Pledgor’s signature page hereto;

(j) The jurisdiction of incorporation, formation or organization, as applicable, of each Pledgor is as set forth on Schedule D to the Junior Noteholder Security Agreement;

(k) Such Pledgor’s chief executive office is as set forth on Schedule D to the Junior Noteholder Security Agreement; and

(l) All rights of such Pledgor in connection with its ownership of each of the Companies are evidenced and governed solely by the stock certificates, instruments or other documents (if any) evidencing ownership of each of the Companies and the organizational documents of each of the Companies, and no shareholder, voting, or other similar agreements are applicable to any of the Pledged Collateral or any of any Pledgor’s rights with respect thereto, and no such certificate, instrument or other document provides that any member interest, partnership interest or other intangible ownership interest in any limited liability company or partnership constituting Pledged Collateral is a “security” within the meaning of and subject to Article 8 of the Code, except pursuant to Section 5(f) hereof; and the organizational documents of each Company contain no restrictions on the rights of shareholders, members

or partners other than those that normally would apply to a company organized under the laws of the jurisdiction of organization of each of the Companies; and none of the limited liability company interests or partnership interest constituting Pledged Collateral is represented by a certificate, except with respect to the Companies as set forth on Schedule A attached hereto.

5. General Covenants.

Each Pledgor, jointly and severally, hereby covenants and agrees as follows:

(a) Each Pledgor shall do all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Pledged Collateral; and each Pledgor shall be responsible for the risk of loss of, damage to, or destruction of the Pledged Collateral owned by such Pledgor, unless such loss is the result of the gross negligence or willful misconduct of the Secured Party;

(b) Each Pledgor shall appear in and defend any action or proceeding of which such Pledgor is aware which could reasonably be expected to affect, in any material respect, any Pledgor's title to, or the Secured Party's interest in, the Pledged Collateral or the proceeds thereof; provided, however, that with the prior written consent of the Secured Party, such Pledgor may settle such actions or proceedings with respect to the Pledged Collateral;

(c) The books and records of each of the Pledgors and Companies, as applicable, shall disclose the Secured Party's security interest in the Pledged Collateral;

(d) To the extent, following the date hereof, any Pledgor acquires capital stock, shares, securities, member interests, partnership interests, investment property and other ownership interests of any of the Companies or any other Restricted Subsidiary or any of the rights, property or securities, shares, capital stock, member interests, partnership interests, investment property or any other ownership interests described in the definition of Pledged Collateral with respect to any of the Companies or any other Restricted Subsidiary, all such ownership interests shall be subject to the terms hereof and, upon such acquisition, shall be deemed to be hereby pledged to the Secured Party; and each Pledgor thereupon, in confirmation thereof, shall promptly deliver all such securities, shares, capital stock, member interests, partnership interests, investment property and other ownership interests (to the extent such items are certificated), to the Perfection Agent, together with undated stock powers or other similar transfer documents, and all such control agreements, financing statements, and any other documents necessary to implement the provisions and purposes of this Agreement as the Perfection Agent may request related thereto;

(e) Each Pledgor shall notify the Secured Party in writing within thirty (30) calendar days after any change in any Pledgor's chief executive office address, legal name, or state of incorporation, formation or organization; and

(f) Subject to Section 4(l) hereof, during the term of this Agreement, no Pledgor shall permit or cause any Company which is a limited liability company or a limited partnership to (and no Pledgor (in its capacity as Company) shall) issue any certificates evidencing the ownership interests of such Company or elect to treat any ownership interests as securities that are subject to Article 8 of the Code unless such securities are immediately delivered to the Perfection Agent upon issuance, together with all evidence of such election and issuance and all Security Documents as set forth in Section 3 hereof, and an updated Schedule A hereto.

6. Other Rights With Respect to Pledged Collateral.

In addition to the other rights with respect to the Pledged Collateral granted to the Secured Party hereunder, at any time and from time to time, after and during the continuation of an Event of Default, the Secured Party, at its option and at the expense of the Pledgors, may, subject to the Intercreditor Agreement and any Collateral Agency Agreement, (a) transfer into its own name, or into the name of its nominee, all or any part of the Pledged Collateral, thereafter receiving all dividends, income or other distributions upon the Pledged Collateral; (b) take control of and manage all or any of the Pledged Collateral; (c) apply to the payment of any of the Secured Obligations, whether any be due and payable or not, any moneys, including cash dividends and income from any Pledged Collateral, now or hereafter in the hands of the Secured Party or any Affiliate of the Secured Party, on deposit or otherwise, belonging to any Pledgor, as the Secured Party in its sole discretion shall determine; and (d) do anything which any Pledgor is required but fails to do hereunder. The Secured Party shall endeavor to provide the Issuer with notice at or about the time of the exercise of its rights pursuant to the preceding sentence, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of any rights or remedies hereunder.

7. Additional Remedies Upon Event of Default.

Upon the occurrence of any Event of Default and while such Event of Default shall be continuing, the Secured Party shall have, in addition to all rights and remedies of a secured party under the Code or other applicable Law, and in addition to its rights under Section 6 above and under the other Junior Noteholder Documents, the following rights and remedies, in each case subject to the Intercreditor Agreement and any Collateral Agency Agreement:

(a) The Secured Party may, after ten (10) days' advance notice to a Pledgor, sell, assign, give an option or options to purchase or otherwise dispose of such Pledgor's Pledged Collateral or any part thereof at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Secured Party may deem commercially reasonable. Each Pledgor agrees that ten (10) days' advance notice of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor recognizes that the Secured Party may be compelled to resort to one or more private sales of the Pledged Collateral to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such securities, shares, capital stock, member interests, partnership interests, investment property or ownership interests for their own account for investment and not with a view to the distribution or resale thereof.

(b) The proceeds of any collection, sale or other disposition of the Pledged Collateral, or any part thereof, shall, after the Secured Party has made all deductions of expenses, including but not limited to attorneys' fees (including the allocated costs of staff counsel) and other expenses incurred in connection with repossession, collection, sale or disposition of such Pledged Collateral or in connection with the enforcement of the Secured Party's rights with respect to the Pledged Collateral, including in any insolvency, bankruptcy or reorganization proceedings, be applied against the Secured Obligations, whether or not all the same be then due and payable, as provided in the Junior Note Indenture.

8. Secured Party's Duties.

The powers conferred on the Secured Party hereunder are solely to protect its interest (on behalf of itself, the Junior Trustee and the Junior Noteholders) in the Pledged Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Pledged Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Pledged Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Pledged Collateral.

9. Additional Pledgors.

It is anticipated that additional persons may from time to time become Subsidiaries of the Issuer or a Guarantor, each of whom will be required to join this Agreement as a Pledgor hereunder to the extent that such new Subsidiary owns equity interests in any other Person that is a Restricted Subsidiary. It is acknowledged and agreed that such new Subsidiaries of the Issuer or of a Guarantor may become Pledgors hereunder and will be bound hereby simply by executing and delivering to the Secured Party a Supplemental Indenture in the form of Exhibit B to the Junior Note Indenture and a Joinder Agreement in the form of Exhibit A to the Junior Noteholder Security Agreement. No notice of the addition of any Pledgor shall be required to be given to any pre-existing Pledgor, and each Pledgor hereby consents thereto.

10. No Waiver; Cumulative Remedies.

No failure to exercise, and no delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege. No waiver of a single Event of Default shall be deemed a waiver of a subsequent Event of Default. The remedies herein provided are cumulative and not exclusive of any remedies provided under the other Junior Noteholder Documents or by Law, rule or regulation and the Secured Party may enforce any one or more remedies hereunder successively or concurrently at its option. Each Pledgor waives any right to require the Secured Party to proceed against any other Person or to exhaust any of the Pledged Collateral or other security for the Secured Obligations or to pursue any remedy in the Secured Party's power.

11. Waivers.

Each Pledgor hereby waives any and all defenses which any Pledgor may now or hereafter have based on principles of suretyship, impairment of collateral, or the like and each Pledgor hereby waives any defense to or limitation on its obligations under this Agreement arising out of or based on any event or circumstance referred to in the immediately preceding Section hereof. Without limiting the generality of the foregoing and to the fullest extent permitted by applicable law, each Pledgor hereby further waives each of the following:

(i) All notices, disclosures and demands of any nature which otherwise might be required from time to time to preserve intact any rights against such Pledgor, including the following: any notice of any event or circumstance described in the immediately preceding Section hereof; any notice required by any law, regulation or order now or hereafter in effect in any jurisdiction; any notice of nonpayment, nonperformance, dishonor, or protest under any Junior Noteholder Document or any of the Secured Obligations; any notice of the incurrence of any Secured Obligation; any notice of any default or any failure on the part of such Pledgor or the Issuer or any other Person to comply with any Junior Noteholder Document or any of the Secured

Obligations or any requirement pertaining to any direct or indirect security for any of the Secured Obligations; and any notice or other information pertaining to the business, operations, condition (financial or otherwise), or prospects of the Issuer or any other Person;

(ii) Any right to any marshalling of assets, to the filing of any claim against such Pledgor or the Issuer or any other Person in the event of any bankruptcy, insolvency, reorganization, or similar proceeding, or to the exercise against such Pledgor or the Issuer, or any other Person of any other right or remedy under or in connection with any Junior Noteholder Document or any of the Secured Obligations or any direct or indirect security for any of the Secured Obligations; any requirement of promptness or diligence on the part of the Secured Party, the Junior Trustee or the Junior Noteholders or any other Person; any requirement to exhaust any remedies under or in connection with, or to mitigate the damages resulting from default under, any Junior Noteholder Document or any of the Secured Obligations or any direct or indirect security for any of the Secured Obligations; any benefit of any statute of limitations; and any requirement of acceptance of this Agreement or any other Junior Noteholder Document, and any requirement that any Pledgor receive notice of any such acceptance; and

(iii) Any defense or other right arising by reason of any Law now or hereafter in effect in any jurisdiction pertaining to election of remedies (including anti-deficiency laws, "one action" laws, or the like), or by reason of any election of remedies or other action or inaction by the Secured Party, the Junior Trustee or the Junior Noteholders (including commencement or completion of any judicial proceeding or nonjudicial sale or other action in respect of collateral security for any of the Secured Obligations), which results in denial or impairment of the right of the Secured Party, the Junior Trustee or the Junior Noteholders to seek a deficiency against the Issuer or any other Person or which otherwise discharges or impairs any of the Secured Obligations.

12. Assignment.

All rights of the Secured Party under this Agreement shall inure to the benefit of its successors and assigns. All obligations of each Pledgor shall bind its successors and assigns; provided, however, that no Pledgor may assign or transfer any of its rights and obligations hereunder or any interest herein, and any such purported assignment or transfer shall be null and void.

13. Severability.

Any provision (or portion thereof) of this Agreement which shall be held invalid or unenforceable shall be ineffective without invalidating the remaining provisions hereof (or portions thereof).

14. Governing Law.

This Agreement and the rights and obligations of the parties under this Agreement shall be governed by, and construed and interpreted in accordance with, the Law of the State of New York, except to the extent the validity or perfection of the security interests or the remedies hereunder in respect of any Pledged Collateral are governed by the law of a jurisdiction other than the State of New York.

15. Notices.

All notices, requests, demands, directions and other communications (collectively, "notices") given to or made upon any party hereto under the provisions of this Agreement shall be given or made as set forth in Section 13.03 of the Junior Note Indenture, and the Pledgors (in their capacity as Pledgors and

in their capacity as Companies) shall simultaneously send to the Secured Party any notices such Pledgor or such Company delivers to each other regarding any of the Pledged Collateral.

16. Specific Performance.

Each Pledgor acknowledges and agrees that, in addition to the other rights of the Secured Party hereunder and under the other Junior Noteholder Documents, because the Secured Party's remedies at law for failure of any Pledgor to comply with the provisions hereof relating to the Secured Party's rights (i) to inspect the books and records related to the Pledged Collateral, (ii) to receive the various notifications any Pledgor is required to deliver hereunder, (iii) to obtain copies of agreements and documents as provided herein with respect to the Pledged Collateral, (iv) to enforce the provisions hereof pursuant to which any Pledgor has appointed the Secured Party its attorney-in-fact, and (v) to enforce the Secured Party's remedies hereunder, would be inadequate and that any such failure would not be adequately compensable in damages, such Pledgor agrees that each such provision hereof may be specifically enforced.

17. Voting Rights in Respect of the Pledged Collateral.

So long as no Event of Default shall occur and be continuing under the Junior Note Indenture, each Pledgor may exercise any and all voting and other consensual rights pertaining to the Pledged Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement or the other Junior Noteholder Documents; provided, however, that such Pledgor will not exercise or will refrain from exercising any such voting and other consensual right pertaining to the Pledged Collateral, as the case may be, if such action would have a material adverse effect on the value of any Pledged Collateral. At any time and from time to time, after and during the continuation of an Event of Default, no Pledgor shall be permitted to exercise any of its respective voting and other consensual rights whatsoever pertaining to the Pledged Collateral or any part thereof; provided, however, in addition to the other rights with respect to the Pledged Collateral granted to the Secured Party, for the benefit of itself, the Junior Trustee and the Junior Noteholders, hereunder, at any time and from time to time, after and during the continuation of an Event of Default and subject to the provisions of the Intercreditor Agreement and any Collateral Agency Agreement, the Secured Party may exercise any and all voting and other consensual rights of each and every Pledgor pertaining to the Pledged Collateral or any part thereof. The Secured Party shall endeavor to provide the Issuer with notice at or about the time of the exercise by the Secured Party of the voting or other consensual rights of such Pledgor pertaining to the Pledged Collateral, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of Secured Party's rights or remedies hereunder. Without limiting the generality of the foregoing and in addition thereto, Pledgors shall not vote to enable, or take any other action to permit, any Company to: (i) issue any other ownership interests of any nature or to issue any other securities, investment property or other ownership interests convertible into or granting the right to purchase or exchange for any other ownership interests of any nature of any such Company, except as expressly permitted by the Junior Note Indenture; or (ii) to enter into any agreement or undertaking restricting the right or ability of such Pledgor or the Secured Party to sell, assign or transfer any of the Pledged Collateral without the Secured Party's prior written consent.

18. Consent to Jurisdiction.

Each Pledgor (as a Pledgor and as a Company) and each of the Companies (i) hereby irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York, or any successor to said court (hereinafter referred to as the "New York Courts") for purposes of any suit, action or other proceeding which relates to this Agreement or any other Junior Noteholder Document, (ii) to the extent permitted by applicable Law, hereby waives and agrees not to assert by way of motion, as a defense or otherwise in any such suit,

action or proceeding, any claim that it is not personally subject to the jurisdiction of the New York Courts, that such suit, action or proceeding is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or any Junior Noteholder Document may not be enforced in or by the New York Courts, (iii) hereby agrees not to seek, and hereby waives, any collateral review by any other court, which may be called upon to enforce the judgment of any of the New York Courts, of the merits of any such suit, action or proceeding or the jurisdiction of the New York Courts, and (iv) waives personal service of any and all process upon it and consents that all such service of process be made by certified or registered mail addressed as provided in Section 15 hereof and service so made shall be deemed to be completed upon actual receipt thereof. Nothing herein shall limit the Secured Party's, Junior Trustee's or any Junior Noteholder's right to bring any suit, action or other proceeding against any Pledgor or any of any Pledgor's assets or to serve process on any Pledgor by any means authorized by Law.

19. Waiver of Jury Trial.

EXCEPT AS PROHIBITED BY LAW, EACH PLEDGOR (AS A PLEDGOR AND AS A COMPANY), EACH OF THE COMPANIES AND THE SECURED PARTY, ON BEHALF OF ITSELF, THE JUNIOR TRUSTEE AND THE JUNIOR NOTEHOLDERS, HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY A JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENTS OR TRANSACTIONS RELATING THERETO.

20. Entire Agreement; Additional Pledgors; Amendments.

(a) This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements relating to a grant of a security interest in the Pledged Collateral by any Pledgor to the Secured Party.

(b) At any time after the initial execution and delivery of this Agreement to the Secured Party, the Junior Trustee and the Junior Noteholders, additional Persons may become parties to this Agreement and thereby acquire the duties and rights of being Pledgors hereunder by executing and delivering to the Secured Party a Joinder Agreement pursuant to the Junior Noteholder Security Agreement. No notice of the addition of any Pledgor shall be required to be given to any pre-existing Pledgor and each Pledgor hereby consents thereto.

(c) Except as expressly provided in (i) Section 5(f) with respect to certificated securities issued by Companies that are limited liability companies or limited partnerships, (ii) Section 9 with respect to additional Pledgors, (iii) Section 21 with respect to the release of Pledgors and Companies and (iv) Section 8.1 of the Junior Noteholder Security Agreement with respect to reflecting the incurrence of Additional Secured Obligations (as defined in the Junior Noteholder Security Agreement) and the granting of Additional Junior Liens (as defined in the Junior Noteholder Security Agreement), this Agreement may not be amended or supplemented except by a writing signed by the Secured Party and the Pledgors.

21. Automatic Release of Pledged Collateral.

At any time after the initial execution and delivery of this Agreement to the Secured Party, Pledgors and their respective Pledged Collateral and the Companies may be released from this Agreement pursuant to Section 11.04 of the Junior Note Indenture, or at the times and to the extent required by the Intercreditor Agreement. No notice of such release of any Grantor or such Grantor's Collateral shall be required to be given to any other Grantor and each Grantor hereby consents thereto.

22. Counterparts; Telecopy Signatures.

This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Each Pledgor acknowledges and agrees that a telecopy or electronic (i.e., "e-mail" or "portable document folio" ("pdf")) transmission to the Secured Party of the signature pages hereof purporting to be signed on behalf of any Pledgor shall constitute effective and binding execution and delivery hereof by such Pledgor.

23. Construction.

The rules of construction contained in Section 1.02 of the Junior Note Indenture apply to this Agreement.

24. Intercreditor Agreement.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the Secured Party pursuant to this Agreement and the exercise of any right or remedy by the Secured Party hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

25. Secured Party Privileges, Powers and Immunities.

In the performance of its obligations hereunder, the Secured Party shall be entitled to the privileges, powers and immunities afforded to it as Collateral Agent under the Junior Note Indenture. The Secured Party (including while acting as Perfection Agent) shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in this Agreement unless it has received direction of a majority of Junior Noteholders with respect thereto. Notwithstanding anything to the contrary contained herein, the Junior Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE 1 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

WILMINGTON TRUST COMPANY, as Secured Party

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE 2 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

Pledgors:

K. HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

[SIGNATURE PAGE 3 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

EASTERN TITLE AGENCY, INC.

FOUNDERS TITLE AGENCY, INC.

GOVERNOR'S ABSTRACT CO., INC.

HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.

K. HOV INTERNATIONAL, INC.

K. HOV IP, II, INC.

K. HOV I P, INC.

K. HOVNANIAN ACQUISITIONS, INC.

K. HOVNANIAN AT BERNARDS IV, INC.

K. HOVNANIAN AT BRANCHBURG III, INC.

K. HOVNANIAN AT BRIDGEPORT, INC.

K. HOVNANIAN AT BRIDGEWATER VI, INC.

K. HOVNANIAN AT BURLINGTON III, INC.

K. HOVNANIAN AT BURLINGTON, INC.

K. HOVNANIAN AT CALABRIA, INC.

K. HOVNANIAN AT CAMERON CHASE, INC.

K. HOVNANIAN AT CARMEL DEL MAR, INC.

K. HOVNANIAN AT CASTILE, INC.

K. HOVNANIAN AT CHAPARRAL, INC.

K. HOVNANIAN AT CLARKSTOWN, INC.

K. HOVNANIAN AT CRESTLINE, INC.

K. HOVNANIAN AT DOMINGUEZ HILLS, INC.

K. HOVNANIAN AT EAST WHITELAND I, INC.

K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.

K. HOVNANIAN AT HERSHEY'S MILL, INC.

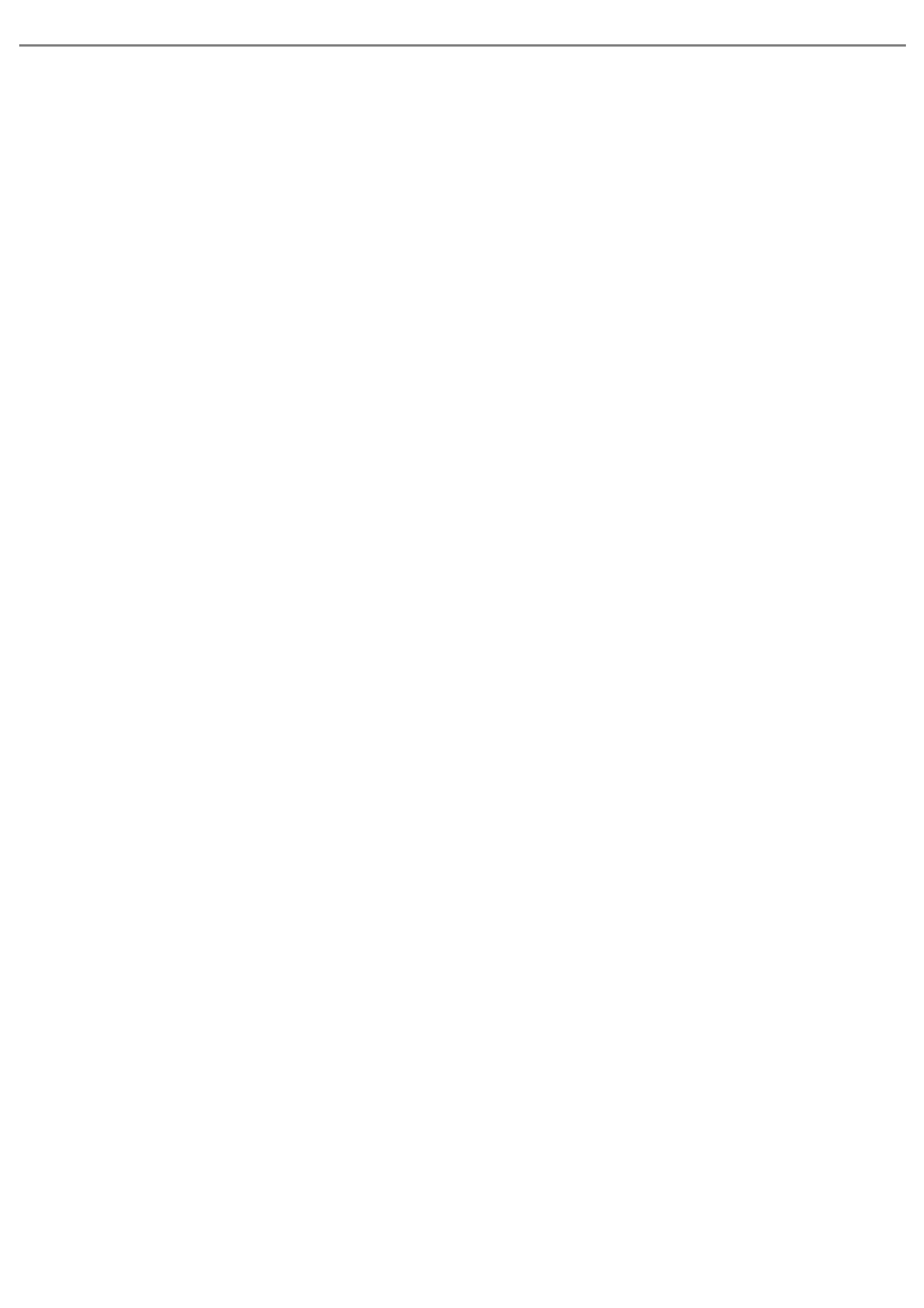
K. HOVNANIAN AT HACKETTSTOWN, INC.

K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.

K. HOVNANIAN AT HOPEWELL IV, INC.

[SIGNATURE PAGE 4 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT HOPEWELL VI, INC.
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.
K. HOVNANIAN AT KINGS GRANT I, INC.
K. HOVNANIAN AT LA TERRAZA, INC.
K. HOVNANIAN AT LAKEWOOD, INC.
K. HOVNANIAN AT LOWER SAUCON, INC.
K. HOVNANIAN AT MAHWAH II, INC.
K. HOVNANIAN AT MAHWAH VI, INC.
K. HOVNANIAN AT MAHWAH VII, INC.
K. HOVNANIAN AT MANALAPAN, INC.
K. HOVNANIAN AT MARLBORO II, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.
K. HOVNANIAN AT MONTGOMERY I, INC.
K. HOVNANIAN AT MONROE II, INC.
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.
K. HOVNANIAN AT NORTHLAKE, INC.
K. HOVNANIAN AT OCEAN TOWNSHIP, INC.
K. HOVNANIAN AT OCEAN WALK, INC.
K. HOVNANIAN AT PERKIOMEN I, INC.
K. HOVNANIAN AT PERKIOMEN II, INC.
K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.
K. HOVNANIAN AT RESERVOIR RIDGE, INC.
K. HOVNANIAN AT SAN SEVAINE, INC.
K. HOVNANIAN AT SARATOGA, INC.
K. HOVNANIAN AT SAWMILL, INC.
K. HOVNANIAN AT SCOTCH PLAINS II, INC.
K. HOVNANIAN AT SMITHVILLE, INC.
K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.
K. HOVNANIAN AT STONE CANYON, INC.
K. HOVNANIAN AT STONY POINT, INC.
K. HOVNANIAN AT SYCAMORE, INC.
K. HOVNANIAN AT TANNERY HILL, INC.
K. HOVNANIAN AT THE BLUFF, INC.
K. HOVNANIAN AT THORNBURY, INC.



[SIGNATURE PAGE 5 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT TIERRASANTA, INC.
K. HOVNANIAN AT TROVATA, INC.
K. HOVNANIAN AT TUXEDO, INC.
K. HOVNANIAN AT UNION TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER MAKEFIELD I, INC.
K. HOVNANIAN AT VAIL RANCH, INC.
K. HOVNANIAN AT WALL TOWNSHIP VI, INC.
K. HOVNANIAN AT WALL TOWNSHIP VIII, INC.
K. HOVNANIAN AT WASHINGTONVILLE, INC.
K. HOVNANIAN AT WAYNE III, INC.
K. HOVNANIAN AT WAYNE V, INC.
K. HOVNANIAN AT WILDROSE, INC.
K. HOVNANIAN COMMUNITIES, INC.
K. HOVNANIAN COMPANIES NORTHEAST, INC.
K. HOVNANIAN COMPANIES OF CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF MARYLAND, INC.
K. HOVNANIAN COMPANIES OF NEW YORK, INC.
K. HOVNANIAN COMPANIES OF PENNSYLVANIA, INC.
K. HOVNANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF VIRGINIA, INC.
K. HOVNANIAN CONSTRUCTION II, INC.
K. HOVNANIAN CONSTRUCTION III, INC.
K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.
K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.
K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.
K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.
K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.

[SIGNATURE PAGE 6 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN DEVELOPMENTS OF KENTUCKY, INC.
K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN FORECAST HOMES NORTHERN, INC.
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNANIAN HOMES OF VIRGINIA, INC.
K. HOVNANIAN PA REAL ESTATE, INC.
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.
K. HOVNANIAN PROPERTIES OF RED BANK, INC.
LANDARAMA, INC.
M&M AT LONG BRANCH, INC.
MCNJ, INC.
SEABROOK ACCUMULATION CORPORATION

[SIGNATURE PAGE 7 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

STONEBROOK HOMES, INC.

THE MATZEL & MUMFORD ORGANIZATION, INC.

WASHINGTON HOMES, INC.

WESTMINSTER HOMES, INC.

WESTMINSTER HOMES OF TENNESSEE, INC.

WH LAND I, INC.

WH PROPERTIES, INC.

By:

David G. Valiaveedan

On behalf of, and as Vice-President — Finance of each of
the foregoing corporations

[SIGNATURE PAGE 8 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNIANIAN HOMES OF D.C., L.L.C.

By: K. Hovnianian Developments of D.C., Inc., as the sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.

GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.

HOMEBUYERS FINANCIAL SERVICES, L.L.C.

HOVNIANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.

HOVNIANIAN LAND INVESTMENT GROUP, L.L.C.

K. HOVNIANIAN AT KING FARM, L.L.C.

K. HOVNIANIAN AT RODERUCK, L.L.C.

K. HOVNIANIAN AT WILLOW BROOK, L.L.C.

K. HOVNIANIAN COMPANIES METRO D.C. NORTH, L.L.C.

K. HOVNIANIAN HOMES AT CAMP SPRINGS, L.L.C.

K. HOVNIANIAN HOMES AT CIDER MILL, L.L.C.

By: K. Hovnianian Developments of Maryland, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 9 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.

K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.

K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.

K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.

K. HOVNANIAN HOMES AT RUSSETT, L.L.C.

K. HOVNANIAN HOMES OF MARYLAND, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND
CONDOMINIUMS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING,
L.L.C.

RIDGEMORE UTILITY, L.L.C.

WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.

WH/PR LAND COMPANY, L.L.C.

WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the
sole member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 10 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

- ALFORD, L.L.C.
- DULLES COPPERMINE, L.L.C.
- HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.
- K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.
- K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.
- K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, L.L.C.
- K. HOVNANIAN HOMES AT CAMERON STATION, L.L.C.
- K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.
- K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.
- K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.
- K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY CONDOMINIUM, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.

By: K. Hovnanian Developments of Virginia, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 11 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

AUDDIE ENTERPRISES, L.L.C.
BUILDER SERVICES NJ, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.

[SIGNATURE PAGE 12 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

- K. HOVNANIAN AT FOREST MEADOWS, L.L.C.
 - K. HOVNANIAN AT FRANKLIN, L.L.C.
 - K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT GALLOWAY, L.L.C.
 - K. HOVNANIAN AT GREAT NOTCH, L.L.C.
 - K. HOVNANIAN AT GUTTENBERG, L.L.C.
 - K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
 - K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
 - K. HOVNANIAN AT HAMBURG, L.L.C.
 - K. HOVNANIAN AT HAWTHORNE, L.L.C.
 - K. HOVNANIAN AT HAZLET, L.L.C.
 - K. HOVNANIAN AT HILLTOP, L.L.C.
 - K. HOVNANIAN AT JACKSON I, L.L.C.
 - K. HOVNANIAN AT JACKSON, L.L.C.
 - K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
 - K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY, L.L.C.
 - K. HOVNANIAN AT KEYPORT, L.L.C.
 - K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
 - K. HOVNANIAN AT LAWRENCE V, L.L.C.
 - K. HOVNANIAN AT LINWOOD, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
 - K. HOVNANIAN AT LONG BRANCH I, L.L.C.
 - K. HOVNANIAN AT MANALAPAN III, L.L.C.
 - K. HOVNANIAN AT MANSFIELD I, L.L.C.
 - K. HOVNANIAN AT MANSFIELD II, L.L.C.
 - K. HOVNANIAN AT MANSFIELD III, L.L.C.
 - K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.
-

[SIGNATURE PAGE 13 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT MARLBORO VI, L.L.C.
K. HOVNANIAN AT MARLBORO VII, L.L.C.
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN, L.L.C.
K. HOVNANIAN AT MILLVILLE I, L.L.C.
K. HOVNANIAN AT MILLVILLE II, L.L.C.
K. HOVNANIAN AT MILLVILLE III, L.L.C.
K. HOVNANIAN AT MONROE III, L.L.C.
K. HOVNANIAN AT MONROE IV, L.L.C.
K. HOVNANIAN AT MONROE NJ, L.L.C.
K. HOVNANIAN AT MONTVALE, L.L.C.
K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT NORTH BERGEN, L.L.C.
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
K. HOVNANIAN AT NORTH HALEDON, L.L.C.
K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNANIAN AT NORTHFIELD, L.L.C.
K. HOVNANIAN AT OCEANPORT, L.L.C.
K. HOVNANIAN AT OLD BRIDGE, L.L.C.
K. HOVNANIAN AT PARAMUS, L.L.C.
K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
K. HOVNANIAN AT PITTSBORO, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.

[SIGNATURE PAGE 14 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNANIAN AT PRINCETON LANDING, L.L.C.
K. HOVNANIAN AT PRINCETON NJ, L.L.C.
K. HOVNANIAN AT RANDOLPH I, L.L.C.
K. HOVNANIAN AT READINGTON II, L.L.C.
K. HOVNANIAN AT RED BANK, L.L.C.
K. HOVNANIAN AT RIDGEMONT, L.L.C.
K. HOVNANIAN AT SAYREVILLE, L.L.C.
K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
K. HOVNANIAN AT SMITHVILLE III, L.L.C.
K. HOVNANIAN AT SOMERS POINT, L.L.C.
K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
K. HOVNANIAN AT SPARTA, L.L.C.
K. HOVNANIAN AT SPRINGCO, L.L.C.
K. HOVNANIAN AT TEANECK, L.L.C.
K. HOVNANIAN AT THE MONARCH, L.L.C.
K. HOVNANIAN AT TRENTON, L.L.C.
K. HOVNANIAN AT UNION TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
K. HOVNANIAN AT VERONA URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT VINELAND, L.L.C.
K. HOVNANIAN AT WANAQUE, L.L.C.
K. HOVNANIAN AT WARREN TOWNSHIP, L.L.C.
K. HOVNANIAN AT WASHINGTON, L.L.C.
K. HOVNANIAN AT WAYNE IX, L.L.C.
K. HOVNANIAN AT WAYNE VIII, L.L.C.
K. HOVNANIAN AT WEST MILFORD, L.L.C.
K. HOVNANIAN AT WEST WINDSOR, L.L.C.

[SIGNATURE PAGE 15 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

- K. HOVNANIAN AT WILDWOOD BAYSIDE, L.L.C.
- K. HOVNANIAN AT WOODHILL ESTATES, L.L.C.
- K. HOVNANIAN AT WOOLWICH I, L.L.C.
- K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
- K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.
- K. HOVNANIAN CLASSICS, L.L.C.
- K. HOVNANIAN CLASSICS CIP, L.L.C.
- K. HOVNANIAN HOMES — DFW, L.L.C.
- K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
- K. HOVNANIAN OF HOUSTON II, L.L.C.
- K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
- K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
- K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
- K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
- K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
- K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
- K. HOVNANIAN T&C INVESTMENT, L.L.C.
- K. HOVNANIAN VENTURE I, L.L.C.
- K. HOVNANIAN'S PRIVATE HOME PORTFOLIO, L.L.C.
- TERRAPIN REALTY, L.L.C.
- KHIP, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 16 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

F&W MECHANICAL SERVICES, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the managing member of the foregoing limited liability company.

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 17 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT HUDSON POINTE, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey,
Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II,
Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 18 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

PARK TITLE COMPANY, L.L.C.

By: K. Hovnanian of Houston II, L.L.C., its sole member

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 19 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
K.H. SAN MARCOS CONSERVANCY HOLDINGS, L.L.C.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, L.L.C.
K. HOVNANIAN AT ALISO, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, L.L.C.
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BELLA LAGO, L.L.C.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL VILLAGE, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, L.L.C.
K. HOVNANIAN AT EASTLAKE, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, L.L.C.
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA HABRA KNOLLS, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MOSAIC, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, L.L.C.
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, L.L.C.
K. HOVNANIAN AT PARK LANE, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.

[SIGNATURE PAGE 20 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

- K. HOVNANIAN AT PRADO, L.L.C.
- K. HOVNANIAN AT RANCHO SANTA MARGARITA, L.L.C.
- K. HOVNANIAN AT RIVERBEND, L.L.C.
- K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
- K. HOVNANIAN AT ROWLAND HEIGHTS, L.L.C.
- K. HOVNANIAN AT SAGE, L.L.C.
- K. HOVNANIAN AT SKYE ISLE, L.L.C.
- K. HOVNANIAN AT SUNSETS, L.L.C.
- K. HOVNANIAN AT THE CROSBY, L.L.C.
- K. HOVNANIAN AT THE GABLES, L.L.C.
- K. HOVNANIAN AT THE PRESERVE, L.L.C.
- K. HOVNANIAN AT THOMPSON RANCH, L.L.C.
- K. HOVNANIAN AT TRAIL RIDGE, L.L.C.
- K. HOVNANIAN AT WINCHESTER, L.L.C.
- K. HOVNANIAN INTERNATIONAL, L.L.C.
- K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT HEMET, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT PALM SPRINGS, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS, L.L.C.
- K. HOVNANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
- NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.

By: K. Hovnanian Developments of California, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 21 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN HOLDINGS NJ, L.L.C.

By: K. Hovnanian Developments of New Jersey, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 22 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

BUILDER SERVICES, PA, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA,
L.L.C.

K. HOVNANIAN AT ALLENBERRY, L.L.C.

K. HOVNANIAN AT ALLENTOWN, L.L.C.

K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.

K. HOVNANIAN AT CAMP HILL, L.L.C.

K HOVNANIAN AT EAST BRANDYWINE, L.L.C.

K HOVNANIAN AT FORKS TWP. I, L.L.C.

K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.

K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.

K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.

K. HOVNANIAN AT LOWER MORELAND I, L.L.C.

K. HOVNANIAN AT LOWER MORELAND II, L.L.C.

K. HOVNANIAN AT LOWER MORELAND III, L.L.C.

K. HOVNANIAN AT MACUNGIE, L.L.C.

K. HOVNANIAN AT NORTHAMPTON, L.L.C.

K. HOVNANIAN AT PHILADELPHIA II, L.L.C.

K. HOVNANIAN AT PHILADELPHIA III, L.L.C.

K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.

K. HOVNANIAN AT RAPHO, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member
of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 23 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT SILVER SPRING, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.
K. HOVNANIAN AT WEST BRADFORD, L.L.C.
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
PENNSYLVANIA, L.L.C.
RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member
of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 24 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.

K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.

K. HOVNANIAN FIRST HOMES, L.L.C.

K. HOVNANIAN FLORIDA REALTY, L.L.C.

K. HOVNANIAN STANDING ENTITY, L.L.C.

K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.

K. HOVNANIAN WINDWARD HOMES, L.L.C.

By: Hovnanian Developments of Florida, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 25 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN COMPANIES, LLC

By: K. Hovnanian Enterprises, Inc., as member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.

By: K. Hovnanian at Perkiomen II, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 26 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.

K. HOVNANIAN FOUR SEASONS AT GOLD HILL, L.L.C.

K. HOVNANIAN HOMES OF SOUTH CAROLINA, L.L.C.

By: K. Hovnanian Developments of South Carolina, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, L.L.C.

K. HOVNANIAN GREAT WESTERN HOMES, L.L.C.

NEW LAND TITLE AGENCY, L.L.C.

By: K. Hovnanian Developments of Arizona, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 27 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.

K. HOVNANIAN AT RIDGESTONE, L.L.C.

K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.

K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.

By: K. Hovnanian Developments of Minnesota, Inc., as the sole member
of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 28 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN OHIO REALTY, L.L.C.

K. HOVNANIAN OSTER HOMES, L.L.C.

K. HOVNANIAN SUMMIT HOMES, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.

By: K. Hovnanian Developments of Ohio, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 29 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN HOMES OF WEST VIRGINIA, L.L.C.
K. HOVNANIAN’S FOUR SEASONS AT HUNTFIELD, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
WEST VIRGINIA, L.L.C.

By: K. Hovnanian Developments of West Virginia, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
MICHIGAN, L.L.C.

By: K. Hovnanian Developments of Michigan, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 30 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

M&M AT CHESTERFIELD, L.L.C.

M&M AT APPLE RIDGE, L.L.C.

M&M AT EAST MILL, L.L.C.

M&M AT MORRISTOWN, L.L.C.

M&M AT SHERIDAN, L.L.C.

M&M AT SPINNAKER POINTE, L.L.C.

M&M AT SPRUCE HOLLOW, L.L.C.

M&M AT SPRUCE RUN, L.L.C.

M&M AT THE HIGHLANDS, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.

MATZEL & MUMFORD AT MONTGOMERY, L.L.C.

THE LANDINGS AT SPINNAKER POINTE, L.L.C.

By: The Matzel & Mumford Organization, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 31 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

M & M AT COPPER BEECH, L.L.C.

M & M AT CRESCENT COURT, L.L.C.

M&M AT EAST RUTHERFORD, L.L.C.

M&M AT KENSINGTON WOODS, L.L.C.

M & M AT STATION SQUARE, L.L.C.

M & M AT UNION, L.L.C.

M&M AT TAMARACK HOLLOW, L.L.C.

M&M AT THE CHATEAU, L.L.C.

M&M AT WEST ORANGE, L.L.C.

M&M AT WESTPORT, L.L.C.

M&M AT WHEATENA URBAN RENEWAL, L.L.C.

MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN
RENEWAL, L.L.C.

MMIP, L.L.C.

By: M&M Investments, L.P., as the sole member of each of the
foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 32 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN HOMES AT FAIRWOOD, L.L.C.

K. HOVNANIAN HOMES AT JONES STATION 1, L.L.C.

K. HOVNANIAN HOMES AT JONES STATION 2, L.L.C.

K. HOVNANIAN HOMES AT MAXWELL PLACE, L.L.C.

K. HOVNANIAN HOMES AT PRIMERA, L.L.C.

PADDOCKS, L.L.C.

PINE AYR, L.L.C.

By: K. Hovnanian Homes of Maryland, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.

By: K. Hovnanian Homes — DFW, L.L.C., as the sole member of the foregoing limited liability company.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 33 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT NEW WINDSOR, L.L.C.

BUILDER SERVICES NY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT HAMPTONBURGH, L.L.C.

By: K. Hovnanian at Northern Westchester, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN DELAWARE ACQUISITIONS, L.L.C.

K. HOVNANIAN HOMES OF DELAWARE, L.L.C.

K. HOVNANIAN HOMES AT NASSAU GROVE, L.L.C.

By: K. Hovnanian Developments of Delaware, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 34 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN AT MENIFEE VALLEY CONDOMINIUMS, L.L.C.

By: K. Hovnanian's Four Seasons At Meniffee Valley, L.L.C.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA,
L.L.C.

By: K. Hovnanian Developments of North Carolina, Inc., as the sole
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 35 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.

By: K. Hovnanian Homes of North Carolina, Inc. as the sole member of
the foregoing limited liability companies

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 36 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN HOMES OF INDIANA, L.L.C.

By: K. Hovnanian Developments of Indiana, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN SUMMIT HOMES OF KENTUCKY, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF KENTUCKY, L.L.C.

By: K. Hovnanian Developments of Kentucky, Inc., as the sole member of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 37 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

K. HOVNANIAN CONNECTICUT ACQUISITIONS, L.L.C.

By: K. Hovnanian Developments of Connecticut, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.

By: K. Hovnanian Developments of Illinois, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF GEORGIA, L.L.C

K. HOVNANIAN HOMES OF GEORGIA, L.L.C.

By: K. Hovnanian Developments of Georgia, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 38 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

WESTMINSTER HOMES OF ALABAMA, L.L.C.

WESTMINSTER HOMES OF MISSISSIPPI, L.L.C.

By: Washington Homes, Inc., as sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN AT EWING, L.L.C.

By: K. Hovnanian at Lakewood, Inc., as sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 39 OF 39 TO THE THIRD LIEN PLEDGE AGREEMENT]

M&M INVESTMENTS, L.P.

By: The Matzel & Mumford Organization, Inc., as general partner of the foregoing limited partnership.

By: _____
David G. Valiaveedan
Vice-President — Finance

Address for Notices for each of the foregoing Pledgors:

c/o K. Hovnanian Enterprises, Inc.
110 West Front St., P.O. Box 500
Red Bank, NJ 07701
Attention: David G. Valiaveedan
Telephone: (732) 747-7800
Telecopy: (732) 747-6835

**SCHEDULE A
TO
THIRD LIEN PLEDGE AGREEMENT**

	<u>Entity Name</u>	<u>State of Formation</u>	<u>Members</u>
LLC	K. HOVNANIAN AT BRIDGEWATER I, L.L.C	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT CHESTER I, L.L.C.	DE	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT CHESTERFIELD, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT EDGEWATER, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT FLORENCE I, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT FLORENCE II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT FOREST MEADOWS, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT GREAT NOTCH, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT GUTTENBERG, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT HAWTHORNE, L.L.C	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT LONG BRANCH I, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN AT LOWER MORELAND I, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN AT LOWER MORELAND II, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.

	<u>Entity Name</u>	<u>State of Formation</u>	<u>Members</u>
LLC	K. HOVNANIAN AT MANALAPAN III, LLC	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MANSFIELD I, L.L.C.	DE	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MILLVILLE I, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MILLVILLE II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MONROE III, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT MONTVALE, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT NORTH BERGEN, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT NORTH CALDWELL, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT PITTSGROVE, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT READINGTON II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT RED BANK, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT SMITHVILLE III, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT SOMERS POINT, LLC	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT TEANECK, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.	FL	Hovnanian Developments of Florida, Inc.

	<u>Entity Name</u>	<u>State of Formation</u>	<u>Members</u>
LLC	K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.	PA	K. Hovnanian at Perkiomen II, Inc.
LLC	K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, LLC	AZ	K. Hovnanian Developments of Arizona, Inc.
LLC	K. HOVNANIAN GREAT WESTERN HOMES, L.L.C.	AZ	K. Hovnanian Developments of Arizona, Inc.
LLC	K. HOVNANIAN HOLDINGS NJ, LLC	NJ	K. Hovnanian Developments of New Jersey, Inc.
LLC	K. HOVNANIAN NORTHEAST SERVICES, L.L.C.	NJ	K. Hovnanian Holdings NJ, L.L.C.
LLC	K. HOVNANIAN OHIO REALTY, L.L.C.	OH	K. Hovnanian Developments of Ohio, Inc.
LLC	K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.	PA	K. Hovnanian Companies of Pennsylvania, Inc.
LLC	K. HOVNANIAN SUMMIT HOMES OF MICHIGAN, L.L.C	MI	K. Hovnanian Developments of Michigan, Inc.
LLC	K. HOVNANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.	WV	K. Hovnanian Developments of West Virginia, Inc.
LLC	K. HOVNANIAN SUMMIT HOMES, L.L.C.	OH	K. Hovnanian Developments of Ohio, Inc.
LLC	K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.	MN	K. Hovnanian Developments of Minnesota, Inc.
LLC	M&M AT CHESTERFIELD, LLC	NJ	The Matzel & Mumford Organization, Inc.
LLC	M&M AT TAMARACK HOLLOW, L.L.C.	NJ	M&M Investments, L.P.

SCHEDULE A – 3

SCHEDULE B

Actions to Perfect

1. With respect to each Pledgor organized under the laws of the state of Alabama as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Alabama Secretary of State.
2. With respect to each Pledgor organized under the laws of the state of Arizona as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Arizona Secretary of State.
3. With respect to each Pledgor organized under the laws of the state of California as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the California Secretary of State.
4. With respect to each Pledgor organized under the laws of the state of Connecticut as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral the Connecticut Secretary of State.
5. With respect to each Pledgor organized under the laws of the state of Delaware as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Delaware Secretary of State.
6. With respect to each Pledgor organized under the laws of the District of Columbia as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the District of Columbia Recorder of Deeds.
7. With respect to each Pledgor organized under the laws of the state of Florida as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Florida Secured Transaction Registry.
8. With respect to each Pledgor organized under the laws of the state of Georgia as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
9. With respect to each Pledgor organized under the laws of the state of Illinois as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Illinois Secretary of State.

10. With respect to each Pledgor organized under the laws of the state of Indiana as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Indiana Secretary of State.
11. With respect to each Pledgor organized under the laws of the state of Kentucky as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Kentucky Secretary of State.
12. With respect to each Pledgor organized under the laws of the state of Maryland as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Maryland State Department of Assessments and Taxation.
13. With respect to each Pledgor organized under the laws of the state of Michigan as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Michigan Secretary of State.
14. With respect to each Pledgor organized under the laws of the state of Minnesota as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Minnesota Secretary of State.
15. With respect to each Pledgor organized under the laws of the state of Mississippi as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Mississippi Secretary of State.
16. With respect to each Pledgor organized under the laws of the state of New Jersey as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the New Jersey Division of Commercial Recording.
17. With respect to each Pledgor organized under the laws of the state of New York as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the New York Secretary of State.
18. With respect to each Pledgor organized under the laws of the state of North Carolina as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the North Carolina Secretary of State.
19. With respect to each Pledgor organized under the laws of the state of Ohio as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Ohio Secretary of State.
20. With respect to each Pledgor organized under the laws of the state of Pennsylvania as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code

Financing Statement that reasonably identifies the Pledged Collateral with the Pennsylvania Secretary of the Commonwealth.

21. With respect to each Pledgor organized under the laws of the state of South Carolina as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the South Carolina Secretary of State.
22. With respect to each Pledgor organized under the laws of the state of Tennessee as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Tennessee Secretary of State.
23. With respect to each Pledgor organized under the laws of the state of Texas as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Texas Secretary of State.
24. With respect to each Pledgor organized under the laws of the state of Virginia as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the Virginia State Corporation Commission.
25. With respect to each Pledgor organized under the laws of the state of West Virginia as identified on Schedule D of the Junior Noteholder Security Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Pledged Collateral with the West Virginia Secretary of State.
26. With respect to the Pledged Collateral constituting certificated securities, delivery of the certificates representing such Pledged Collateral to the Perfection Agent in registered form, indorsed in blank, by an effective endorsement or accompanied by undated stock powers with respect thereto duly indorsed in blank by an effective endorsement.

**THIRD LIEN
SECURITY AGREEMENT**

made by

**K. HOVNANIAN ENTERPRISES, INC.,
HOVNANIAN ENTERPRISES, INC.**

and certain of their respective Subsidiaries

in favor of

WILMINGTON TRUST COMPANY,

as Collateral Agent

Dated as of December 3, 2008

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THIRD LIEN SECURITY AGREEMENT

THIS THIRD LIEN SECURITY AGREEMENT (the "Agreement"), dated as of December 3, 2008, is made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of Wilmington Trust Company, as Collateral Agent (in such capacity, the "Junior Agent") for the benefit of itself, the Junior Trustee (as defined below) and the Junior Noteholders (as defined below).

WITNESSETH:

WHEREAS, pursuant to the Seventh Amended and Restated Credit Agreement, dated as of March 7, 2008, as amended by Amendment No. 1 to Seventh Amended and Restated Credit Agreement dated as of May 16, 2008 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among K. Hovnanian Enterprises, Inc., a California corporation (the "Issuer"), Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian"), the Lenders now or hereafter party thereto (the "Lenders"), and PNC Bank National Association, as administrative agent (the "Administrative Agent"), the Lenders have provided certain loans and other financial accommodations to the Issuer;

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors (as defined in the Senior Note Indenture) party thereto entered into the Indenture, dated as of May 27, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Senior Note Indenture") with Wilmington Trust Company (as successor to Deutsche Bank National Trust Company) as trustee (in such capacity, together with its successors and assigns, the "Senior Trustee"), pursuant to which the Issuer issued its 11 1/2 % Senior Secured Notes due 2013;

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors (as defined in the Junior Note Indenture) have entered into the Indenture, dated as of December 3, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Junior Note Indenture") with Wilmington Trust Company as trustee (in such capacity, the "Junior Trustee") pursuant to which the Issuer issued its 18.0% Senior Secured Notes due 2017 (collectively, the "Junior Notes");

WHEREAS, the Issuer, Hovnanian, certain subsidiaries of Hovnanian party thereto, PNC Bank, National Association, as Senior Credit Agent and First-Lien Administrative Agent, the Senior Trustee, the Senior Noteholder Collateral Agent, the Junior Trustee, the Junior Agent and Wilmington Trust Company, as Mortgage Tax Collateral Agent have entered into the Intercreditor Agreement, dated as of December 3, 2008 (as amended, supplemented, amended or restated or otherwise modified from time to time, the "Intercreditor Agreement");

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer's parent company, and each other Grantor;

WHEREAS, the Issuer and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the proceeds of the Junior Notes;

NOW, THEREFORE, in consideration of the premises and to induce the Junior Noteholders to purchase Junior Notes, each Grantor hereby agrees with the Junior Agent, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions.

(a) Definitions set forth above are incorporated herein and unless otherwise defined herein, terms defined in the Junior Note Indenture and used herein shall have the meanings respectively given to them in the Junior Note Indenture or, if not defined herein or therein, in the Intercreditor Agreement, and the following terms are used herein as defined in the New York UCC: Accounts, Chattel Paper, Commercial Tort Claims, Deposit Account, Documents, Equipment, Electronic Chattel Paper, Farm Products, General Intangibles, Goods, Payment Intangibles, Instruments, Inventory, Investment Property, Letter of Credit Rights, Payment Intangibles, Software and Supporting Obligations.

(b) The following terms shall have the following meanings:

“Additional Junior Liens”: any liens on the Collateral which secure Additional Secured Obligations on an equal and ratable basis with the Secured Obligations, provided that such liens are permitted by clause (i)(c) of the definition of Permitted Liens in the Junior Note Indenture.

“Additional Secured Obligations”: any obligations arising pursuant to any Additional Junior Indenture or Additional Junior Notes (including for the avoidance of doubt any guarantees with respect thereto).

“Agreement”: this Third Lien Security Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Cash Collateral Account”: any deposit accounts, securities accounts and money market mutual fund shares or similar securities accounts at or maintained or issued by the Administrative Agent or any of the Lenders or any one or more Affiliates of the Administrative Agent or any of the Lenders and which are identified on Schedule A hereto in which the Junior Agent, for the benefit of the Secured Parties, holds a perfected security interest securing payment and performance of the Secured Obligations (including, for the avoidance of doubt, each “Cash Collateral Account” as defined in the Credit Agreement).

“Cash Equivalents”: (i) cash, marketable direct obligations of the United States of America or any agency thereof, and certificates of deposit, demand deposits, time deposits, or repurchase agreements issued by any Lender or any bank with a capital and surplus of at least \$25,000,000 organized under the laws of the United States of America or any state thereof, state or municipal securities with a rating of A-1 or better by Standard & Poor’s or by Moody’s or F-1 by Fitch, provided that such obligations, certificates of deposit, demand deposits, time deposits, and repurchase agreements have a maturity of less than one year from the date of purchase, and (ii) investment grade commercial paper or debt or commercial paper issued by a Lender or a bank holding company of a Lender having a maturity date of one year or less from the date of purchase, and (iii) funds holding assets primarily consisting of those described in clause (i) and (ii).

“Collateral”: as defined in Section 2.

“Collateral Agency Agreement”: an intercreditor or collateral agency agreement entered into between the Additional Junior Noteholder Collateral Agent(s) and the Junior Agent on terms reasonably satisfactory to the Junior Agent, the Issuer and Hovnanian, setting forth the respective rights of the Secured Parties and the Additional Junior Noteholder Collateral Agent(s) and the holders of Additional Secured Obligations with respect to the Collateral and providing, among other things, that (x)

the Additional Junior Liens shall rank equally with or junior to the liens securing the Secured Obligations, (y) any proceeds of the Collateral shall be applied ratably to the Secured Obligations and the Additional Secured Obligations, or that the Additional Secured Obligations shall receive payment on a junior basis, in each case, subject to the Intercreditor Agreement and (z) the Junior Agent, including at the direction of the Junior Noteholders, shall be entitled to take such actions, or to direct any agent appointed pursuant to the Collateral Agency Agreement to take such actions, as are permitted hereby, by the Junior Note Indenture and by the Intercreditor Agreement independently of any direction or vote of the holders of the Additional Secured Obligations.

“Contracts”: any contracts and agreements for the purchase, acquisition or sale of real or personal property or the receipt or performance of services, any contract rights relating thereto, and all other rights to such contract or agreements and any right to payment for or to receive moneys due or to become due for items sold or leased or for services rendered, together with all rights of any Grantor to damages arising thereunder or to perform and to exercise all remedies thereunder.

“Collateral Account”: any collateral account established by the Perfection Agent as provided in Section 6.1 or 6.3.

“Copyright Licenses”: any written agreement naming any Grantor as licensor or licensee, granting any right under any Copyright, including, without limitation, the grant of rights to distribute, exploit and sell materials derived from any Copyright.

“Copyrights”: (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

“Deposit Accounts”: the collective reference to each Deposit Account (as such term is defined in Section 1(a) hereof) in the name of the applicable Grantor, together with any one or more securities accounts into which any monies on deposit in any such Deposit Account may be swept or otherwise transferred now or hereafter and from time to time, and any additional, substitute or successor Deposit Account.

“Discharge of Senior Claims”: has the meaning set forth in the Intercreditor Agreement.

“Discharge of Senior Lender Claims”: has the meaning set forth in the Intercreditor Agreement.

“Excluded Accounts” shall mean at any time those deposit, checking or securities accounts of any of the Grantors (i) that individually have an average monthly balance (over the most recent ended 3-month period) less than \$250,000 and which together do not have an average monthly balance (for such 3-month period) in excess of \$2,000,000 in the aggregate, (ii) all escrow accounts (in which funds are held for or of others by virtue of customary real estate practice or contractual or legal requirements) and (iii) such other accounts with respect to which the Perfection Agent reasonably determines that the cost of perfecting a Lien thereon is excessive in relation to the benefit thereof.

“First Lien Security Agreement”: the “Security Agreement” as defined in the Credit Agreement.

“Guarantors”: the collective reference to each Grantor other than the Issuer.

“Intellectual Property”: the collective reference to all rights, priorities and privileges, whether arising under United States, multinational or foreign laws, in, to and under the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

“Investment Property”: the collective reference to (i) all “investment property” as such term is defined in Section 9-102(a)(49) of the New York UCC, and (ii) whether or not constituting “investment property” as so defined, all Pledged Notes.

“Issuers”: the collective reference to each issuer of any Investment Property.

“Junior Noteholder”: “Holder” or “Holder of Notes” as defined in the Junior Note Indenture.

“Junior Noteholder Collateral Document” means any agreement, document or instrument pursuant to which a Lien is granted by the Issuer or any Guarantor to secure any Secured Obligations or under which rights or remedies with respect to any such Liens are governed, as the same may be amended, restated or otherwise modified from time to time.

“Junior Noteholder Document” means collectively (a) the Junior Note Indenture, the Junior Notes and the Junior Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any Junior Noteholder Document described in clause (a) above evidencing or governing any Secured Obligations as the same may be amended, restated or otherwise modified from time to time.

“Law” shall mean any law (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, release, ruling, order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or settlement agreement with any Official Body.

“New York UCC”: the Uniform Commercial Code as from time to time in effect in the State of New York.

“Official Body” shall mean any national, federal, state, local or other governmental or political subdivision or any agency, authority, board, bureau, central bank, commission, department or instrumentality of either, or any court, tribunal, grand jury or arbitrator, in each case whether foreign or domestic.

“Patent License”: all written agreements providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent.

“Patents”: (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, and (iii) all rights to obtain any reissues or extensions of the foregoing.

“Perfection Agent”: (i) prior to the Discharge of Senior Lender Claims, the Administrative Agent (including, with respect to any Collateral delivered to or held by the Perfection Agent hereunder, in its capacity as bailee for the Junior Trustee, the Junior Agent and the Junior Noteholders under Section 5.5 of the Intercreditor Agreement), (ii) following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, the Senior Noteholder Collateral Agent

(including, with respect to any Collateral delivered to or held by the Perfection Agent hereunder, in its capacity as bailee for the Junior Trustee, the Junior Agent and the Junior Noteholders under Section 5.6 of the Intercreditor Agreement) and (iii) following the Discharge of Senior Claims, the Junior Agent; provided that the Junior Agent may for certain purposes hereunder designate another Person to be the Perfection Agent pursuant to any Collateral Agency Agreement.

“Permitted Encumbrance”: set forth in Section 3.1.

“Pledged Notes”: all promissory notes issued to or held by any Grantor.

“Proceeds”: all “proceeds” as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

“Receivable”: any right to payment for real or personal property sold or leased or for services rendered, whether or not such right is evidenced by a Contract, an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

“Secured Obligations”: all Indebtedness and other Obligations under the Junior Note Indenture, the Junior Notes, the Guarantees and the Junior Noteholder Collateral Documents, together with any extensions, renewals, replacements or refundings thereof and all costs and expenses of enforcement and collection, including reasonable attorney’s fees.

“Secured Parties”: the collective reference to the Junior Agent, the Junior Trustee and the Junior Noteholders, in each case to which any Secured Obligations are owed.

“Securities Accounts”: the collective reference to the securities accounts in the name of the applicable Grantor and any additional, substitute or successor account.

“Senior Noteholder Security Agreement”: the Second Lien Security Agreement, dated as of May 27, 2008, among the Grantors party thereto in favor of Wilmington Trust Company (as successor to Deutsche Bank National Trust Company).

“Trademark License”: any written agreement providing for the grant by or to any Grantor of any right to use any Trademark.

“Trademarks”: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now owned or hereafter acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and all common-law rights related thereto, and (ii) the right to obtain all renewals thereof.

“Vehicles”: all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and all tires and other appurtenances to any of the foregoing.

1.2 Other Definitional Provisions.

(a) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor’s Collateral or the relevant part thereof.

SECTION 2. GRANT OF SECURITY INTEREST

Each Grantor hereby grants to the Junior Agent, for the ratable benefit of the Secured Parties, a security interest in all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the “Collateral”), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations:

(a) all Accounts;

(b) all Cash Collateral Accounts;

(c) all Chattel Paper (including, Electronic Chattel Paper);

(d) all Commercial Tort Claims (including those claims listed on Schedule B hereto, in which the claim amount individually exceeds \$2,000,000, as such schedule is amended or supplemented from time to time);

(e) all Contracts;

(f) all Securities Accounts;

(g) all Deposit Accounts;

(h) all Documents (other than title documents with respect to vehicles);

(i) all Equipment;

(j) all Fixtures;

(k) all General Intangibles;

(l) all Goods;

(m) all Instruments;

(n) all Intellectual Property;

(o) all Inventory;

(p) all Investment Property;

(q) all Letters of Credit;

(r) all Letter of Credit Rights;

(s) all Payment Intangibles;

(t) all Vehicles and title documents with respect to Vehicles;

(u) all Receivables;

(v) all Software;

(w) all Supporting Obligations;

(x) to the extent, if any, not included in clauses (a) through (w) above, each and every other item of personal property whether now existing or hereafter arising or acquired;

(y) all books and records pertaining to any of the Collateral; and

(z) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided, however, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the Junior Agent's Lien in the U.S. Patent and Trademark Office or other registry office in any jurisdiction), this Agreement shall not constitute a grant of a security interest in, and the Collateral shall not include, (i) any property or assets designated as "Excluded Property" pursuant to paragraph (c) of the definition of "Permitted Investment" in the Junior Note Indenture or (ii) any property to the extent that such grant of a security interest is prohibited by any applicable Law of an Official Body, requires a consent not obtained of any Official Body pursuant to such Law or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property or, in the case of any Investment Property, or Pledged Note, any applicable shareholder or similar agreement, except to the extent that such Law or the term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable Law including Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC (or any successor provision or provisions); provided, further, that no security interest shall be granted in United States "intent-to-use" trademark or service mark application unless and until acceptable evidence of use of the trademark or service mark has been filed with and accepted by the U.S. Patent and Trademark Office pursuant to Section 1(c) or Section 1(d) of the Lanham Act (U.S.C. 1051, et. seq.), and to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark or service mark applications under applicable federal Law. After such period and after such evidence of use

has been filed and accepted, each Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The Junior Agent agrees that, at any Grantor's reasonable request and expense, it will provide such Grantor confirmation that the assets described in this paragraph are in fact excluded from the Collateral during such limited period only. Notwithstanding the foregoing, in the event that Rule 3-16 of Regulation S-X under the Securities Act requires (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC of separate financial statements of any Guarantor, then the capital stock or other securities of such Guarantor shall automatically be deemed released and not to be and not to have been part of the Collateral but only to the extent necessary to not be subject to such requirement. In such event, this Agreement may be amended or modified, without the consent of any Junior Noteholder, to the extent necessary to evidence the release of the lien created hereby on the shares of capital stock or other securities that are so deemed to no longer constitute part of the Collateral.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Junior Noteholders to purchase the Junior Notes, each Grantor hereby represents and warrants to the Junior Agent and each other Secured Party that:

3.1 Title: No Other Liens.

Except for the security interest granted to the Junior Agent for the ratable benefit of the Secured Parties pursuant to this Agreement: (i) such Grantor owns each item of the Cash Collateral Accounts free and clear of any and all Liens or claims of others, except for (a) the first priority perfected security interest securing the Senior Lender Claims, (b) the second priority perfected security interest securing the Senior Noteholder Claims and (c) the Additional Junior Liens and (ii) such Grantor owns each other item of the Collateral free and clear of any and all Liens or claims of others except, with respect to the Collateral referred to in this clause (ii), for the Liens permitted to exist on the Collateral by Section 7.2.2 of the Credit Agreement, Section 4.08 of the Senior Note Indenture and Section 4.08 of the Junior Note Indenture ("Permitted Encumbrances"). No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except with respect to Permitted Encumbrances.

3.2 Perfected Third Priority Liens.

The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule C (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Junior Agent in completed form) will constitute valid perfected (to the extent such security interest can be perfected by such filings or actions) security interests in all of the Collateral in favor of the Junior Agent, for the ratable benefit of the Secured Parties, as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Collateral from such Grantor and (b) are prior to all other Liens on the Collateral in existence on the date hereof except, (i) in the case of Collateral other than the Cash Collateral Accounts, for Permitted Encumbrances and (ii) in the case of the Cash Collateral Accounts, for the first priority perfected security interest securing the Senior Lender Claims, the second priority perfected security interest securing the Senior Noteholder Claims and the Additional Junior Liens.

3.3 Jurisdiction of Organization; Chief Executive Office.

On the date hereof, such Grantor's exact legal name, jurisdiction of organization and identification number from the jurisdiction of organization (if any), are specified on Schedule D hereto.

3.4 Farm Products.

None of the Collateral constitutes, or is the Proceeds of, Farm Products.

3.5 Investment Property.

Such Grantor is the record and beneficial owner of, and has good title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the Permitted Encumbrances.

3.6 Receivables.

No amount payable in excess of \$2,000,000 in the aggregate to all Grantors under or in connection with any Receivables is evidenced by any Instrument or Chattel Paper which has not been delivered to the Perfection Agent.

SECTION 4. COVENANTS

Each Grantor covenants and agrees with the Junior Agent and the other Secured Parties that, from and after the date of this Agreement until the payment in full of all outstanding Secured Obligations:

4.1 Maintenance of Perfected Security Interest; Further Documentation.

(a) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest to the extent required by this Agreement having at least the priority described in Section 3.2 and shall defend such security interest against the claims and demands of all Persons whomsoever other than (i) in the case of Collateral other than the Cash Collateral Accounts, any holder of Permitted Encumbrances and (ii) in the case of the Cash Collateral Accounts, for the first priority perfected security interest securing the Senior Lender Claims, the second priority perfected security interest securing the Senior Noteholder Claims and the Additional Junior Liens, in each case, subject to the rights of such Grantor under the Junior Noteholder Documents to dispose of the Collateral.

(b) At any time and from time to time such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as shall be necessary, or that the Junior Agent may reasonably request, for the purpose of obtaining, perfecting or preserving the security interests purported to be granted under this Agreement and of the rights and remedies herein granted, including, without limitation, (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of the Deposit Accounts, Investment Property, Letter of Credit Rights and the Securities Accounts and any other relevant Collateral, taking any actions necessary to enable the Perfection Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto, provided that the Grantor shall not be required to take any of the actions set forth in this clause (ii) with respect to (x) Excluded Accounts and (y) (1) prior to the Discharge of Senior Lender Claims, any Deposit Account or Securities Account with respect to which the Administrative Agent (or other Senior Credit Agent) does not have "control" and (2) following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, any Deposit Account or Securities Account with respect to which the Senior Noteholder Collateral Agent does not have "control", in each case within the meaning of the applicable Uniform Commercial Code; provided, further that following the Discharge of Senior Claims, the Grantor shall only be required to take the actions set forth in this clause (ii) with respect to Deposit Accounts and Securities Accounts if reasonably requested by the Junior Agent.

(c) If any Grantor shall at any time acquire a Commercial Tort Claim, in which the claim amount individually exceeds \$2,000,000, such Grantor shall promptly notify the Junior Agent in a writing signed by such Grantor of the details thereof and grant to the Junior Agent for the benefit of the Secured Parties in such writing a security interest therein and in the Proceeds thereof, with such writing to be in form and substance satisfactory to the Junior Agent and such writing shall constitute a supplement to Schedule B hereto.

4.2 Changes in Name, etc.

Such Grantor will, within thirty (30) calendar days after any change of its jurisdiction of organization or change of its name, provide written notice thereof to the Junior Agent.

4.3 Delivery of Instruments, Certificated Securities and Chattel Paper.

If any amount in excess of \$2,000,000 in the aggregate payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, certificated security or Chattel Paper, such Instrument, certificated security or Chattel Paper shall be promptly delivered to the Perfection Agent, duly indorsed in a manner reasonably satisfactory to the Perfection Agent.

4.4 Intellectual Property.

(a) Prior to the Discharge of Senior Lender Claims, such Grantor, if requested to do so with respect to the Senior Lender Claims by the Administrative Agent pursuant to Section 4.4 of the First Lien Security Agreement, shall execute and deliver to the Junior Agent, and have recorded, any and all agreements, instruments, documents, and papers to evidence the Junior Agent's and the other Secured Parties' third lien security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby. Following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, such Grantor, if required to do so with respect to the Senior Noteholder Claims pursuant to Section 4.4 of the Senior Noteholder Security Agreement, shall execute and deliver to the Junior Agent, and have recorded, any and all agreements, instruments, documents, and papers to evidence the Junior Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby. On and after the Discharge of Senior Claims, such Grantor shall, if requested to do so by the Junior Agent, promptly execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as may be necessary to create and perfect the Junior Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby.

(b) Such Grantor's obligations under Section 4.4(a) above shall include executing and delivering, and having recorded, with respect to such Collateral, the Intellectual Property Security Agreement attached hereto as Exhibit A.

SECTION 5. INVESTING AMOUNTS IN THE SECURITIES ACCOUNTS

5.1 Investments.

If requested by the Issuer, the Perfection Agent will, from time to time, invest amounts on deposit in the Deposit Accounts or Securities Accounts in which the Junior Agent for the benefit of the Secured Parties holds perfected security interest, in Cash Equivalents pursuant to the written instructions of the Issuer. All investments may, at the option of the Perfection Agent, be made in the name of the Perfection Agent or a nominee of the Perfection Agent and in a manner that preserves the Issuer's ownership of, and

the Junior Agent's perfected Lien on, such investments. Subject to the Intercreditor Agreement, all income received from such investments shall accrue for the benefit of the Issuer and shall be credited (immediately upon receipt by the Perfection Agent) to a Deposit Account or Securities Account, in which Junior Agent for the benefit of the Secured Parties holds a perfected security interest. The Junior Agent, as the Perfection Agent, will only make investments in which it can obtain a perfected security interest, and the Issuer hereby agrees to execute promptly any documents which the Perfection Agent may reasonably require the Issuer to execute to implement or effectuate the provisions of this Section.

5.2 Liability.

The Junior Agent shall have no responsibility to the Issuer for any loss or liability arising in respect of the investments in the Deposit Accounts or Securities Accounts in which the Junior Agent for the benefit of the Secured Parties holds a perfected security interest (including, without limitation, as a result of the liquidation of any thereof before maturity), except to the extent that such loss or liability is found to be based on the Junior Agent's gross negligence or willful misconduct as determined by a final and nonappealable decision of a court of competent jurisdiction.

SECTION 6. REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Receivables.

(a) At any time during the continuance of an Event of Default, the Junior Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Junior Agent may require in connection with such test verifications. The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of such verifications, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of such remedy or the Junior Agent's rights hereunder.

(b) The Junior Agent hereby authorizes each Grantor to collect such Grantor's Receivables and, subject to the Intercreditor Agreement, the Junior Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise of its rights pursuant to the preceding sentence, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of any rights or remedies hereunder. Subject to the Intercreditor Agreement, if requested in writing by the Junior Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Perfection Agent if required, in a Collateral Account maintained under the sole dominion and control of the Perfection Agent, subject to withdrawal by the Perfection Agent to be applied (x) prior to the Discharge of Senior Lender Claims, in accordance with the First Lien Security Agreement, (y) following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, in accordance with the Senior Noteholder Security Agreement and (z) following the Discharge of Senior Claims, pursuant to Section 6.4 below, and (ii) until so turned over, shall be held by such Grantor in trust for the Perfection Agent, segregated from other funds of such Grantor.

(c) At the Junior Agent's written request at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Perfection Agent all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including without limitation, all original orders, invoices and shipping receipts.

6.2 Communications with Obligors: Grantors Remain Liable.

(a) Subject to the Intercreditor Agreement, the Junior Agent in its own name or in the name of others may after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Junior Agent's satisfaction the existence, amount and terms of any Receivables or Contracts. The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise of its rights pursuant to the preceding sentence, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of any rights or remedies hereunder.

(b) Subject to the Intercreditor Agreement, upon the written request of the Junior Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables and parties to the Contracts that the Receivables and the Contracts, as the case may be, have been assigned to the Junior Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Junior Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Junior Agent nor any Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Junior Agent or any Secured Party of any payment relating thereto, nor shall the Junior Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Proceeds to be Turned Over To Junior Agent.

In addition to the rights of the Junior Agent and the Secured Parties specified in Section 6.1 with respect to payments of Receivables, and subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing, upon written request from the Junior Agent, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Perfection Agent and the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Perfection Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Perfection Agent, if requested). All Proceeds received by the Perfection Agent hereunder shall be held by the Perfection Agent in a Collateral Account maintained under its sole dominion and control. All such Proceeds while held by the Perfection Agent in a Collateral Account (or by such Grantor in trust for the Junior Agent and the Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 6.4.

6.4 Application of Proceeds.

If an Event of Default shall have occurred and be continuing, at any time at the Junior Agent's election, subject to the Intercreditor Agreement and to any Collateral Agency Agreement, the Junior Agent may apply all or any part of the Collateral, whether or not held in the Deposit Accounts, the Securities Accounts or any other Collateral Account, in payment of the Secured Obligations in the order set forth in the Junior Note Indenture.

6.5 Code and Other Remedies.

Subject to the Intercreditor Agreement, if an Event of Default shall occur and be continuing, the Junior Agent, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Junior Agent, without prior demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any prior notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances, subject to the Intercreditor Agreement, forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Junior Agent or any Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise of remedies in the proceeding sentence, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of such remedies or the Junior Agent's rights hereunder. The Junior Agent or any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Junior Agent's request, to assemble the Collateral and make it available to the Junior Agent at places which the Junior Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Junior Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.5, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Junior Agent and the Secured Parties hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations, in such order as the Junior Agent may elect, and only after such application and after the payment by the Junior Agent of any other amount required by any provision of law, including, without limitation, Section 9-615(a)(3) of the New York UCC, need the Junior Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Junior Agent or any Secured Party arising out of the exercise by them of any rights hereunder. If any prior notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.6 Subordination.

Each Grantor hereby agrees that, upon the occurrence and during the continuance of an Event of Default, unless otherwise agreed by the Junior Agent, all Indebtedness owing to it by the Issuer or any Subsidiary of the Issuer shall be fully subordinated to the indefeasible payment in full in cash of the Secured Obligations.

6.7 Deficiency.

Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations and the fees and disbursements of any attorneys employed by the Junior Agent or any Secured Party to collect such deficiency.

SECTION 7. THE JUNIOR AGENT

7.1 Junior Agent's Appointment as Attorney-in-Fact. etc.

(a) Subject to the Intercreditor Agreement, each Grantor hereby irrevocably constitutes and appoints the Junior Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Junior Agent the power and right, on behalf of such Grantor, without prior notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Junior Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Junior Agent may request to evidence the Junior Agent's and the Secured Parties' security interest in such Intellectual Property and the goodwill and General Intangibles of such Grantors relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.5, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Junior Agent or as the Junior Agent shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Junior Agent may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), through the world for such term or terms, on such conditions, in such manner, as the Junior Agent shall in its sole

discretion determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Junior Agent were the absolute owner thereof for all purposes, and do, at the Junior Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Junior Agent deems necessary to protect, preserve or realize upon the Collateral and the Junior Agent's and the Secured Parties' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise of its rights in the preceding clause (a), provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of any rights or remedies hereunder.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Junior Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Junior Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with, if past due, interest thereon at a rate per annum equal to the Default Rate, from the date when due to the Junior Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Junior Agent upon not less than five (5) Business Days notice.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Junior Agent.

The Junior Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Junior Agent deals with similar property for its own account. Neither the Junior Agent, any Secured Party nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Junior Agent and the Secured Parties hereunder are solely to protect the Junior Agent's and the Secured Parties' interests in the Collateral and shall not impose any duty upon the Junior Agent or any Secured Party to exercise any such powers. The Junior Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7.3 Execution of Financing Statements.

Pursuant to any applicable law, each Grantor authorizes the Junior Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Junior Agent determines appropriate to perfect the security interests of the Junior Agent under this Agreement. Each Grantor authorizes the Junior Agent to use the collateral description "all personal property" or "all assets" in any

such financing statements or in any other manner that the Junior Agent, in its sole discretion, deems necessary, advisable or prudent to ensure the perfection of the security interests granted hereunder.

7.4 Authority of Junior Agent.

Each Grantor acknowledges that the rights and responsibilities of the Junior Agent under this Agreement with respect to any action taken by the Junior Agent or the exercise or non-exercise by the Junior Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Junior Agent and the Secured Parties, be governed by the Junior Note Indenture and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Junior Agent and the Grantors, the Junior Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 8. MISCELLANEOUS

8.1 Amendments in Writing.

None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Article 9 of the Junior Note Indenture. For the avoidance of doubt, the Issuer and the Junior Agent may, without the need to obtain the consent of the Junior Noteholders, amend, supplement or otherwise modify any provision hereof or of any other Junior Noteholder Collateral Document (including by entering into any Collateral Agency Agreement or any other new or supplemental agreements) to reflect and give effect to the matters referred to in the definition of Collateral Agency Agreement in connection with the incurrence of Additional Secured Obligations and the granting of Additional Junior Liens, to the extent such incurrence or grant is permitted by, and in accordance with, the Junior Note Indenture and the Intercreditor Agreement.

8.2 Notices.

All notices, requests and demands to or upon the Junior Agent or any Grantor hereunder shall be effected in the manner provided for in Section 13.03 of the Junior Note Indenture.

8.3 No Waiver by Course of Conduct; Cumulative Remedies.

Neither the Junior Agent nor any Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Junior Agent or any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Junior Agent or any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Junior Agent or such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 Enforcement Expenses; Indemnification.

(a) Each Grantor agrees to pay or reimburse each Secured Party and the Junior Agent for all its costs and expenses incurred in enforcing or preserving any rights under this Agreement and the other Junior Noteholder Documents to which such Grantor is a party, including, without limitation, the reasonable fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to the Junior Agent and the Secured Parties.

(b) Each Grantor agrees to pay, and to save the Junior Agent and the Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Grantor agrees to pay, and to save the Junior Agent and the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Issuer would be required to do so pursuant to Section 7.07 of the Junior Note Indenture except those resulting from the Junior Agent's or any Secured Party's willful misconduct or gross negligence.

(d) The agreements in this Section 8.4 shall survive repayment of the Secured Obligations and termination of the Junior Noteholder Documents.

8.5 Successors and Assigns.

This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Junior Agent and the Secured Parties and their successors and assigns; provided that except as permitted by the Junior Note Indenture, no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Junior Agent.

8.6 Set-Off.

Subject to the Intercreditor Agreement, each Grantor hereby irrevocably authorizes the Junior Agent and each other Secured Party at any time and from time to time while an Event of Default has occurred and is continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Junior Agent or such other Secured Party to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Junior Agent or such other Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to the Junior Agent or such other Secured Party hereunder and claims of every nature and description of the Junior Agent or such other Secured Party against such Grantor, in any currency, whether arising hereunder, under the Junior Note Indenture or any other Junior Noteholder Document, as the Junior Agent or such other Secured Party may elect, whether or not the Junior Agent or any other Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Junior Agent and each other Secured Party shall endeavor to notify the Issuer promptly of any such set-off and the application made by the Junior Agent or such other Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Junior Agent and each other Secured Party under this Section 8.6 are in

addition to other rights and remedies (including, without limitation, other rights of set-off) which the Junior Agent or such other Secured Party may have.

8.7 Counterparts.

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 Section Headings.

The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10 Integration.

This Agreement and the other Junior Noteholder Documents represent the agreement of the Grantors, the Junior Agent and the Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Junior Agent or any Secured Parties relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Junior Noteholder Documents.

8.11 **GOVERNING LAW.**

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.12 Submission To Jurisdiction; Waivers.

Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Junior Noteholder Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Junior Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.13 Acknowledgements.

Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Junior Noteholder Documents to which it is a party;

(b) neither the Junior Agent nor any Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Junior Noteholder Documents, and the relationship between the Grantors, on the one hand, and the Junior Agent and Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Junior Noteholder Document or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties; and

(d) the Junior Agent may at any time and from time to time appoint a collateral agent to maintain any of the Collateral, maintain books and records regarding any Collateral, release Collateral, and assist in any aspect arising in connection with the Collateral as Junior Agent may desire; and the Junior Agent may appoint itself, any affiliate or a third party as the Collateral Agent, and all reasonable costs of the collateral agent shall be borne by the Grantors.

8.14 Additional Grantors.

Each Restricted Subsidiary of Hovnanian shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of a Joinder Agreement, substantially in the form of Exhibit A hereto.

8.15 Releases.

(a) Upon the indefeasible payment in full of all outstanding Secured Obligations, the Collateral shall be automatically released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Junior Agent and each Grantor hereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Junior Agent shall deliver to such Grantor any Collateral held by the Junior Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold or otherwise transferred pursuant to a transaction permitted by the Junior Note Indenture, the Liens created hereby on such Collateral shall automatically terminate to the extent provided for in Section 11.04 of the Junior Note Indenture. If the Liens on any Collateral are released by the Administrative Agent and the Senior Noteholder Collateral Agent, the Liens created hereby shall be automatically, unconditionally and simultaneously released as provided in the Intercreditor Agreement. At the request and sole expense of such Grantor, the Junior Agent shall deliver to such Grantor any Collateral held by the Junior Agent hereunder, and execute and deliver to such Grantor such documents as the Grantor shall reasonably request to evidence such termination or release.

8.16 Automatic Release of Collateral.

At any time after the initial execution and delivery of this Agreement to the Secured Parties, Grantors and their respective Collateral may be released from this Agreement pursuant to Section 11.04 of the Junior Note Indenture, or at the times and to the extent required by the Intercreditor Agreement. No notice of such release of any Grantor or such Grantor's Collateral shall be required to be given to any other Grantor and each Grantor hereby consents thereto.

8.17 WAIVER OF JURY TRIAL.

EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER JUNIOR NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

8.18 Intercreditor Agreement.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the Junior Agent pursuant to this Agreement and the exercise of any right or remedy by the Junior Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

8.19 Control Agreements.

In connection with each agreement made at any time pursuant to Sections 9-104 or 8-106 of the Uniform Commercial Code among the Junior Agent, any one or more Grantors, and any depository financial institution or issuer of uncertificated mutual fund shares or other uncertificated securities and any other Persons party thereto, the Junior Agent shall not deliver to any such depository or issuer, instructions directing the disposition of the deposit or uncertificated fund shares or other securities unless an Event of Default has occurred and is continuing at such time.

8.20 Junior Agent Privileges, Powers and Immunities.

In the performance of its obligations hereunder, the Junior Agent shall be entitled to the privileges, powers and immunities afforded to it as Collateral Agent under the Junior Note Indenture. The Junior Agent (including while acting as Perfection Agent) shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in this Agreement unless it has received direction of a majority of Junior Noteholders with respect thereto. Notwithstanding anything to the contrary contained herein, the Junior Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations.

[SIGNATURE PAGE 1 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

Secured Party:

WILMINGTON TRUST COMPANY, as Junior Agent

By: _____

Name: _____

Title: _____

[SIGNATURE PAGE 2 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

Debtors:

K. HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

EASTERN TITLE AGENCY, INC.

FOUNDERS TITLE AGENCY, INC.

GOVERNOR'S ABSTRACT CO., INC.

HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.

K. HOV INTERNATIONAL, INC.

K. HOV IP, II, INC.

K. HOV I P, INC.

K. HOVNANIAN ACQUISITIONS, INC.

K. HOVNANIAN AT BERNARDS IV, INC.

K. HOVNANIAN AT BRANCHBURG III, INC.

K. HOVNANIAN AT BRIDGEPORT, INC.

K. HOVNANIAN AT BRIDGEWATER VI, INC.

K. HOVNANIAN AT BURLINGTON III, INC.

K. HOVNANIAN AT BURLINGTON, INC.

K. HOVNANIAN AT CALABRIA, INC.

K. HOVNANIAN AT CAMERON CHASE, INC.

K. HOVNANIAN AT CARMEL DEL MAR, INC.

K. HOVNANIAN AT CASTILE, INC.

K. HOVNANIAN AT CHAPARRAL, INC.

K. HOVNANIAN AT CLARKSTOWN, INC.

K. HOVNANIAN AT CRESTLINE, INC.

K. HOVNANIAN AT DOMINGUEZ HILLS, INC.

K. HOVNANIAN AT EAST WHITELAND I, INC.

K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.

K. HOVNANIAN AT HERSHEY'S MILL, INC.

K. HOVNANIAN AT HACKETTSTOWN, INC.

K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.

K. HOVNANIAN AT HOPEWELL IV, INC.

[SIGNATURE PAGE 4 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT HOPEWELL VI, INC.
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.
K. HOVNANIAN AT KINGS GRANT I, INC.
K. HOVNANIAN AT LA TERRAZA, INC.
K. HOVNANIAN AT LAKEWOOD, INC.
K. HOVNANIAN AT LOWER SAUCON, INC.
K. HOVNANIAN AT MAHWAH II, INC.
K. HOVNANIAN AT MAHWAH VI, INC.
K. HOVNANIAN AT MAHWAH VII, INC.
K. HOVNANIAN AT MANALAPAN, INC.
K. HOVNANIAN AT MARLBORO II, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.
K. HOVNANIAN AT MONTGOMERY I, INC.
K. HOVNANIAN AT MONROE II, INC.
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.
K. HOVNANIAN AT NORTHLAKE, INC.
K. HOVNANIAN AT OCEAN TOWNSHIP, INC.
K. HOVNANIAN AT OCEAN WALK, INC.
K. HOVNANIAN AT PERKIOMEN I, INC.
K. HOVNANIAN AT PERKIOMEN II, INC.
K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.
K. HOVNANIAN AT RESERVOIR RIDGE, INC.
K. HOVNANIAN AT SAN SEVAINE, INC.
K. HOVNANIAN AT SARATOGA, INC.
K. HOVNANIAN AT SAWMILL, INC.
K. HOVNANIAN AT SCOTCH PLAINS II, INC.
K. HOVNANIAN AT SMITHVILLE, INC.
K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.
K. HOVNANIAN AT STONE CANYON, INC.
K. HOVNANIAN AT STONY POINT, INC.
K. HOVNANIAN AT SYCAMORE, INC.
K. HOVNANIAN AT TANNERY HILL, INC.
K. HOVNANIAN AT THE BLUFF, INC.
K. HOVNANIAN AT THORNBURY, INC.

[SIGNATURE PAGE 5 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT TIERRASANTA, INC.
K. HOVNANIAN AT TROVATA, INC.
K. HOVNANIAN AT TUXEDO, INC.
K. HOVNANIAN AT UNION TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER MAKEFIELD I, INC.
K. HOVNANIAN AT VAIL RANCH, INC.
K. HOVNANIAN AT WALL TOWNSHIP VI, INC.
K. HOVNANIAN AT WALL TOWNSHIP VIII, INC.
K. HOVNANIAN AT WASHINGTONVILLE, INC.
K. HOVNANIAN AT WAYNE III, INC.
K. HOVNANIAN AT WAYNE V, INC.
K. HOVNANIAN AT WILDROSE, INC.
K. HOVNANIAN COMMUNITIES, INC.
K. HOVNANIAN COMPANIES NORTHEAST, INC.
K. HOVNANIAN COMPANIES OF CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF MARYLAND, INC.
K. HOVNANIAN COMPANIES OF NEW YORK, INC.
K. HOVNANIAN COMPANIES OF PENNSYLVANIA, INC.
K. HOVNANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF VIRGINIA, INC.
K. HOVNANIAN CONSTRUCTION II, INC.
K. HOVNANIAN CONSTRUCTION III, INC.
K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.
K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.
K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.
K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.
K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.

[SIGNATURE PAGE 6 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN DEVELOPMENTS OF KENTUCKY, INC.
K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN FORECAST HOMES NORTHERN, INC.
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNANIAN HOMES OF VIRGINIA, INC.
K. HOVNANIAN PA REAL ESTATE, INC.
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.
K. HOVNANIAN PROPERTIES OF RED BANK, INC.
LANDARAMA, INC.
M&M AT LONG BRANCH, INC.
MCNJ, INC.
SEABROOK ACCUMULATION CORPORATION

[SIGNATURE PAGE 7 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

STONEBROOK HOMES, INC.

THE MATZEL & MUMFORD ORGANIZATION, INC.

WASHINGTON HOMES, INC.

WESTMINSTER HOMES, INC.

WESTMINSTER HOMES OF TENNESSEE, INC.

WH LAND I, INC.

WH PROPERTIES, INC.

By: _____
David G. Valiaveedan
On behalf of, and as Vice-President — Finance of
each of the foregoing corporations

[SIGNATURE PAGE 8 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOMES OF D.C., L.L.C.

By: K. Hovnanian Developments of D.C., Inc., as the sole member of the foregoing limited liability company

By: _____

David G. Valiaveedan
Vice-President — Finance

FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.

GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.

HOMEBUYERS FINANCIAL SERVICES, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP, L.L.C.

K. HOVNANIAN AT KING FARM, L.L.C.

K. HOVNANIAN AT RODERUCK, L.L.C.

K. HOVNANIAN AT WILLOW BROOK, L.L.C.

K. HOVNANIAN COMPANIES METRO D.C. NORTH, L.L.C.

K. HOVNANIAN HOMES AT CAMP SPRINGS, L.L.C.

K. HOVNANIAN HOMES AT CIDER MILL, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 9 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.
K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.
K. HOVNANIAN HOMES AT RUSSETT, L.L.C.
K. HOVNANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND CONDOMINIUMS,
L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING,
L.L.C.
RIDGEMORE UTILITY, L.L.C.
WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.
WH/PR LAND COMPANY, L.L.C.
WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 10 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

ALFORD, L.L.C.

DULLES COPPERMINE, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.

K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.

K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.

K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, L.L.C.

K. HOVNANIAN HOMES AT CAMERON STATION, L.L.C.

K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.

K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.

K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.

K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY
CONDOMINIUM, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.

By: K. Hovnanian Developments of Virginia, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 11 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

AUDDIE ENTERPRISES, L.L.C.
BUILDER SERVICES NJ, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.

[SIGNATURE PAGE 12 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- K. HOVNANIAN AT FOREST MEADOWS, L.L.C.
 - K. HOVNANIAN AT FRANKLIN, L.L.C.
 - K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT GALLOWAY, L.L.C.
 - K. HOVNANIAN AT GREAT NOTCH, L.L.C.
 - K. HOVNANIAN AT GUTTENBERG, L.L.C.
 - K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
 - K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
 - K. HOVNANIAN AT HAMBURG, L.L.C.
 - K. HOVNANIAN AT HAWTHORNE, L.L.C.
 - K. HOVNANIAN AT HAZLET, L.L.C.
 - K. HOVNANIAN AT HILLTOP, L.L.C.
 - K. HOVNANIAN AT JACKSON I, L.L.C.
 - K. HOVNANIAN AT JACKSON, L.L.C.
 - K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
 - K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY, L.L.C.
 - K. HOVNANIAN AT KEYPORT, L.L.C.
 - K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
 - K. HOVNANIAN AT LAWRENCE V, L.L.C.
 - K. HOVNANIAN AT LINWOOD, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
 - K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
 - K. HOVNANIAN AT LONG BRANCH I, L.L.C.
 - K. HOVNANIAN AT MANALAPAN III, L.L.C.
 - K. HOVNANIAN AT MANSFIELD I, L.L.C.
 - K. HOVNANIAN AT MANSFIELD II, L.L.C.
 - K. HOVNANIAN AT MANSFIELD III, L.L.C.
 - K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
 - K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.
-

[SIGNATURE PAGE 13 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- K. HOVNANIAN AT MARLBORO VI, L.L.C.
 - K. HOVNANIAN AT MARLBORO VII, L.L.C.
 - K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
 - K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
 - K. HOVNANIAN AT MIDDLETOWN, L.L.C.
 - K. HOVNANIAN AT MILLVILLE I, L.L.C.
 - K. HOVNANIAN AT MILLVILLE II, L.L.C.
 - K. HOVNANIAN AT MILLVILLE III, L.L.C.
 - K. HOVNANIAN AT MONROE III, L.L.C.
 - K. HOVNANIAN AT MONROE IV, L.L.C.
 - K. HOVNANIAN AT MONROE NJ, L.L.C.
 - K. HOVNANIAN AT MONTVALE, L.L.C.
 - K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
 - K. HOVNANIAN AT NORTH BERGEN, L.L.C.
 - K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
 - K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
 - K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
 - K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
 - K. HOVNANIAN AT NORTH HALEDON, L.L.C.
 - K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
 - K. HOVNANIAN AT NORTHFIELD, L.L.C.
 - K. HOVNANIAN AT OCEANPORT, L.L.C.
 - K. HOVNANIAN AT OLD BRIDGE, L.L.C.
 - K. HOVNANIAN AT PARAMUS, L.L.C.
 - K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
 - K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
 - K. HOVNANIAN AT PITTSBORO, L.L.C.
 - K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
 - K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
-

[SIGNATURE PAGE 14 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.
 - K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
 - K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
 - K. HOVNANIAN AT PRINCETON LANDING, L.L.C.
 - K. HOVNANIAN AT PRINCETON NJ, L.L.C.
 - K. HOVNANIAN AT RANDOLPH I, L.L.C.
 - K. HOVNANIAN AT READINGTON II, L.L.C.
 - K. HOVNANIAN AT RED BANK, L.L.C.
 - K. HOVNANIAN AT RIDGEMONT, L.L.C.
 - K. HOVNANIAN AT SAYREVILLE, L.L.C.
 - K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
 - K. HOVNANIAN AT SMITHVILLE III, L.L.C.
 - K. HOVNANIAN AT SOMERS POINT, L.L.C.
 - K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
 - K. HOVNANIAN AT SPARTA, L.L.C.
 - K. HOVNANIAN AT SPRINGCO, L.L.C.
 - K. HOVNANIAN AT TEANECK, L.L.C.
 - K. HOVNANIAN AT THE MONARCH, L.L.C.
 - K. HOVNANIAN AT TRENTON, L.L.C.
 - K. HOVNANIAN AT UNION TOWNSHIP II, L.L.C.
 - K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
 - K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
 - K. HOVNANIAN AT VERONA URBAN RENEWAL, L.L.C.
 - K. HOVNANIAN AT VINELAND, L.L.C.
 - K. HOVNANIAN AT WANAQUE, L.L.C.
 - K. HOVNANIAN AT WARREN TOWNSHIP, L.L.C.
 - K. HOVNANIAN AT WASHINGTON, L.L.C.
 - K. HOVNANIAN AT WAYNE IX, L.L.C.
 - K. HOVNANIAN AT WAYNE VIII, L.L.C.
 - K. HOVNANIAN AT WEST MILFORD, L.L.C.
 - K. HOVNANIAN AT WEST WINDSOR, L.L.C.
-

[SIGNATURE PAGE 15 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- K. HOVNANIAN AT WILDWOOD BAYSIDE, L.L.C.
- K. HOVNANIAN AT WOODHILL ESTATES, L.L.C.
- K. HOVNANIAN AT WOOLWICH I, L.L.C.
- K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
- K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.
- K. HOVNANIAN CLASSICS, L.L.C.
- K. HOVNANIAN CLASSICS CIP, L.L.C.
- K. HOVNANIAN HOMES — DFW, L.L.C.
- K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
- K. HOVNANIAN OF HOUSTON II, L.L.C.
- K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
- K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
- K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
- K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
- K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
- K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
- K. HOVNANIAN T&C INVESTMENT, L.L.C.
- K. HOVNANIAN VENTURE I, L.L.C.
- K. HOVNANIAN'S PRIVATE HOME PORTFOLIO, L.L.C.
- TERRAPIN REALTY, L.L.C.
- KHIP, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 16 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

F&W MECHANICAL SERVICES, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the managing member of
the foregoing limited liability company.

By: K. Hovnanian Developments of New Jersey, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 17 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT HUDSON POINTE, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 18 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

PARK TITLE COMPANY, L.L.C.

By: K. Hovnanian of Houston II, L.L.C., its sole member

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc.,
as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II,
Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 19 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
K.H. SAN MARCOS CONSERVANCY HOLDINGS, L.L.C.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, L.L.C.
K. HOVNANIAN AT ALISO, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, L.L.C.
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BELLA LAGO, L.L.C.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL VILLAGE, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, L.L.C.
K. HOVNANIAN AT EASTLAKE, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, L.L.C.
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA HABRA KNOLLS, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MOSAIC, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, L.L.C.
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, L.L.C.
K. HOVNANIAN AT PARK LANE, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.

[SIGNATURE PAGE 20 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- K. HOVNANIAN AT PRADO, L.L.C.
- K. HOVNANIAN AT RANCHO SANTA MARGARITA, L.L.C.
- K. HOVNANIAN AT RIVERBEND, L.L.C.
- K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
- K. HOVNANIAN AT ROWLAND HEIGHTS, L.L.C.
- K. HOVNANIAN AT SAGE, L.L.C.
- K. HOVNANIAN AT SKYE ISLE, L.L.C.
- K. HOVNANIAN AT SUNSETS, L.L.C.
- K. HOVNANIAN AT THE CROSBY, L.L.C.
- K. HOVNANIAN AT THE GABLES, L.L.C.
- K. HOVNANIAN AT THE PRESERVE, L.L.C.
- K. HOVNANIAN AT THOMPSON RANCH, L.L.C.
- K. HOVNANIAN AT TRAIL RIDGE, L.L.C.
- K. HOVNANIAN AT WINCHESTER, L.L.C.
- K. HOVNANIAN INTERNATIONAL, L.L.C.
- K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT HEMET, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS AT PALM SPRINGS, L.L.C.
- K. HOVNANIAN'S FOUR SEASONS, L.L.C.
- K. HOVNANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
- NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.

By: K. Hovnanian Developments of California, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 21 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOLDINGS NJ, L.L.C.

By: K. Hovnanian Developments of New Jersey, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 22 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

- BUILDER SERVICES, PA, L.L.C.
- HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA, L.L.C.
- K. HOVNANIAN AT ALLENBERRY, L.L.C.
- K. HOVNANIAN AT ALLENTOWN, L.L.C.
- K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.
- K. HOVNANIAN AT CAMP HILL, L.L.C.
- K HOVNANIAN AT EAST BRANDYWINE, L.L.C.
- K HOVNANIAN AT FORKS TWP. I, L.L.C.
- K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.
- K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.
- K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.
- K. HOVNANIAN AT LOWER MORELAND I, L.L.C.
- K. HOVNANIAN AT LOWER MORELAND II, L.L.C.
- K. HOVNANIAN AT LOWER MORELAND III, L.L.C.
- K. HOVNANIAN AT MACUNGIE, L.L.C.
- K. HOVNANIAN AT NORTHAMPTON, L.L.C.
- K. HOVNANIAN AT PHILADELPHIA II, L.L.C.
- K. HOVNANIAN AT PHILADELPHIA III, L.L.C.
- K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.
- K. HOVNANIAN AT RAPHO, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 23 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT SILVER SPRING, L.L.C.

K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.

K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.

K. HOVNANIAN AT WEST BRADFORD, L.L.C.

K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.

K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.

K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF
PENNSYLVANIA, L.L.C.

RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of each
of the foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 24 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.

K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.

K. HOVNANIAN FIRST HOMES, L.L.C.

K. HOVNANIAN FLORIDA REALTY, L.L.C.

K. HOVNANIAN STANDING ENTITY, L.L.C.

K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.

K. HOVNANIAN WINDWARD HOMES, L.L.C.

By: Hovnanian Developments of Florida, Inc., as the sole member of
each of the foregoing limited liability companies.

By:

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 25 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN COMPANIES, LLC

By: K. Hovnanian Enterprises, Inc., as member of the
foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.

By: K. Hovnanian at Perkiomen II, Inc., as the sole member
of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 26 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH
CAROLINA, L.L.C.

K. HOVNANIAN FOUR SEASONS AT GOLD HILL, L.L.C.

K. HOVNANIAN HOMES OF SOUTH CAROLINA, L.L.C.

By: K. Hovnanian Developments of South Carolina, Inc., as
the sole member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN GREAT WESTERN BUILDING
COMPANY, L.L.C.

K. HOVNANIAN GREAT WESTERN HOMES, L.L.C.

NEW LAND TITLE AGENCY, L.L.C.

By: K. Hovnanian Developments of Arizona, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 27 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.

K. HOVNANIAN AT RIDGESTONE, L.L.C.

K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.

K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.

By: K. Hovnanian Developments of Minnesota, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 28 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNIANIAN OHIO REALTY, L.L.C.

K. HOVNIANIAN OSTER HOMES, L.L.C.

K. HOVNIANIAN SUMMIT HOMES, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR
SERVICES, L.L.C.

By: K. Hovnianian Developments of Ohio, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 29 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOMES OF WEST VIRGINIA, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT HUNTFIELD,
L.L.C.

K. HOVNANIAN SUMMIT HOMES OF WEST VIRGINIA,
L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR
SERVICES OF WEST VIRGINIA, L.L.C.

By: K. Hovnanian Developments of West Virginia, Inc., as the
sole member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR
SERVICES OF MICHIGAN, L.L.C.

By: K. Hovnanian Developments of Michigan, Inc., as the sole
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 30 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

M&M AT CHESTERFIELD, L.L.C.

M&M AT APPLE RIDGE, L.L.C.

M&M AT EAST MILL, L.L.C.

M&M AT MORRISTOWN, L.L.C.

M&M AT SHERIDAN, L.L.C.

M&M AT SPINNAKER POINTE, L.L.C.

M&M AT SPRUCE HOLLOW, L.L.C.

M&M AT SPRUCE RUN, L.L.C.

M&M AT THE HIGHLANDS, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.

MATZEL & MUMFORD AT MONTGOMERY, L.L.C.

THE LANDINGS AT SPINNAKER POINTE, L.L.C.

By: The Matzel & Mumford Organization, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 31 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

M & M AT COPPER BEECH, L.L.C.

M & M AT CRESCENT COURT, L.L.C.

M&M AT EAST RUTHERFORD, L.L.C.

M&M AT KENSINGTON WOODS, L.L.C.

M & M AT STATION SQUARE, L.L.C.

M & M AT UNION, L.L.C.

M&M AT TAMARACK HOLLOW, L.L.C.

M&M AT THE CHATEAU, L.L.C.

M&M AT WEST ORANGE, L.L.C.

M&M AT WESTPORT, L.L.C.

M&M AT WHEATENA URBAN RENEWAL, L.L.C.

MATZEL & MUMFORD AT SOUTH BOUND BROOK
URBAN RENEWAL, L.L.C.

MMIP, L.L.C.

By: M&M Investments, L.P., as the sole member of each of
the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 32 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOMES AT FAIRWOOD, L.L.C.

K. HOVNANIAN HOMES AT JONES STATION 1, L.L.C.

K. HOVNANIAN HOMES AT JONES STATION 2, L.L.C.

K. HOVNANIAN HOMES AT MAXWELL PLACE, L.L.C.

K. HOVNANIAN HOMES AT PRIMERA, L.L.C.

PADDOCKS, L.L.C.

PINE AYR, L.L.C.

By: K. Hovnanian Homes of Maryland, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF TEXAS,
L.L.C.

By: K. Hovnanian Homes — DFW, L.L.C., as the sole member of the foregoing limited liability company.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 33 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN AT NEW WINDSOR, L.L.C.

BUILDER SERVICES NY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT
HAMPTONBURGH, L.L.C.

By: K. Hovnanian at Northern Westchester, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN DELAWARE ACQUISITIONS, L.L.C.

K. HOVNANIAN HOMES OF DELAWARE, L.L.C.

K. HOVNANIAN HOMES AT NASSAU GROVE, L.L.C.

By: K. Hovnanian Developments of Delaware, Inc., as the
sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 34 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNIANIAN AT MENIFEE VALLEY
CONDOMINIUMS, L.L.C.

By: K. Hovnanian's Four Seasons At Menifee Valley, L.L.C.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNIANIAN LAND INVESTMENT GROUP OF NORTH
CAROLINA, L.L.C.

By: K. Hovnanian Developments of North Carolina, Inc., as
the sole member of the foregoing limited liability
company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 35 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN,
L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.

By: K. Hovnanian Homes of North Carolina, Inc. as the sole
member of the foregoing limited liability companies

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 36 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN HOMES OF INDIANA, L.L.C.

By: K. Hovnanian Developments of Indiana, Inc., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN SUMMIT HOMES OF KENTUCKY,
L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR
SERVICES OF KENTUCKY, L.L.C.

By: K. Hovnanian Developments of Kentucky, Inc., as the sole member of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 37 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

K. HOVNANIAN CONNECTICUT ACQUISITIONS,
L.L.C.

By: K. Hovnanian Developments of Connecticut, Inc., as the
sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.

By: K. Hovnanian Developments of Illinois, Inc., as the sole
member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF
GEORGIA, L.L.C

K. HOVNANIAN HOMES OF GEORGIA, L.L.C.

By: K. Hovnanian Developments of Georgia, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 38 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

WESTMINSTER HOMES OF ALABAMA, L.L.C.

WESTMINSTER HOMES OF MISSISSIPPI, L.L.C.

By: Washington Homes, Inc., as sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN AT EWING, L.L.C.

By: K. Hovnanian at Lakewood, Inc., as sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 39 OF 39 TO THE THIRD LIEN SECURITY AGREEMENT]

M&M INVESTMENTS, L.P.

By: The Matzel & Mumford Organization, Inc., as general partner of the foregoing limited partnership.

By: _____
David G. Valiaveedan
Vice-President — Finance

Address for Notices for each of the foregoing Debtors:

c/o K. Hovnanian Enterprises, Inc.
110 West Front St., P.O. Box 500
Red Bank, NJ 07701
Attention: David G. Valiaveedan
Telephone: (732) 747-7800
Telecopy: (732) 747-6835

SCHEDULE A

Cash Collateral Accounts

SCHEDULE B

Commercial Tort Claims

SCHEDULE C

Actions Required to Perfect

1. With respect to each Loan Party organized under the laws of the state of Alabama as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Alabama Secretary of State.
 2. With respect to each Loan Party organized under the laws of the state of Arizona as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Arizona Secretary of State.
 3. With respect to each Loan Party organized under the laws of the state of California as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the California Secretary of State.
 4. With respect to each Loan Party organized under the laws of the state of Connecticut as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral the Connecticut Secretary of State.
 5. With respect to each Loan Party organized under the laws of the state of Delaware as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Delaware Secretary of State.
 6. With respect to each Loan Party organized under the laws of the District of Columbia as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the District of Columbia Recorder of Deeds.
 7. With respect to each Loan Party organized under the laws of the state of Florida as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Florida Secured Transaction Registry.
 8. With respect to each Loan Party organized under the laws of the state of Georgia as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
 9. With respect to each Loan Party organized under the laws of the state of Illinois as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Illinois Secretary of State.
 10. With respect to each Loan Party organized under the laws of the state of Indiana as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Indiana Secretary of State.
 11. With respect to each Loan Party organized under the laws of the state of Kentucky as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Kentucky Secretary of State.
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12. With respect to each Loan Party organized under the laws of the state of Maryland as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Maryland State Department of Assessments and Taxation.
 13. With respect to each Loan Party organized under the laws of the state of Michigan as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Michigan Secretary of State.
 14. With respect to each Loan Party organized under the laws of the state of Minnesota as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Minnesota Secretary of State.
 15. With respect to each Loan Party organized under the laws of the state of Mississippi as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Mississippi Secretary of State.
 16. With respect to each Loan Party organized under the laws of the state of New Jersey as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the New Jersey Division of Commercial Recording.
 17. With respect to each Loan Party organized under the laws of the state of New York as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the New York Secretary of State.
 18. With respect to each Loan Party organized under the laws of the state of North Carolina as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the North Carolina Secretary of State.
 19. With respect to each Loan Party organized under the laws of the state of Ohio as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Ohio Secretary of State.
 20. With respect to each Loan Party organized under the laws of the state of Pennsylvania as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Pennsylvania Secretary of the Commonwealth.
 21. With respect to each Loan Party organized under the laws of the state of South Carolina as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the South Carolina Secretary of State.
 22. With respect to each Loan Party organized under the laws of the state of Tennessee as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Tennessee Secretary of State.
 23. With respect to each Loan Party organized under the laws of the state of Texas as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Texas Secretary of State.
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24. With respect to each Loan Party organized under the laws of the state of Virginia as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the Virginia State Corporation Commission.
 25. With respect to each Loan Party organized under the laws of the state of West Virginia as identified on Schedule D of this Agreement, the filing of a Uniform Commercial Code Financing Statement that reasonably identifies the Collateral with the West Virginia Secretary of State.
 26. With respect to the Securities Accounts and the Deposit Accounts, the bank with which such Securities Account and such Deposit Account are maintained agreeing that it will comply with instructions originated by the Perfection Agent directing disposition of the funds in such Securities Account and such Deposit Account without further consent of the relevant Grantor.
 27. With respect to each Grantor, the filing of a short form security agreement that reasonably identifies such Grantor's registered and applied for Trademarks with the United States Patent and Trademark Office.
 28. With respect to each Grantor, the filing of a short form security agreement that reasonably identifies such Grantor's Patents and Patent applications with the United States Patent and Trademark Office.
 29. With respect to each Grantor, the filing of a short form security agreement that reasonably identifies such Grantor's registered and applied for Copyrights with the United States Copyright Office.
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SCHEDULE D

Certain Information relating to Grantors

EXHIBIT A

Form of Joinder Agreement

This JOINDER AND ASSUMPTION AGREEMENT is made _____ by _____, a _____ (the "New Grantor").

Reference is made to (i) the Indenture, dated as of December 3, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Junior Note Indenture") between the K. Hovnanian Enterprises, Inc., a California corporation ("Issuer"), Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian"), each of the other Guarantors party thereto and Wilmington Trust Company as trustee (in such capacity, the "Junior Trustee"), pursuant to which the Issuer issued its 18.0% Senior Secured Notes due 2017 (collectively, and together with any additional notes issued under such Junior Note Indenture, the "Junior Notes"); (ii) the Supplemental Indenture dated [____] pursuant to which the New Grantor became party to the Indenture as a Guarantor, (iii) the Third Lien Security Agreement by each of the Grantors (as defined therein) in favor of the Junior Trustee as collateral agent (in such capacity, the "Junior Agent") for the benefit of itself, the Junior Trustee and the Junior Noteholders (as the same may be modified, supplemented, amended or restated, the "Security Agreement"), (iv) the Third Lien Pledge Agreement by each of the Pledgors (as defined therein) in favor of the Junior Agent for the benefit of itself, the Junior Trustee and the Junior Noteholders (as the same may be modified, supplemented, amended or restated, the "Pledge Agreement") and (v) the Intercreditor Agreement dated as of December 3, 2008 among the Issuer, Hovnanian, each other Grantor (as defined therein), the Junior Trustee, the Junior Agent, PNC Bank, National Association, as First-Lien Administrative Agent and Senior Credit Agent, the Senior Trustee (as defined therein), the Senior Noteholder Collateral Agent (as defined therein) and Wilmington Trust Company, as Mortgage Tax Collateral Agent (as the same may be modified, supplemented, amended or restated, the "Intercreditor Agreement"). Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Security Agreement or, if not defined therein, the Pledge Agreement and/or the Intercreditor Agreement.

The New Grantor hereby agrees that effective as of the date hereof it hereby is, and shall be deemed to be, a Grantor under the Security Agreement and the Intercreditor Agreement and a Pledgor under the Pledge Agreement and agrees that from the date hereof until the payment in full of the Secured Obligations and the performance of all other obligations of Issuer under the Junior Noteholder Documents, New Grantor has assumed the obligations of a Grantor and Pledgor under, and New Grantor shall perform, comply with and be subject to and bound by, jointly and severally, each of the terms, provisions and waivers of, the Security Agreement, the Pledge Agreement, the Intercreditor Agreement and each of the other Junior Noteholder Documents which are stated to apply to or are made by a Grantor. Without limiting the generality of the foregoing, the New Grantor hereby represents and warrants that each of the representations and warranties set forth in the Intercreditor Agreement, the Security Agreement and the Pledge Agreement is true and correct as to New Grantor on and as of the date hereof as if made on and as of the date hereof by New Grantor.

New Grantor hereby makes, affirms, and ratifies in favor of the Secured Parties and the Junior Agent the Security Agreement, the Pledge Agreement, the Intercreditor Agreement and each of the other Junior Noteholder Documents given by the Grantors to the Junior Agent. In furtherance of the foregoing, New Grantor shall execute and deliver or cause to be executed and delivered at any time and from time to time such further instruments and documents and do or cause to be done such further acts as may be reasonably necessary to carry out more effectively the provisions and purposes of this Joinder Agreement.

IN WITNESS WHEREOF, the New Grantor has duly executed this Joinder Agreement and delivered the same to the Junior Agent for the benefit of the Secured Parties, as of the date and year first written above.

[NAME OF NEW GRANTOR]

By: _____

Title: _____

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (the "Agreement"), dated as of December 3, 2008 is made by each of the pledgors signatory hereto (together with any other entity that may become a party hereto as provided herein, each a "Pledgor" and collectively, the "Pledgors"), in favor of Wilmington Trust Company, as Collateral Agent (in such capacity, the "Junior Agent") for the benefit of itself, the Junior Trustee (as defined below) and the Junior Noteholders (as defined below).

WHEREAS, pursuant to the Seventh Amended and Restated Credit Agreement, dated as of March 7, 2008, as amended by Amendment No. 1 to Seventh Amended and Restated Credit Agreement dated as of May 16, 2008 (as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among K. Hovnanian Enterprises, Inc., a California corporation (the "Issuer"), Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian"), the Lenders now or hereafter party thereto (the "Lenders"), and PNC Bank National Association, as administrative agent (the "Administrative Agent"), the Lenders have provided certain loans and other financial accommodations to the Issuer;

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors (as defined in the Senior Note Indenture) entered into the Indenture, dated as of May 27, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Senior Note Indenture") with Wilmington Trust Company (as successor to Deutsche Bank National Trust Company) as trustee (in such capacity, together with its successors and assigns, the "Senior Trustee"), pursuant to which the Issuer issued its 11 1/2 % Senior Secured Notes due 2013;

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors (as defined in the Junior Note Indenture) have entered into the Indenture, dated as of December 3, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Junior Note Indenture") with Wilmington Trust Company as trustee (in such capacity, the "Junior Trustee") pursuant to which the Issuer issued its 18.0% Senior Secured Notes due 2017 (collectively, the "Junior Notes");

WHEREAS, the Issuer, Hovnanian, certain subsidiaries of Hovnanian party thereto, PNC Bank, National Association, as Senior Credit Agent and First-Lien Administrative Agent, the Senior Trustee, the Senior Noteholder Collateral Agent, the Junior Trustee, the Junior Agent and Wilmington Trust Company, as Mortgage Tax Collateral Agent have entered into the Intercreditor Agreement, dated as of December 3, 2008 (as amended, supplemented, amended or restated or otherwise modified from time to time, the "Intercreditor Agreement");

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer's parent company, and each other Pledgor;

WHEREAS, the Issuer and the other Pledgors are engaged in related businesses, and each Pledgor will derive substantial direct and indirect benefit from the issuance of the Junior Notes;

WHEREAS, pursuant to and under the Junior Note Indenture and the Third Lien Security Agreement dated as of December 3, 2008 (the "Junior Noteholder Security Agreement") among the parties hereto, the Issuer and the other Pledgors have agreed to enter into this agreement in order to grant a security interest to the Junior Agent in certain patents, trademarks, copyrights and other property as security for such loans and other obligations as more fully described herein.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms.

(a) Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Junior Noteholder Security Agreement and (ii) the rules of construction set forth in Section 1.02 of the Junior Note Indenture shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, in the Junior Note Indenture or the Intercreditor Agreement, terms used herein (whether or not capitalized) shall have the respective meanings assigned to them in the Uniform Commercial Code as enacted in New York as amended from time to time (the “Code”).

(b) “Copyright Licenses” shall mean any written agreement naming any Pledgor as licensor or licensee, granting any right under any Copyright, including, without limitation, the grant of rights to distribute, exploit and sell materials derived from any Copyright, including, without limitation, any of the foregoing referred to in Schedule A.

(c) “Copyrights” shall mean (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office referred to in Schedule A, and (ii) the right to obtain all renewals thereof.

(d) “Intellectual Property” shall mean the collective reference to all rights, priorities and privileges, whether arising under United States, multinational or foreign laws, in, to and under the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

(e) “Junior Noteholder” means the “Holder” or “Holder of Notes” as defined in the Junior Note Indenture.

(f) “Patent License” shall mean all written agreements providing for the grant by or to any Pledgor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule A.

(g) “Patents” shall mean (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, including, without limitation, any of the foregoing referred to in Schedule A, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule A, and (iii) all rights to obtain any reissues or extensions of the foregoing.

(h) “Trademarks” shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now owned or hereafter acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and all common-law rights related

thereto, including, without limitation, any of the foregoing referred to in Schedule A, and (ii) the right to obtain all renewals thereof.

(i) “Trademark License” shall mean any written agreement providing for the grant by or to any Pledgor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule A.

2. To secure the full payment and performance of all Secured Obligations, each Pledgor hereby grants, and conveys a security interest to Junior Agent in the entire right, title and interest of such Pledgor in and to all of its Intellectual Property; provided, however, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the Junior Agent’s Lien made in the U.S. Patent and Trademark Office, U.S. Copyright Office, or other registry office in any other jurisdiction), this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest is prohibited by any applicable Law of an Official Body, requires a consent not obtained of any Official Body pursuant to such Law or is prohibited by, or constitutes a breach or default under or results in the termination of or gives rise to any right of acceleration, modification or cancellation or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such property, except to the extent that such Law or the term in such contract, license, agreement, instrument or other document or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable Law including 9-406, 9-407, 9-408 or 9-409 of the New York UCC (or any successor provision or provisions); provided, further, that no security interest shall be granted in any United States “intent-to-use” trademark or service mark application unless and until acceptable evidence of use of the trademark or service mark has been filed with and accepted by the U.S. Patent and Trademark Office pursuant to Section 1(c) or Section 1(d) of the Lanham Act (U.S.C. 1051, et seq.), and to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such “intent-to-use” trademark or service mark applications under applicable federal Law. After such period and after such evidence of use has been filed and accepted, each Pledgor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The Junior Agent agrees that, at any Pledgor’s reasonable written request and expense, it will provide such Pledgor confirmation that the assets described in this paragraph are in fact excluded from the Collateral during such limited period only.

3. Each Pledgor covenants and warrants that:

(a) To the knowledge of such Pledgor, on the date hereof, all material Intellectual Property owned by such Pledgor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of such Pledgor, infringe the intellectual property rights of any other Person;

(b) Such Pledgor is the owner of each item of Intellectual Property, free and clear of any and all Liens or claims of others except for the Permitted Encumbrances. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except with respect to Permitted Encumbrances;

(c) Such Pledgor will within thirty (30) calendar days after any change in its jurisdiction of organization, or change in its legal name, provide written notice thereof to the Junior Agent; and

(d) Such Pledgor shall execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Junior Agent may reasonably request to evidence

the Junior Agent's and the Secured Parties' security interest in such Intellectual Property and the goodwill of such Pledgors relating thereto or represented thereby.

4. Each of the obligations of each Pledgor under this Agreement is joint and several. Subject to the Intercreditor Agreement and any Collateral Agency Agreement, the Junior Agent and the other Secured Parties, or any of the them, may, in their sole discretion, elect to enforce this Agreement against any Pledgor without any duty or responsibility to pursue any other Pledgor and such an election by the Junior Agent and the other Secured Parties, or any of them, shall not be a defense to any action the Junior Agent and the other Secured Parties, or any of them, may elect to take against any Pledgor. Each of the Junior Agent and the other Secured Parties hereby reserve all right against each Pledgor.

5. Pledgor agrees that, until all of the Secured Obligations shall have been indefeasibly satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Pledgor's obligations under this Agreement, without the Junior Agent's prior written consent which shall not be unreasonably withheld except Pledgor may license technology in the ordinary course of business without the Junior Agent's consent to suppliers and customers to facilitate the manufacture and use of such Pledgor's products.

6. Prior to the Discharge of Senior Lender Claims, each Pledgor, if requested to do so with respect to the Senior Lender Claims by the Administrative Agent pursuant to Section 4.4 of the First Lien Security Agreement, shall execute and deliver to the Junior Agent, and have recorded, any and all agreements, instruments, documents, and papers to evidence the Junior Agent's and the other Secured Parties' third lien security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Pledgor relating thereto or represented thereby. Following the Discharge of Senior Lender Claims but prior to the Discharge of Senior Claims, if requested to do so with respect to the Senior Noteholder Claims by the Senior Trustee pursuant to Section 4.4 of the Senior Noteholder Security Agreement, shall execute and deliver to the Junior Agent, and have recorded, any and all agreements, instruments, documents and papers to evidence the Junior Agent's and the other Secured Parties' third lien security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Pledgor relating thereto or represented thereby. On and after the Discharge of Senior Claims, such Pledgor shall promptly execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as may be necessary to create and perfect the Junior Agent's and the other Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and General Intangibles of such Pledgor relating thereto or represented thereby. In addition, if, before the Secured Obligations shall have been indefeasibly satisfied in full, any Pledgor shall own any new trademark applications or registrations or any new registered copyrights or patents, or any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation in part of any Intellectual Property, the provisions of this Agreement shall automatically apply thereto and such Pledgor shall give to Junior Agent prompt notice thereof in writing. Each Pledgor and Junior Agent agree to modify this Agreement by amending Schedule A to include any future patents, patent applications, trademark applications, trademarks, copyrights or copyright applications and the provisions of this Agreement shall apply thereto.

7. Subject to the Intercreditor Agreement and any Collateral Agency Agreement, Junior Agent shall have, in addition to all other rights and remedies given it by this Agreement and those rights and remedies set forth in the Junior Noteholder Security Agreement and the Junior Note Indenture, those allowed by applicable Law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Intellectual Property may be located and, without limiting the generality of the foregoing, solely if an Event of Default has occurred and is continuing and subject to the Intercreditor Agreement and any Collateral Agency Agreement, the Junior Agent may immediately, without demand of performance and without other notice (except as set forth below) or

demand whatsoever to Pledgors, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in a city that the Junior Agent shall designate by notice to the Pledgors, in Pittsburgh, Pennsylvania or elsewhere, the whole or from time to time any part of the Intellectual Property, or any interest which any Pledgor may have therein and, after deducting from the proceeds of sale or other disposition of the Intellectual Property all expenses (including fees and expenses for brokers and attorneys), shall apply the remainder of such proceeds toward the payment of the Secured Obligations as the Junior Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall, subject to the Intercreditor Agreement and any Collateral Agency Agreement, be paid over to Pledgors. Notice of any sale or other disposition of the Intellectual Property shall be given to Pledgors at least ten (10) days before the time of any intended public or private sale or other disposition of the Intellectual Property is to be made, which each Pledgor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Junior Agent may, to the extent permissible under applicable Law, purchase the whole or any part of the Intellectual Property sold, free from any right of redemption on the part of Pledgor, which right is hereby waived and released. The Junior Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise of remedies in the preceding sentence, provided that the failure to provide such notice shall not in any way compromise or adversely affect the exercise of such remedies or the Junior Agent's rights hereunder.

8. If any Event of Default shall have occurred and be continuing, Pledgor hereby authorizes and empowers the Junior Agent to make, constitute and appoint any officer or agent of the Junior Agent, as the Junior Agent may select in its exclusive discretion, as such Pledgor's true and lawful attorney-in-fact, with the power to endorse such Pledgor's name on all applications, documents, papers and instruments necessary for the Junior Agent to use the Intellectual Property, or to grant or issue, on commercially reasonable terms, any exclusive or nonexclusive license under the Intellectual Property to any third person, or necessary for the Junior Agent to assign, pledge, convey or otherwise transfer title in or dispose, on commercially reasonable terms, of the Intellectual Property to any third Person. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney, being coupled with an interest, shall be irrevocable for the life of this Agreement.

9. Any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and expenses incurred by the Junior Agent in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances, the protection, maintenance or preservation of the Intellectual Property, or the defense or prosecution of any actions or proceedings arising out of or related to the Intellectual Property, shall be borne and paid by Pledgor within fifteen (15) days of demand by the Junior Agent.

10. No course of dealing between Pledgor and the Junior Agent, nor any failure to exercise nor any delay in exercising, on the part of the Junior Agent, any right, power or privilege hereunder or under the Junior Note Indenture or other Junior Noteholder Documents shall operate as a waiver of such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. All of the Junior Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Junior Noteholder Security Agreement or by the Junior Note Indenture or by any other agreements or by Law, shall be cumulative and may be exercised singularly or

concurrently. In the event of any irreconcilable inconsistency in the terms of this Agreement and the Junior Noteholder Security Agreement, the Junior Noteholder Security Agreement shall control.

12. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any clause or provision of this Agreement in any jurisdiction.

13. This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 6 hereof or Section 8.1 of the Junior Noteholder Security Agreement.

14. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties, provided, however, that Pledgor may not assign or transfer any of its rights or obligations hereunder or any interest herein and any such purported assignment or transfer shall be null and void.

15. This Agreement and the rights and obligations of the parties under this agreement shall be governed by, and construed and interpreted in accordance with, the Law of the State of New York.

16. Each Pledgor (i) hereby irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York and the United States District Court for the Southern District of New York, or any successor to said court (hereinafter referred to as the "New York Courts") for purposes of any suit, action or other proceeding which relates to this Agreement or any other Junior Noteholder Document, (ii) to the extent permitted by applicable Law, hereby waives and agrees not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the New York Courts, that such suit, action or proceeding is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or any Junior Noteholder Document may not be enforced in or by the New York Courts, (iii) hereby agrees not to seek, and hereby waives, any collateral review by any other court, which may be called upon to enforce the judgment of any of the New York Courts, of the merits of any such suit, action or proceeding or the jurisdiction of the New York Courts, and (iv) waives personal service of any and all process upon it and consents that all such service of process be made by certified or registered mail addressed as provided in Section 19 hereof and service so made shall be deemed to be completed upon actual receipt thereof. Nothing herein shall limit any Secured Party's right to bring any suit, action or other proceeding against any Pledgor or any of any Pledgor's assets or to serve process on any Pledgor by any means authorized by Law.

17. This Agreement may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument. Each Pledgor acknowledges and agrees that a telecopy transmission to the Junior Agent or any Secured Party of the signature pages hereof purporting to be signed on behalf of any Pledgor shall constitute effective and binding execution and delivery hereof by such Pledgor.

18. EXCEPT AS PROHIBITED BY LAW, EACH PLEDGOR AND EACH OF THE COMPANIES HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY A JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR

IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER JUNIOR NOTEHOLDER DOCUMENTS OR TRANSACTIONS RELATING THERETO.

19. All notices, requests, demands, directions and other communications (collectively, "notices") given to or made upon any party hereto under the provisions of this Agreement shall be as set forth in Section 13.03 of the Junior Note Indenture.

20. Each Pledgor acknowledges and agrees that, in addition to the other rights of the Junior Agent hereunder and under the other Junior Noteholder Documents, because the Junior Agent's remedies at law for failure of such Pledgor to comply with the provisions hereof relating to the Junior Agent's rights (i) to inspect the books and records related to the Pledged Collateral, (ii) to receive the various notifications such Pledgor is required to deliver hereunder, (iii) to obtain copies of agreements and documents as provided herein with respect to the Pledged Collateral, (iv) to enforce the provisions hereof pursuant to which the such Pledgor has appointed the Junior Agent its attorney-in-fact, and (v) to enforce the Junior Agent's remedies hereunder, would be inadequate and that any such failure would not be adequately compensable in damages, such Pledgor agrees that each such provision hereof may be specifically enforced.

21. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Secured Party pursuant to this Agreement and the exercise of any right or remedy by the Secured Party hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern.

22. In the performance of its obligations hereunder, the Junior Agent shall be entitled to the privileges, powers and immunities afforded to it as Collateral Agent under the Junior Note Indenture. The Junior Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in this Agreement unless it has received direction of a majority of Junior Noteholders with respect thereto. Notwithstanding anything to the contrary contained herein, the Junior Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

[SIGNATURE PAGE 1 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or agents thereunto duly authorized, as of the date first above written.

WILMINGTON TRUST COMPANY, as Junior Agent

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE 2 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

Pledgors:

K. HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

HOVNANIAN ENTERPRISES, INC.

By: _____

Name: David G. Valiaveedan

Title: Vice-President — Finance

EASTERN TITLE AGENCY, INC.

FOUNDERS TITLE AGENCY, INC.

GOVERNOR'S ABSTRACT CO., INC.

HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.

K. HOV INTERNATIONAL, INC.

K. HOV IP, II, INC.

K. HOV I P, INC.

K. HOVNANIAN ACQUISITIONS, INC.

K. HOVNANIAN AT BERNARDS IV, INC.

K. HOVNANIAN AT BRANCHBURG III, INC.

K. HOVNANIAN AT BRIDGEPORT, INC.

K. HOVNANIAN AT BRIDGEWATER VI, INC.

K. HOVNANIAN AT BURLINGTON III, INC.

K. HOVNANIAN AT BURLINGTON, INC.

K. HOVNANIAN AT CALABRIA, INC.

K. HOVNANIAN AT CAMERON CHASE, INC.

K. HOVNANIAN AT CARMEL DEL MAR, INC.

K. HOVNANIAN AT CASTILE, INC.

K. HOVNANIAN AT CHAPARRAL, INC.

K. HOVNANIAN AT CLARKSTOWN, INC.

K. HOVNANIAN AT CRESTLINE, INC.

K. HOVNANIAN AT DOMINGUEZ HILLS, INC.

K. HOVNANIAN AT EAST WHITELAND I, INC.

K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.

K. HOVNANIAN AT HERSHEY'S MILL, INC.

K. HOVNANIAN AT HACKETTSTOWN, INC.

K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.

K. HOVNANIAN AT HOPEWELL IV, INC.

[SIGNATURE PAGE 4 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT HOPEWELL VI, INC.
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.
K. HOVNANIAN AT KINGS GRANT I, INC.
K. HOVNANIAN AT LA TERRAZA, INC.
K. HOVNANIAN AT LAKEWOOD, INC.
K. HOVNANIAN AT LOWER SAUCON, INC.
K. HOVNANIAN AT MAHWAH II, INC.
K. HOVNANIAN AT MAHWAH VI, INC.
K. HOVNANIAN AT MAHWAH VII, INC.
K. HOVNANIAN AT MANALAPAN, INC.
K. HOVNANIAN AT MARLBORO II, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP III, INC.
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.
K. HOVNANIAN AT MONTGOMERY I, INC.
K. HOVNANIAN AT MONROE II, INC.
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.
K. HOVNANIAN AT NORTHLAKE, INC.
K. HOVNANIAN AT OCEAN TOWNSHIP, INC.
K. HOVNANIAN AT OCEAN WALK, INC.
K. HOVNANIAN AT PERKIOMEN I, INC.
K. HOVNANIAN AT PERKIOMEN II, INC.
K. HOVNANIAN AT RANCHO CRISTIANITOS, INC.
K. HOVNANIAN AT RESERVOIR RIDGE, INC.
K. HOVNANIAN AT SAN SEVAINE, INC.
K. HOVNANIAN AT SARATOGA, INC.
K. HOVNANIAN AT SAWMILL, INC.
K. HOVNANIAN AT SCOTCH PLAINS II, INC.
K. HOVNANIAN AT SMITHVILLE, INC.
K. HOVNANIAN AT SOUTH BRUNSWICK V, INC.
K. HOVNANIAN AT STONE CANYON, INC.
K. HOVNANIAN AT STONY POINT, INC.
K. HOVNANIAN AT SYCAMORE, INC.
K. HOVNANIAN AT TANNERY HILL, INC.

[SIGNATURE PAGE 5 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT THE BLUFF, INC.
K. HOVNANIAN AT THORNBURY, INC.
K. HOVNANIAN AT TIERRASANTA, INC.
K. HOVNANIAN AT TROVATA, INC.
K. HOVNANIAN AT TUXEDO, INC.
K. HOVNANIAN AT UNION TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.
K. HOVNANIAN AT UPPER MAKEFIELD I, INC.
K. HOVNANIAN AT VAIL RANCH, INC.
K. HOVNANIAN AT WALL TOWNSHIP VI, INC.
K. HOVNANIAN AT WALL TOWNSHIP VIII, INC.
K. HOVNANIAN AT WASHINGTONVILLE, INC.
K. HOVNANIAN AT WAYNE III, INC.
K. HOVNANIAN AT WAYNE V, INC.
K. HOVNANIAN AT WILDROSE, INC.
K. HOVNANIAN COMMUNITIES, INC.
K. HOVNANIAN COMPANIES NORTHEAST, INC.
K. HOVNANIAN COMPANIES OF CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF MARYLAND, INC.
K. HOVNANIAN COMPANIES OF NEW YORK, INC.
K. HOVNANIAN COMPANIES OF PENNSYLVANIA, INC.
K. HOVNANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNANIAN COMPANIES OF VIRGINIA, INC.
K. HOVNANIAN CONSTRUCTION II, INC.
K. HOVNANIAN CONSTRUCTION III, INC.
K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.
K. HOVNANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.
K. HOVNANIAN DEVELOPMENTS OF CONNECTICUT, INC.
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.

[SIGNATURE PAGE 6 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.
K. HOVNANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.
K. HOVNANIAN DEVELOPMENTS OF INDIANA, INC.
K. HOVNANIAN DEVELOPMENTS OF KENTUCKY, INC.
K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN FORECAST HOMES NORTHERN, INC.
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNANIAN HOMES OF VIRGINIA, INC.
K. HOVNANIAN PA REAL ESTATE, INC.
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.
K. HOVNANIAN PROPERTIES OF RED BANK, INC.
LANDARAMA, INC.
M&M AT LONG BRANCH, INC.
MCNJ, INC.
SEABROOK ACCUMULATION CORPORATION

[SIGNATURE PAGE 7 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

STONEBROOK HOMES, INC.

THE MATZEL & MUMFORD ORGANIZATION, INC.

WASHINGTON HOMES, INC.

WESTMINSTER HOMES, INC.

WESTMINSTER HOMES OF TENNESSEE, INC.

WH LAND I, INC.

WH PROPERTIES, INC.

By: _____
David G. Valiaveedan
On behalf of, and as Vice-President — Finance of each of
the foregoing corporations

[SIGNATURE PAGE 8 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN HOMES OF D.C., L.L.C.

By: K. Hovnanian Developments of D.C., Inc., as the sole member of the foregoing limited liability company

By: _____
David G. Valiaveedan
Vice-President — Finance

FOUNDERS TITLE AGENCY OF MARYLAND, L.L.C.

GREENWAY FARMS UTILITY ASSOCIATES, L.L.C.

HOMEBUYERS FINANCIAL SERVICES, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP, L.L.C.

K. HOVNANIAN AT KING FARM, L.L.C.

K. HOVNANIAN AT RODERUCK, L.L.C.

K. HOVNANIAN AT WILLOW BROOK, L.L.C.

K. HOVNANIAN COMPANIES METRO D.C. NORTH, L.L.C.

K. HOVNANIAN HOMES AT CAMP SPRINGS, L.L.C.

K. HOVNANIAN HOMES AT CIDER MILL, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 9 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN HOMES AT FOREST RUN, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM PARK TOWNS, L.L.C.
K. HOVNANIAN HOMES AT GREENWAY FARM, L.L.C.
K. HOVNANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.
K. HOVNANIAN HOMES AT RUSSETT, L.L.C.
K. HOVNANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND
CONDOMINIUMS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING,
L.L.C.
RIDGEMORE UTILITY, L.L.C.
WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.
WH/PR LAND COMPANY, L.L.C.
WOODLAND LAKE CONDOMINIUMS AT BOWIE NEW TOWN, L.L.C.

By: K. Hovnanian Developments of Maryland, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 10 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

ALFORD, L.L.C.

DULLES COPPERMINE, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.

K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.

K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.

K. HOVNANIAN FOUR SEASONS @ HISTORIC VIRGINIA, L.L.C.

K. HOVNANIAN HOMES AT CAMERON STATION, L.L.C.

K. HOVNANIAN HOMES AT BELMONT OVERLOOK, L.L.C.

K. HOVNANIAN HOMES AT PAYNE STREET, L.L.C.

K. HOVNANIAN HOMES AT VICTORIA STATION, L.L.C.

K. HOVNANIAN SUMMIT HOLDINGS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY
CONDOMINIUM, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS,
L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.

By: K. Hovnanian Developments of Virginia, Inc., as the sole
member of each of the foregoing limited liability
companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 11 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

AUDDIE ENTERPRISES, L.L.C.
BUILDER SERVICES NJ, L.L.C.
HOVNANIAN LAND INVESTMENT GROUP OF NEW JERSEY, L.L.C.
K. HOVNANIAN AT ABERDEEN URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT ALLENDALE, L.L.C.
K. HOVNANIAN AT BARNEGAT I, L.L.C.
K. HOVNANIAN AT BARNEGAT II, L.L.C.
K. HOVNANIAN AT BARNEGAT III, L.L.C.
K. HOVNANIAN AT BERKELEY, L.L.C.
K. HOVNANIAN AT BERNARDS V, L.L.C.
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.
K. HOVNANIAN AT CAMDEN I, L.L.C.
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.
K. HOVNANIAN AT CHESTER I, L.L.C.
K. HOVNANIAN AT CHESTERFIELD, L.L.C.
K. HOVNANIAN AT CHESTERFIELD II, L.L.C.
K. HOVNANIAN AT CLIFTON II, L.L.C.
K. HOVNANIAN AT CLIFTON, L.L.C.
K. HOVNANIAN AT CRANBURY, L.L.C.
K. HOVNANIAN AT CURRIES WOODS, L.L.C.
K. HOVNANIAN AT DENVILLE, L.L.C.
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.
K. HOVNANIAN AT DOVER, L.L.C.
K. HOVNANIAN AT EDGEWATER II, L.L.C.
K. HOVNANIAN AT EDGEWATER, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.
K. HOVNANIAN AT EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT ELK TOWNSHIP, L.L.C.
K. HOVNANIAN AT FIFTH AVENUE, L.L.C.
K. HOVNANIAN AT FLORENCE I, L.L.C.
K. HOVNANIAN AT FLORENCE II, L.L.C.
K. HOVNANIAN AT FOREST MEADOWS, L.L.C.

[SIGNATURE PAGE 12 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT FRANKLIN, L.L.C.
K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.
K. HOVNANIAN AT GALLOWAY, L.L.C.
K. HOVNANIAN AT GREAT NOTCH, L.L.C.
K. HOVNANIAN AT GUTTENBERG, L.L.C.
K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.
K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.
K. HOVNANIAN AT HAMBURG, L.L.C.
K. HOVNANIAN AT HAWTHORNE, L.L.C.
K. HOVNANIAN AT HAZLET, L.L.C.
K. HOVNANIAN AT HILLTOP, L.L.C.
K. HOVNANIAN AT JACKSON I, L.L.C.
K. HOVNANIAN AT JACKSON, L.L.C.
K. HOVNANIAN AT JERSEY CITY IV, L.L.C.
K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL COMPANY,
L.L.C.
K. HOVNANIAN AT KEYPORT, L.L.C.
K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.
K. HOVNANIAN AT LAWRENCE V, L.L.C.
K. HOVNANIAN AT LINWOOD, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.
K. HOVNANIAN AT LITTLE EGG HARBOR III, L.L.C.
K. HOVNANIAN AT LONG BRANCH I, L.L.C.
K. HOVNANIAN AT MANALAPAN III, L.L.C.
K. HOVNANIAN AT MANSFIELD I, L.L.C.
K. HOVNANIAN AT MANSFIELD II, L.L.C.
K. HOVNANIAN AT MANSFIELD III, L.L.C.
K. HOVNANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.
K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.
K. HOVNANIAN AT MARLBORO VI, L.L.C.

[SIGNATURE PAGE 13 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT MARLBORO VII, L.L.C.
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.
K. HOVNANIAN AT MIDDLE TOWNSHIP II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.
K. HOVNANIAN AT MIDDLETOWN, L.L.C.
K. HOVNANIAN AT MILLVILLE I, L.L.C.
K. HOVNANIAN AT MILLVILLE II, L.L.C.
K. HOVNANIAN AT MILLVILLE III, L.L.C.
K. HOVNANIAN AT MONROE III, L.L.C.
K. HOVNANIAN AT MONROE IV, L.L.C.
K. HOVNANIAN AT MONROE NJ, L.L.C.
K. HOVNANIAN AT MONTVALE, L.L.C.
K. HOVNANIAN AT MT. OLIVE TOWNSHIP, L.L.C.
K. HOVNANIAN AT NEW BRUNSWICK URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT NORTH BERGEN, L.L.C.
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL II, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNANIAN AT NORTH CALDWELL, L.L.C.
K. HOVNANIAN AT NORTH HALEDON, L.L.C.
K. HOVNANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNANIAN AT NORTHFIELD, L.L.C.
K. HOVNANIAN AT OCEANPORT, L.L.C.
K. HOVNANIAN AT OLD BRIDGE, L.L.C.
K. HOVNANIAN AT PARAMUS, L.L.C.
K. HOVNANIAN AT PARSIPPANY-TROY HILLS, L.L.C.
K. HOVNANIAN AT PEAPACK-GLADSTONE, L.L.C.
K. HOVNANIAN AT PITTSBORO, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL IV, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.

[SIGNATURE PAGE 14 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VII, L.L.C.
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNANIAN AT PRINCETON LANDING, L.L.C.
K. HOVNANIAN AT PRINCETON NJ, L.L.C.
K. HOVNANIAN AT RANDOLPH I, L.L.C.
K. HOVNANIAN AT READINGTON II, L.L.C.
K. HOVNANIAN AT RED BANK, L.L.C.
K. HOVNANIAN AT RIDGEMONT, L.L.C.
K. HOVNANIAN AT SAYREVILLE, L.L.C.
K. HOVNANIAN AT SCOTCH PLAINS, L.L.C.
K. HOVNANIAN AT SMITHVILLE III, L.L.C.
K. HOVNANIAN AT SOMERS POINT, L.L.C.
K. HOVNANIAN AT SOUTH BRUNSWICK, L.L.C.
K. HOVNANIAN AT SPARTA, L.L.C.
K. HOVNANIAN AT SPRINGCO, L.L.C.
K. HOVNANIAN AT TEANECK, L.L.C.
K. HOVNANIAN AT THE MONARCH, L.L.C.
K. HOVNANIAN AT TRENTON, L.L.C.
K. HOVNANIAN AT UNION TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.
K. HOVNANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.
K. HOVNANIAN AT VERONA URBAN RENEWAL, L.L.C.
K. HOVNANIAN AT VINELAND, L.L.C.
K. HOVNANIAN AT WANAQUE, L.L.C.
K. HOVNANIAN AT WARREN TOWNSHIP, L.L.C.
K. HOVNANIAN AT WASHINGTON, L.L.C.
K. HOVNANIAN AT WAYNE IX, L.L.C.
K. HOVNANIAN AT WAYNE VIII, L.L.C.
K. HOVNANIAN AT WEST MILFORD, L.L.C.
K. HOVNANIAN AT WEST WINDSOR, L.L.C.

[SIGNATURE PAGE 15 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNANIAN AT WOODHILL ESTATES, L.L.C.
K. HOVNANIAN AT WOOLWICH I, L.L.C.
K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN CHESTERFIELD INVESTMENT, L.L.C.
K. HOVNANIAN CLASSICS, L.L.C.
K. HOVNANIAN CLASSICS CIP, L.L.C.
K. HOVNANIAN HOMES – DFW, L.L.C.
K. HOVNANIAN HOMES OF HOUSTON, L.L.C.
K. HOVNANIAN OF HOUSTON II, L.L.C.
K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNANIAN SHORE ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN T&C INVESTMENT, L.L.C.
K. HOVNANIAN VENTURE I, L.L.C.
K. HOVNANIAN’S PRIVATE HOME PORTFOLIO, L.L.C.
TERRAPIN REALTY, L.L.C.
KHIP, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 16 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

F&W MECHANICAL SERVICES, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., as the managing member of
the foregoing limited liability company.

By:

K. Hovnanian Developments of New Jersey,
Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II,
Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 17 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT HUDSON POINTE, L.L.C.

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II,
Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 18 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

PARK TITLE COMPANY, L.L.C.

By: K. Hovnanian of Houston II, L.L.C., its sole member

By: K. Hovnanian Holdings NJ, L.L.C., its sole member

By: K. Hovnanian Developments of New Jersey, Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey
II, Inc., as member

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 19 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.
K.H. SAN MARCOS CONSERVANCY HOLDINGS, L.L.C.
K. HOVNANIAN AT 3 CHAPMAN, L.L.C.
K. HOVNANIAN AT 4S, L.L.C.
K. HOVNANIAN AT ACQUA VISTA, L.L.C.
K. HOVNANIAN AT ALISO, L.L.C.
K. HOVNANIAN AT ARBOR HEIGHTS, L.L.C.
K. HOVNANIAN AT AVENUE ONE, L.L.C.
K. HOVNANIAN AT BELLA LAGO, L.L.C.
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.
K. HOVNANIAN AT CAPISTRANO, L.L.C.
K. HOVNANIAN AT CARMEL VILLAGE, L.L.C.
K. HOVNANIAN AT CIELO, L.L.C.
K. HOVNANIAN AT COASTLINE, L.L.C.
K. HOVNANIAN AT CORTEZ HILL, L.L.C.
K. HOVNANIAN AT EASTLAKE, L.L.C.
K. HOVNANIAN AT ENCINITAS RANCH, L.L.C.
K. HOVNANIAN AT EVERGREEN, L.L.C.
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.
K. HOVNANIAN AT HIGHWATER, L.L.C.
K. HOVNANIAN AT LA COSTA, LLC
K. HOVNANIAN AT LA COSTA GREENS, L.L.C.
K. HOVNANIAN AT LA HABRA KNOLLS, L.L.C.
K. HOVNANIAN AT LAKE HILLS, L.L.C.
K. HOVNANIAN AT LAKE RANCHO VIEJO, L.L.C.
K. HOVNANIAN AT MATSU, L.L.C.
K. HOVNANIAN AT MENIFEE, L.L.C.
K. HOVNANIAN AT MOCKINGBIRD CANYON, L.L.C.
K. HOVNANIAN AT MOSAIC, L.L.C.
K. HOVNANIAN AT OLDE ORCHARD, L.L.C.
K. HOVNANIAN AT ORANGE HEIGHTS, L.L.C.
K. HOVNANIAN AT PACIFIC BLUFFS, L.L.C.
K. HOVNANIAN AT PARK LANE, L.L.C.
K. HOVNANIAN AT PIAZZA D'ORO, L.L.C.
K. HOVNANIAN AT PRADO, L.L.C.

[SIGNATURE PAGE 20 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT RANCHO SANTA MARGARITA, L.L.C.
K. HOVNANIAN AT RIVERBEND, L.L.C.
K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNANIAN AT ROWLAND HEIGHTS, L.L.C.
K. HOVNANIAN AT SAGE, L.L.C.
K. HOVNANIAN AT SKYE ISLE, L.L.C.
K. HOVNANIAN AT SUNSETS, L.L.C.
K. HOVNANIAN AT THE CROSBY, L.L.C.
K. HOVNANIAN AT THE GABLES, L.L.C.
K. HOVNANIAN AT THE PRESERVE, L.L.C.
K. HOVNANIAN AT THOMPSON RANCH, L.L.C.
K. HOVNANIAN AT TRAIL RIDGE, L.L.C.
K. HOVNANIAN AT WINCHESTER, L.L.C.
K. HOVNANIAN INTERNATIONAL, L.L.C.
K. HOVNANIAN T&C MANAGEMENT CO., L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT HEMET, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT MENIFEE VALLEY, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT PALM SPRINGS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS, L.L.C.
K. HOVNANIAN'S PARKSIDE AT TOWNGATE, L.L.C.
NATOMAS CENTRAL NEIGHBORHOOD HOUSING, L.L.C.

By: K. Hovnanian Developments of California, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 21 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN HOLDINGS NJ, L.L.C.

By: K. Hovnanian Developments of New Jersey, Inc., as member of the foregoing limited liability company.

By:

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member of the foregoing limited liability company.

By:

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 22 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

BUILDER SERVICES, PA, L.L.C.

HOVNANIAN LAND INVESTMENT GROUP OF PENNSYLVANIA,
L.L.C.

K. HOVNANIAN AT ALLENBERRY, L.L.C.

K. HOVNANIAN AT ALLENTOWN, L.L.C.

K. HOVNANIAN AT BROAD AND WALNUT, L.L.C.

K. HOVNANIAN AT CAMP HILL, L.L.C.

K HOVNANIAN AT EAST BRANDYWINE, L.L.C.

K HOVNANIAN AT FORKS TWP. I, L.L.C.

K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.

K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.

K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.

K. HOVNANIAN AT LOWER MORELAND I, L.L.C.

K. HOVNANIAN AT LOWER MORELAND II, L.L.C.

K. HOVNANIAN AT LOWER MORELAND III, L.L.C.

K. HOVNANIAN AT MACUNGIE, L.L.C.

K. HOVNANIAN AT NORTHAMPTON, L.L.C.

K. HOVNANIAN AT PHILADELPHIA II, L.L.C.

K. HOVNANIAN AT PHILADELPHIA III, L.L.C.

K. HOVNANIAN AT PHILADELPHIA IV, L.L.C.

K. HOVNANIAN AT RAPHO, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 23 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT SILVER SPRING, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN II, L.L.C.
K. HOVNANIAN AT UPPER UWCHLAN, L.L.C.
K. HOVNANIAN AT WEST BRADFORD, L.L.C.
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.
K. HOVNANIAN SUMMIT HOMES OF PENNSYLVANIA, L.L.C.
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES
OF PENNSYLVANIA, L.L.C.
RIDGEMORE UTILITY ASSOCIATES OF PENNSYLVANIA, L.L.C.

By: K. Hovnanian Companies of Pennsylvania, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 24 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.

K. HOVNANIAN CAMBRIDGE HOMES, L.L.C.

K. HOVNANIAN FIRST HOMES, L.L.C.

K. HOVNANIAN FLORIDA REALTY, L.L.C.

K. HOVNANIAN STANDING ENTITY, L.L.C.

K. HOVNANIAN T&C HOMES AT FLORIDA, L.L.C.

K. HOVNANIAN WINDWARD HOMES, L.L.C.

By: Hovnanian Developments of Florida, Inc., as the sole member of each of the foregoing limited liability companies.

By:

David G. Valiaveedan

Vice-President — Finance

[SIGNATURE PAGE 25 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN COMPANIES, LLC

By: K. Hovnanian Enterprises, Inc., as member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

AND

By: K. Hovnanian Developments of New Jersey II, Inc., as member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN EASTERN PENNSYLVANIA, L.L.C.

By: K. Hovnanian at Perkiomen II, Inc., as the sole member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 26 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA,
L.L.C.

K. HOVNANIAN FOUR SEASONS AT GOLD HILL, L.L.C.

K. HOVNANIAN HOMES OF SOUTH CAROLINA, L.L.C.

By: K. Hovnanian Developments of South Carolina, Inc., as the sole
member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN GREAT WESTERN BUILDING COMPANY, L.L.C.

K. HOVNANIAN GREAT WESTERN HOMES, L.L.C.

NEW LAND TITLE AGENCY, L.L.C.

By: K. Hovnanian Developments of Arizona, Inc., as the sole member
of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 27 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT HIGHLAND SHORES, L.L.C.

K. HOVNANIAN AT RIDGESTONE, L.L.C.

K. HOVNANIAN HOMES OF MINNESOTA, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RUSH CREEK, L.L.C.

K. HOVNANIAN T&C HOMES AT MINNESOTA, L.L.C.

By: K. Hovnanian Developments of Minnesota, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 28 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN OHIO REALTY, L.L.C.

K. HOVNANIAN OSTER HOMES, L.L.C.

K. HOVNANIAN SUMMIT HOMES, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES,
L.L.C.

By: K. Hovnanian Developments of Ohio, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 29 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNIANIAN HOMES OF WEST VIRGINIA, L.L.C.

K. HOVNIANIAN'S FOUR SEASONS AT HUNTFIELD, L.L.C.

K. HOVNIANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES
OF WEST VIRGINIA, L.L.C.

By: K. Hovnianian Developments of West Virginia, Inc., as the sole
member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

K. HOVNIANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES
OF MICHIGAN, L.L.C.

By: K. Hovnianian Developments of Michigan, Inc., as the sole member
of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 30 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

M&M AT CHESTERFIELD, L.L.C.

M&M AT APPLE RIDGE, L.L.C.

M&M AT EAST MILL, L.L.C.

M&M AT MORRISTOWN, L.L.C.

M&M AT SHERIDAN, L.L.C.

M&M AT SPINNAKER POINTE, L.L.C.

M&M AT SPRUCE HOLLOW, L.L.C.

M&M AT SPRUCE RUN, L.L.C.

M&M AT THE HIGHLANDS, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.

MATZEL & MUMFORD AT MONTGOMERY, L.L.C.

THE LANDINGS AT SPINNAKER POINTE, L.L.C.

By: The Matzel & Mumford Organization, Inc., as the sole member of
each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 31 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

M & M AT COPPER BEECH, L.L.C.

M & M AT CRESCENT COURT, L.L.C.

M&M AT EAST RUTHERFORD, L.L.C.

M&M AT KENSINGTON WOODS, L.L.C.

M & M AT STATION SQUARE, L.L.C.

M & M AT UNION, L.L.C.

M&M AT TAMARACK HOLLOW, L.L.C.

M&M AT THE CHATEAU, L.L.C.

M&M AT WEST ORANGE, L.L.C.

M&M AT WESTPORT, L.L.C.

M&M AT WHEATENA URBAN RENEWAL, L.L.C.

MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN
RENEWAL, L.L.C.

MMIP, L.L.C.

By: M&M Investments, L.P., as the sole member of each of the
foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 32 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNIANIAN HOMES AT FAIRWOOD, L.L.C.

K. HOVNIANIAN HOMES AT JONES STATION 1, L.L.C.

K. HOVNIANIAN HOMES AT JONES STATION 2, L.L.C.

K. HOVNIANIAN HOMES AT MAXWELL PLACE, L.L.C.

K. HOVNIANIAN HOMES AT PRIMERA, L.L.C.

PADDOCKS, L.L.C.

PINE AYR, L.L.C.

By: K. Hovnianian Homes of Maryland, L.L.C., as the sole member of each of the foregoing limited liability companies.

By: _____
David G. Valiaveedan
Vice-President — Finance

HOVNIANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.

By: K. Hovnianian Homes — DFW, L.L.C., as the sole member of the foregoing limited liability company.

By: K. Hovnianian Holdings NJ, L.L.C., as the sole member of the foregoing limited liability company.

By: _____
David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 33 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT NEW WINDSOR, L.L.C.

BUILDER SERVICES NY, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT HAMPTONBURGH, L.L.C.

By: K. Hovnanian at Northern Westchester, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN DELAWARE ACQUISITIONS, L.L.C.

K. HOVNANIAN HOMES OF DELAWARE, L.L.C.

K. HOVNANIAN HOMES AT NASSAU GROVE, L.L.C.

By: K. Hovnanian Developments of Delaware, Inc., as the sole member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 34 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN AT MENIFEE VALLEY CONDOMINIUMS, L.L.C.

By: K. Hovnanian's Four Seasons At Menifee Valley, L.L.C.

By:

David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA, L.L.C.

By: K. Hovnanian Developments of North Carolina, Inc., as the sole member of the foregoing limited liability company.

By:

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 35 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN'S FOUR SEASONS AT BAILEY'S GLENN, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT RENAISSANCE, L.L.C.

By: K. Hovnanian Homes of North Carolina, Inc. as the sole member of the
foregoing limited liability companies

By:

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 36 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN HOMES OF INDIANA, L.L.C.

By: K. Hovnanian Developments of Indiana, Inc., as the sole member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN SUMMIT HOMES OF KENTUCKY, L.L.C.

MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF KENTUCKY, L.L.C.

By: K. Hovnanian Developments of Kentucky, Inc., as the sole member of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 17 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

K. HOVNANIAN CONNECTICUT ACQUISITIONS, L.L.C.

By: K. Hovnanian Developments of Connecticut, Inc., as the sole member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN T&C HOMES AT ILLINOIS, L.L.C.

By: K. Hovnanian Developments of Illinois, Inc., as the sole member of the foregoing limited liability company.

By: _____

David G. Valiaveedan
Vice-President — Finance

HOVNANIAN LAND INVESTMENT GROUP OF GEORGIA, L.L.C

K. HOVNANIAN HOMES OF GEORGIA, L.L.C.

By: K. Hovnanian Developments of Georgia, Inc., as the sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 38 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

WESTMINSTER HOMES OF ALABAMA, L.L.C.

WESTMINSTER HOMES OF MISSISSIPPI, L.L.C.

By: Washington Homes, Inc., as sole member of each of the foregoing limited liability companies.

By: _____

David G. Valiaveedan
Vice-President — Finance

K. HOVNANIAN AT EWING, L.L.C.

By: K. Hovnanian at Lakewood, Inc., as sole member of the foregoing limited liability company

By: _____

David G. Valiaveedan
Vice-President — Finance

[SIGNATURE PAGE 39 OF 39 TO THE THIRD LIEN IP SECURITY AGREEMENT]

M&M INVESTMENTS, L.P.

By: The Matzel & Mumford Organization, Inc., as general partner of the foregoing limited partnership.

By: _____
David G. Valiaveedan
Vice-President — Finance

Address for Notices for each of the foregoing Pledgors:

c/o K. Hovnanian Enterprises, Inc.
110 West Front St., P.O. Box 500
Red Bank, NJ 07701
Attention: David G. Valiaveedan
Telephone: (732) 747-7800
Telecopy: (732) 747-6835

SCHEDULE A
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT

LIST OF REGISTERED PATENTS, TRADEMARKS AND COPYRIGHTS

1. Registered Patents: None.
2. Trademarks: [see attached]
3. Copyrights: None.