

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

Form 10-K

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

For the fiscal year ended OCTOBER 31, 2023

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

Commission file number: 1-8551

Hovnanian Enterprises, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

22-1851059

(I.R.S. Employer Identification No.)

90 Matawan Road, Fifth Floor, Matawan, NJ

(Address of Principal Executive Offices)

07747

(Zip Code)

732-747-7800

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock \$0.01 par value per share	HOV	New York Stock Exchange
Preferred Stock Purchase Rights(1)	N/A	New York Stock Exchange
Depository Shares each representing 1/1,000th of a share of 7.625% Series A Preferred Stock	HOVNP	The Nasdaq Stock Market LLC

(1) Each share of Common Stock includes an associated Preferred Stock Purchase Right. Each Preferred Stock Purchase Right initially represents the right, if such Preferred Stock Purchase Right becomes exercisable, to purchase from the Company one ten-thousandth of a share of its Series B Junior Preferred Stock for each share of Common Stock. The Preferred Stock Purchase Rights currently cannot trade separately from the underlying Common Stock.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer Accelerated Filer Nonaccelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and nonvoting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity as of April 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter) was \$358,031,038.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 5,345,992 shares of Class A common stock and 749,081 shares of Class B common stock were outstanding as of December 12, 2023.

HOVNANIAN ENTERPRISES, INC.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III — Those portions of the registrant's definitive proxy statement to be filed pursuant to Regulation 14A in connection with registrant's annual meeting of stockholders to be held on March 21, 2024, which are responsive to those parts of Part III, Items 10, 11, 12, 13 and 14 as identified herein.

FORM 10-K
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PART I

ITEM 1 BUSINESS

Business Overview

Hovnanian Enterprises, Inc. (“HEI”) conducts all of its homebuilding and financial services operations through its subsidiaries (references herein to the “Company,” “we,” “us” or “our” refer to HEI and its consolidated subsidiaries and should be understood to reflect the consolidated business of HEI’s subsidiaries). Through its subsidiaries, HEI designs, constructs, markets, and sells single-family detached homes, attached townhomes and condominiums, urban infill, and active lifestyle homes in planned residential developments and is one of the nation’s largest builders of residential homes. Founded in 1959 by Kevork Hovnanian, HEI was incorporated in New Jersey in 1967 and reincorporated in Delaware in 1983. Since the incorporation of HEI’s predecessor company, the Company combined with its unconsolidated joint ventures have delivered in excess of 369,000 homes, including 7,649 homes in fiscal 2023. The Company has two distinct operations: homebuilding and financial services. Our homebuilding operations consist of three reportable segments: Northeast, Southeast and West. Our financial services operations provide mortgage loans and title services to the customers of our homebuilding operations.

Excluding unconsolidated joint ventures, we are currently offering homes for sale in 113 communities in 27 markets in 13 states throughout the United States. We market and build homes for first-time buyers, first-time and second-time move-up buyers, luxury buyers, active lifestyle buyers and empty nesters. We offer a variety of home styles at base prices ranging from \$135,000 to \$1,770,000 with an average sales price, including options, of \$539,000 nationwide in fiscal 2023.

Our operations span all significant aspects of the home-buying process – from design, construction, and sale, to mortgage origination and title services.

The following is a summary of our growth history:

1959 - Founded by Kevork Hovnanian as a New Jersey homebuilder.

1983 - Completed initial public offering.

1986 - Entered the North Carolina market through the investment in New Fortis Homes.

1992 - Entered the greater Washington, D.C. market.

1994 - Entered the Coastal Southern California market.

1998 - Expanded in the greater Washington, D.C. market through the acquisition of P.C. Homes.

1999 - Entered the Dallas, Texas market through our acquisition of Goodman Homes. Further diversified and strengthened our position as New Jersey’s largest homebuilder through the acquisition of Matzel & Mumford.

2001 - Continued expansion in the greater Washington D.C. and North Carolina markets through the acquisition of Washington Homes. This acquisition further strengthened our operations in each of these markets.

2002 - Entered the Central Valley market in Northern California and Inland Empire region of Southern California through the acquisition of Forecast Homes.

2003 - Expanded operations in Texas and entered the Houston market through the acquisition of Parkside Homes and Brighton Homes. Entered the greater Ohio market through our acquisition of Summit Homes and entered the greater metro Phoenix market through our acquisition of Great Western Homes.

2004 - Entered the greater Tampa, Florida market through the acquisition of Windward Homes and started operations in the Minneapolis/St. Paul, Minnesota market.

2005 - Entered the Orlando, Florida market through our acquisition of Cambridge Homes and entered the greater Chicago, Illinois market and expanded our position in Florida and Minnesota through the acquisition of the operations of Town & Country Homes, which occurred concurrently with our entering into a joint venture with affiliates of Blackstone Real Estate Advisors to own and develop Town & Country Homes’ existing residential communities. We also entered the Cleveland, Ohio market through the acquisition of Oster Homes.

2006 - Entered the coastal markets of South Carolina and Georgia through the acquisition of Craftbuilt Homes.

During fiscal 2016, we exited the Minneapolis, Minnesota and Raleigh, North Carolina markets and sold land portfolios in those markets. During fiscal 2018, we completed a wind down of our operations in the San Francisco Bay area in Northern California and in Tampa, Florida. During fiscal 2020, we began a wind down of our operations in the Chicago, Illinois market which was completed in fiscal 2023.

Geographic Breakdown of Markets by Segment

The Company markets and builds homes that are constructed in 18 of the nation's top 50 housing markets. We segregate our homebuilding operations geographically into the following three segments:

Northeast: Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia

Southeast: Florida, Georgia and South Carolina

West: Arizona, California and Texas

For financial information about our segments, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Human Capital

As of October 31, 2023, we employed 1,715 full-time associates of whom 1,134 were involved in our homebuilding operations, 143 were involved in our financial services operations and 438 were involved in our corporate operations. We do not have collective bargaining agreements relating to any of our associates.

Successful execution of our strategy is dependent on attracting, developing and retaining key associates and members of our management team. The skills, experience and industry knowledge of our team significantly benefit our operations and performance. We continuously evaluate, modify, and enhance our internal processes and technologies to increase engagement, productivity, efficiency and the skills our associates need to be successful.

We believe that talented associates are the Company's greatest asset and play a key role in creating long-term value for our stakeholders. As of October 31, 2023, 19.0% of our associates had been with the Company for more than 15 years, and the average tenure of all associates was approximately 7.5 years. We understand that our ultimate success and ability to compete are significantly dependent on how well we identify, hire, train, and retain highly qualified personnel. We realize that each associate has a unique vision and their own special talents. We are committed to being an employer that fosters the growth of each associate, while building an inclusive and diverse workforce.

We believe that our focus on diversity and inclusion across the organization positions the Company to deliver innovation and growth. We have a diverse associate base comprised of 25.6% non-white associates as of October 31, 2023. Additionally, as of October 31, 2023, 44.3% of our associates were women, and women represent 38.9% of all associates in manager and more senior positions.

Promoting a diverse and inclusive work environment is a major priority at Hovnanian. In 2020, the Company formed a Diversity & Inclusion Committee that continues to be an important initiative. The committee is led by the CEO and comprised of members of senior leadership and associates in different functions throughout the organization representing various backgrounds. The objective of the committee is to advise on and evaluate the Company's diversity and inclusion initiatives and to offer suggestions and guidance. All associates are required to take a diversity and inclusion training course on an annual basis. Associates in leadership positions (representing approximately 21.9% of all associates) are required to participate in more extensive diversity and inclusion training sessions.

The Company is also a founding member of the Building Talent Foundation ("BTF") whose mission is to advance the education, training and careers of people from underrepresented groups in the fields of skilled technical workers and as business owners in the residential construction industry. The Company actively utilizes BTF's residential construction careers platform JobsToBuild to find new talent. In fiscal 2022, we extended our partnership and financial commitment with BTF for another three years.

Over the last two years, our leadership team has conducted quarterly Town Halls. These events have become a staple in the organization and serve as an opportunity for associates to hear from senior leadership candidly about our Company and directly ask questions of our CEO, CFO, Executive Vice President and Group Presidents. This year, the Company also introduced two new channels for engaging associates companywide, "Lunch & Learns" and "Coffee Chats". The goal of these new platforms is to fuel our companywide objective to foster a culture of engagement and facilitate more two-way communication.

Through a combination of competitive benefits and educational programs, we believe that we positively contribute to the well-being of our associates and the communities in which they live and work. Our benefits packages include medical, dental, and vision coverage, as well as paid parental leave, health savings accounts, life insurance, disability income, 401(k) savings plan with a company match and other assistance and wellness programs. Together, these benefits help keep our associates and their dependents healthy, while giving them tax-advantaged ways to save for retirement and establish long-term financial security. This package of programs is routinely reevaluated in order to meet the changing needs of our associates in our diverse organization.

In light of the Company's experience managing the novel coronavirus ("COVID-19") pandemic and the recognition of the associated environmental benefits, the Company previously introduced a hybrid work schedule and continued its use throughout fiscal 2023, whereby most office associates may work two days a week from home. We believe this change to a hybrid work model promotes a healthier work and home life balance for our associates while simultaneously providing the environmental benefits of having fewer vehicles on the road. In addition to the weekly hybrid schedule, associates can work remotely up to eight weeks a year.

We also have committed considerable resources to furthering our associates' personal and professional growth. We have a repository of over 500 training modules/courses to facilitate these learning sessions in both in-person and virtual settings, including mandatory diversity, ethics, workplace harassment prevention and safety training courses.

Corporate Offices and Available Information

Our corporate offices are located at 90 Matawan Road, Fifth Floor, Matawan, New Jersey 07747 (See Item 2 "Properties"). Our telephone number is 732-747-7800, and our Internet web site address is www.khov.com. Information available on or through our web site is not a part of this Form 10-K. We make available free of charge through our web site our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(d) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after they are filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Copies of the Company's Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports are available free of charge upon request. The SEC also maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Business Strategies

As a result of the sharp increase in interest rates beginning in fiscal 2022, we shifted our focus to increasing the availability of quick-move-in homes ("QMI homes"). The rationale behind this shift in focus is that QMI homes provide our customers with more certainty on what their mortgage payments will be at closing. QMI homes also allow us to offer customers mortgage rate buydowns that would be cost prohibitive on homes with a longer time until delivery. QMI homes greatly reduce the complexity of choices for our customers and significantly increase efficiencies for our trades, construction and purchasing teams. In fiscal 2023, we executed "Build-For-Rent" agreements to supplement our existing for sale business. The Build-For-Rent sales channel added incremental sales volume during fiscal 2023 and allowed us to increase inventory turnover.

We also remain focused on maintaining adequate liquidity and identifying investment opportunities that make economic sense in light of our current sales prices and sales paces. Our excess liquidity in fiscal years 2023, 2022 and 2021 allowed us to repurchase \$245.0 million, \$100.0 million and \$180.9 million in aggregate principal of senior secured notes, respectively. In response to changing market conditions, we have been strategic in new land purchases at pricing that we believe will generate appropriate investment returns needed to sustain profitability. In addition to our current focus on liquidity and flexibility, we intend to continue to focus on our historic key business strategies, as enumerated below. We believe that these strategies separate us from our competitors in the residential homebuilding industry and the adoption, implementation and adherence to these principles will continue to benefit our business.

Our goal is to become a significant builder in each of the selected markets in which we operate, which will enable us to achieve economies of scale and differentiate ourselves from most of our competitors.

As noted above, we offer a broad product array to provide housing to a wide range of customers. Our customers consist of first-time buyers, first-time and second-time move-up buyers, luxury buyers, active lifestyle buyers and empty nesters. Our diverse product array includes single-family detached homes, attached townhomes and condominiums, urban infill and active lifestyle homes.

We are committed to customer satisfaction and quality in the homes that we build. We recognize that our future success rests in the ability to deliver quality homes to satisfied customers. We seek to expand our commitment to customer service through a variety of quality initiatives. In addition, we remain focused on attracting and developing quality associates. See "Human Capital" above for further discussion.

We focus on achieving high returns on invested capital. Each new community is evaluated based on its ability to meet or exceed internal rate of return requirements. Our belief is that the best way to create lasting value for our shareholders is through a strong focus on return on invested capital.

We prefer to use a risk-averse land acquisition strategy. We attempt to acquire land with a minimum cash investment and negotiate takedown options, thereby limiting the financial exposure to the amounts invested in property and predevelopment costs. This approach significantly reduces our risk and generally allows us to obtain necessary development approvals before acquisition of the land.

Our strategy also includes homebuilding and land development joint ventures as a means of controlling lot positions, expanding our market opportunities, establishing strategic alliances, reducing our risk profile, leveraging our capital base and enhancing our returns on capital. Our homebuilding joint ventures are generally entered into with third-party investors to develop land and construct homes that are sold directly to home buyers. Our land development joint ventures include those with developers and other homebuilders, as well as financial investors to develop finished lots for sale to the joint venture's members or other third-parties.

We manage our financial services operations to better serve all of our home buyers. Our current mortgage financing and title service operations enhance our contact with customers and allow us to coordinate the home-buying experience from beginning to end. Further, we are able to employ a range of pricing incentives through our mortgage financing operations, including temporary and permanent mortgage rate buy downs, which are tools that provide buyers with the opportunity to secure mortgage rates below market level.

Operating Policies and Procedures

We attempt to reduce the effect of certain risks inherent in the housing industry through the following policies and procedures:

Training - Our training is designed to provide our associates with the knowledge, attitudes, skills and habits necessary to succeed in their jobs. Our training department regularly conducts in-person, online or webinar training in sales, construction, administration and managerial skills.

Land Acquisition, Planning, and Development - Before entering into a contract to acquire land, we complete extensive comparative studies and analyses which assist us in evaluating the economic feasibility of such land acquisition.

- Where possible, we acquire land for future development through the use of land options, which need not be exercised before the completion of the regulatory approval process. We attempt to structure these options with flexible takedown schedules rather than with an obligation to take down the entire parcel upon receiving regulatory approval. If we are unable to negotiate flexible takedown schedules, we will buy parcels in a single bulk purchase. Additionally, we purchase improved lots in certain markets by acquiring a small number of improved lots with an option on additional lots. This allows us to minimize the economic costs and risks of carrying a large land inventory, while maintaining our ability to commence new developments during favorable market periods.
- Our option and purchase agreements are typically subject to numerous conditions, including, but not limited to, our ability to obtain necessary governmental approvals for the proposed community. Generally, the deposit on the agreement will be returned to us if all approvals are not obtained, although predevelopment costs may not be recoverable. By paying an additional nonrefundable deposit, we have the right to extend a significant number of our options for varying periods of time. In most instances, we have the right to cancel any of our land option agreements by forfeiture of our deposit on the agreement. In fiscal 2023, 2022 and 2021, rather than purchase additional lots in underperforming communities, we took advantage of this right and walked away from 3,838 lots, 5,121 lots and 3,201 lots, respectively, out of 28,227 total lots, 27,617 total lots and 23,624 total lots, respectively, under option, resulting in charges to pre-tax income of \$1.5 million, \$5.7 million and \$1.6 million, respectively.

Design - Our residential communities are generally located in urban and suburban areas easily accessible through public and personal transportation. Our communities are designed as neighborhoods that fit existing land characteristics. We strive to create diversity within the overall planned community by offering a mix of homes with differing architecture, textures and colors. Recreational amenities, such as swimming pools, tennis courts, clubhouses, open areas and tot lots, are frequently included.

Construction - We design and supervise the development and building of our communities. Our homes are constructed according to standardized prototypes, which are designed and engineered to provide innovative product design while attempting to minimize costs of construction. We generally employ subcontractors for the installation of site improvements and construction of homes. Agreements with subcontractors are generally short term and provide for a fixed price for labor and materials. We rigorously control costs through the use of computerized monitoring systems.

Because of the risks involved in speculative building, our general policy is to construct an attached condominium or townhouse building only after signing contracts for the sale of at least 50% of the homes in that building. Historically, a majority of our single-family detached homes were constructed after the signing of a sales contract and mortgage approval was obtained, which limits the buildup of inventory of unsold homes and the costs of maintaining and carrying that inventory. Beginning in fiscal 2022 and continuing in fiscal 2023, we increased our inventory of QMI homes in connection with our current business strategy discussed above.

Materials and Subcontractors - We attempt to maintain efficient operations by utilizing standardized materials available from a variety of sources. In addition, we generally contract with subcontractors to construct our homes. We have reduced construction and administrative costs by consolidating the number of vendors serving certain markets and by executing national purchasing contracts with select vendors. Since the COVID-19 pandemic began, we have experienced construction delays due to shortages in the supply of materials, as well as labor shortages in all of our markets. The impact and the particular materials associated with the delays is varied from market to market. We have improved our cycle times since the beginning of fiscal 2023 by approximately 30 days but are still currently experiencing increased construction cycle times of 45-60 days over our pre-pandemic average in many of our markets. We cannot predict the extent to which shortages in necessary materials or labor will continue or re-occur in our markets in the future. However, as home sales slow nationally, we expect pressure to alleviate on material suppliers and subcontractors, which over time should, absent other factors, allow construction cycle times to revert back to historical norms.

Marketing and Sales - Our homes in residential communities are sold principally through on-site sales offices. In order to respond to our customers' needs and trends in housing design, we rely upon our internal market research group to analyze information gathered from, among other sources, buyer profiles, exit interviews at model sites, focus groups and demographic databases. We make use of our website, internet, newspaper, radio, television, magazine, billboard, video and direct mail advertising, special and promotional events, illustrated brochures and full-sized and scale model homes in our comprehensive marketing program. Recently, we have started offering curated "Looks" packages for customers to select, rather than a large number of a la carte options. This approach has continued to expand and provides customers with a more streamlined selection process and allows us to be more efficient in purchasing, sales and construction.

We have a national call center which is responsible for follow up generated by our website and our digital marketing efforts. The call center supports our ability to swiftly respond to incoming customer leads, schedule and conduct virtual tours and video chats, as well as set up in person model home tours.

Customer Service and Quality Control - In many of our markets, associates are responsible for customer service and preclosing quality control inspections as well as responding to post-closing customer needs. Prior to closing, each home is inspected, and any necessary completion work is undertaken by us or our subcontractors. Our homes are enrolled in a standard limited warranty program which, in general, provides a homebuyer with a limited warranty for the home's materials and workmanship which follows each state's applicable statute of repose. All of the warranties contain standard exceptions, including, but not limited to, damage caused by the customer.

Customer Financing - We sell our homes to customers who generally finance their purchases through mortgages. Our financial services segment provides our customers with competitive financing and coordinates and expedites the loan origination transaction through the steps of loan application, loan approval, and closing and title services. We originate loans in each of the states in which we build homes. We believe that our ability to offer financing to customers on competitive terms as a part of the sales process is an important factor in completing sales.

During the year ended October 31, 2023, for the markets in which our mortgage subsidiaries originated loans, 19.8% of our home buyers paid in cash and 70.1% of our noncash home buyers obtained mortgages from our mortgage banking subsidiary. The loans we originated in fiscal 2023 were 69.8% conforming conventional loans and 29.5% Federal Housing Administration/Veterans Affairs (“FHA/VA”). The remaining 0.7% of our loan originations represented loans which exceeded conforming conventions.

We sell virtually all of the loans and loan-servicing rights that we originate within a short period of time. Loans are sold either individually or against forward commitments to institutional investors, including banks, mortgage banking firms, and savings and loan associations.

Residential Development Activities

Our residential development activities include site planning and engineering, obtaining environmental and other regulatory approvals and constructing roads, sewer, water, and drainage facilities, recreational facilities, and other amenities and marketing and selling homes. These activities are performed by our associates, together with independent architects, consultants and contractors. Our associates also carry out long-term planning of communities. A residential development generally includes single-family detached homes and/or a number of residential buildings containing from two to 24 individual homes per building, together with amenities, such as club houses, swimming pools, tennis courts, tot lots and open areas.

Information on housing revenues, homes delivered and average sales price by segment for the year ended October 31, 2023, is set forth below:

(Housing revenues in thousands)	Housing Revenues	Homes Delivered	Average Sales Price
Northeast	\$ 933,156	1,618	\$ 576,734
Southeast	419,656	776	540,794
West	1,277,645	2,484	514,350
Consolidated total	\$ 2,630,457	4,878	\$ 539,249
Domestic unconsolidated joint ventures(1)	\$ 424,335	595	\$ 713,168

(1) Represents housing revenues and home deliveries for our domestic unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our domestic unconsolidated joint ventures. In addition, during the fourth quarter of fiscal 2023, we delivered 2,176 homes through our unconsolidated joint venture in the Kingdom of Saudi Arabia. See Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of our unconsolidated joint ventures.

Net Sales Contracts

The dollar value of our net sales contracts, excluding unconsolidated joint ventures, was \$2.5 billion for both the years ended October 31, 2023 and 2022 and the number of homes contracted increased 3.8% to 4,647 in fiscal 2023 from 4,477 in fiscal 2022.

Information on the dollar value of net sales contracts by segment for the years ended October 31, 2023 and 2022, is set forth below:

(In thousands)	2023		2022		Percentage of Change
Northeast	\$ 937,153	\$ 857,240			9.3%
Southeast	445,970	412,975			8.0%
West	1,126,011	1,200,211			(6.2)%
Consolidated total	\$ 2,509,134	\$ 2,470,426			1.6%
Domestic unconsolidated joint ventures(1)	\$ 357,456	\$ 337,775			5.8%

(1) Represents net contract dollars for our domestic unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our domestic unconsolidated joint ventures. In addition, during fiscal 2023 and 2022, we contracted 13 homes and 300 homes, respectively, through our unconsolidated joint venture in the Kingdom of Saudi Arabia. See Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of our unconsolidated joint ventures.

Active Selling Communities

The average number of active selling communities increased from 113 for fiscal 2022 to 114 for fiscal 2023. We ended fiscal 2023 with 113 active selling communities as compared to 121 active selling communities at October 31, 2022.

Information on our active selling communities by segment as of October 31, 2023, is set forth below. Contracted not delivered and remaining homes available in our active selling communities are included in the consolidated total homesites under the total residential real estate chart in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Communities	Approved Homes	Homes Delivered	Contracted Not Delivered(1)	Remaining Homes Available(2)
Northeast	41	6,450	2,354	617	3,479
Southeast	12	2,291	1,044	615	632
West	60	10,956	4,406	592	5,958
Total	113	19,697	7,804	1,824	10,069

(1) Includes 354 home sites under option.

(2) Of the total remaining homes available, 909 were under construction or completed (including 81 models and sales offices), and 5,397 were under option.

Backlog

At October 31, 2023 and 2022, including domestic unconsolidated joint ventures, we had a backlog of signed contracts for 2,196 homes and 2,497 homes, respectively, representing a 12.1% decrease, with sales values aggregating \$1.3 billion and \$1.5 billion, respectively. Additionally at October 31, 2023 and 2022, we had a backlog of signed contracts for 50 homes and 2,213 homes, respectively, from our unconsolidated joint venture in the Kingdom of Saudi Arabia. The majority of our backlog at October 31, 2023 is expected to be completed and closed within the next six to nine months.

Current base prices for our homes in contract backlog at October 31, 2023, range from \$135,000 to \$1,770,000 in the Northeast, from \$294,000 to \$1,140,000 in the Southeast and from \$269,000 to \$884,000 in the West.

At November 30, 2023 and 2022, our backlog of signed contracts, including domestic unconsolidated joint ventures, was 2,158 homes and 2,396 homes, respectively, with sales values aggregating \$1.3 billion and \$1.4 billion, respectively. Additionally at November 30, 2023 and 2022, we had a backlog of signed contracts for 20 homes and 2,218 homes, respectively, from our unconsolidated joint venture in the Kingdom of Saudi Arabia. For information on our backlog excluding unconsolidated joint ventures, see the contract table in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Homebuilding: Key Performance Indicators.”

Sales of our homes typically are made pursuant to a standard sales contract that provides the customer with a statutorily mandated right of rescission for a period ranging up to 15 days after execution. Sales contracts require a nominal customer deposit at the time of signing. In addition, in some Northeast locations, we typically obtain an additional 5% to 10% down payment due within 30 to 60 days after signing. In most markets, an additional deposit is required when a customer selects and commits to optional upgrades in the home. The contract may include a financing contingency, which permits customers to cancel their obligation in the event mortgage financing at prevailing interest rates (including financing arranged or provided by us) is unobtainable within the period specified in the contract. This contingency period typically is four to eight weeks following the date of execution of the contract. When mortgage rates increase or housing values decline in certain markets, some customers cancel their contracts and forfeit their deposits. Sales contracts are included in backlog once the sales contract is signed by the customer, which in some cases includes contracts that are in the rescission or cancellation periods. However, revenues from sales of homes are recognized in the Consolidated Statements of Operations, when control is transferred to the buyer, which occurs when the buyer takes title to and possession of the home and there is no continuing involvement. For further information on cancellation rates, see the contract cancellation rates table in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Homebuilding: Key Performance Indicators.”

Residential Land Inventory in Planning

It is our objective to control a supply of land, primarily through options, whenever possible, consistent with anticipated homebuilding requirements in each of our housing markets. Controlled land (land owned and under option) as of October 31, 2023, exclusive of active selling communities and excluding unconsolidated joint ventures, is summarized in the following table. The proposed developable home sites in communities in planning are included in the 31,754 consolidated total home sites under the total residential real estate table in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Communities in Planning

(Dollars in thousands)	Number of Proposed Communities	Proposed Developable Home Sites	Total Land Option Price	Book Value (1)(2)
Northeast:				
Under option	82	9,825	\$ 762,103	\$ 47,064
Owned	7	240		\$ 6,631
Total	89	10,065		\$ 53,695
Southeast:				
Under option	34	4,375	\$ 311,150	\$ 35,228
Owned	4	313		\$ 8,590
Total	38	4,688		\$ 43,818
West:				
Under option	45	4,438	\$ 399,454	\$ 29,707
Owned	10	670		\$ 26,071
Total	55	5,108		\$ 55,778
Totals:				
Under option	161	18,638	\$ 1,472,707	\$ 111,999
Owned	21	1,223		\$ 41,292
Combined total	182	19,861		\$ 153,291

- (1) Properties under option also include costs incurred on properties not under option but which are under evaluation. For properties under option, as of October 31, 2023, option fees and deposits aggregated approximately \$79.9 million. As of October 31, 2023, we spent an additional \$32.1 million in nonrefundable predevelopment costs on such properties, including properties not under option but under evaluation.
- (2) The book value for properties under option includes land banking arrangements of \$27.7 million, which is included in "Consolidated inventory not owned" on our Consolidated Balance Sheets.

We either option or acquire improved or unimproved home sites from land developers or other sellers. Under a typical agreement with the land developer, we purchase a minimal number of home sites. The balance of the home sites to be purchased is covered under an option agreement or a nonrecourse purchase agreement. During a declining homebuilding market, we typically decide to "mothball" (or stop development on) certain communities where we have determined that current market conditions do not justify further investment at that time. When we decide to mothball a community, the inventory is reclassified on our Consolidated Balance Sheets from "Sold and unsold homes and lots under development" to "Land and land options held for future development or sale". See Note 3 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further discussion on mothballed communities.

Raw Materials

The homebuilding industry has from time-to-time experienced raw material and labor shortages. In particular, shortages and fluctuations in the price of lumber or other important raw materials has resulted in the past, and could result in the future, in start or completion delays or increases to the cost of developing one or more of our residential communities. We attempt to maintain efficient operations by utilizing standardized materials available from a variety of sources. In addition, we generally contract with subcontractors to construct our homes. We have reduced construction and administrative costs by consolidating the number of vendors serving certain markets and by executing national purchasing contracts with select vendors. During fiscal 2023, relative to the prior fiscal year, labor and material shortages that were initially due to the COVID-19 pandemic continued to gradually improve. For example, we previously experienced a significant rise in lumber prices caused by supply chain issues, but due to increased availability prices began to decrease during the second half of fiscal 2022 and into fiscal 2023. We cannot predict, however, the extent to which shortages in necessary raw materials or labor may occur in the future.

Seasonality

Our business is seasonal in nature and, historically, weather-related problems, typically in the fall, late winter and early spring, can delay starts or closings and increase costs.

Competition

Our homebuilding operations are highly competitive. We are among the top 20 homebuilders in the United States in both homebuilding revenues and home deliveries. We compete with numerous real estate developers in each of the geographic areas in which we operate. Our competition ranges from small local builders to larger private regional builders to publicly owned builders and developers, some of which have greater sales and financial resources than we do. Previously owned homes and the availability of rental housing provide additional competition. We compete primarily on the basis of reputation, price, location, design, quality, service and amenities.

Regulation and Environmental Matters

We are subject to extensive and complex laws and regulations that affect the development of land and home building, sales and customer financing processes concerning zoning, building design, construction, and similar matters, including local regulations which impose restrictive zoning and density requirements in order to limit the number of homes that can eventually be built within the boundaries of a particular locality. In addition, we are subject to registration and filing requirements in connection with the construction, advertisement and sale of our communities in certain states and localities in which we operate even if all necessary government approvals have been obtained. We may also be subject to periodic delays or may be precluded entirely from developing communities due to building moratoriums that could be implemented in the future in the states in which we operate. Generally, such moratoriums relate to insufficient water or sewerage facilities or inadequate road capacity.

In addition, some state and local governments in markets where we operate have approved, and others may approve, slow-growth, or no-growth initiatives that could negatively affect the availability of land and building opportunities within those areas. Approval of these initiatives could adversely affect our ability to build and sell homes in the affected markets and/or could require the satisfaction of additional administrative and regulatory requirements, which could result in slowing the progress or increasing the costs of our homebuilding operations in these markets. Any such delays or costs could have a negative effect on our future revenues and earnings.

We are also subject to a variety of local, state, federal and foreign laws and regulations concerning protection of health and the environment, including those regulating the emission or discharge of materials into the environment, the management of storm water runoff at construction sites, the handling, use, storage and disposal of hazardous substances, impacts to wetlands and other sensitive environments, and the remediation of contamination at properties that we have owned or developed or currently own or are developing (“environmental laws”). The particular environmental laws which apply to any given community vary greatly according to the community site, the site’s environmental conditions and the present and former uses of the site. See Risk Factors – “Homebuilders are subject to a number of federal, local, state, and foreign laws and regulations concerning the development of land and homebuilding, sales and customer financing processes and the protection of the environment, which can cause us to incur delays and costs associated with compliance and which can prohibit or restrict our activity in some regions or areas”, Item 3 “Legal Proceedings” and Note 18 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Despite our past ability to obtain necessary permits and approvals for our communities, we anticipate that increasingly stringent requirements will be imposed on developers and homebuilders in the future. Although we cannot reliably predict the extent of any effect these requirements may have on us, they could result in time-consuming and expensive compliance programs and in substantial expenditures, which could cause delays and increase our cost of operations. In addition, our ability to obtain or renew permits or approvals and the continued effectiveness of permits already granted or approvals already obtained is dependent upon many factors, some of which are beyond our control, such as changes in policies, rules and regulations and their interpretation and application.

ITEM 1A RISK FACTORS

You should carefully consider the following risks in addition to the other information included in this Annual Report on Form 10-K, including the Consolidated Financial Statements and the notes thereto.

Risk Relating to Our Business and Industry

The homebuilding industry is significantly affected by changes in general and local economic conditions and real estate markets, which could affect our ability to build homes at prices our customers are willing or able to pay, could reduce profits that may not be recaptured, could result in cancellation of sales contracts, and could affect our liquidity.

The homebuilding industry is cyclical, has from time-to-time experienced significant difficulties, and is significantly affected by changes in general and local economic conditions such as:

- Interest rates;
- Employment levels and wage and job growth;
- Labor shortages and increasing labor and materials costs, including because of changes in immigration laws and trends in labor migration;
- Availability and affordability of financing for home buyers;
- Adverse changes in tax laws;
- Regulatory changes;
- Foreclosure rates;
- Inflation;
- Housing affordability, consumer confidence and spending;
- Housing demand in general and for our particular community locations and product designs, as well as consumer interest in purchasing a home compared to other housing alternatives;
- Population growth and demographic trends; and
- Availability of water supply in locations in which we operate.

Turmoil in the financial markets can affect our liquidity. In addition, our cash balances are primarily invested in short-term government-backed instruments. The remaining cash balances are held at numerous financial institutions and may, at times, exceed insurable amounts. We seek to mitigate this risk by depositing our cash in major financial institutions and diversifying our investments. In addition, our homebuilding operations often require us to obtain letters of credit. We have certain stand-alone letter of credit facilities and agreements pursuant to which letters of credit are issued. However, we may need additional letters of credit above the amounts provided under these facilities and letters of credit may not be issued under our current senior secured revolving credit facility. If we are unable to obtain such additional letters of credit as needed to operate our business, we would be adversely affected.

In addition, geopolitical events, acts of war or terrorism, threats to national security, civil unrest, any outbreak or escalation of hostilities throughout the world, tariffs and international trade sanctions, and health pandemics may have a substantial impact on the economy, consumer confidence, the housing market, our associates and our customers, and therefore our business and financial results.

The difficulties described above could cause us to take longer and incur more costs to build our homes. In addition, our insurance may not fully cover business interruptions or losses caused by weather conditions and man-made or natural disasters and we may not be able to recapture increased costs by raising prices in many cases because we fix our prices up to 12 months in advance of delivery by signing home sales contracts. Some buyers may also cancel or not honor their home sales contracts altogether.

Raw material and labor shortages and price fluctuations could delay or increase the cost of home construction and adversely affect our operating results.

The homebuilding industry is vulnerable to raw material and labor shortages and has from time-to-time experienced such shortages. In particular, shortages and fluctuations in the price of lumber or in other important raw materials could result in delays in the start or completion of, or increase the cost of, developing one or more of our residential communities. Pricing for labor and raw materials can be affected by various national, regional, local, economic and political factors. For example, the federal government has previously imposed new or increased tariffs or duties on an array of imported materials and goods that are used in connection with the construction and delivery of our homes, including lumber, raising our costs for these items (or products made with them). Such government-imposed tariffs and trade regulations on imported building supplies, and retaliatory measures by other countries, may in the future have significant impacts on the cost to construct our homes and on our customers' budgets, including by causing disruptions or shortages in our supply chain. We have also experienced labor shortages, price fluctuations and increased labor costs, including as a result of inflation or wage increases, particularly over the past two years due to historic inflation rates in the United States. The cost of labor may be adversely affected by changes in immigration laws and trends in labor migration. In addition, increased demand could increase material and labor costs. During fiscal 2023, although there was improvement each quarter, we continued to experience construction delays due to shortages in the supply of certain materials, as well as labor and subcontractor shortages in our markets. These delays impact the timing of our expected home closings and may also result in cost increases that we may not be able to pass to our current or future customers. Sustained increases in construction costs may, over time, erode our margins, and impact our total contract or delivery volumes.

Interest rates increased substantially in fiscal years 2022 and 2023 and may continue to increase. Because almost all of our customers require mortgage financing, increases in interest rates or the decreased availability of mortgage financing could considerably impair the affordability of our homes, lower demand for our products, limit our marketing effectiveness and limit our ability to fully realize our backlog.

Virtually all of our customers finance their acquisitions through lenders providing mortgage financing. Mortgage rates, up until recently, had been historically low, which made the homes we sell more affordable. However, mortgage rates have more than doubled since early fiscal year 2022, as a result of the Federal Reserve raising interest rates in an effort to curtail inflation. When interest rates increase, the cost to own a home increases, which reduces the number of potential homebuyers who can obtain mortgage financing and can result in a decline in the demand for our homes. We cannot predict whether interest rates will continue to rise, or the paces of the increases, but further increases would likely have a considerable impact on housing demand.

Increases in interest rates (or the perception that interest rates will rise, including as a result of government actions), have, and could continue to, increase the costs to obtain mortgages, decrease the availability of mortgage financing have, and lower demand for new homes because of the increased monthly mortgage costs and cash required to close on mortgages to potential home buyers. Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their existing homes to potential buyers who need financing. This could prevent or limit our ability to attract new customers as well as our ability to fully realize our backlog because our sales contracts generally include a financing contingency. Financing contingencies permit the customer to cancel his/her obligation in the event mortgage financing at prevailing interest rates, including financing arranged or provided by us, is unobtainable within the period specified in the contract. This contingency period is typically four to eight weeks following the date of execution of the sales contract. We believe that the availability of mortgage financing, including through federal government agencies or government-sponsored enterprises (such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHA/VA financing), is an important factor in marketing many of our homes. Any limitations or restrictions on the availability of mortgage financing (including due to any failure of lawmakers to agree on a budget or appropriation legislation to fund relevant programs or operations or as a result of instability in the banking sector) could reduce our sales. Further, if we are unable to originate mortgages for any reason going forward, our customers may experience significant mortgage loan funding issues, which could have a material impact on our homebuilding business and our Consolidated Financial Statements.

Inflation may adversely affect us by increasing costs beyond what we can recover through price increases and by increasing mortgage rates for homebuyers.

Inflation can adversely affect us by increasing costs of land, materials and labor, which we have experienced since fiscal year 2022 due to historic inflation rates. In addition, as discussed above, recent elevated levels of inflation have been accompanied by higher interest rates that could cause a slowdown in the housing market. In an inflationary environment, such as the current economic environment, depending on the homebuilding industry and other economic conditions, we may be unable to raise home prices enough to keep up with the rate of inflation. Moreover, in an inflationary environment, our cost of capital, labor and materials can increase and the purchasing power of our cash resources can decline, which can have an adverse impact on our business or financial results. In an effort to counteract such inflationary pressures and maintain sales volumes in light of these challenges, we have offered increased sales incentives and have been using mortgage rate buydowns for qualifying homebuyers, which reduces our profit margins. These measures may not be successful and continued inflationary pressures could further impact our profitability.

A significant downturn in the homebuilding industry could materially and adversely affect our business.

The homebuilding industry experienced a significant and sustained downturn that began in 2007, during which the lowest volumes of housing starts were significantly below troughs in previous downturns. This downturn resulted in an industry-wide softening of demand for new homes due to a lack of consumer confidence, decreased availability of mortgage financing, and large supplies of resale and new home inventories, among other factors. In addition, an oversupply of alternatives to new homes, such as rental properties, resale homes and foreclosures, depressed prices and reduced margins for the sale of new homes. Industry conditions had a material adverse effect on our business and results of operations in fiscal 2007 through 2011. Further, we had substantially increased our inventory through fiscal 2006, which required significant cash outlays and which increased our price and margin exposure as we worked through this inventory. If the homebuilding industry experiences another significant or sustained downturn, it would materially adversely affect our business and results of operations in future years. In particular, during the second half of fiscal 2022 and into fiscal 2023, housing demand weakened due to a sharp increase in mortgage rates, the substantial increase in home prices experienced over the past two years, significant inflation in the broader economy, stock market volatility, and other macro-economic conditions, which have adversely impacted buyer sentiment and behavior.

Public health issues such as a major epidemic or pandemic could adversely affect our business or financial results.

The U.S. and other countries have experienced, and may experience in the future, outbreaks of contagious diseases that affect public health and public perception of health risk. The World Health Organization previously declared COVID-19 a pandemic, resulting in federal, state and local governments and private entities mandating various restrictions, quarantines, curfews, "stay-at-home" or "shelter in place" orders and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. We responded in various ways to the governmental measures, including, among other measures, temporarily closing our sales offices, model homes and design studios to the general public, limiting our construction operations, and reducing the municipal and private services we rely on, which substantially tempered our sales pace. The effects of COVID-19 caused multiple disruptions in our supply chain and resulted in shortages in certain building materials and tightness in the labor market, which has caused our construction cycle times to lengthen compared to prior to the pandemic.

Future disruptions and governmental actions, due to COVID-19 or a different epidemic or pandemic, combined with any associated economic and/or social instability or distress, may have an adverse impact on our results of operations, financial condition and cash flows.

The homebuilding industry is significantly affected by changes in weather and other environmental conditions and resulting governmental regulations and increased focus by stakeholders on sustainability issues.

Weather conditions and man-made or natural disasters such as hurricanes, tornadoes, earthquakes, floods or prolonged precipitation, droughts, fires and other environmental conditions have harmed us in the past, and may harm us in the future, the local homebuilding business. Additionally, the physical impacts of climate change may cause these occurrences to increase in frequency, severity and duration, which can delay home construction, increase costs by damaging inventories, reduce the availability of building materials, and adversely impact the demand for new homes in affected areas, as well as slow down or otherwise impair the ability of utilities and local governmental authorities to provide approvals and service to new housing communities. For example, wildfires in California and hurricanes in Texas and Florida in recent years have at various times caused utility company delays, slowing of our production process, increasing cost of operations and also impacting our sales and construction activity in affected markets during the related time periods. Additionally, other coastal areas where we operate face increased risks of adverse weather or natural disasters.

In addition, there is a growing concern from advocacy groups and the general public that the emissions of greenhouse gases and other human activities have caused, or will cause, significant changes in weather patterns and temperatures and the frequency and severity of natural disasters. Government mandates, standards and regulations enacted in response to these projected climate changes impacts could result in restrictions on land development in certain areas or increased energy, transportation and raw material costs that may adversely affect our financial condition and results of operations. These concerns have also resulted in increasing government, investor and societal attention to environmental, social, and governance ("ESG") matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, waste production, water usage, human capital, labor, and risk oversight, and could expand the nature, scope, and complexity of matters that we are required to control, assess, and report. These and other rapidly changing laws, regulations, policies and related interpretations, as well as increased enforcement actions by various governmental and regulatory agencies, may create challenges for the Company, including with respect to our compliance and ethics programs, may alter the environment in which we do business, and may increase the ongoing costs of compliance, which could adversely impact our results of operations and cash flows.

Our business is seasonal in nature and our quarterly operating results fluctuate.

Our quarterly operating results generally fluctuate by season. The construction of a customer's home typically begins after signing the agreement of sale and can take six to nine months or more to complete. Weather-related problems, typically in the fall, winter and early spring, can delay starts or closings and increase costs and thus reduce profitability. In addition, delays in opening communities could have an adverse effect on our sales and revenues. Due to these factors, our quarterly operating results will likely continue to fluctuate.

Our success depends on the availability of suitable undeveloped land and improved lots at acceptable prices and our having sufficient liquidity to fund such investments.

Our success in developing land and in building and selling homes depends in part upon the continued availability of suitable undeveloped land and improved lots at acceptable prices. The homebuilding industry is highly competitive for land that is suitable for residential development and the availability of undeveloped land and improved lots for purchase at favorable prices depends on a number of factors outside of our control, including the risk of competitive overbidding on land and lots, geographical or topographical constraints and restrictive governmental regulation. Should suitable land opportunities become less available, our ability to implement our strategies and operational actions would be limited and the number of homes we may be able to build and sell would be reduced, which would reduce revenue and profits. In addition, our ability to make land purchases will depend on us having sufficient liquidity to fund such purchases. We may be at a disadvantage in competing for land compared to others who have more substantial cash resources.

We rely on subcontractors to construct our homes and may incur costs or losses if these subcontractors fail to properly construct our homes or manage and pay their employees, or if products supplied to us by subcontractors are defective.

We engage subcontractors to perform the actual construction of our homes and, in some cases, to select and obtain building materials. Therefore, the timing and quality of our construction depends on the availability, skill, and cost of our subcontractors. Despite our quality control efforts, we may discover that our subcontractors failed to properly construct our homes or may use defective materials, which, if widely used in our business, could result in the need to perform extensive repairs to large numbers of homes. The occurrence of such events could require us to repair the homes in accordance with our standards and as required by law. The cost of complying with our warranty obligations may be significant if we are unable to recover the cost of repairs from subcontractors, materials suppliers and insurers. In addition, the cost of satisfying our legal obligations in these instances may be significant, and we may be unable to recover the cost of repair from subcontractors and insurers.

We also can suffer damage to our reputation, and may be exposed to possible liability, if subcontractors fail to comply with applicable laws, including laws involving actions or matters that are not within our control. When we learn about possibly improper practices by subcontractors, we attempt to cause the subcontractors to discontinue them and may terminate the use of such subcontractors. However, attempts at mitigation may not avoid claims against us relating to actions of or matters relating to our subcontractors that are out of our control. For example, although we do not have the ability to control what these independent subcontractors pay their own employees, or their own subcontractors, or the work rules they impose on such personnel, federal and state governmental agencies, including the U.S. National Labor Relations Board, have sought, and may in the future seek, to hold contracting parties like us responsible for subcontractors' violations of wage and hour laws, or workers' compensation, collective bargaining and/or other employment-related obligations related to subcontractors' workforces. Governmental agency determinations or attempts by others to make us responsible for subcontractors' labor practices or obligations, could create substantial adverse exposure for us in these types of situations even though not within our control.

Changes in economic and market conditions could result in the sale of homes at a loss or holding land in inventory longer than planned, the cost of which can be significant.

Land inventory risk can be substantial for homebuilders. We must continuously seek and make acquisitions of land for expansion into new markets and for replacement and expansion of land inventory within our current markets. We incur many costs even before we begin to build homes in a community. Depending on the stage of development of a land parcel when we acquire it, these may include costs of preparing land, finishing and entitling lots, installing roads, sewers, water systems and other utilities, taxes and other costs related to ownership of the land on which we plan to build homes. The market value of undeveloped land, buildable lots and housing inventories can fluctuate significantly as a result of changing economic and market conditions. In the event of significant changes in economic or market conditions, we may have to sell homes at a loss or hold land in inventory longer than planned. In the case of land options, we could choose not to exercise them, in which case we would write-off the value of these options. Inventory carrying costs, including the costs of holding QMI homes, can be significant and can result in losses in a poorly performing project or market. The assessment of communities for indication of impairment is performed quarterly. While we consider available information to determine what we believe to be our best estimates as of the reporting period, these estimates are subject to change in future reporting periods as facts and circumstances change. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operation—Critical Accounting Policies."

We conduct a significant portion of our business in Arizona, California, Delaware, Florida, New Jersey, South Carolina, Texas and Virginia, and accordingly, regional factors affecting home sales and activities in these markets may have a large impact on our results of operations.

We presently conduct a significant portion of our business in Arizona, California, Delaware, Florida, New Jersey, South Carolina, Texas and Virginia, which subjects us to risks associated with the regional and local economies of these markets. Home prices and sales activities in these markets and in most of the other markets in which we operate have declined from time to time, particularly as a result of slow economic growth. These markets may also depend, to a degree, on certain sectors of the economy, and any declines in those sectors may impact home sales and activities in that region. For example, to the extent the oil and gas industries, which can be very volatile, are negatively impacted by declining commodity prices, climate change, legislation or other factors, it could result in reduced employment, or other negative economic consequences, which in turn could adversely impact our home sales and activities in Texas. Furthermore, precarious economic and budget situations at the state government level may adversely affect the market for our homes in the affected areas. Weather-related or other events impacting these markets could also negatively affect these markets as well as the other markets in which we operate. If home prices and sales activity decline in one or more of the markets in which we operate, our costs may not decline at all or at the same rate and the Company's business, financial condition and results of operations could be materially adversely affected.

Increases in cancellations of agreements of sale could have an adverse effect on our business.

Our backlog reflects agreements of sale with our home buyers for homes that have not yet been delivered. We have received a deposit from our home buyer for each home, which is reflected in our backlog, and we generally have the right to retain the deposit if the home buyer does not complete the purchase. In some situations, however, a home buyer may cancel the agreement of sale and receive a complete or partial refund of the deposit for reasons related to state and local law, an inability to obtain mortgage financing at prevailing interest rates (including financing arranged or provided by us), an inability to sell their current home, or our inability to complete and deliver the new home within the specified time. At October 31, 2023, including unconsolidated joint ventures, we had a backlog of signed contracts for 2,246 homes with a sales value aggregating \$1.3 billion. If mortgage financing becomes less accessible, or if economic conditions deteriorate, more home buyers may cancel their agreements of sale with us, which could have an adverse effect on our business and results of operations.

Increases in the after-tax costs of owning a home could prevent potential customers from buying our homes and adversely affect our business or financial results.

Significant expenses of owning a home, including mortgage interest expenses and real estate taxes, have historically been deductible expenses for an individual's federal, and in some cases state, income taxes, subject to limitations under tax law and policy. The "Tax Cuts and Jobs Act" which was signed into law in December 2017 includes provisions which impose significant limitations with respect to these income tax deductions. For instance, through the end of 2025, the annual deduction for real estate taxes and state and local income taxes (or sales taxes in lieu of income taxes) is now generally limited to \$10,000. Furthermore, through the end of 2025, the deduction for mortgage interest is generally only available with respect to the first \$750,000 of a new mortgage and there is no longer a federal deduction for interest on home equity loans. In addition, if the federal government or a state government further changes its income tax laws to further eliminate or substantially limit these income tax deductions, the after-tax cost of owning a new home would further increase for many of our potential customers. The loss or reduction of these homeowner tax deductions that have historically been available has and could further reduce the perceived affordability of homeownership, and therefore the demand for and sales price of new homes, including ours, particularly in states with higher state income taxes or home prices, such as in California and New Jersey. In addition, increases in property tax rates or fees on developers by local governmental authorities, as experienced in response to reduced federal and state funding or to fund local initiatives, such as funding schools or road improvements, or increases in insurance premiums can adversely affect the ability of potential customers to obtain financing or their desire to purchase new homes, and can have an adverse impact on our business and financial results.

Further, existing and prospective regulatory and societal focus on and responses to climate change intended to reduce potential climate change impacts may increase the upfront costs of purchasing a home, costs to maintain the home and its systems, energy and utility costs and the cost to obtain homeowner and various hazard and flood insurance, or limit homeowners' ability to obtain these insurance policies altogether. Although these items have not materially impacted our business to date, they could adversely affect our business in the future.

Mortgage investors could seek to have us buy back loans or compensate them for losses incurred on mortgages we have sold based on claims that we breached our limited representations or warranties.

Our financial services segment originates mortgages, primarily for our homebuilding customers. Substantially all of the mortgage loans originated are sold within a short period of time in the secondary mortgage market on a servicing released, nonrecourse basis, although we remain liable for certain limited representations, such as fraud, and warranties related to loan sales. Accordingly, mortgage investors have in the past and could in the future seek to have us buy back loans or compensate them for losses incurred on mortgages we have sold based on claims that we breached our limited representations or warranties. While we believe our reserves are adequate for known losses and projected repurchase requests, given the volatility in the mortgage industry and the uncertainty regarding the ultimate resolution of these claims, if either actual repurchases or the losses incurred resolving those repurchases exceed our expectations, additional expense may be incurred. We may have significant liabilities in respect of such claims in the future, which could exceed our reserves, and the impact of such claims on our results of operations could be material. Further, an increase in the default rate on the mortgages we originate may adversely affect our ability to sell mortgages or the pricing we receive upon the sale of mortgages.

We compete on several levels with homebuilders that may have greater sales and financial resources, which could hurt future earnings.

We compete not only for home buyers but also for desirable properties, financing, raw materials and skilled labor often within larger subdivisions designed, planned and developed by other homebuilders. Our competitors include other local, regional and national homebuilders, some of which have greater sales and financial resources or more established relationships with suppliers and subcontractors in the markets in which we operate. In addition, we compete with other housing alternatives, such as existing homes and rental housing. In the homebuilding industry, we compete primarily on the basis of reputation, price, location, design, quality, service and amenities. Our financial services segment competes with other mortgage providers, primarily on the basis of fees, interest rates and other features of mortgage loan products.

The competitive conditions in the homebuilding industry together with current market conditions have caused, and could continue to result in, difficulty in acquiring suitable land at acceptable prices; increased selling incentives; lower sales; delays in construction; or impairment of our ability to implement our strategies and operational actions. Any of these problems could increase costs and/or lower profit margins.

Utility shortages and outages or rate fluctuations could have an adverse effect on our operations.

In prior years, the areas in which we operate in California have experienced power shortages, including periods without electrical power, as well as significant fluctuations in utility costs. We may incur additional costs and may not be able to complete construction on a timely basis if such power shortages and outages and utility rate fluctuations continue. Furthermore, power shortages and outages and rate fluctuations may adversely affect the regional economies in which we operate, which may reduce demand for our homes. Our operations may be adversely affected if further rate fluctuations and/or power shortages and outages occur in California, or in our other markets.

Information technology failures and data security breaches could harm our business.

We use information technology ("IT"), digital telecommunications and other computer resources to conduct important operational activities and to maintain our business records. In addition, we rely on the systems of third parties, such as third-party vendors. Our computer systems, including our backup systems, and those of the third parties on whose systems we rely, are subject to damage or interruption from computer and telecommunications failures, computer viruses, power outages, security breaches (including through phishing attempts, data-theft and cyber-attack), ransomware attacks, usage errors by our associates or other business partners or outside service providers, and catastrophic events, such as fires, floods, hurricanes and tornadoes. Cyber-attacks and other security threats could originate from a wide variety of external sources, including cyber-criminals, nation-state hackers, hacktivists and other outside parties. Cyber-attacks and other security threats could also originate from the malicious or accidental acts of insiders, such as employees, and other business partners and outside service providers.

As part of our normal business activities, we collect and store certain personal identifying and confidential information relating to our homebuyers, employees, vendors and suppliers, and maintain operational and financial information related to our business. We may share some of this confidential information with our vendors. We rely on our vendors and third-party service providers to maintain effective cybersecurity measures to keep our information secure. If our computer systems and our backup systems, or those of the third parties on whose systems we rely, are breached, compromised or damaged, or otherwise cease to function properly, we could suffer interruptions in our operations or the misappropriation of proprietary, personal identifying or confidential information, including information about our business partners and home buyers. Our or our vendors' and third-party service providers' failure to maintain the security of the data we are required to protect could result in damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also in deterioration in customers' confidence in us and other competitive disadvantages.

Data protection and privacy laws have been enacted by the U.S. federal and state governments, including the California Privacy Rights Act and the Virginia Consumer Data Protection Act, and the regulatory regime continues to evolve and is increasingly demanding. Many states have passed or are considering privacy and security legislation and there are ongoing discussions regarding a federal privacy law. Variations in requirements across other states could present compliance challenges, as well as increased costs related to compliance.

Privacy, security, and compliance concerns have continued to increase as technology has evolved. We maintain cybersecurity insurance coverage, which may not fully cover the costs related to cyber or other security threats or disruptions, and have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive, confidential and personal data, including through the use of encryption and authentication technologies as well as prevent the diversion or theft of company funds through various forms of social engineering. Additionally, we have increased our monitoring capabilities to enhance early detection and rapid response to potential security anomalies. These measures, which require ongoing monitoring and updating as technologies change and efforts to overcome security measures are continually evolving and have become increasingly sophisticated, are costly and may not be effective in preventing or mitigating significant negative occurrences or irregularities in our systems or those of third parties on whose systems we rely. In addition, cyber-attacks or other security breaches may persist undetected over extended periods of time and may not be mitigated in a timely manner to minimize the impact of a cyber-attack or other security breach. While, to date, we have not had a significant cybersecurity breach or attack that has a material impact on our business or results of operations, our efforts to maintain the security and integrity of our IT networks and related systems may not be effective and attempted security breaches or disruptions could be successful or damaging.

Negative publicity could adversely affect our reputation and our business, financial results and stock price.

Our reputation and brand are critical to our success. Unfavorable media related to our industry, company, brand, personnel, operations, business performance, or prospects may impact our stock price and the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity is disseminated has increased dramatically through the use of electronic communication, including social media outlets, websites, "tweets," and blogs. Our success in maintaining and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlets could damage our reputation and reduce the demand for our homes, which would adversely affect our business.

Global economic and political instability and conflicts could adversely affect our business, financial condition or results of operations.

Our business could be adversely affected by unstable economic and political conditions within the United States, instability in foreign jurisdictions and geopolitical conflicts. While we do not have any customer or direct supplier relationships in any of the foreign countries or regions involved in the current military conflicts, any related sanctions, export controls or actions that may be initiated by nations (e.g., potential cyberattacks, disruption of energy flows, etc.) and other potential uncertainties could adversely affect our supply chain by causing shortages or increases in costs for materials necessary to construct homes and/or increases to the price of gasoline and other fuels. In addition, such events could cause higher interest rates, inflation or general economic uncertainty, which could negatively impact our business partners, employees or customers, or otherwise adversely impact our business.

Risks Related to Our Debt and Liquidity

Our high leverage may restrict our ability to operate, prevent us from fulfilling our obligations, and adversely affect our financial condition.

We have a significant amount of debt.

- Our debt (excluding nonrecourse secured debt and debt of our financial subsidiaries), as of October 31, 2023, including the debt of the subsidiaries that guarantee our debt, was \$1,070.3 million (\$1,051.5 million net of discounts, premiums and debt issuance costs). Additionally, we have a \$125.0 million senior secured revolving credit facility, which was fully available for borrowing as of October 31, 2023.
- Our debt service payments for the year ended October 31, 2023, were \$858.3 million, which represented interest incurred and payments on the principal of our debt and do not include principal and interest on nonrecourse secured debt, debt of our financial subsidiaries and fees under our letters of credit and other credit facilities and agreements.

As of October 31, 2023, we had an aggregate of \$4.9 million outstanding under various letters of credit and other credit facilities and agreements, certain of which were collateralized by \$5.1 million of cash. Our fees for these letters of credit for the year ended October 31, 2023, which are based on both the used and unused portion of the facilities and agreements, were \$0.1 million. We also had substantial contractual commitments and contingent obligations, including \$187.3 million of performance bonds as of October 31, 2023. See Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations.”

Our significant amount of debt could have important consequences. For example, it could:

- Limit our ability to obtain future financing for working capital, capital expenditures, acquisitions, debt service requirements, or other requirements;
- Require us to dedicate a substantial portion of our cash flow from operations to the payment of our debt and reduce our ability to use our cash flow for other purposes, including land investments;
- Require us to pay higher interest rates upon refinancing debt if interest rates rise or due to the concentration of debt maturities or our overall leverage levels;
- Limit our flexibility in planning for, or reacting to, changes in our business;
- Place us at a competitive disadvantage because we have more debt than some of our competitors;
- Limit our ability to implement our strategies and operational actions;
- Require us to consider selling some of our assets or debt or equity securities, possibly on unfavorable terms, to satisfy obligations; and
- Make us more vulnerable to downturns in our business and general economic conditions.

Our ability to meet our debt service and other obligations will depend upon our future performance. We are engaged in businesses that are substantially affected by changes in economic cycles. Our revenues and earnings vary with the level of general economic activity in the markets we serve. Our businesses are also affected by customer sentiment and financial, political, business and other factors, many of which are beyond our control. The factors that affect our ability to generate cash can also affect our ability to raise additional funds for these purposes through the sale of equity or debt securities, the refinancing of debt or the sale of assets. Changes in prevailing interest rates may affect our ability to meet our debt service obligations to the extent we have any floating rate indebtedness. A higher interest rate on our debt service obligations could result in lower earnings or increased losses.

Our sources of liquidity are limited and may not be sufficient to meet our needs.

We are largely dependent on our current cash balance and future cash flows from operations (which may not be positive) to enable us to service our indebtedness, to cover our operating expenses and/or to fund our other liquidity needs. Cash provided by operating activities in fiscal 2023 and 2022 was \$435.3 million and \$89.5 million, respectively. Depending on the levels of our land purchases, we could generate positive or negative cash flow in future years. If there is a sustained decline in market conditions in the homebuilding industry over the next several years, our cash flows could be insufficient to fund our obligations and support land purchases, and if we cannot buy additional land, we would ultimately be unable to generate future revenues from the sale of houses. If our cash flows and capital resources are insufficient to fund our debt service obligations or we are unable to refinance our indebtedness, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure our indebtedness. These alternative measures may not be successful or, if successful, made on desirable terms and may not permit us to meet our debt service obligations. We have also entered into certain cash collateralized letters of credit agreements and facilities that require us to maintain specified amounts of cash in segregated accounts as collateral to support our letters of credit issued thereunder. If our available cash and capital resources are insufficient to meet our debt service and other obligations, we could face liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or the proceeds from the dispositions may not be permitted under the terms of our debt instruments to be used to service indebtedness or may not be adequate to meet any debt service obligations then due. For additional information about capital resources and liquidity, see Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity.”

Our cash flows, liquidity and consolidated financial statements could be materially and adversely affected if we are unable to obtain letters of credit.

Our homebuilding operations often require us to obtain letters of credit. We have certain stand-alone letter of credit facilities and agreements pursuant to which letters of credit are issued. However, letters of credit may not be issued under our current senior secured revolving credit facility, and we may need additional letters of credit above the amounts provided under these stand-alone facilities and agreements. If we are unable to obtain such additional letters of credit as needed to operate our business, we would be adversely affected.

We may have difficulty in obtaining the additional financing required to operate and develop our business.

Our operations require significant amounts of cash, and we may be required to seek additional capital, whether from sales of debt or equity securities or borrowing additional money, for the future growth and development of our business. The terms and/or availability of additional capital is uncertain. Moreover, the agreements governing our outstanding debt instruments contain provisions that restrict the debt we may incur in the future and our ability to pay dividends on equity. If we are not successful in obtaining sufficient capital, it could reduce our sales and may hinder our future growth and results of operations. In addition, pledging substantially all of our assets to support our senior secured revolving credit facility and our senior secured notes may make it more difficult to raise additional financing in the future.

We could be adversely affected by a negative change in our credit rating.

Our ability to access capital on favorable terms is a key factor in our ability to service our indebtedness to cover our operating expenses and to fund our other liquidity needs. Negative rating actions by credit agencies, including downgrades, may make it more difficult and costly for us to access capital. Therefore, any downgrade by any of the principal credit agencies may exacerbate these difficulties. There can be no assurances that our credit ratings will not be downgraded in the future, whether as a result of deteriorating general economic conditions, a protracted downturn in the housing industry, failure to successfully implement our operating strategy, the adverse impact on our results of operations or liquidity position of any of the above, or otherwise.

Restrictive covenants in our debt instruments may restrict our and certain of our subsidiaries' ability to operate, and if our financial performance worsens, we may not be able to undertake transactions within the restrictions of our debt instruments.

The indentures governing our outstanding debt securities and our credit facilities impose certain restrictions on our and certain of our subsidiaries' operations and activities. The most significant restrictions relate to debt incurrence, creation of liens, repayment of certain indebtedness prior to its respective stated maturity, sales of assets (including in certain land banking transactions), cash distributions, (including paying dividends on common and preferred stock), capital stock repurchases, and investments by us and certain of our subsidiaries (including in joint ventures). Because of these restrictions, we could be prohibited from paying dividends on our common and preferred stock.

The restrictions in our debt instruments could prohibit or restrict our and certain of our subsidiaries' activities, such as undertaking capital raising or restructuring activities or entering into other transactions. In addition, if we fail to comply with these restrictions or to make timely payments on this debt and other material indebtedness, an event of default could occur and our debt under these debt instruments could become due and payable prior to maturity. Any such event of default could lead to cross defaults under certain of our other debt instruments or negatively impact other debt-related covenants. In any of these situations, we may be unable to amend the applicable debt instrument or obtain a waiver without significant additional cost, or at all, and we may be unable to obtain alternative financing. Any such situation could have a material adverse effect on the solvency of the Company.

The terms of our debt instruments allow us to incur additional indebtedness.

Under the terms of our indebtedness under our indentures and credit facilities, we have the ability, subject to our debt covenants, to incur additional amounts of debt, including secured debt. The incurrence of additional indebtedness could magnify the risks described above. In addition, certain obligations, such as standby letters of credit and performance bonds issued in the ordinary course of business, including those issued under our stand-alone letter of credit agreements and facilities, are not considered indebtedness under our debt instruments (and may be secured) and, therefore, are not subject to limits in our debt covenants.

Regulatory and Legal Risks

Homebuilders are subject to a number of federal, local, state, and foreign laws and regulations concerning the development of land and homebuilding, sales and customer financing processes and the protection of the environment, which can cause us to incur delays and costs associated with compliance and which can prohibit or restrict our activity in some regions or areas.

We are subject to extensive and complex laws and regulations that affect the development of land and homebuilding, sales and customer financing processes, including laws and regulations relating to zoning, density, accessibility, anti-discrimination, building standards and mortgage financing. These laws and regulations often provide broad discretion to the administering governmental authorities. This can delay or increase the cost of development or homebuilding. In addition, some state and local governments in markets where we operate have approved, and others may approve, slow-growth or no-growth initiatives that could negatively impact the availability of land and building opportunities within those areas. Approval of these initiatives could adversely affect our ability to build and sell homes in the affected markets and/or could require the satisfaction of additional administrative and regulatory requirements, which could result in slowing the progress or increasing the costs of our homebuilding operations in these markets. Any of the above delays or costs could have a negative effect on our future revenues and earnings.

We also are subject to a variety of local, state, federal and foreign laws and regulations concerning protection of health and the environment, including those regulating the emission or discharge of materials into the environment, the management of storm water runoff at construction sites, the handling, use, storage and disposal of hazardous substances, impacts to wetlands and other sensitive environments, and the remediation of contamination at properties that we have owned or developed or currently own or are developing (“environmental laws”). The particular environmental laws that apply to a site may vary greatly according to the community site, for example, due to the community, the environmental conditions at or near the site, and the present and former uses of the site. These environmental laws may result in delays, may cause us to incur substantial compliance, remediation and/or other costs, and can prohibit or severely restrict development and homebuilding activity. In addition, noncompliance with these laws and regulations could result in fines and penalties, obligations to remediate or take corrective action, permit revocations or other sanctions; and contamination or other environmental conditions at or in the vicinity of our developments may result in claims against us for personal injury, property damage or other losses.

We anticipate that increasingly stringent requirements will continue to be imposed on developers and homebuilders in the future. In addition, some of these laws and regulations that significantly affect how certain properties may be developed are contentious, attract intense political attention, and may be subject to significant changes over time. For example, regulations governing wetlands permitting under the federal Clean Water Act have been the subject of extensive rulemakings for many years, resulting in several major joint rulemakings by the Environmental Protection Agency (“EPA”) and the U.S. Army Corps of Engineers that have expanded and contracted the scope of wetlands subject to regulation; and such rulemakings have been the subject of many legal challenges, some of which remain pending. It is unclear how these and related developments, including at the state or local level, ultimately may affect the scope of regulated wetlands where we operate. Although we cannot reliably predict the extent of any effect these developments regarding wetlands, or any other requirements that may take effect, may have on us, they could result in time-consuming and expensive compliance programs and in substantial expenditures, which could cause delays and increase our cost of operations. In addition, our ability to obtain or renew permits or approvals and the continued effectiveness of permits already granted or approvals already obtained is dependent upon many factors, some of which are beyond our control, such as changes in policies, rules and regulations and their interpretations and application.

Legal claims not resolved in our favor, such as product liability litigation and warranty claims may be costly.

As discussed in Item 3 – “Legal Proceedings,” in the ordinary course of business we are involved in litigation from time-to-time, including with homeowner associations, home buyers and other persons with whom we have relationships. For example, as a homebuilder, we are subject to construction defect and home warranty claims, including moisture intrusion and related claims, arising in the ordinary course of business. Such claims are common in the homebuilding industry and can be costly.

With regard to certain general liability exposures such as product liability claims, construction defect claims and related claims, assessment of claims and the related liability and reserve estimation process is highly judgmental and subject to a high degree of variability due to uncertainties such as trends in construction defect claims relative to our markets and the types of products we build, claim settlement patterns, insurance industry practices and legal interpretations, among others. Because of the high degree of judgment required in determining these estimated liability amounts, actual future costs could differ significantly from our currently estimated amounts. Furthermore, after claims are asserted for construction defects, it can be difficult to determine the extent to which assertions of such claims will expand geographically. For example, the Company has been a party to litigation in New Jersey concerning alleged defects in construction (see Note 18 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K). In addition, the amount and scope of coverage offered by insurance companies is currently limited, and this coverage may be further restricted and become more costly. If we are not able to obtain adequate insurance against such claims, if the costs associated with such claims significantly exceed the amount of our insurance coverage, or if our insurers do not pay on claims under our policies (whether because of dispute, inability, or otherwise), we may experience losses that could hurt our financial results.

Our financial results could also be adversely affected if we were to experience an unusually high number of claims or unusually severe claims. Our insurance companies have the right to review our claims and claims history, and do so from time to time, and could decline to pay on such claims if such reviews determine the claims did not meet the terms for coverage. Additionally, we may need to significantly increase our construction defect and home warranty reserves as a result of insurance not being available for any of the reasons discussed above, such claims or the results of our annual actuarial study.

Tax increases and changes in tax rules may adversely affect our financial results.

As a company conducting business with physical operations throughout North America, we are exposed, both directly and indirectly, to the effects of changes in U.S., state and local tax rules. Taxes for financial reporting purposes and cash tax liabilities in the future may be adversely affected by changes in such tax rules. Such changes may put us at a competitive disadvantage compared to some of our major competitors, to the extent we are unable to pass the tax costs through to our customers.

Risks Related to Our Organization and Structure

We conduct certain of our operations through unconsolidated joint ventures with independent third parties in which we do not have a controlling interest. These investments involve risks and are highly illiquid.

We currently operate through a number of unconsolidated homebuilding and land development joint ventures with independent third parties in which we do not have a controlling interest. At October 31, 2023, we had invested an aggregate of \$97.9 million in these unconsolidated joint ventures, including outstanding net advances to these unconsolidated joint ventures of \$1.4 million. In addition, as part of our strategy, we intend to continue to evaluate additional joint venture opportunities; however, we may be limited in pursuing all such desirable opportunities because the indentures governing our outstanding debt securities and our credit facilities impose certain restrictions, among others, on investments by us and certain of our subsidiaries (including in joint ventures).

These investments involve risks and are highly illiquid. There are a limited number of sources willing to provide acquisition, development and construction financing to land development and homebuilding joint ventures, and if market conditions become more challenging, it may be difficult or impossible to obtain financing for our joint ventures on commercially reasonable terms. In addition, we lack a controlling interest in these joint ventures and, therefore, are usually unable to require that our joint ventures sell assets or return invested capital, make additional capital contributions, or take any other action without the vote of at least one of our venture partners. Therefore, absent partner agreement, we will be unable to liquidate our joint venture investments to generate cash.

The Hovnanian family is able to exercise significant influence over us.

The combined ownership of members of the Hovnanian family, including Ara K. Hovnanian, our Chairman of the Board, President, and Chief Executive Officer, through personal holdings, the limited partnership and the limited liability company established for members of Mr. Hovnanian's family and family trusts of Class A and Class B common stock, enables them to exert significant control over us, including power to control the election of the Board of Directors and to approve matters presented to our stockholders. Such holdings represented approximately 59% of the votes that could be cast by the holders of our outstanding Class A and Class B common stock combined as of October 31, 2023. This concentration of ownership may also make some transactions, including mergers or other changes in control, more difficult or impossible without their support. Also, because of their combined voting power, circumstances may occur in which their interests could be in conflict with the interests of other stakeholders.

Our net operating loss carryforwards could be substantially limited if we experience an ownership change as defined in the Internal Revenue Code.

Based on past impairments and our financial performance in prior years, we generated a federal net operating loss carryforward of \$688.3 million through the year ended October 31, 2023, and we may generate net operating loss carryforwards in future years.

Section 382 of the United States Internal Revenue Code of 1986, as amended (the "Code"), contains rules that limit the ability of a company that undergoes an ownership change, which is generally any change in ownership of more than 50% of its stock over a three-year period, to utilize its net operating loss carryforwards and certain built-in losses recognized in years after the ownership change. These rules generally operate by focusing on ownership shifts among stockholders owning directly or indirectly 5% or more of the stock of a company and any change in ownership arising from a new issuance of stock by the company.

If we undergo an ownership change for purposes of Section 382 as a result of future transactions involving our stock, including purchases or sales of stock between 5% shareholders, our ability to use our net operating loss carryforwards and to recognize certain built-in losses would be subject to the limitations of Section 382. Depending on the resulting limitation, a significant portion of our net operating loss carryforwards could expire before we would be able to use them. A limitation imposed under Section 382 on our ability to utilize our net operating loss carryforwards could have a negative impact on our financial position and results of operations.

The value of our deferred tax assets is also dependent upon the tax rates expected to be in effect at the time the taxable income is expected to be generated. A decrease in enacted corporate tax rates in our major jurisdictions, especially the U.S. federal corporate rate, would decrease the value of our deferred tax assets, which could be material.

Our Board of Directors has adopted, and our shareholders have approved, a shareholder rights plan (the "Rights Plan") designed to preserve shareholder value and the value of certain tax assets primarily associated with net operating loss carryforwards and built-in losses under Section 382 of the Code. The Rights Plan is intended to act as a deterrent to any person or group acquiring 4.9% or more of our outstanding Class A common stock (any such person an "Acquiring Person"), without the approval of the Company's Board of Directors. Subject to the terms, provisions and conditions of the Rights Plan, if and when they become exercisable, each right would entitle its holder to purchase from the Company one ten-thousandth of a share of the Company's Series B Junior Preferred Stock for a specified purchase price (the "purchase price"). The rights will not be exercisable until the earlier of (i) 10 business days after a public announcement by us that a person or group has become an Acquiring Person and (ii) 10 business days after the commencement of a tender or exchange offer by a person or group for 4.9% of the Class A common stock (the "distribution date"). If issued, each fractional share of Series B Junior Preferred Stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of the Company's Class A common stock. However, prior to exercise, a right does not give its holder any rights as a stockholder of the Company, including without limitation any dividend, voting or liquidation rights. After the distribution date, each holder of a right, other than rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a right and payment of the purchase price, that number of shares of Class A common stock or Class B common stock, as the case may be, having a market value of two times the purchase price. After the distribution date, our Board of Directors may exchange the rights (other than rights owned by an Acquiring Person which will have become void), in whole or in part, at an exchange ratio of one share of common stock, or a fractional share of Series B Junior Preferred Stock (or of a share of a similar class or series of Hovnanian's preferred stock having similar rights, preferences and privileges) of equivalent value, per right (subject to adjustment).

In addition, our Restated Certificate of Incorporation restricts certain transfers of our common stock in order to preserve the tax treatment of our net operating loss carryforwards and built-in losses under Section 382 of the Code. Subject to certain exceptions pertaining to pre-existing 5% stockholders and Class B stockholders, the transfer restrictions in our Restated Certificate of Incorporation generally restrict any direct or indirect transfer (such as transfers of the Company's stock that result from the transfer of interests in other entities that own the Company's stock) if the effect would be to: (i) increase the direct or indirect ownership of the Company's stock by any person (or public group) from less than 5% to 5% or more of the Company's stock; (ii) increase the percentage of the Company's stock owned directly or indirectly by a person (or public group) owning or deemed to own 5% or more of the Company's stock; or (iii) create a new "public group" (as defined in the applicable U.S. Treasury regulations).

We could be adversely impacted by the loss of key management personnel or if we fail to attract qualified personnel.

To a significant degree, our future success depends on the efforts of our senior management, many of whom have been with the Company for a significant number of years, and our ability to attract qualified personnel. Our operations could be adversely affected if key members of our senior management leave the Company or if we cannot attract qualified personnel to manage growth in our business.

**ITEM 1B
UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2
PROPERTIES**

We rent approximately 62,000 square feet of office space for our corporate headquarters and own 215,000 square feet of office and warehouse space in the Northeast. We lease approximately 314,000 square feet of space for our segments located in the Northeast, Southeast and West.

**ITEM 3
LEGAL PROCEEDINGS**

The information required with respect to this item can be found under "Commitments and Contingent Liabilities" in Note 18 to our Consolidated Financial Statements included elsewhere in this Annual report on Form 10-K, which is incorporated by reference into this Item 3.

**ITEM 4
MINE SAFETY DISCLOSURES**

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Information on executive officers of the registrant is incorporated herein from Part III, Item 10.

PART II

ITEM 5

MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock is traded on the New York Stock Exchange under the symbol “HOV” and was held by 287 stockholders of record at December 12, 2023. There is no established public trading market for our Class B common stock, which was held by 164 stockholders of record at December 12, 2023. If a stockholder desires to sell shares of Class B common stock (other than to Permitted Transferees (as defined in the Company’s amended Certificate of Incorporation)), such stock must be converted into shares of Class A common stock at a one-to-one conversion rate.

Recent Sales of Unregistered Equity Securities

None.

Issuer Purchases of Equity Securities

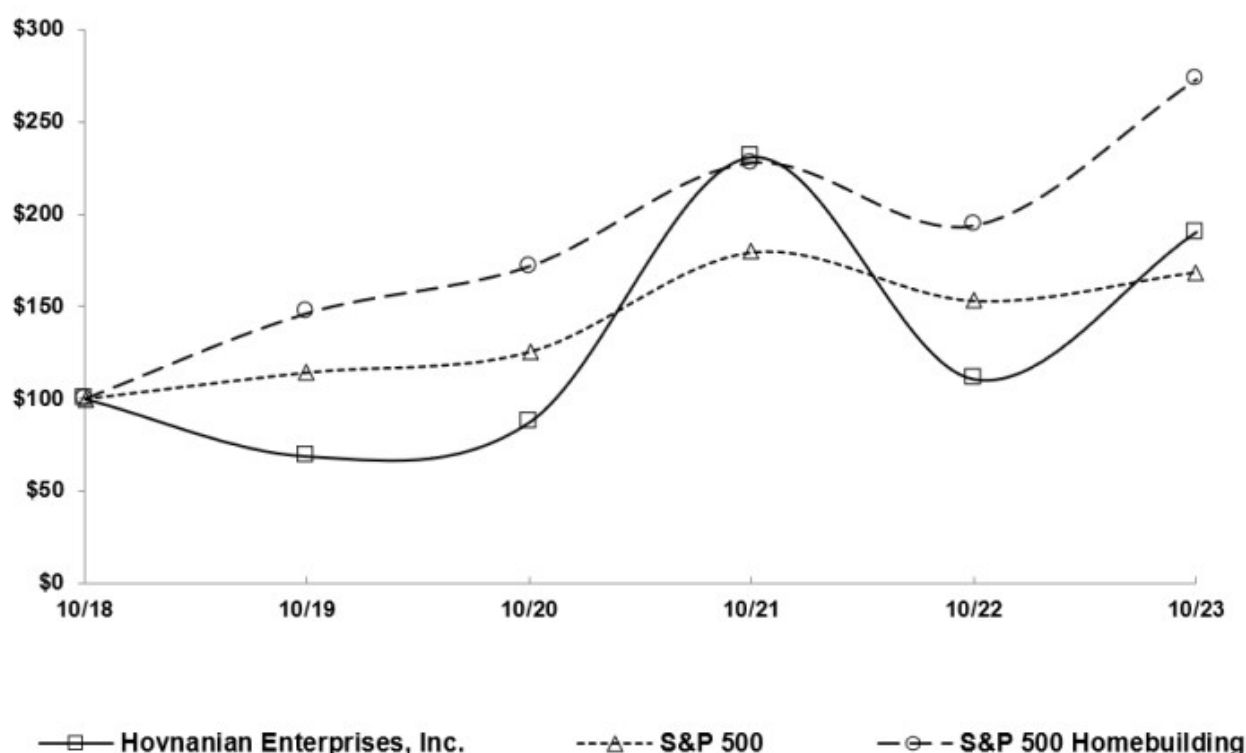
None.

Performance Graph

This performance graph shall not be deemed “soliciting material” or “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act.

The following graph compares the five-year cumulative total return of our Class A common stock with the Standard & Poor's ("S&P") 500 Index and the S&P Homebuilding Index. The graph assumes \$100 invested on October 31, 2018 in our Class A common stock, the S&P 500 Index and the S&P Homebuilding Index, and the reinvestment of all dividends.

The stock price performance shown on the following graph is not necessarily indicative of future stock performance.



Source: Standard & Poor's Financial Services, LLC, a division of The McGraw-Hill Companies Inc.

	10/18	10/19	10/20	10/21	10/22	10/23
Hovnanian Enterprises, Inc.	100.00	68.71	87.01	230.85	110.49	190.36
S&P 500	100.00	114.33	125.43	179.25	153.06	168.59
S&P Homebuilding	100.00	146.42	171.86	227.93	193.98	273.26

ITEM 6

RESERVED

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Hovnanian Enterprises, Inc. ("HEI") conducts all of its homebuilding and financial services operations through its subsidiaries (references herein to the "Company," "we," "us" or "our" refer to HEI and its consolidated subsidiaries and should be understood to reflect the consolidated business of HEI's subsidiaries).

The following tables and related discussion set forth key operating and financial data for our homebuilding and financial services operations as of and for the fiscal years ended October 31, 2023 and 2022. For similar operating and financial data and discussion of our fiscal 2022 results compared to our fiscal 2021 results, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the fiscal year ended October 31, 2022, which was filed with the SEC on December 19, 2022.

Key Performance Indicators

The following key performance indicators are commonly used in the homebuilding industry and by management as a means to better understand our operating performance and trends affecting our business and compare our performance with the performance of other homebuilders. We believe these key performance indicators also provide useful information to investors in analyzing our performance:

- *Net contracts* is a volume indicator which represents the number of new contracts executed during the period for the purchase of homes, less cancellations of contracts in the same period. The dollar value of net contracts represents the dollars associated with net contracts executed in the period. These values are an indicator of potential future revenues;
- *Contract backlog* is a volume indicator which represents the number of homes that are under contract, but not yet delivered as of the stated date. The dollar value of contract backlog represents the dollar amount of the homes in contract backlog. These values are an indicator of potential future revenues;
- *Active selling communities* is a volume indicator which represents the number of communities which are open for sale with ten or more home sites available as of the end of a period. We identify communities based on product type; therefore, at times there are multiple communities at one land site. These values are an indicator of potential revenues;
- *Net contracts per average active selling community* is used to indicate the pace at which homes are being sold (put into contract) in active selling communities and is calculated by dividing the number of net contracts in a period by the average number of active selling communities in the same period. Sales pace is an indicator of market strength and demand; and
- *Contract cancellation rates* is a volume indicator which represents the number of sales contracts cancelled in the period divided by the number of gross sales contracts executed during the period. Contract cancellation rates as a percentage of backlog is calculated by dividing the number of cancelled contracts in the period by the contract backlog at the beginning of the period. Cancellation rates as compared to prior periods can be an indicator of market strength or weakness.

Overview

Market Conditions and Operating Results

The demand for new and existing homes is dependent on a variety of demographic and economic factors, including job and wage growth, household formation, consumer confidence, mortgage financing, interest rates, inflation and overall housing affordability.

From early January 2022, 30-year mortgage rates more than doubled from 3.2% to 7.8% at the end of October 2023. The rapid and sharp increases in interest rates, persistently high levels of inflation and doubt about the stability of the economy, negatively impacted housing demand beginning in the second half of fiscal 2022 and continued into early fiscal 2023.

During the first quarter of fiscal 2023, we were aggressive in our pricing, incentives and concessions in order to increase affordability, which had a positive effect on our sales pace, but due to the general uncertainty about the stability of the economy potential buyers still remained cautious about their decision to purchase a home. Beginning in the second quarter and through the third quarter of fiscal 2023, as interest rates stabilized around 6.5%, we saw an increase in customer demand and the housing market started to normalize. During the fourth quarter of fiscal 2023, interest rates increased by approximately 100 basis points from the end of July to the end of October, which slowed down our sequential sales pace. We were able to use our increased inventory of QMI homes during the year to help meet buyers' needs in the current uncertain interest rate environment. The time between contract signing and closing is shorter with a QMI home as compared to a to be built home, which provides customers with more certainty on their mortgage pricing. The availability of QMI homes also allows us to offer mortgage interest rate buydown assistance, which is a tool we offer through our wholly-owned mortgage banking subsidiary ("K. Hovnanian Mortgage"), to help ease the impact of higher monthly payments from rising interest rates. We pay the cost of interest rate buydowns for customers that qualify through K. Hovnanian Mortgage and decide to use the program. The level of interest rate based incentives utilized differs across our markets and is one of several available options we use to drive sales and close homes.

The number of existing home sales listings are at all-time low levels, which limits the supply of homes available for purchase, leading to increased demand for new homes, which leads to improved pricing power. During the fourth quarter of fiscal 2023, there continued to be strong demand for our homes as compared to the prior year, which led to a significant increase in net contracts and net contracts per average active selling community, as compared to the fourth quarter of fiscal 2022 and the year ended October 31, 2022. We were able to increase net prices in approximately 54% of our communities during the fourth quarter of fiscal 2023.

There still remains a great degree of uncertainty due to inflation, the continued possibility of an economic recession, employment risk and the potential for further mortgage rate increases. While we continue to experience some lingering supply chain issues, we remain focused on continuing to shorten our construction cycle times and building on our national initiatives to drive down costs with our material providers and trade partners. The changing conditions in the housing market, and in the general economy, make it difficult to predict how strongly our business will be impacted by these external factors over fiscal 2024 and beyond.

Our cash position allowed us to spend \$679.3 million on land purchases and land development, repurchase \$245.0 million principal amount of senior secured notes prior to maturity during fiscal 2023, and still have total liquidity of \$564.2 million, including \$434.1 million of homebuilding cash and cash equivalents and \$125.0 million of borrowing capacity under our senior secured revolving credit facility as of October 31, 2023. Also, in the fourth quarter of fiscal 2023, we refinanced \$494.6 million of secured debt which extended our debt maturities to the fourth quarters of fiscal 2028 and 2029, and subsequently in November 2023 we redeemed an additional \$113.5 million of secured debt with proceeds from the refinancing debt issued in the fourth quarter.

Additional information on our results for the year ended October 31, 2023 were as follows:

- For the year ended October 31, 2023, sale of homes revenues decreased 7.4% as compared to the prior year, primarily due to a 11.9% decrease in homes delivered, partially offset by a 5.1% increase in average sales price. The decrease in deliveries in fiscal 2023 was primarily the result of a 6.6% reduction in community count as well as the slowdown in net contracts during the second half of fiscal 2022 due to rising interest rates.
- Homebuilding gross margin percentage decreased from 21.5% for the year ended October 31, 2022 to 19.6% for the year ended October 31, 2023, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, decreased from 25.0% for the year ended October 31, 2022 to 22.7% for the year ended October 31, 2023. The decreases were primarily due to the increased use of incentives and concessions to make our homes more affordable in a rising interest rate environment.
- Selling, general and administrative expenses (including corporate general and administrative) increased \$8.6 million for the year ended October 31, 2023 as compared to the prior year. The increase was primarily due to an increase in selling overhead from higher advertising costs and fees incurred on unused builder forward commitments we began offering in the second half of fiscal 2022 to lower mortgage rates for our customers. As a percentage of total revenue, such costs increased to 11.1% for the year ended October 31, 2023 compared to 10.1% for the year ended October 31, 2022.
- Income before income taxes decreased to \$256.0 million for the year ended October 31, 2023 from \$319.8 million for the year ended October 31, 2022. Net income decreased to \$205.9 million for the year ended October 31, 2023 from \$225.5 million for the year ended October 31, 2022. Net income for the year ended October 31, 2023, included a \$19.1 million gain on the consolidation of a previously unconsolidated joint venture, \$9.4 million of income from our unconsolidated joint venture in the Kingdom of Saudi Arabia, a \$9.0 million tax benefit from energy efficient home credits and a \$14.8 million tax benefit from the release of state valuation allowances, partially offset by a \$25.6 million loss on extinguishment of debt.
- Earnings per share, basic and diluted, decreased to \$28.76 and \$26.88, respectively, for the year ended October 31, 2023, compared to earnings per share, basic and diluted of \$30.31 and \$29.00, respectively, for the year ended October 31, 2022.
- Net contracts increased 3.8% to 4,647 for the year ended October 31, 2023, compared to 4,477 the prior year, primarily due to an increase in customer demand, partially due to the availability of QMI homes. During the year ended October 31, 2023, we also executed 438 build-for-rent contracts in three communities in our Southeast segment.

- Net contracts per average active selling community increased to 40.8 for the year ended October 31, 2023 compared to 39.6 in the prior year. The increase was due to the increase in net contracts discussed above.

- Active selling communities decreased to 113 at October 31, 2023 compared to 121 at October 31, 2022, however, our total lots controlled increased to 31,726 at October 31, 2023 compared to 31,518 at October 31, 2022. We expect our community count to grow in fiscal 2024.

- Contract backlog decreased from 2,186 homes at October 31, 2022 to 1,824 homes at October 31, 2023, and the dollar value of contract backlog decreased to \$1.1 billion, a 16.4% decrease in dollar value compared to the prior year. The decreases were primarily attributed to lower sales in the second half of fiscal 2022 and into the first quarter of fiscal 2023, as discussed above.

Results of Operations

Total Revenues

Compared to the prior year, revenues (decreased) increased as follows:

(Dollars in thousands)	Years Ended October 31,		
	2023	Variance 2023 Compared to 2022	2022
Homebuilding:			
Sale of homes	\$ 2,630,457	\$ (209,997)	\$ 2,840,454
Land sales	48,217	32,015	16,202
Other revenues	17,254	13,219	4,035
Financial services	60,088	(1,452)	61,540
Total change	\$ 2,756,016	\$ (166,215)	\$ 2,922,231
Total revenues percent change		(5.7)%	

Homebuilding: Sale of Homes

Sale of homes revenues decreased \$210.0 million, or 7.4%, for the year ended October 31, 2023, compared to the prior year. The decreased revenues in fiscal 2023 were primarily due to a 11.9% decrease in homes delivered, partially offset by the average sales price per home increasing to \$539,249 in fiscal 2023 from \$512,902 in fiscal 2022. The decrease in deliveries in fiscal 2023 was primarily the result of a 6.6% reduction in community count. The increase in average sales price in fiscal 2023 was primarily due to price increases in a majority of our markets since the beginning of fiscal 2022, along with the geographic and community mix of our deliveries. For further detail on changes in segment revenues see “Homebuilding Operations by Segment” below. Land sales are ancillary to our homebuilding operations and are expected to continue in the future but may significantly fluctuate up or down. For further detail on land sales and other revenues, see the section titled “Homebuilding: Land Sales and Other Revenues” below.

Information on the sale of homes is set forth in the table below:

(Dollars in thousands, except average sales price)	Year Ended	
	October 31, 2023	October 31, 2022
Consolidated total:		
Housing revenues	\$ 2,630,457	\$ 2,840,454
Homes delivered	4,878	5,538
Average sales price	\$ 539,249	\$ 512,902
Unconsolidated joint ventures:(1)		
Housing revenues	\$ 765,653	\$ 343,617
Homes delivered	2,771	552
Average sales price	\$ 276,309	\$ 622,495

(1) Represents housing revenues and home deliveries for our unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our unconsolidated joint ventures. During the fourth quarter of fiscal 2023, we delivered 2,176 homes in our unconsolidated joint venture in the Kingdom of Saudi Arabia. See Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of our joint ventures.

Homebuilding: Land Sales and Other Revenues

Land sales and other revenues increased \$45.2 million for the year ended October 31, 2023, compared to the prior year. Other revenues include interest income, which increased as a result of higher rates on cash and cash equivalent accounts beginning in the first quarter of fiscal 2023 compared to the same period in the prior year. In addition, other revenues include income from contract cancellations where customer deposits have been forfeited due to contract terminations, which increased due to higher cancellation rates during fiscal 2023 compared to fiscal 2022. Revenue associated with land sales can vary significantly due to the mix of land parcels sold. There were four land sales during the year ended October 31, 2023, compared to five in the prior year. Contributing to the increase in land sales was a transaction during the fourth quarter of fiscal 2023 which resulted in \$30.3 million of revenue for the Northeast.

Homebuilding: Cost of Sales

Cost of sales includes expenses for consolidated housing and land and lot sales, including inventory impairment and land option write-offs (defined as “land charges” in the tables below). A breakout of such expenses for homebuilding and land and lot sales and the gross margins for each is set forth below.

Homebuilding gross margin before cost of sales interest expense and land charges is a non-GAAP financial measure. This measure should not be considered as an alternative to homebuilding gross margin determined in accordance with U.S. GAAP as an indicator of operating performance.

Management believes this non-GAAP measure enables investors to better understand our operating performance. This measure is also useful internally, helping management evaluate our operating results on a consolidated basis and relative to other companies in our industry. In particular, the magnitude and volatility of land charges for the Company, and for other homebuilders, have been significant and, as such, have made comparable financial analysis of our industry more difficult. Homebuilding metrics excluding land charges, as well as interest amortized to cost of sales, and other similar presentations prepared by analysts and other companies are frequently used to assist investors in understanding and comparing the operating characteristics of homebuilding activities by eliminating many of the differences in companies’ respective level of impairments and debt.

(Dollars in thousands)	Year Ended	
	October 31, 2023	October 31, 2022
Sale of homes	\$ 2,630,457	\$ 2,840,454
Cost of sales, excluding interest expense and land charges	2,032,136	2,131,208
Homebuilding gross margin, before cost of sales interest expense and land charges	598,321	709,246
Cost of sales interest expense, excluding land sales interest expense	79,894	85,198
Homebuilding gross margin, after cost of sales interest expense, before land charges	518,427	624,048
Land charges	1,536	14,076
Homebuilding gross margin	\$ 516,891	\$ 609,972
Homebuilding gross margin percentage	19.6%	21.5%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	22.7%	25.0%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges	19.7%	22.0%

Cost of sales as a percentage of consolidated home sales revenues are presented below:

	Year Ended	
	October 31, 2023	October 31, 2022
Sale of homes	100%	100%
Cost of sales, excluding interest expense and land charges:		
Housing, land and development costs	67.9%	67.0%
Commissions	3.4%	3.4%
Financing concessions	2.1%	1.1%
Overheads	3.9%	3.5%
Total cost of sales, before interest expense and land charges	77.3%	75.0%
Cost of sales interest	3.0%	3.0%
Land charges	0.1%	0.5%
Homebuilding gross margin percentage	19.6%	21.5%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges	22.7%	25.0%
Homebuilding gross margin percentage, after cost of sales interest expense and before land charges	19.7%	22.0%

We sell a variety of home types in various communities, each yielding a different gross margin. As a result, depending on the mix of communities delivering homes, consolidated gross margin may fluctuate up or down. Total homebuilding gross margin percentage decreased to 19.6% for the year ended October 31, 2023 compared to 21.5% for the prior year. Total homebuilding gross margin percentage, before cost of sales interest expense and land charges decreased to 22.7% for the year ended October 31, 2023 compared to 25.0% for the prior year. The decreases in gross margins were primarily due to increases in our use of incentives and concessions to make our homes more affordable.

Land and lot sale expenses and gross margins are set forth below:

(In thousands)	Year Ended	
	October 31, 2023	October 31, 2022
Land and lot sales	\$ 48,217	\$ 16,202
Cost of sales, excluding interest	20,664	5,855
Land and lot sales gross margin, excluding interest	27,553	10,347
Land and lot sales interest expense	926	42
Land and lot sales gross margin, including interest	\$ 26,627	\$ 10,305

Land sales are ancillary to our residential homebuilding operations and are expected to continue in the future but may significantly fluctuate up or down.

Homebuilding: Inventory Impairments and Land Option Write-offs

Inventory impairments and land option write-offs reflect certain inventories we have either written off or written down to their estimated fair value totaling \$1.5 million and \$14.1 million in expense for the years ended October 31, 2023 and 2022, respectively. During the years ended October 31, 2023 and 2022, we wrote off residential land option, approval and engineering costs totaling \$1.5 million and \$5.7 million, respectively. Land option, approval and engineering costs are written off when a community's pro forma profitability is not projected to produce an adequate return on investment commensurate with the risk. If we determine an adequate return is not probable, we cancel the option, or when a community is redesigned, we write off the engineering costs related to the initial design. Such write-offs occurred across each of our segments in fiscal 2023 and 2022. We did not record any inventory impairments for the year ended October 31, 2023 and inventory impairments were \$8.4 million for the year ended October 31, 2022. It is difficult to predict future impairments, but if conditions in the overall housing industry or a specific geographic market worsen in the future beyond our current expectations, there are future changes in our business strategy that significantly affect the key assumptions used in our projections of future cash flows, and/or there are material changes in any other items we consider in assessing recoverability, we may need to recognize additional inventory impairments and any such charges could be material.

In fiscal 2023, we walked away from 13.6% of all the lots we controlled under option contracts. The remaining 86.4% of our option lots are in communities that we believe remain economically feasible.

The following table represents lot option walk-aways by segment for the year ended October 31, 2023:

(Dollars in millions)	Dollar Amount of Walk Away	Number of Walk- Away Lots	% of Walk- Away Lots	Total Option Lots(1)	Walk- Away Lots as a % of Total Option Lots
Northeast	\$ 0.5	855	22.3%	13,337	6.4%
Southeast	0.5	2,162	56.3%	6,985	31.0%
West	0.5	821	21.4%	7,905	10.4%
Total	\$ 1.5	3,838	100.0%	28,227	13.6%

(1) Includes lots optioned at October 31, 2023 and lots optioned that the Company walked away from in the year ended October 31, 2023.

Homebuilding: Selling, General and Administrative

Homebuilding selling, general and administrative ("SGA") expenses increased \$8.0 million to \$201.6 million for the year ended October 31, 2023 compared to the year ended October 31, 2022. The increase was primarily due to an increase in selling overhead from higher advertising costs and fees incurred on unused builder forward commitments we began offering in the second half of fiscal 2022 to lower mortgage rates for our customers.

Homebuilding: Key Performance Indicators

Net Contracts Per Average Active Selling Community

Net contracts per average active selling community in fiscal 2023 were 40.8 compared to 39.6 in fiscal 2022, a 3.0% increase in sales pace per community. Our reported level of sales contracts (net of cancellations) was impacted by an increase in customer demand partially due to the increased availability of QMI homes.

Contract Cancellation Rates

The following table provides historical quarterly cancellation rates, which represents the number of cancelled contracts in the quarter divided by the number of gross sales contracts executed in the quarter, excluding unconsolidated joint ventures:

Quarter	2023	2022	2021	2020	2019
First	30%	14%	17%	19%	24%
Second	18%	17%	16%	23%	19%
Third	16%	27%	16%	18%	19%
Fourth	25%	41%	15%	18%	21%

The following table provides quarterly contract cancellations as a percentage of the beginning backlog, excluding unconsolidated joint ventures:

Quarter	2023	2022	2021	2020	2019
First	16%	8%	11%	14%	16%
Second	16%	9%	9%	20%	20%
Third	12%	8%	6%	21%	16%
Fourth	13%	13%	6%	14%	14%

Contract cancellations over the past several years have generally been within what we believe to be a normal range, with fiscal 2021 and the first half of fiscal 2022 cancellation rates, in particular, being below historical norms as a result of strong market conditions. However, during the third and fourth quarters of fiscal 2022 and the first quarter of fiscal 2023, due to the sharp decline in gross sales and an increase in cancellations, our cancellation rate as a percentage of gross sales increased significantly to 27%, 41% and 30%, respectively, which is higher than our historical normal range. For the second and third quarters of fiscal 2023 the cancellation rate returned to a more normalized level of 18% and 16%, respectively. During the fourth quarter of fiscal 2023, the cancellation rate increased to 25% as mortgage rates increased 100 basis points during the quarter. Despite the increase in cancellations, due to our solid backlog position, our cancellation rate as a percentage of beginning backlog for the fourth quarter of fiscal 2023 was 13%, which is in line with our historical normal range. When sales pace is increasing, the cancellation rate as a percentage of beginning backlog tends to lag behind the changes seen in our cancellation rate as a percentage of gross sales. Although market conditions improved during fiscal 2023 as compared to fiscal 2022, uncertainty remains and it is difficult to predict what cancellation rates will be in the future.

Contract Backlog

Our consolidated contract backlog, excluding unconsolidated joint ventures, by homebuilding segment is set forth below:

(Dollars in thousands)	October 31, 2023	October 31, 2022
Northeast: (1)(2)		
Total contract backlog	\$ 420,100	\$ 464,173
Number of homes	617	850
Southeast: (2)		
Total contract backlog	\$ 304,251	\$ 310,889
Number of homes	615	502
West: (2)		
Total contract backlog	\$ 336,263	\$ 493,617
Number of homes	592	834
Totals: (1)(2)		
Total consolidated contract backlog	\$ 1,060,614	\$ 1,268,679
Number of homes	1,824	2,186

- (1) Reflects the reclassification of 38 homes and \$32.3 million of contract backlog as of April 30, 2023 from an unconsolidated joint venture to the consolidated Northeast segment. This is related to the assets and liabilities acquired from a joint venture the Company closed out during the three months ended April 30, 2023.
- (2) Reflects the reclassification of 90 homes and \$73.7 million, 59 homes and \$33.0 million, and 12 homes and \$5.7 million of contract backlog from the consolidated Northeast, Southeast and West segments, respectively, to an unconsolidated joint venture as of July 31, 2023. This is related to the assets and liabilities contributed to a joint venture by the Company during the three months ended July 31, 2023.

Contract backlog dollars decreased 16.4% as of October 31, 2023 compared to October 31, 2022, and the number of homes in backlog decreased 16.6% for the same period. The decrease in backlog dollars and number of homes for the year ended October 31, 2023 compared to the prior fiscal year was driven by the slower sales environment beginning in the second half of fiscal 2022 and continuing through the first half of fiscal 2023.

Homebuilding Operations by Segment

Financial information relating to our homebuilding operations by segment was as follows:

(Dollars in thousands, except average sales price)	Years Ended October 31,		
	2023	Variance 2023 Compared to 2022	2022
Northeast			
Homebuilding revenue	\$ 968,851	\$ (116,230)	\$ 1,085,081
Income before income taxes	\$ 178,516	\$ 1,110	\$ 177,406
Homes delivered	1,618	(277)	1,895
Average sales price	\$ 576,734	\$ 13,094	\$ 563,640
Southeast			
Homebuilding revenue	\$ 420,296	\$ 96,335	\$ 323,961
Income before income taxes	\$ 77,750	\$ 17,572	\$ 60,178
Homes delivered	776	126	650
Average sales price	\$ 540,794	\$ 43,085	\$ 497,709
West			
Homebuilding revenue	\$ 1,295,992	\$ (154,640)	\$ 1,450,632
Income before income taxes	\$ 114,084	\$ (93,435)	\$ 207,519
Homes delivered	2,484	(509)	2,993
Average sales price	\$ 514,350	\$ 30,272	\$ 484,078

Homebuilding Results by Segment

Northeast – Homebuilding revenues decreased 10.7% in fiscal 2023 compared to fiscal 2022, primarily due to a 14.6% decrease in homes delivered, partially offset by a 2.3% increase in average sales price. The increase in average sales price was mainly the result of price increases in certain communities.

Income before income taxes increased \$1.1 million to \$178.5 million in fiscal 2023 compared to fiscal 2022, primarily due to a \$14.6 million increase in income from unconsolidated joint ventures and a \$5.6 million decrease in SGA, while gross margin percentage, before cost of sales interest expense was relatively flat.

Southeast – Homebuilding revenues increased 29.7% in fiscal 2023 compared to fiscal 2022, primarily due to an 19.4% increase in homes delivered and an 8.7% increase in average sales price. The increase in average sales price was the result of price increases in certain communities.

Income before income taxes increased \$17.6 million to \$77.8 million in fiscal 2023 compared to fiscal 2022, primarily due to the increase in homebuilding revenue discussed above and a slight increase in gross margin percentage, before cost of sales interest expense.

West – Homebuilding revenues decreased 10.7% in fiscal 2023 compared to fiscal 2022, primarily due to a 17.0% decrease in homes delivered, partially offset by a 6.3% increase in average sales price. The increase in average sales price was mainly the result of price increases in certain communities.

Income before income taxes decreased \$93.4 million to \$114.1 million in fiscal 2023 compared to fiscal 2022, primarily due to the decrease in homebuilding revenue discussed above and a decrease in gross margin percentage, before cost of sales interest expense.

Financial Services

Financial services consists primarily of originating mortgages for our home buyers, selling such mortgages in the secondary market, and title insurance activities. We use mandatory investor commitments and forward sales of mortgage-backed securities ("MBS") to hedge our mortgage-related interest rate exposure on agency and government loans. These instruments involve, to varying degrees, elements of credit and interest rate risk. Credit risk associated with MBS forward commitments and loan sales transactions is managed by limiting our counterparties to investment banks, federally regulated bank affiliates and other investors meeting our credit standards. Our risk, in the event of default by the purchaser, is the difference between the contract price and fair value of the MBS forward commitments. For the years ended October 31, 2023 and 2022, our conforming conventional loan originations as a percentage of our total loans were 69.8% and 74.8%, respectively. FHA/VA loans represented 29.5% and 24.1%, respectively, of our total loans. The remaining 0.7% and 1.1% of our loan originations represent loans which exceed conforming conventions. Realized gains and losses relating to the sale of mortgage loans are recognized when control passes to the buyer of the mortgage.

During the years ended October 31, 2023 and 2022, financial services provided \$19.4 million and \$19.1 million of income before income taxes, respectively. In fiscal 2023, financial services income before income taxes increased \$0.3 million from the prior year primarily due to a decrease in compensation expense as a result of a workforce reduction. In the markets served by our wholly owned mortgage banking subsidiaries, 70.1% and 58.8% of our noncash home buyers obtained mortgages originated by these subsidiaries during the years ended October 31, 2023 and 2022, respectively.

Corporate General and Administrative

Corporate general and administrative expenses include the operations at our headquarters in New Jersey. These expenses include payroll, stock compensation, facility costs and rent and other costs associated with our executive offices, legal expenses, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, national and digital marketing, construction services and administration of insurance, quality and safety. Corporate general and administrative expenses was relatively flat with a \$0.6 million increase for the year ended October 31, 2023 compared to the year ended October 31, 2022. The slight increase in expense for fiscal 2023 was primarily due to a \$1.7 million increase in the net cost for self-insured medical claims, which fluctuate based on actual claims, partially offset by a decrease in compensation expense for bonuses as a result of reduced profitability in fiscal 2023.

Other Interest

Other interest increased \$6.7 million to \$54.1 million for the year ended October 31, 2023 compared to the year ended October 31, 2022. Our assets that qualify for interest capitalization (inventory under development) are less than our debt, and therefore the portion of interest not covered by qualifying assets is directly expensed. In fiscal 2023, other interest increased primarily due to additional inventory financing resulting from an increase in average inventory not owned.

(Loss) Gain on Extinguishment of Debt, Net

On May 30, 2023, we redeemed \$100.0 million aggregate principal amount of our 7.75% Senior Secured 1.125 Lien Notes due 2026 (the "Existing 1.125 Lien Notes"). The aggregate purchase price for this redemption was \$104.2 million, which included accrued and unpaid interest and was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$4.1 million, including the write-off of unamortized debt issuance costs and fees.

On August 29, 2023, we redeemed an additional \$100.0 million aggregate principal amount of our Existing 1.125 Lien Notes. The aggregate purchase price for this redemption was \$102.2 million, which included accrued and unpaid interest and was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$3.8 million, including the write-off of unamortized debt issuance costs and fees.

On September 7, 2023, we repurchased in the open market \$45.0 million aggregate principal amount of our 10.0% Senior Secured 1.75 Lien Notes due 2025. The aggregate purchase price for this repurchase was \$46.7 million, which included accrued and unpaid interest and which was funded with cash on hand. This repurchase resulted in a gain on extinguishment of debt of \$0.2 million, including the write-off of unamortized debt issuance costs and fees.

On October 5, 2023, we issued new 8.0% Senior Secured 1.125 Lien Notes due 2028 (the "New 1.125 Lien Notes") and new 11.75% Senior Secured 1.25 Lien Notes due 2029 (the "New 1.25 Lien Notes") and redeemed with the proceeds from the issuances of the New 1.125 Lien Notes and New 1.25 Lien Notes all of the remaining (i) \$50.0 million aggregate principal amount of our Existing 1.125 Lien Notes for a redemption price of \$51.5 million, which included accrued and unpaid interest, (ii) \$282.3 million aggregate principal amount of our 10.5% Senior Secured 1.25 Lien Notes due 2026 for a redemption price of \$293.9 million, which included accrued and unpaid interest, and (iii) \$162.3 million aggregate principal amount of our 11.25% Senior Secured 1.5 Lien Notes due 2026 for a redemption price of \$164.8 million, which included accrued and unpaid interest. These redemptions resulted in a loss on extinguishment of debt of \$17.9 million, including the write-off of unamortized debt issuance costs and fees.

On April 29, 2022, we redeemed \$100.0 million aggregate principal amount of the Existing 1.125 Lien Notes. The aggregate purchase price for this redemption was \$105.5 million, which included accrued and unpaid interest and which was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$6.8 million for the year ended October 31, 2022, including the write-off of unamortized debt issuance costs and fees.

Income from Unconsolidated Joint Ventures

Income from unconsolidated joint ventures consists of our share of the earnings or losses of our joint ventures. Income from unconsolidated joint ventures increased to \$43.2 million for the year ended October 31, 2023 from income of \$29.0 million for the year ended October 31, 2022. The increase of \$14.2 million in fiscal 2023 was primarily due to recognizing our share of income from the delivery of a majority of the backlog in the unconsolidated joint venture we have in the Kingdom of Saudi Arabia. The increase in fiscal 2023 was also due to the recognition of our share of income from one of our unconsolidated joint ventures based on the joint venture partner achieving certain return hurdles, and as a result, we were able to recognize a higher share of the unconsolidated joint venture's income.

Income Taxes

Income tax expense of \$50.1 million and \$94.3 million for the years ended October 31, 2023 and 2022, respectively, was primarily due to federal and state tax expense recorded as a result of our income before income taxes. Income tax expense for fiscal 2023 was partially offset by the benefit of releasing state tax valuation allowances and qualifying for energy efficient home tax credits. The federal tax expense is not paid in cash as it is offset by the use of our existing net operating loss ("NOL") carryforwards.

Deferred federal and state income tax assets ("DTAs") primarily represent the deferred tax benefits arising from NOL carryforwards and temporary differences between book and tax income which will be recognized in subsequent years as an offset against future taxable income. If the combination of future years' income (or loss) and the reversal of the timing differences results in a loss, such losses can be carried forward to future years. In accordance with ASC 740, we evaluate our DTAs quarterly to determine if valuation allowances are required. We assess whether valuation allowances should be established based on the consideration of all available evidence using a "more-likely-than-not" standard.

As of October 31, 2023, we considered the weight of all available positive and negative evidence to determine the valuation allowance for DTAs of \$71.9 million. See Note 11 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further information.

Deferred tax assets, net, of \$302.8 million at October 31, 2023 decreased \$42.0 million from October 31, 2022, due to the utilization of our DTAs to offset tax expense on taxable income during fiscal 2023.

Contractual Obligations

The following summarizes our aggregate contractual commitments at October 31, 2023:

(In thousands)	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long term debt (1)(2)(3)	\$ 1,623,150	\$ 106,738	\$ 397,992	\$ 501,293	\$ 617,127
Operating leases (4)	34,029	8,491	14,566	6,101	4,871
Total	\$ 1,657,179	\$ 115,229	\$ 412,558	\$ 507,394	\$ 621,998

- (1) Represents our senior secured and unsecured term loan credit facilities, senior secured and senior notes and other notes payable and \$552.9 million of related interest payments for the life of such debt, including the 10% Senior Secured 1.75 Lien Notes due 2025 which were subsequently redeemed in full on November 15, 2023.
- (2) Does not include \$91.5 million of nonrecourse mortgages secured by inventory. These mortgages have various maturities spread over the next two to three years and are paid off as homes are delivered.
- (3) Does not include the mortgage warehouse lines of credit made under our Master Repurchase Agreements. See “Capital Resources and Liquidity” for further discussion. Also, does not include our \$125.0 million Secured Credit Facility under which there were no borrowings outstanding as of October 31, 2023.
- (4) Lease payments exclude \$3.2 million of legally binding minimum lease payments for office leases signed but not yet commenced as of October 31, 2023.

We had outstanding letters of credit and performance bonds of \$4.9 million and \$187.3 million, respectively, at October 31, 2023, related primarily to our obligations to local governments to construct roads and other improvements in various developments. We do not believe that any such letters of credit or performance bonds are likely to be drawn upon.

Capital Resources and Liquidity

Overview

Our total liquidity at October 31, 2023 was \$564.2 million, including \$434.1 million in homebuilding cash and cash equivalents and \$125.0 million of borrowing capacity under our senior secured revolving credit facility. This was above our target liquidity range of \$170.0 to \$245.0 million. We believe that our cash on hand together with available borrowings on our senior secured revolving credit facility will be sufficient through fiscal 2024 to finance our working capital requirements.

We have historically funded our homebuilding and financial services operations with cash flows from operating activities, borrowings under our credit facilities, the issuance of new debt and equity securities and other financing activities. We may not be able to obtain desired financing even if market conditions, including then-current market available interest rates (in recent years, we have not been able to access the traditional capital and bank lending markets at competitive interest rates due to our highly leveraged capital structure), would otherwise be favorable, which could also impact our ability to grow our business.

Operating, Investing and Financing Cash Flow Activities

We spent \$679.3 million on land and land development during fiscal 2023, along with \$206.4 million for the \$200.0 million principal amount for the partial redemption of our 7.75% Senior Secured 1.125 Lien Notes due 2026, and \$46.7 million for the \$45.0 million principal amount in open market repurchases of our 10.0% 1.75 Lien Notes due 2025. After considering this land and land development spending, debt payments and all other operating activities, including revenue received from deliveries, we had \$435.3 million in cash provided by operations. During fiscal 2023, cash used in investing activities was \$78.2 million, primarily due to new unconsolidated joint ventures entered into during the period, along with the acquisition of certain fixed assets. Cash used in financing activities was \$261.7 million during fiscal 2023, which in addition to the \$245.0 million principal amount of debt reductions mentioned above, was due primarily to net payments from nonrecourse mortgage financings, land banking and model sale leaseback financings, repurchases of common stock and the payment of preferred dividends, partially offset by net payments related to our mortgage warehouse lines of credit. We intend to continue to use nonrecourse mortgages, model sale leasebacks, joint ventures, and, subject to covenant restrictions in our debt instruments, land banking programs as our business needs dictate.

Our cash uses during the years ended October 31, 2023 and 2022 were for operating expenses, land purchases, land deposits, land development, construction spending, debt payments, model sale leasebacks, land banking transactions, state income taxes, interest payments, preferred dividend payments, financing transaction costs, debt and equity repurchases, litigation matters and investments in unconsolidated joint ventures. During these periods, we provided for our cash requirements from available cash on hand, housing and land sales, financing transactions, income from unconsolidated joint ventures, financial service revenues and other revenues.

Our net income historically does not approximate cash flow from operating activities. The difference between net income and cash flow from operating activities is primarily caused by changes in inventory levels together with changes in receivables, prepaid expenses and other assets, mortgage loans held for sale, accrued interest, deferred income taxes, accounts payable and other liabilities, and noncash charges relating to depreciation, stock compensation and impairments. When we are expanding our operations, inventory levels, prepaid expenses and other assets increase causing cash flow from operating activities to decrease. Certain liabilities also increase as operations expand and partially offset the negative effect on cash flow from operations caused by the increase in inventory, prepaid expenses and other assets. Similarly, as our mortgage operations expand, net income from these operations increases, but for cash flow purposes, net income is partially offset by the net change in mortgage assets and liabilities. The opposite is true as our investment in new land purchases and development of new communities decrease, causing us to generate positive cash flow from operations.

See “Inventories” below for a detailed discussion of our inventory position.

Debt Transactions

Senior secured notes, senior notes and credit facilities balances as of October 31, 2023 and October 31, 2022, were as follows:

(In thousands)	October 31, 2023	October 31, 2022
Senior Secured Notes:		
10.0% Senior Secured 1.75 Lien Notes due November 15, 2025 (1)	\$ 113,502	\$ 158,502
7.75% Senior Secured 1.125 Lien Notes due February 15, 2026	-	250,000
10.5% Senior Secured 1.25 Lien Notes due February 15, 2026	-	282,322
11.25% Senior Secured 1.5 Lien Notes due February 15, 2026	-	162,269
8.0% Senior Secured 1.125 Lien Notes due September 30, 2028	225,000	-
11.75% Senior Secured 1.25 Lien Notes due September 30, 2029	430,000	-
Total Senior Secured Notes	\$ 768,502	\$ 853,093
Senior Notes:		
8.0% Senior Notes due November 1, 2027 (2)	\$ -	\$ -
13.5% Senior Notes due February 1, 2026	90,590	90,590
5.0% Senior Notes due February 1, 2040	90,120	90,120
Total Senior Notes	\$ 180,710	\$ 180,710
Senior Unsecured Term Loan Credit Facility due February 1, 2027	\$ 39,551	\$ 39,551
Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028	\$ 81,498	\$ 81,498
Senior Secured Revolving Credit Facility (3)	\$ -	\$ -
Subtotal senior notes and credit facilities	\$ 1,070,261	\$ 1,154,852
Net (discounts) premiums	\$ (14,563)	\$ 4,079
Unamortized debt issuance costs	\$ (4,207)	\$ (12,384)
Total senior notes and credit facilities, net of discounts, premiums and unamortized debt issuance costs	\$ 1,051,491	\$ 1,146,547

(1) On November 15, 2023, K. Hovnanian redeemed all of its \$113.5 million aggregate principal amount of 10.0% Senior Secured 1.75 Lien Notes due November 15, 2025.

(2) At October 31, 2022, \$26.0 million of 8.0% Senior Notes due 2027 (the “8.0% 2027 Notes”) were owned by a wholly owned consolidated subsidiary of HEI. Therefore, in accordance with U.S. GAAP, such notes were not reflected on the Consolidated Balance Sheets of HEI. On October 31, 2023, K. Hovnanian redeemed all of the \$26.0 million aggregate principal amount of its 8.0% 2027 Notes.

(3) At October 31, 2023, provides for up to \$125.0 million in aggregate amount of senior secured first lien revolving loans. The revolving loans thereunder have a maturity of June 30, 2026 and borrowings bear interest, at K. Hovnanian’s option, at either (i) a term secured overnight financing rate (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 4.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian will pay an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

Except for K. Hovnanian, the issuer of the notes and borrower under the credit agreements governing our term loans and revolving credit facilities (collectively, the “Credit Facilities”), our home mortgage subsidiaries, certain of our title insurance subsidiaries, joint ventures and subsidiaries holding interests in our joint ventures, we and each of our subsidiaries are guarantors of the Credit Facilities, the senior secured notes and senior notes outstanding at October 31, 2023 (collectively, the “Notes Guarantors”).

The credit agreements governing the Credit Facilities and the indentures governing the senior secured and senior notes (together, the “Debt Instruments”) outstanding at October 31, 2023 do not contain any financial maintenance covenants, but do contain restrictive covenants that limit, among other things, the ability of HEI and certain of its subsidiaries, including K. Hovnanian, to incur additional indebtedness, pay dividends and make distributions on common and preferred stock, repay/repurchase certain indebtedness prior to its respective stated maturity, repurchase (including through exchanges) common and preferred stock, make other restricted payments (including investments), sell certain assets (including in certain land banking transactions), incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of their assets and enter into certain transactions with affiliates. The Debt Instruments also contain customary events of default which would permit the lenders or holders thereof to exercise remedies with respect to the collateral (as applicable), declare the loans (the “Unsecured Term Loans”) made under the Senior Unsecured Term Loan Credit Facility due February 1, 2027, loans (the “Secured Term Loans”) made under the Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028, and loans (the “Secured Revolving Loans”) made under the Senior Secured Revolving Credit Agreement due June 30, 2026, or notes to be immediately due and payable if not cured within applicable grace periods, including the failure to make timely payments on the Unsecured Term Loans, Secured Term Loans, Secured Revolving Loans or notes or other material indebtedness, cross default to other material indebtedness, the failure to comply with agreements and covenants and specified events of bankruptcy and insolvency, with respect to the Unsecured Term Loans, Secured Term Loans and Secured Revolving Loans, material inaccuracy of representations and warranties and with respect to the Unsecured Term Loans, Secured Term Loans and Secured Revolving Loans, a change of control, and, with respect to the Secured Term Loans, Secured Revolving Loans and senior secured notes, the failure of the documents granting security for the obligations under the secured Debt Instruments to be in full force and effect, and the failure of the liens on any material portion of the collateral securing the obligations under the secured Debt Instruments to be valid and perfected. As of October 31, 2023, we believe we were in compliance with the covenants of the Debt Instruments.

If our consolidated fixed charge coverage ratio is less than 2.0 to 1.0, as defined in the applicable Debt Instrument, we are restricted from making certain payments, including dividends (in the case of such payment, our secured debt leverage ratio must also be less than 4.0 to 1.0), and from incurring indebtedness other than certain permitted indebtedness and nonrecourse indebtedness. Beginning as of October 31, 2021, as a result of our improved operating results, our fixed coverage ratio was above 2.0 to 1.0 and our secured debt leverage ratio was below 4.0 to 1.0, therefore we were no longer restricted from paying dividends. As such, we made dividend payments of \$2.7 million to preferred shareholders in every quarter since the first quarter of fiscal 2022. As discussed above, our sales pace improved during fiscal 2023 and assuming the improved current market conditions and our operating results continue, we currently believe our ratios will permit us to continue to make dividend payments on our preferred stock. However, with general economic uncertainty, it is difficult to predict long-term market conditions and the effects on our business and if and when we may be restricted under our Debt Instruments from continuing to pay dividends on our Series A preferred stock. Dividends on the Series A preferred stock are not cumulative and, accordingly, if for any reason we do not declare a dividend on the Series A preferred stock for a quarterly dividend period (regardless of our availability of funds), holders of the Series A Preferred Stock will have no right to receive a dividend for that period, and we will have no obligation to pay a dividend for that period.

Under the terms of our Debt Instruments, we have the right to make certain redemptions and prepayments and, depending on market conditions, our strategic priorities and covenant restrictions, may do so from time to time. We also continue to actively analyze and evaluate our capital structure and explore transactions to simplify our capital structure and to strengthen our balance sheet, including those that reduce leverage, interest rates and/or extend maturities, and will seek to do so with the right opportunity. We may also continue to make debt or equity purchases and/or exchanges from time to time through tender offers, exchange offers, redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions and covenant restrictions.

Any liquidity-enhancing or other capital raising or refinancing transaction will depend on identifying counterparties, negotiation of documentation and applicable closing conditions and any required approvals. Due to covenant restrictions in our Debt Instruments, we are currently limited in the amount of debt we can incur, even if market conditions, including then-current market available interest rates (in recent years, we have not been able to access the traditional capital and bank lending markets at competitive interest rates due to our highly leveraged capital structure), would otherwise be favorable, which could also impact our ability to grow our business.

See Note 9 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of K. Hovnanian’s Credit Facilities, senior secured notes and senior notes, including information with respect to the collateral securing our Debt Instruments.

Mortgages and Notes Payable

We have nonrecourse mortgage loans for certain communities totaling \$91.5 million and \$144.8 million, net of debt issuance costs, at October 31, 2023 and October 31, 2022, respectively, which are secured by the related real property, including any improvements, with an aggregate book value of \$331.6 million and \$418.9 million, respectively. The weighted-average interest rate on these obligations was 8.5% and 6.7% at October 31, 2023 and October 31, 2022, respectively, and the mortgage loan payments on each community primarily correspond to home deliveries.

Our wholly owned mortgage banking subsidiary, K. Hovnanian American Mortgage, LLC (“K. Hovnanian Mortgage”), originates mortgage loans primarily from the sale of our homes. Such mortgage loans and related servicing rights are generally sold in the secondary mortgage market within a short period of time. In certain instances, we retain the servicing rights for a small amount of loans. K. Hovnanian Mortgage finances the origination of mortgage loans through various master repurchase agreements, which are recorded in “Financial services” liabilities on the Consolidated Balance Sheets. The loans are secured by the mortgages held for sale and are repaid when we sell the underlying mortgage loans to permanent investors. As of October 31, 2023 and 2022, we had an aggregate of \$110.8 million and \$94.3 million, respectively, outstanding under several of K. Hovnanian Mortgage’s short-term borrowing facilities.

See Note 8 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of these agreements and facilities.

Equity

On September 1, 2022, our Board of Directors terminated our prior repurchase program and authorized a new program for the repurchase of up to \$50.0 million of our Class A common stock. Under the new repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual dollar amount repurchased will depend on a variety of factors, including legal requirements, price, future tax implications and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. During the year ended October 31, 2023, we repurchased 118,478 shares in the first quarter, with a market value of \$4.8 million, or \$40.51 per share, which were added to treasury stock. During the year ended October 31, 2022, we repurchased 312,471 shares, with a market value of \$12.2 million, or \$39.12 per share, which were added to treasury stock. As of October 31, 2023, \$33.0

million of our Class A common stock is available for repurchase under our share repurchase program. See Part II, Item 5 for information on equity purchases.

On July 12, 2005, we issued 5,600 shares of 7.625% Series A preferred stock, with a liquidation preference of \$25,000 per share. Dividends on the Series A preferred stock are not cumulative and are payable at an annual rate of 7.625%. The Series A preferred stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares. The Series A preferred stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A preferred stock. The depositary shares are listed on the NASDAQ Global Market under the symbol "HOVNP." In both fiscal 2023 and 2022 we paid dividends of \$10.7 million, respectively, in the aggregate on the Series A preferred stock.

Unconsolidated Joint Ventures

We have investments in unconsolidated joint ventures in various markets where our homebuilding operations are located. As of October 31, 2023 and 2022, we had investments in seven and six unconsolidated homebuilding joint ventures, respectively, and one unconsolidated land development joint venture for both periods. Our unconsolidated joint ventures had total combined assets of \$884.4 million and \$615.2 million at October 31, 2023 and 2022, respectively. Our investments in unconsolidated joint ventures totaled \$97.9 million and \$74.9 million at October 31, 2023 and 2022, respectively. The increase in investments of \$23.0 million was primarily due to two new joint ventures formed during the year, along with income recognized in an existing joint venture. The increase in our investments was partially offset by the consolidation of a previously unconsolidated joint venture, and the net impact of consolidation and subsequent recapitalization of another joint venture.

As of October 31, 2023 and 2022, our unconsolidated joint ventures had outstanding debt totaling \$101.1 and \$34.9 million, respectively, under separate construction loan agreements with different third-party lenders and affiliates of certain investment partners to finance land development activities. The outstanding debt is secured by the underlying property and related project assets and is non-recourse to us. Although we and our unconsolidated joint venture partners provide certain guarantees and indemnities to the lender, we do not have a guaranty or any other obligation to repay the outstanding debt or to support the value of the collateral underlying the outstanding debt. Our guarantees are limited to performance and completion of development activities, environmental indemnification and standard warranty and representation against fraud, misrepresentation and similar actions, including voluntary bankruptcy. We do not believe that our existing exposure under our guaranty and indemnity obligations related to the outstanding debt is material.

We determined that none of our joint ventures were a variable interest entity. All our unconsolidated joint ventures were accounted for under the equity method because we did not have a controlling financial interest. See Notes 19 and 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for further discussion of joint ventures and variable interest entities.

Inventories

Total inventory, excluding consolidated inventory not owned, decreased \$86.2 million during the year ended October 31, 2023, from October 31, 2022. Total inventory, excluding consolidated inventory not owned, decreased in the Northeast by \$51.5 million, in the Southeast by \$26.1 million and in the West by \$8.6 million. The decreases were primarily attributable to home deliveries and land sales during the period, partially offset by new land purchases and land development. In the previous few years, we have been able to acquire new land parcels at prices that we believe will generate reasonable returns under current homebuilding market conditions. This trend may not continue in either the near or the long term. Substantially all homes under construction or completed and included in inventory at October 31, 2023 are expected to be closed during the next six to nine months.

Consolidated inventory not owned, which consists of options related to land banking and model financing, decreased \$83.8 million during fiscal 2023. The decrease was primarily due to a decrease in land banking transactions along with a decrease in the sale and leaseback of certain model homes during the period. We have land banking arrangements, whereby we sell land parcels to land bankers and they provide us an option to purchase back finished lots on a predetermined schedule. Because of our options to repurchase these parcels, these transactions are considered a financing rather than a sale. Our Consolidated Balance Sheet, at October 31, 2023, included inventory of \$183.1 million recorded to "Consolidated inventory not owned," with a corresponding amount of \$82.3 million (net of debt issuance costs) recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions. In addition, we sell and lease back certain of our model homes with the right to participate in the potential profit when each home is sold to a third-party at the end of the respective lease. As a result of our continued involvement, these sale and leaseback transactions are considered a financing rather than a sale. Therefore, our Consolidated Balance Sheet, at October 31, 2023, included inventory of \$41.7 million recorded to "Consolidated inventory not owned," with a corresponding amount of \$42.0 million (net of debt issuance costs) recorded to "Liabilities from inventory not owned" for the amount of net cash received from sale and leaseback transactions.

In the ordinary course of business, we enter into land and lot option purchase contracts in order to procure land or lots for the construction of homes. Lot option contracts enable us to control significant lot positions with a minimal capital investment and substantially reduce the risks associated with land ownership and development. At October 31, 2023, we had total cash deposits of \$192.3 million to purchase land and lots with a total purchase price of \$2.2 billion. Our financial exposure is generally limited to forfeiture of the nonrefundable deposits, letters of credit and other nonrefundable amounts incurred. We have no material third-party guarantees.

The following tables summarize home sites included in our total residential real estate:

	Total Home Sites	Contracted Not Delivered	Remaining Home Sites Available
October 31, 2023:			
Northeast	14,161	617	13,544
Southeast	5,935	615	5,320
West	11,658	592	11,066
Consolidated total	31,754	1,824	29,930
Unconsolidated joint ventures (1)			
Owned	5,406	422	4,984
Optioned	7,337	1,442	5,895
Construction to permanent financing lots	24,389	354	24,035
Construction to permanent financing lots	28	28	-
Consolidated total	31,754	1,824	29,930
October 31, 2022:			
Northeast	15,022	850	14,172
Southeast	4,721	502	4,219
West	12,057	834	11,223
Consolidated total	31,800	2,186	29,614
Unconsolidated joint ventures (1)			
Owned	3,355	2,524	831
Optioned	9,022	1,525	7,497
Construction to permanent financing lots	22,496	379	22,117
Construction to permanent financing lots	282	282	-
Consolidated total	31,800	2,186	29,614

(1) Represents active communities and home sites for our unconsolidated homebuilding joint ventures for the period. We provide this data as a supplement to our consolidated results as an indicator of the volume managed in our unconsolidated joint ventures. See Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K for a further discussion of our unconsolidated joint ventures.

The following table summarizes our started or completed unsold homes and models, excluding unconsolidated joint ventures, in active communities. The increase in unsold homes was primarily due to a conscious effort to increase the number of QMI homes per community to provide buyers the opportunity to close quickly, and to lock in a lower mortgage rate, thereby making our homes more affordable and creating certainty as mortgage rates continued to rise through fiscal 2023.

	October 31, 2023			October 31, 2022		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast	159	41	200	92	32	124
Southeast	99	16	115	72	5	77
West	570	24	594	516	22	538
Total	828	81	909	680	59	739
Started or completed unsold homes and models per active selling communities(1)	7.3	0.7	8.0	5.6	0.5	6.1

(1) Active selling communities (which are communities that are open for sale with ten or more home sites available) were 113 and 121 at October 31, 2023 and 2022, respectively. This ratio does not include substantially completed communities, which are communities with less than ten home sites available.

Financial Services Assets and Liabilities

Financial services assets consist primarily of residential mortgage receivables held for sale of which \$127.6 million and \$108.6 million at October 31, 2023 and 2022, respectively, were being temporarily warehoused and are awaiting sale in the secondary mortgage market. The increase in mortgage loans held for sale from October 31, 2022 was primarily related to an increase in the volume of loans originated during the fourth quarter of fiscal 2023 compared to the fourth quarter of fiscal 2022, along with an increase in the average loan value.

Financial Services liabilities increased \$12.6 million from \$135.6 million at October 31, 2022, to \$148.2 million at October 31, 2023. The increase was primarily due to the increase in amounts outstanding under our mortgage warehouse lines of credit, and directly correlated to the increase in the volume of mortgage loans held for sale.

Inflation

The annual rate of inflation in the United States was 3.2% in October 2023, as measured by the Consumer Price Index ("CPI"), which is much improved from its peak of 9.1% in June 2022. Inflation has a long-term effect, because of higher costs of land, materials and labor results in increasing the sale prices of our homes. Historically, these price increases have been commensurate with the general rate of inflation in our housing markets and have not had a significant adverse effect on the sale of our homes. A significant risk faced by the housing industry generally is that rising house construction costs, including land and interest costs, could substantially outpace increases in the income of potential purchasers and therefore limit our ability to raise home sale prices, which may result in lower gross margins.

Inflation has a lesser short-term effect, because we generally negotiate fixed-price contracts with many, but not all, of our subcontractors and material suppliers for the construction of our homes. These prices usually are applicable for a specified number of residential buildings or for a time period of between three to 12 months. Construction costs for residential buildings represented approximately 60% of our homebuilding cost of sales for fiscal year 2023.

For fiscal 2022, elevated inflation created economic uncertainty and had a significant impact on interest rates, which in turn adversely impacted our home sales. During fiscal 2023, inflation started to moderate and interest rates have become less volatile, which has given homebuyers time to adjust to the current higher rate environment.

Critical Accounting Policies

Management believes that the following critical accounting policies require its most significant judgments and estimates used in the preparation of the Consolidated Financial Statements:

Inventories - Inventories consist of land, land development, home construction costs, capitalized interest, construction overhead and property taxes. Construction costs are accumulated during the period of construction and charged to cost of sales under the specific identification method. Land, land development and common facility costs are allocated based on buildable acres to product types within each community, then charged to cost of sales equally based upon the number of homes to be constructed in each product type.

We record inventories on our Consolidated Balance Sheets at cost unless the inventory is determined to be impaired, in which case the inventory is written down to its fair value. Our inventories consist of the following three components: (1) sold and unsold homes and lots under development, which includes all construction, land, capitalized interest and land development costs related to started homes and land under development in our active communities; (2) land and land options held for future development or sale, which includes all costs related to land in our communities in planning or mothballed communities; and (3) consolidated inventory not owned, which consists of model homes financed with an investor and inventory related to land banking arrangements accounted for as financings.

We sell and lease back certain of our model homes with the right to participate in the potential profit when each home is sold to a third-party at the end of the respective lease. As a result of our continued involvement, for accounting purposes in accordance with ASC 606 "Revenue From Contracts with Customers," these sale and leaseback transactions are considered a financing rather than a sale.

We have land banking arrangements, whereby we sell our land parcels to the land banker and they provide us an option to purchase back finished lots on a predetermined basis, or quarterly schedule. Because of our options to repurchase these parcels, for accounting purposes in accordance with ASC 606, these transactions are considered financings rather than sales.

The recoverability of inventories and other long-lived assets is assessed in accordance with ASC 360, "Property, Plant and Equipment." ASC 360 requires long-lived assets, including inventories, held for development to be evaluated for impairment based on undiscounted future cash flows of the assets at the lowest level for which there are identifiable cash flows. We evaluate impairment at the individual community level, which is the lowest level of discrete cash flows that are available.

We evaluate inventories of communities under development and held for future development for impairment when indicators of potential impairment are present. Indicators of impairment include, but are not limited to, decreases in local housing market values, decreases in gross margins or sales absorption rates, decreases in net sales prices (base sales price, net of sales incentives), and/or actual or projected operating or cash flow losses. The assessment of communities for indication of impairment is performed quarterly. As part of this process, we prepare detailed budgets for all of our communities at least semi-annually and identify those communities with a projected operating loss. For those communities with projected losses, we estimate the remaining undiscounted future cash flows and compare those to the carrying value of the community, to determine if the carrying value of the asset is recoverable.

The projected operating profits, losses, or cash flows of each community can be significantly impacted by our estimates of the following:

- future base selling prices;
- future home sales incentives;
- future home construction and land development costs; and
- future sales absorption pace and cancellation rates.

These estimates are dependent upon specific market conditions for each community. While we consider available information to determine what we believe to be our best estimates as of the end of a quarterly reporting period, these estimates are subject to change in future reporting periods as facts and circumstances change. Local market-specific conditions that may impact our estimates for a community include:

- the intensity of competition within a market, including available home sales prices and home sales incentives offered by our competitors;
- the current sales absorption pace for both our communities and competitor communities;
- community specific attributes, such as location, availability of lots in the market, desirability and uniqueness of our community, and the size and style of homes currently being offered;
- potential for alternative product offerings to respond to local market conditions;
- changes by management in the sales strategy of the community;
- current local market economic and demographic conditions and related trends of forecasts; and
- existing home inventory supplies, including foreclosures and short sales.

These and other local market-specific conditions that may be present are considered by management in preparing projection assumptions for each community. The sales objectives can differ between our communities, even within a given market. For example, facts and circumstances in a given community may lead us to price our homes with the objective of yielding a higher sales absorption pace, while facts and circumstances in another community may lead us to price our homes to minimize deterioration in our gross margins, although it may result in a slower sales absorption pace. In addition, the key assumptions included in our estimate of future undiscounted cash flows may be interrelated. For example, a decrease in estimated base sales price or an increase in homes sales incentives may result in a corresponding increase in sales absorption pace. Additionally, a decrease in the average sales price of homes to be sold and closed in future reporting periods for one community that has not been generating what management believes to be an adequate sales absorption pace may impact the estimated cash flow assumptions of a nearby community. Changes in our key assumptions, including estimated construction and development costs, sales absorption pace and selling strategies, could materially impact future cash flow and fair-value estimates. Due to the number of scenarios that would result from various changes in these factors, we do not believe it is possible to develop a sensitivity analysis with a level of precision that would be meaningful to an investor.

If the undiscounted cash flows are more than the carrying value of the community, then the carrying amount is recoverable, and no impairment is recorded. However, if the undiscounted cash flows are less than the carrying amount, then the community is deemed impaired and is written down to its fair value. We determine the estimated fair value of each community by calculating the present value of its estimated future cash flows at a discount rate commensurate with the risk of the respective community, or in limited circumstances, prices for land in recent comparable sale transactions, market analysis studies, which include the estimated price a willing buyer would pay for the land (other than in a forced liquidation sale), and recent bona fide offers received from outside third parties. The estimated future cash flow assumptions are virtually the same for both our recoverability and fair value assessments. Should the estimates or expectations used in determining estimated cash flows or fair value, including discount rates, decrease or differ from current estimates in the future, we may be required to recognize additional impairments related to current and future communities. The impairment of a community is allocated to each lot on a relative fair value basis.

From time to time, we write off deposits, engineering and capitalized interest costs when we determine that it is no longer probable that we will exercise options to buy land in specific locations or when we redesign communities and/or abandon certain engineering costs. In deciding not to exercise a land option, we take into consideration changes in market conditions, the timing of required land takedowns, the willingness of land sellers to modify terms of the land option contract (including timing of land takedowns), and the availability and best use of our capital, among other factors. The write-off is recorded in the period it is deemed not probable that the optioned property will be acquired.

Inventories held for sale are land parcels ready for sale in their current condition, where we have decided not to build homes but are instead actively marketing the land. Land held for sale is recorded at the lower of carrying amount or fair value less costs to sell. In determining fair value for land held for sale, management considers, among other things, prices for land in recent comparable sale transactions, market analysis studies, which include the estimated price a willing buyer would pay for the land (other than in a forced liquidation sale) and recent bona fide offers received from third parties.

Unconsolidated Homebuilding and Land Development Joint Ventures - Investments in unconsolidated entities in which the Company has significant influence over the operating and financial decisions of the entity, but holds less than a controlling financial interest, are accounted for by the equity method. Our investments in unconsolidated homebuilding and land development joint ventures are accounted for under the equity method. Under the equity method, we recognize our proportionate share of income and loss earned by the joint venture upon the delivery of lots or homes to third parties. Our ownership interests in joint ventures vary but our voting equity interests held are generally 20% to 50%. In determining whether or not we must consolidate joint ventures where we are the managing member of the joint venture, we assess whether the other partners have specific rights to overcome the presumption of control by us as the manager of the joint venture. In most cases, the presumption is overcome because the joint venture agreements require that both partners agree on establishing the significant operating and capital decisions of the partnership, including budgets, in the ordinary course of business. The evaluation of whether or not we control a joint venture can require significant judgment. In accordance with ASC 323, "Investments - Equity Method and Joint Ventures" we assess our investments in unconsolidated joint ventures for recoverability, and if it is determined that a loss in value of the investment below its carrying amount is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint venture's projected cash flows.

Warranty Costs and Construction Defect Reserves - We accrue warranty costs that are covered under our existing general liability and construction defect policy as part of our general liability insurance deductible. This accrual is expensed as selling, general, and administrative costs. Our insurance coverage generally includes deductibles either in the aggregate or on a per-claim basis, with the exception of workers' compensation insurance, which does not have a deductible. Reserves for estimated losses for construction defects, warranty and bodily injury claims have been established using the assistance of a third-party actuary. The third-party actuary uses our historical warranty and construction defect data to assist management in estimating our unpaid claims, claim adjustment expenses and incurred but not reported claims reserves for the risks that we are assuming under the general liability and construction defect programs. The estimates consider provisions for inflation, claims handling and legal fees. These estimates are subject to a high degree of variability due to uncertainties such as trends in construction defect claims relative to our markets and the types of products we build, claim settlement patterns, insurance industry practices and legal interpretations, among others. As a high degree of judgment is required in determining these estimated liability amounts, actual future costs could differ significantly from our currently estimated amounts. In addition, we establish a warranty accrual for lower cost-related issues to cover home repairs, community amenities and land development infrastructure that are not covered under our general liability and construction defect policy. We accrue an estimate for these warranty costs as part of cost of sales at the time each home is closed and title and possession have been transferred to the homebuyer.

Deferred Income Taxes - Deferred income taxes are provided for temporary differences between amounts recorded for financial reporting and income tax purposes. If the combination of future years' income (or loss) combined with the reversal of the timing differences results in a loss, such losses can be carried forward to future years to recover the DTAs. We evaluate all available positive and negative evidence, including the existence of losses in recent years and forecasts of future taxable income, in assessing the need for a valuation allowance. The underlying assumptions we use in forecasting future taxable income require significant judgment. The ultimate realization of DTAs is dependent on the generation of future taxable income during the periods in which temporary differences or carry-forwards are deductible or creditable. A valuation allowance is provided to offset DTAs if, based upon the available evidence, it is more likely than not that some or all of the DTAs will not be realized.

In evaluating the exposures associated with our various tax filing positions, we recognize tax liabilities in accordance with ASC 740, "Income Taxes" for more likely than not exposures. We re-evaluate the exposures associated with our tax positions on a quarterly basis. This evaluation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity by taxing authorities and effectively settled issues. Determining whether an uncertain tax position is effectively settled requires judgment. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision. A number of years may elapse before a particular matter for which we have established a liability is audited and fully resolved or clarified. We adjust our liability for unrecognized tax benefits and the income tax provision in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a liability that is materially different from our current estimate. Any such changes will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Recent Accounting Pronouncements

See Note 3 to the Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

Safe Harbor Statement

All statements in this Annual Report on Form 10-K that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company's goals and expectations with respect to its financial results for future financial periods. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to:

- Changes in general and local economic, industry and business conditions and impacts of a significant homebuilding downturn;
- Shortages in, and price fluctuations of, raw materials and labor, including due to geopolitical events, changes in trade policies, including the imposition of tariffs and duties on homebuilding materials and products, and related trade disputes with, and retaliatory measures taken by other countries;
- Fluctuations in interest rates and the availability of mortgage financing, including as a result of instability in the banking sector;
- Adverse weather and other environmental conditions and natural disasters;
- The seasonality of the Company's business;
- The availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots;
- Reliance on, and the performance of subcontractors;
- Regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes;
- Increases in cancellations of agreements of sale;
- Increases in inflation;
- Changes in tax laws affecting the after-tax costs of owning a home;
- Legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors;
- Levels of competition;
- Utility shortages and outages or rate fluctuations;
- Information technology failures and data security breaches;
- Negative publicity;
- High leverage and restrictions on the Company's operations and activities imposed by the agreements governing the Company's outstanding indebtedness;
- Availability and terms of financing to the Company;
- The Company's sources of liquidity;
- Changes in credit ratings;
- Government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment;
- Operations through unconsolidated joint ventures with third parties;
- Significant influence of the Company's controlling stockholders;
- Availability of net operating loss carryforwards;
- Loss of key management personnel or failure to attract qualified personnel; and
- Public health issues such as a major epidemic or pandemic.

Certain risks, uncertainties and other factors are described in detail in Part I, Item 1 “Business” and Part I, Item 1A “Risk Factors” in this Annual Report on Form 10-K as updated by our subsequent filings with the SEC. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Annual Report on Form 10-K.

ITEM 7A
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Substantially all of our long term-debt requires fixed interest payments and we have limited exposure to variable rates. In connection with our mortgage operations, mortgage loans held for sale and the associated mortgage warehouse lines of credit under our Master Repurchase Agreements are subject to interest rate risk; however, such obligations reprice frequently and are short-term in duration. In addition, we hedge the interest rate risk on mortgage loans by obtaining forward commitments from private investors. Accordingly, the interest rate risk from mortgage loans is not significant. We do not use financial instruments to hedge interest rate risk except with respect to mortgage loans. The following table sets forth as of October 31, 2023, our long-term debt obligations, principal cash flows by scheduled maturity, weighted-average interest rates and estimated fair value ("FV").

Long-Term Debt as of October 31, 2023 by Fiscal Year of Debt Maturity								
(Dollars in thousands)	2024	2025	2026	2027	2028	Thereafter	Total	FV at 10/31/2023
Long term debt(1)(2)(3):								
Fixed rate	\$ -	\$ -	\$ 204,092	\$ 39,551	\$ 306,498	\$ 520,120	\$ 1,070,261	\$ 1,077,869
Weighted-average interest rate	-%	-%	11.55%	5.00%	8.53%	10.58%	9.97%	

(1) Includes the 10% Senior Secured 1.75 Lien Notes due November 15, 2025, which were subsequently redeemed in full on November 15, 2023.

(2) Does not include the mortgage warehouse lines of credit made under our Master Repurchase Agreements.

(3) Does not include \$91.5 million of nonrecourse mortgages secured by inventory. These mortgages have various maturities spread over the next two to three years and are paid off as homes are delivered. In addition, does not include our \$125.0 million Secured Credit Facility under which there were no borrowings outstanding as of October 31, 2023. The revolving loans thereunder have a maturity of June 30, 2026 and borrowings bear interest, at K. Hovnanian's option, at either (i) a term secured overnight financing rate (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 4.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian will pay an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

ITEM 8
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements of Hovnanian Enterprises, Inc. and its consolidated subsidiaries are set forth herein beginning on page 53.

ITEM 9
CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A
CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of October 31, 2023. Based upon that evaluation and subject to the foregoing, the Company's chief executive officer and chief financial officer concluded that the design and operation of the Company's disclosure controls and procedures are effective to accomplish their objectives.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended October 31, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the framework in *Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of October 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of October 31, 2023 has been audited by Deloitte & Touche LLP, the Company's independent registered public accounting firm, as stated in their report below.

**ITEM 9B
OTHER INFORMATION**

None.

**ITEM 9C
DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

None.

PART III**ITEM 10
DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

The information called for by Item 10, except as set forth in this Item 10, is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A in connection with our annual meeting of shareholders to be held on March 21, 2024, which will involve the election of directors.

Information About Our Executive Officers

Our executive officers are listed below and brief summaries of their business experience and certain other information with respect to them are set forth following the table. Each executive officer holds such office for a one-year term.

Name	Age	Position	Year Started With Company
Ara K. Hovnanian	66	Chairman of the Board, Chief Executive Officer, President and Director of the Company	1979
Brad G. O'Connor	53	Chief Financial Officer and Treasurer	2004

Mr. Hovnanian has been Chief Executive Officer since July 1997 after being appointed President in 1988 and Executive Vice President in 1983. Mr. Hovnanian joined the Company in 1979 and has been a Director of the Company since 1981 and was Vice Chairman from 1998 through November 2009. In November 2009, he was elected Chairman of the Board following the death of Kevork S. Hovnanian, the chairman and founder of the Company and the father of Mr. Hovnanian.

Mr. O'Connor was appointed Chief Financial Officer in November 2023 and Senior Vice President and Treasurer in April 2020. He held the position of Chief Accounting Officer from May 2011 until October 2023. He joined the Company as Vice President, Associate Corporate Controller in May 2004, and was promoted to Corporate Controller in December 2007. Prior to joining the Company, Mr. O'Connor was the Corporate Controller for Amershem Biosciences, a global biotech company, and was a Senior Manager in the audit practice of PricewaterhouseCoopers LLP.

Code of Ethics and Corporate Governance Guidelines

In more than 60 years of doing business, we have been committed to enhancing our shareholders' investment through conduct that is in accordance with the highest levels of integrity. Our Code of Ethics is a set of guidelines and policies that govern broad principles of ethical conduct and integrity embraced by our Company. Our Code of Ethics applies to our principal executive officer, principal financial officer, principal accounting officer, and all other associates of our Company, including our directors and other officers.

We also remain committed to fostering sound corporate governance principles. The Company's Corporate Governance Guidelines assist the Board of Directors of the Company (the "Board") in fulfilling its responsibilities related to corporate governance conduct. These guidelines serve as a framework addressing the function, structure, and operations of the Board, for purposes of promoting consistency of the Board's role in overseeing the work of management.

We have posted our Code of Ethics on our web site at www.khov.com under "Investor Relations/Corporate Governance." We have also posted our Corporate Governance Guidelines on our web site at www.khov.com under "Investor Relations/Corporate Governance." We will post amendments to or waivers from our Code of Ethics that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange (the "NYSE") on our web site at www.khov.com under "Investor Relations/Corporate Governance."

Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee Charters

We have adopted charters that apply to the Company's Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee. We have posted the text of these charters on our web site at www.khov.com under "Investor Relations/Corporate Governance."

**ITEM 11
EXECUTIVE COMPENSATION**

The information called for by Item 11 is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A in connection with our annual meeting of shareholders to be held on March 21, 2024.

**ITEM 12
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

EQUITY COMPENSATION PLAN INFORMATION

The information called for by Item 12 is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A in connection with our annual meeting of shareholders to be held on March 21, 2024.

**ITEM 13
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information called for by Item 13 is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A in connection with our annual meeting of shareholders to be held on March 21, 2024.

**ITEM 14
PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Our independent registered public accounting firm is Deloitte & Touche LLP (PCAOB ID No. 34).

Further information called for by Item 14 is incorporated herein by reference to our definitive proxy statement to be filed pursuant to Regulation 14A in connection with our annual meeting of shareholders to be held on March 21, 2024.

**PART IV
ITEM 15
EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements

See the "Index" to the Consolidated Financial Statements commencing on page 50 of this Form 10-K.

(2) Financial Statement Schedules

No schedules have been prepared because the required information of such schedules is not present, is not present in amounts sufficient to require submission of the schedule, or because the required information is included in the financial statements and notes thereto.

(3) Exhibits

See the "Exhibit Index" beginning on page 44 of this Form 10-K.

Exhibits:

- 3(a) [Restated Certificate of Incorporation of the Registrant \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 3(b) [Amended and Restated Bylaws of the Registrant \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2021 of the Registrant\).](#)
- 4(a) [Specimen Class A Common Stock Certificate \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 4(b) [Specimen Class B Common Stock Certificate \(Incorporated by reference to Exhibits to Current Report of the Registrant on Form 8-K filed on March 29, 2019\).](#)
- 4(c) [Certificate of Designations, Powers, Preferences and Rights of the 7.625% Series A Preferred Stock of Hovnanian Enterprises, Inc., dated July 12, 2005 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on July 13, 2005\).](#)
- 4(d) [Certificate of Designations of the Series B Junior Preferred Stock of Hovnanian Enterprises, Inc., dated August 14, 2008 \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2008 of the Registrant\).](#)
- 4(e) [Rights Agreement, dated as of August 14, 2008, between Hovnanian Enterprises, Inc. and National City Bank, as Rights Agent, which includes the Form of Certificate of Designation as Exhibit A, Form of Right Certificate as Exhibit B and the Summary of Rights as Exhibit C \(Incorporated by reference to Exhibits to the Registration Statement on Form 8-A of the Registrant filed August 14, 2008\).](#)
- 4(f) [Amendment No. 1 to Rights Agreement, dated as of January 11, 2018, between Hovnanian Enterprises, Inc. and Computershare Trust Company, N.A. \(as successor to National City Bank\), as Rights Agent, which includes the amended and restated Form of Rights Certificate as Exhibit 1 and the amended and restated Summary of Rights as Exhibit 2 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed January 11, 2018\).](#)
- 4(g) [Amendment No. 2 to Rights Agreement, dated as of January 18, 2021, between Hovnanian Enterprises, Inc. and Computershare Trust Company, N.A. \(as successor to National City Bank\), as Rights Agent, which includes the amended and restated Form of Rights Certificate as Exhibit 1 and the amended and restated Summary of Rights as Exhibit 2 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed January 19, 2021\).](#)
- 4(h) [Indenture, dated as of February 1, 2018, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, by and among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Trustee, including the forms of 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed February 2, 2018\).](#)
- 4(i) [Second Supplemental Indenture, dated as of May 30, 2018, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed May 30, 2018\).](#)
- 4(j) [Sixth Supplemental Indenture, dated as of October 31, 2019, relating to the 13.5% Senior Notes due 2026 and 5.0% Senior Notes due 2040, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 4(k) [Indenture, dated as of October 5, 2023, relating to the 8.0% Senior Secured 1.125 Lien Notes due 2028, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 8.0% Senior Secured 1.125 Lien Notes due 2028 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on September 25, 2023\).](#)
- 4(l) [Indenture, dated as of October 5, 2023, relating to the 11.75% Senior Secured 1.25 Lien Notes due 2029, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, including the form of 11.75% Senior Secured 1.25 Lien Notes due 2029 \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on September 25, 2023\).](#)
- 4(m) [Description of the Registrant's securities.](#)
- 10(a) [Third Amendment, dated as of September 25, 2023, to the Credit Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the subsidiary guarantors named therein, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on September 25, 2023\).](#)
- 10(b) [Security Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as Administrative Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(c) [\\$212,500,000 Credit Agreement, dated as of January 29, 2018, by and among K. Hovnanian Enterprises Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed February 2, 2018\).](#)
- 10(d) [First Amendment, dated as of May 14, 2018, to the \\$212,500,000 Credit Agreement, dated as of January 29, 2018, among Hovnanian Enterprises, Inc., K. Hovnanian Enterprises Inc., the subsidiary guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed May 14, 2018\).](#)
- 10(e) [Second Amendment, dated as of October 31, 2019, to the \\$212,500,000 Credit Agreement, dated as of January 29, 2018, among Hovnanian Enterprises, Inc., K. Hovnanian Enterprises Inc., the subsidiary guarantors party thereto, the lenders party thereto and Wilmington Trust, National Association, as administrative agent \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2019 of the Registrant\).](#)
- 10(f) [Pledge Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto to Wilmington Trust, National Association, as Administrative Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(g) [Credit Agreement, dated as of December 10, 2019, relating to the 1.75 Lien Term Loans, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the subsidiary guarantors named therein, Wilmington Trust, National Association, as Administrative Agent, and the lenders party thereto \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)

- 10(h)* [Form of 2019 Long-Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended April 30, 2019 of the Registrant\).](#)
- 10(i)* [Management Agreement dated August 12, 1983, for the management of properties by K. Hovnanian Investment Properties, Inc. \(Incorporated by reference to Exhibits to Registration Statement \(No. 2-85198\) on Form S-1 of the Registrant\).](#)
- 10(j)* [Management Agreement dated December 15, 1985, for the management of properties by K. Hovnanian Investment Properties, Inc. \(Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2003 of the Registrant\).](#)
- 10(k)* [Executive Deferred Compensation Plan as amended and restated on January 1, 2022.](#)
- 10(l)* [Death and Disability Agreement between the Registrant and Ara K. Hovnanian, dated February 2, 2006 \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2006 of the Registrant\).](#)
- 10(m)* [Form of Change in Control Severance Protection Agreement entered into with Brad G. O'Connor \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2012 of the Registrant\).](#)
- 10(n)* [Form of Incentive Stock Option Agreement \(2014 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2014 of the Registrant\).](#)
- 10(o)* [Form of Stock Option Agreement for Directors \(2014 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2014 of the Registrant\).](#)
- 10(p)* [2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan \(Incorporated by reference to Appendix A to the Registrant's definitive Proxy Statement on Schedule 14A filed on February 4, 2019\).](#)
- 10(q)* [Form of 2020 Long-Term Incentive Program Award Agreement \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(r)* [Form of Letter Agreement Relating to Change in Control Severance Protection Agreement entered into with Brad G. O'Connor \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2015 of the Registrant\).](#)
- 10(s)* [Premium-Priced Incentive Stock Option Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(t)* [Premium-Priced Non-qualified Stock Option Agreement Class B \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(u)* [Incentive Stock Option Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(v)* [Restricted Share Unit Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(w)* [Director Restricted Share Unit Agreement Class A \(2016 grants and thereafter\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2016 of the Registrant\).](#)
- 10(x)* [Premium-Priced Incentive Stock Option Agreement Class A \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(y)* [Premium-Priced Non-Qualified Stock Option Agreement Class B \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(z)* [Incentive Stock Option Agreement Class A \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(aa)* [Non-Qualified Stock Option Agreement Class B \(2018 grants and thereafter\) \(Incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended July 31, 2018 of the Registrant\).](#)
- 10(bb) [Trademark Security Agreement, dated as of October 31, 2019, relating to Senior Secured Revolving Credit Facility, made by K. HOV IP II, Inc. in favor of Wilmington Trust, National Association, as Administrative Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(cc) [Trademark Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as Administrative Agent and as Joint First Lien Collateral Agent.](#)
- 10(dd) [Copyright Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as Administrative Agent and as Joint First Lien Collateral Agent.](#)
- 10(ee) [1.125 Lien Security Agreement, dated as of October 5, 2023, relating to the 8.0% Senior Secured 1.125 Lien Notes due 2028, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(ff) [1.125 Lien Pledge Agreement, dated as of October 5, 2023, relating to the 8.0% Senior Secured 1.125 Lien Notes due 2028, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(gg) [1.125 Lien Trademark Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)

- 10(hh) [1.125 Lien Copyright Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as 1.125 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(ii) [1.25 Lien Security Agreement, dated as of October 5, 2023, relating to the 11.75% Senior Secured 1.25 Lien Notes due 2029, made by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(jj) [1.25 Lien Pledge Agreement, dated as of October 5, 2023, relating to the 11.75% Senior Secured 1.25 Lien Notes due 2029, given by K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc. and the other guarantors party thereto in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(kk) [1.25 Lien Trademark Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(ll) [1.25 Lien Copyright Security Agreement, dated as of October 5, 2023, by K. HOV IP, II, Inc., in favor of Wilmington Trust, National Association, as 1.25 Lien Collateral Agent and as Joint First Lien Collateral Agent.](#)
- 10(mm) [First Lien Collateral Agency Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Administrative Agent, 1.125 Lien Collateral Agent, 1.25 Lien Collateral Agent, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(nn) [First Lien Intercreditor Agreement, dated as of October 31, 2019, among K. Hovnanian Enterprises, Inc., Hovnanian Enterprises, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on October 31, 2019\).](#)
- 10(oo) [Joinder No. 1, dated as of December 10, 2019, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as 1.75 Lien Trustee and 1.75 Pari Passu Lien Collateral Agent, and acknowledged by Wilmington Trust, National Association, as 1.75 Lien Collateral Agent, with acknowledged receipt by Wilmington Trust, National Association, as Senior Credit Agreement Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(pp) [Joinder No. 2, dated as of December 10, 2019, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as Administrative Agent and 1.75 Pari Passu Lien Collateral Agent, with acknowledged receipt by the Senior Credit Agreement Administrative Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.5 Lien Trustee, 1.5 Lien Collateral Agent and Joint First Lien Collateral Agent \(Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed December 11, 2019\).](#)
- 10(qq) [Joinder No. 3, dated as of October 5, 2023, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as 1.125 Lien Trustee and 1.125 Lien Collateral Agent, with acknowledged receipt by the Senior Credit Agreement Collateral Agent, 1.25 Lien Trustee, 1.25 Lien Collateral Agent, 1.75 Lien Trustee, 1.75 Lien Collateral Agent and Joint First Lien Collateral Agent.](#)
- 10(rr) [Joinder No. 4, dated as of October 5, 2023, to the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement, each dated as of October 31, 2019, among Wilmington Trust, National Association, as 1.25 Lien Trustee and 1.25 Lien Collateral Agent, with acknowledged receipt by the Senior Credit Agreement Collateral Agent, 1.125 Lien Trustee, 1.125 Lien Collateral Agent, 1.75 Lien Trustee, 1.75 Lien Collateral Agent and Joint First Lien Collateral Agent.](#)
- 10(ss)* [Form of 2020 Performance Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(tt)* [Form of 2020 Performance Share Unit Agreement \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(uu)* [Form of 2020 Associate Restricted Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(vv)* [Form of 2020 Associate Restricted Share Unit Agreement \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(ww)* [Form of Director Restricted Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2020 of the Registrant\).](#)
- 10(xx)* [Form of 2021 Performance Share Unit Agreement - EBIT \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(yy)* [Form of 2021 Performance Share Unit Agreement - EBIT \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(zz)* [Form of 2021 Performance Share Unit Agreement - Relative EBIT ROI \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(aaa)* [Form of 2021 Performance Share Unit Agreement - Relative EBIT ROI \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(bbb)* [Form of Director Restricted Share Unit Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(ccc)* [Form of 2021 Long-Term Incentive Program Award Agreement \(Class A\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)
- 10(ddd)* [Form of 2021 Long-Term Incentive Program Award Agreement \(Class B\) \(Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2021 of the Registrant\).](#)

10(eee)*	Form of 2022 Long-Term Incentive Program Award Agreement (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2022 of the Registrant).
10(fff)*	Form of 2022 Long-Term Incentive Program Award Agreement (Class B) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended January 31, 2022 of the Registrant).
10(ggg)*	Second Amended and Restated 2020 Hovnanian Enterprises, Inc. Stock Incentive Plan (Incorporated by reference to Exhibits to Current Report on Form 8-K of the Registrant filed on March 29, 2022).
10(hhh)*	Form of 2022 Performance Share Unit Agreement – EBIT (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(iii)*	Form of 2022 Performance Share Unit Agreement – EBIT (Class B) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(jjj)*	Form of 2022 Performance Share Unit Agreement – EBIT ROI (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(kkk)*	Form of 2022 Performance Share Unit Agreement – EBIT ROI (Class B) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(III)*	Form of 2022 Performance Share Unit Agreement – Land Light Performance Vesting (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(mmm)*	Form of 2022 Performance Share Unit Agreement – National Contracts Savings Performance Vesting (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(nnn)*	Form of 2022 Performance Share Unit Agreement – KHDS Savings Performance Vesting (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(ooo)*	Restricted Share Unit Agreement Class A (2022 grants and thereafter) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(ppp)*	Director Restricted Share Unit Agreement Class A (2022 grants and thereafter) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q for the quarter ended July 31, 2022 of the Registrant).
10(qqq)*	Form of 2019 Associate Market Share Unit Agreement (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(rrr)*	Form of 2019 Associate Market Share Unit Agreement (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(sss)*	Form of 2019 Associate Market Share Unit Agreement - Pre-tax Profit Performance Vesting (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(ttt)*	Form of 2019 Associate Market Share Unit Agreement - Pre-tax Profit Performance Vesting (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(uuu)*	Form of 2019 Associate Market Share Unit Agreement – Community Count Performance Vesting (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(vvv)*	Form of 2019 Associate Market Share Unit Agreement – Community Count Performance Vesting (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(www)*	Form of 2019 Associate Incentive Stock Option Agreement – Premium Priced (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(xxx)*	Form of 2019 Associate Non-Qualified Stock Option Agreement – Premium Priced (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(yyy)*	Form of 2019 Associate Incentive Stock Option Agreement (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(zzz)*	Form of 2019 Associate Non-Qualified Stock Option Agreement (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(aaaa)*	Form of 2019 Restricted Share Unit Agreement (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(bbbb)*	Form of 2019 Director Restricted Share Unit Agreement (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(cccc)*	Form of 2016 Non-Qualified Stock Option Agreement (Class B) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(dddd)*	Form of 2021 Associate Restricted Share Unit Agreement (Class A) (Incorporated by reference to Exhibits to Annual Report on Form 10-K of the Registrant for the year ended October 31, 2022 of the Registrant).
10(eeee)*	Form of 2023 Long-Term Incentive Program Award Agreement (Class A) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended January 31, 2023 of the Registrant).
10(ffff)*	Form of 2023 Long-Term Incentive Program Award Agreement (Class B) (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended January 31, 2023 of the Registrant).
10(gggg)*	Form of 2023 Long-Term Incentive Program Phantom Share Agreement (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended January 31, 2023 of the Registrant).

10(hhhh)*	Form of 2023 Performance Share Unit Agreement EBIT Class A (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2023 of the Registrant).
10(iiii)*	Form of 2023 Performance Share Unit Agreement EBIT Class B (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2023 of the Registrant).
10(jjjj)*	Form of 2023 Performance Share Unit Agreement EBIT ROI Class A (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2023 of the Registrant).
10(kkkk)*	Form of 2023 Performance Share Unit Agreement EBIT ROI Class A (Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended July 31, 2023 of the Registrant).
21	Subsidiaries of the Registrant.
23(a)	Consent of Deloitte & Touche LLP.
31(a)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31(b)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.
32(a)	Section 1350 Certification of Chief Executive Officer (furnished herewith).
32(b)	Section 1350 Certification of Chief Financial Officer (furnished herewith).
97(a)	Incentive Compensation Clawback Policy.
101	The following financial information from our Annual Report on Form 10-K for the year ended October 31, 2023, formatted in inline Extensible Business Reporting Language (Inline XBRL): (i) the Consolidated Balance Sheets at October 31, 2023 and October 31, 2022, (ii) the Consolidated Statements of Operations for the years ended October 31, 2023, 2022 and 2021, (iii) the Consolidated Statements of Changes in Equity Deficit for years ended October 31, 2023, 2022 and 2021 (iv) the Consolidated Statements of Cash Flows for the years ended October 31, 2023, 2022 and 2021, and (v) the Notes to Consolidated Financial Statements.
104	Cover page from our Annual Report on Form 10-K for the year ended October 31, 2023, formatted in Inline XBRL (and contained in Exhibit 101). <i>* Management contracts or compensatory plans or arrangements.</i>

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

ITEM 16
Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.

By: /s/ ARA K. HOVNANIAN
Ara K. Hovnanian
Chairman of the Board, Chief Executive
Officer and President
December 18, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant on December 18, 2023, and in the capacities indicated.

<u>/s/ ARA K. HOVNANIAN</u> Ara K. Hovnanian	Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)
<u>/s/ BRAD G. O'CONNOR</u> Brad G. O'Connor	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
<u>/s/ EDWARD A. KANGAS</u> Edward A. Kangas	Chairman of Audit Committee and Director
<u>/s/ JOSEPH A. MARENGI</u> Joseph A. Marengi	Chairman of Compensation Committee and Director
<u>/s/ VINCENT PAGANO JR.</u> Vincent Pagano Jr.	Chairman of Corporate Governance and Nominating Committee and Director
<u>/s/ J. LARRY SORSBY</u> J. Larry Sorsby	Director

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
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No schedules have been prepared because the required information of such schedules is not present, is not present in amounts sufficient to require submission of the schedule, or because the required information is included in the financial statements and notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Hovnanian Enterprises Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Hovnanian Enterprises Inc. and subsidiaries (the "Company") as of October 31, 2023, and 2022, the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended October 31, 2023, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of October 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of October 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Warranty Costs and Construction Defect Reserves – Refer to Notes 3 and Note 16 to the financial statements

Critical Audit Matter Description

The Company accrues for warranty costs that are covered under its general liability and construction defect policy as part of its general liability insurance deductible. Reserves for estimated losses for construction defects, warranty and bodily injury claims are established using the assistance of a third-party actuary. The third-party actuary uses the Company's historical warranty and construction defect data to assist management in estimating the unpaid claims, claim adjustment expenses and incurred but not reported claims reserves for the risks that the Company is assuming under the general liability and construction defect programs.

We identified the estimation of the reserves for warranty costs and construction defects as a critical audit matter because of the complexity and judgment involved in the determination of the estimated liability amount. This liability requires the Company to make significant assumptions about trends in construction defect claims, claim settlement patterns, insurance industry practices and legal interpretations with respect to homes built by the Company. Auditing the reserves for estimated losses for construction defects required a high degree of auditor judgment and increased effort, including the need to involve our actuarial specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the construction defect reserves, included the following, among others:

- We tested the operating effectiveness of controls over the Company's process for estimating the reserve for warranty and construction defects, including those over the projection of settlement value of reported and unreported claims.
- We evaluated the methods and assumptions used by management to estimate the warranty and construction defects by:
 - Reading the Company's insurance policies and comparing the coverage and terms to the assumptions used by management.
 - Testing the underlying data that served as the basis for the actuarial analysis, including historical claims, to test that the inputs to the actuarial estimate were accurate and complete.
 - Comparing management's prior-year assumptions of expected development and ultimate loss to actuals incurred during the current year to identify potential bias in the determination of the self-insurance reserves.
- With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial methodology applied in estimating the warranty and construction defect reserves and developed independent estimates of the warranty and construction defect reserve, including loss data and industry claim development factors, and compared those to the reserve estimate recorded by management.

/s/ DELOITTE & TOUCHE LLP

New York, New York
December 18, 2023

We have served as the Company's auditor since 2009.

HOVNIANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2023	October 31, 2022
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$ 434,119	\$ 326,198
Restricted cash and cash equivalents	8,431	13,382
Inventories:		
Sold and unsold homes and lots under development	998,841	1,058,183
Land and land options held for future development or sale	125,587	152,406
Consolidated inventory not owned	224,758	308,595
Total inventories	1,349,186	1,519,184
Investments in and advances to unconsolidated joint ventures	97,886	74,940
Receivables, deposits and notes, net	27,982	37,837
Property and equipment, net	33,946	25,819
Prepaid expenses and other assets	69,886	63,884
Total homebuilding	2,021,436	2,061,244
Financial services	168,671	155,993
Deferred tax assets, net	302,833	344,793
Total assets	<u>\$ 2,492,940</u>	<u>\$ 2,562,030</u>
LIABILITIES AND EQUITY		
Homebuilding:		
Nonrecourse mortgages secured by inventory, net of debt issuance costs	\$ 91,539	\$ 144,805
Accounts payable and other liabilities	415,480	439,952
Customers' deposits	51,419	74,020
Liabilities from inventory not owned, net of debt issuance costs	124,254	202,492
Senior notes and credit facilities (net of discounts, premiums and debt issuance costs)	1,051,491	1,146,547
Accrued interest	26,926	32,415
Total homebuilding	1,761,109	2,040,231
Financial services	148,181	135,581
Income taxes payable	1,861	3,167
Total liabilities	<u>1,911,151</u>	<u>2,178,979</u>
Equity:		
Hovnianian Enterprises, Inc. stockholders' equity:		
Preferred stock, \$0.01 par value - authorized 100,000 shares; issued and outstanding 5,600 shares with a liquidation preference of \$140,000 at October 31, 2023 and October 31, 2022	135,299	135,299
Common stock, Class A, \$0.01 par value - authorized 16,000,000 shares; issued 6,247,308 shares at October 31, 2023 and 6,159,886 shares at October 31, 2022	62	62
Common stock, Class B, \$0.01 par value (convertible to Class A at time of sale) - authorized 2,400,000 shares; issued 776,750 shares at October 31, 2023 and 733,374 shares at October 31, 2022	8	7
Paid in capital - common stock	735,946	727,663
Accumulated deficit	(157,197)	(352,413)
Treasury stock - at cost - 901,379 shares of Class A common stock at October 31, 2023 and 782,901 shares at October 31, 2022; 27,669 shares of Class B common stock at October 31, 2023 and October 31, 2022	(132,382)	(127,582)
Total Hovnianian Enterprises, Inc. stockholders' equity	581,736	383,036
Noncontrolling interest in consolidated joint ventures	53	15
Total equity	<u>581,789</u>	<u>383,051</u>
Total liabilities and equity	<u>\$ 2,492,940</u>	<u>\$ 2,562,030</u>

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Year Ended		
	October 31, 2023	October 31, 2022	October 31, 2021
Revenues:			
Homebuilding:			
Sale of homes	\$ 2,630,457	\$ 2,840,454	\$ 2,673,710
Land sales and other revenues	65,471	20,237	27,455
Total homebuilding	2,695,928	2,860,691	2,701,165
Financial services	60,088	61,540	81,692
Total revenues	2,756,016	2,922,231	2,782,857
Expenses:			
Homebuilding:			
Cost of sales, excluding interest	2,052,800	2,137,063	2,110,196
Cost of sales interest	80,820	85,240	84,100
Inventory impairments and land option write-offs	1,536	14,076	3,630
Total cost of sales	2,135,156	2,236,379	2,197,926
Selling, general and administrative	201,578	193,536	169,892
Total homebuilding expenses	2,336,734	2,429,915	2,367,818
Financial services	40,723	42,419	44,129
Corporate general and administrative	103,196	102,618	106,694
Other interest	54,082	47,343	77,716
Other (income) expenses, net (1)	(17,148)	2,421	1,740
Total expenses	2,517,587	2,624,716	2,598,097
Loss on extinguishment of debt, net	(25,638)	(6,795)	(3,748)
Income from unconsolidated joint ventures	43,160	29,033	8,849
Income before income taxes	255,951	319,753	189,861
State and federal income tax provision (benefit):			
State	3,239	34,199	(82,348)
Federal	46,821	60,064	(335,608)
Total income taxes	50,060	94,263	(417,956)
Net income	\$ 205,891	\$ 225,490	\$ 607,817
Less: preferred stock dividends	10,675	10,675	-
Net income available to common stockholders	\$ 195,216	\$ 214,815	\$ 607,817
Per share data:			
Basic:			
Net income per common share	\$ 28.76	\$ 30.31	\$ 87.50
Weighted-average number of common shares outstanding	6,230	6,437	6,287
Assuming dilution:			
Net income per common share	\$ 26.88	\$ 29.00	\$ 85.86
Weighted-average number of common shares outstanding	6,666	6,728	6,395

(1) Includes gain on consolidation of a joint venture of \$19.1 million for the year ended October 31, 2023 (see Note 20).

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(In thousands, except share data)	A Common Stock		B Common Stock		Preferred Stock		Paid-In Capital	Accumulated Deficit	Treasury Stock	Noncontrolling Interest	Total
	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount					
Balance, October 31, 2020	5,519,880	\$ 60	622,217	\$ 7	5,600	\$ 135,299	\$ 718,110	\$ (1,175,045)	\$ (115,360)	\$ 835	\$ (436,094)
Stock options, amortization and issuances	42,204		5,368				(41)				(41)
Restricted stock amortization, issuances and forfeitures	33,564	1	31,708				4,049				4,050
Conversion of Class B to Class A common stock	86		(86)								-
Changes in noncontrolling interest in consolidated joint ventures										(348)	(348)
Net income								607,817			607,817
Balance, October 31, 2021	5,595,734	\$ 61	659,207	\$ 7	5,600	\$ 135,299	\$ 722,118	\$ (567,228)	\$ (115,360)	\$ 487	\$ 175,384
Stock options, amortization and issuances	2,316		-				120				120
Preferred dividend declared (\$476.56 per share)								(10,675)			(10,675)
Restricted stock amortization, issuances and forfeitures	91,263	1	46,641				5,425				5,426
Conversion of Class B to Class A common stock	143		(143)								-
Changes in noncontrolling interest in consolidated joint ventures										(472)	(472)
Share repurchases	(312,471)								(12,222)		(12,222)
Net income								225,490			225,490
Balance, October 31, 2022	5,376,985	\$ 62	705,705	\$ 7	5,600	\$ 135,299	\$ 727,663	\$ (352,413)	\$ (127,582)	\$ 15	\$ 383,051
Stock options, amortization and issuances	3,563						92				92
Preferred dividend declared (\$476.56 per share)								(10,675)			(10,675)
Restricted stock amortization, issuances and forfeitures	83,660		43,575	1			8,191				8,192
Conversion of Class B to Class A common stock	199		(199)								-
Changes in noncontrolling interest in consolidated joint ventures										38	38
Share repurchases	(118,478)								(4,800)		(4,800)
Net income								205,891			205,891
Balance, October 31, 2023	5,345,929	\$ 62	749,081	\$ 8	5,600	\$ 135,299	\$ 735,946	\$ (157,197)	\$ (132,382)	\$ 53	\$ 581,789

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	October 31, 2023	October 31, 2022	October 31, 2021
Cash flows from operating activities:			
Net income	\$ 205,891	\$ 225,490	\$ 607,817
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8,798	5,457	5,280
Stock-based compensation	14,227	10,276	7,668
Amortization of debt discounts, premiums and deferred financing costs	1,645	376	242
(Gain) loss on sale of property and assets	(1,106)	(34)	92
Gain on consolidation of joint venture	(19,102)	-	-
Income from unconsolidated joint ventures	(43,160)	(29,033)	(8,849)
Distributions of earnings from unconsolidated joint ventures	18,650	3,990	9,709
Loss on extinguishment of debt	25,638	6,795	3,748
Noncontrolling interest in consolidated joint ventures	38	270	430
Inventory impairments and land option write-offs	1,536	14,076	3,630
Decrease (increase) in assets:			
Inventories	278,672	(279,000)	(35,514)
Receivables, deposits and notes	11,296	(2,632)	(3,016)
Origination of mortgage loans	(1,216,923)	(1,205,604)	(1,490,099)
Sale of mortgage loans	1,197,988	1,245,408	1,443,355
Deferred tax assets	41,960	80,885	(425,678)
(Decrease) increase in liabilities:			
Accounts payable, accrued interest and other liabilities	(59,554)	7,705	71,370
Customers' deposits	(29,913)	5,725	20,009
State income tax payable	(1,306)	(684)	19
Net cash provided by operating activities	<u>435,275</u>	<u>89,466</u>	<u>210,213</u>
Cash flows from investing activities:			
Proceeds from sale of property and assets	1,961	63	32
Purchase of property, equipment, and other fixed assets	(18,821)	(12,592)	(5,942)
Investment in and advances to unconsolidated joint ventures, net of reimbursements	(77,822)	35	(16,550)
Distributions of capital from unconsolidated joint ventures	16,447	10,342	31,456
Net cash (used in) provided by investing activities	<u>(78,235)</u>	<u>(2,152)</u>	<u>8,996</u>
Cash flows from financing activities:			
Proceeds from mortgages and notes	324,849	438,883	252,930
Payments related to mortgages and notes	(382,933)	(418,383)	(262,609)
Proceeds from model sale leaseback financing programs	12,412	35,030	7,606
Payments related to model sale leaseback financing programs	(21,875)	(14,857)	(23,677)
Proceeds from land bank financing programs	53,115	189,952	35,282
Payments related to land bank financing programs	(123,109)	(68,746)	(88,458)
Proceeds from partner distributions to consolidated joint venture	-	40	40
Payments for partner distributions to consolidated joint venture	-	(782)	(818)
Net proceeds (payments) related to mortgage warehouse lines of credit	16,432	(40,618)	47,744
Net borrowings from senior secured notes	640,925	-	-
Payments related to senior secured notes	(752,182)	(103,875)	(182,726)
Preferred dividends paid	(10,675)	(10,675)	-
Treasury stock purchases	(4,800)	(12,222)	-
Deferred financing costs from note issuances and land banking financing programs	(13,870)	(10,267)	(2,587)
Net cash used in financing activities	<u>(261,711)</u>	<u>(16,520)</u>	<u>(217,273)</u>
Net increase in cash and cash equivalents, and restricted cash and cash equivalents	95,329	70,794	1,936
Cash and cash equivalents, and restricted cash and cash equivalents balance, beginning of period	382,190	311,396	309,460
Cash and cash equivalents, and restricted cash and cash equivalents balance, end of period	<u>\$ 477,519</u>	<u>\$ 382,190</u>	<u>\$ 311,396</u>
Supplemental disclosures of cash flows:			
Cash paid during the period for:			
Interest, net of capitalized interest (see Note 3 to the Consolidated Financial Statements)	<u>\$ 62,576</u>	<u>\$ 44,872</u>	<u>\$ 87,227</u>
Income taxes	<u>\$ 9,407</u>	<u>\$ 14,062</u>	<u>\$ 7,669</u>
Reconciliation of Cash, cash equivalents and restricted cash			
Homebuilding: Cash and cash equivalents	\$ 434,119	\$ 326,198	\$ 245,970
Homebuilding: Restricted cash and cash equivalents	8,431	13,382	16,089
Financial Services: Cash and cash equivalents, included in financial services assets	4,519	6,468	5,819
Financial Services: Restricted cash and cash equivalents, included in financial services assets	30,450	36,142	43,518
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 477,519</u>	<u>\$ 382,190</u>	<u>\$ 311,396</u>

See notes to consolidated financial statements.



Supplemental disclosure of noncash investing and financing activities:

In the second quarter of fiscal 2023, we consolidated the remaining assets of one of our unconsolidated joint ventures, resulting in a \$10.8 million reduction in our investment in the joint venture, and increases of \$14.9 million and \$5.3 million to inventory and accounts payable, respectively.

In the third quarter of fiscal 2023, we consolidated the remaining assets of one of our unconsolidated joint ventures, resulting in a \$53.4 million reduction in our investment in the joint venture, and increases of \$95.3 million to inventory, \$3.8 million to other assets, \$14.5 million to accounts payable, \$7.3 million to customer deposits and \$4.8 million to nonrecourse mortgages and notes.

In the third and fourth quarters of fiscal 2021, we acquired the remaining assets of certain of our unconsolidated joint ventures, resulting in a \$26.6 million reduction in our investment in the joint ventures and a corresponding increase to inventory.

1. Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and include Hovnanian Enterprises, Inc.’s (“HEI”) accounts and those of all its consolidated subsidiaries, after elimination of all intercompany balances and transactions. HEI’s fiscal year ends on October 31. Noncontrolling interest represents the proportionate equity interest in a consolidated joint venture that is not 100% owned by HEI, directly or indirectly.

2. Business

HEI conducts all of its homebuilding and financial services operations through its subsidiaries (references herein to the “Company,” “we,” “us” or “our” refer to HEI and its consolidated subsidiaries and should be understood to reflect the consolidated business of HEI’s subsidiaries). Our operations consist of homebuilding, financial services and corporate. Our homebuilding operations are made up of three reportable segments defined as Northeast, Southeast and West. Homebuilding operations comprise the substantial part of our business, representing approximately 98% of consolidated revenues for both the years ended October 31, 2023 and 2022, and 97% for the year ended October 31, 2021. HEI is a Delaware corporation, which through its subsidiaries, was building and selling homes in Arizona, California, Delaware, Florida, Georgia, Maryland, New Jersey, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia, across 113 consolidated active selling communities at October 31, 2023. Our homebuilding subsidiaries offer a wide variety of homes that are designed to appeal to first-time buyers, first and second-time move-up buyers, luxury buyers, active lifestyle buyers and empty nesters. Our financial services operations, which are a reportable segment, provide mortgage banking and title services to the homebuilding operations’ customers. Our financial services subsidiaries do not typically retain or service the mortgages that they originate but rather sell the mortgages and related servicing rights to investors. Corporate primarily includes the operations of our corporate office whose primary purpose is to provide executive services, accounting, information services, human resources, management reporting, training, cash management, internal audit, risk management, and administration of process redesign, quality, and safety.

See Note 10 “Operating and Reporting Segments” for further disclosure of our reportable segments.

3. Summary of Significant Accounting Policies

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could have a significant impact on the Consolidated Financial Statements.

Income Recognition from Home and Land Sales - We are primarily engaged in the development, construction, marketing and sale of residential single-family and multi-family homes where the planned construction cycle is less than 12 months. For these homes, in accordance with ASC 606, “Revenue from Contracts with Customers,” revenue is recognized when control is transferred to the buyer, which occurs when the buyer takes title to and possession of the home and there is no continuing involvement. From time to time, as market conditions warrant, we offer sales incentives which enable customers to reduce the base price of a home or to reduce the price of options. These incentives are recorded as a reduction of revenue in accordance with ASC 606.

Income Recognition from Mortgage Loans - Our financial services segment originates mortgages, primarily for our homebuilding customers. We use mandatory investor commitments and forward sales of mortgage-backed securities (“MBS”) to hedge our mortgage-related interest rate exposure on agency and government loans.

We elected the fair value option for our mortgage loans held for sale in accordance with ASC 825, “Financial Instruments,” which permits us to measure our loans held for sale at fair value. Management believes that the election of the fair value option for loans held for sale improves financial reporting because it mitigates volatility in reported earnings and by measuring the fair value of loans and the derivative instruments used to economically hedge them, we do not have to apply complex hedge accounting provisions.

Substantially all of the mortgage loans originated are sold within a short period of time in the secondary mortgage market on a servicing released, nonrecourse basis, although the Company remains liable for certain limited representations, such as fraud, and warranties related to loan sales. Mortgage investors could seek to have us buy back loans or compensate them for losses incurred on mortgages we have sold based on claims that we breached our limited representations and warranties. We have established reserves for probable losses.

Cash and Cash Equivalents - Cash equivalents include certificates of deposit, U.S. Treasury bills and government money–market funds with maturities of 90 days or less when purchased. Our cash balances are held at a few financial institutions and may, at times, exceed insurable amounts. We believe we help to mitigate this risk by depositing our cash in major financial institutions. At October 31, 2023 and 2022, \$11.4 million and \$13.4 million, respectively, of the total cash and cash equivalents was in cash equivalents and restricted cash equivalents.

Fair Value of Financial Instruments - The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Our financial instruments consist of cash and cash equivalents, restricted cash and cash equivalents, receivables, deposits and notes, accounts payable and other liabilities, customers’ deposits, mortgage loans held for sale, nonrecourse mortgages, mortgage warehouse lines of credit, senior secured revolving credit facility, accrued interest, senior secured term loan, senior unsecured term loan credit facility, senior secured notes and senior notes. The fair value of the senior secured revolving credit facility, senior secured term loan, senior unsecured term loan credit facility, senior secured notes and senior notes is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to us for debt of the same remaining maturities or when not available, are estimated based on third-party broker quotes or management’s estimate of the fair value based on available trades for similar debt instruments. The fair value of all of our other financial instruments approximates their carrying amounts.

Inventories - Inventories consist of land, land development, home construction costs, capitalized interest, construction overhead and property taxes. Construction costs are accumulated during the period of construction and charged to cost of sales under the specific identification method. Land, land development and common facility costs are allocated based on buildable acres to product types within each community, then charged to cost of sales equally based upon the number of homes to be constructed for each product type.

We record inventories on our Consolidated Balance Sheets at cost unless the inventory is determined to be impaired, in which case the inventory is written down to its fair value. Our inventories consist of the following components: (1) sold and unsold homes and lots under development, which includes all construction, land, capitalized interest and land development costs related to started homes and land under development in our active communities; (2) land and land options held for future development or sale, which includes all costs related to land in our communities in planning or mothballed communities; and (3) consolidated inventory not owned, which consists of model homes financed with an investor and inventory related to land banking arrangements accounted for as financings.

We sell and lease back certain of our model homes with the right to participate in the potential profit when each home is sold to a third-party at the end of the respective lease. As a result of our continued involvement, for accounting purposes in accordance with ASC 606, these sale and leaseback transactions are considered a financing rather than a sale. Our Consolidated Balance Sheets, at October 31, 2023 and 2022, included inventory of \$41.7 million and \$48.5 million, respectively, recorded to "Consolidated inventory not owned" with a corresponding amount of \$42.0 million and \$51.2 million, respectively, recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions.

We have land banking arrangements, whereby we sell our land parcels to a land banker and they provide us an option to purchase back finished lots on a predetermined schedule. Because of our options to repurchase these parcels, for accounting purposes, in accordance with ASC 606, these transactions are considered a financing rather than a sale. Our Consolidated Balance Sheets, at October 31, 2023 and 2022, included inventory of \$183.1 million and \$260.1 million, respectively, recorded to "Consolidated inventory not owned" with a corresponding amount of \$82.3 million (net of debt issuance costs) and \$151.3 million, respectively, recorded to "Liabilities from inventory not owned" for the amount of net cash received from the transactions.

The recoverability of inventories and other long-lived assets is assessed in accordance with ASC 360, "Property, Plant and Equipment." ASC 360 requires long-lived assets, including inventories, held for development to be evaluated for impairment based on the undiscounted future cash flows of the assets at the lowest level for which there are identifiable cash flows. We evaluate impairment at the individual community level, which is the lowest level of discrete cash flows that are available.

We evaluate inventories of communities under development and held for future development for impairment when indicators of potential impairment are present. Indicators of impairment include, but are not limited to, decreases in local housing market values, decreases in gross margins or sales absorption rates, decreases in net sales prices (base sales price, net of sales incentives), or actual or projected operating or cash flow losses. The assessment of communities for indication of impairment is performed quarterly. As part of this process, we prepare detailed budgets for all of our communities at least semi-annually and identify those communities with a projected operating loss. For those communities with projected losses, we estimate the remaining undiscounted future cash flows and compare those to the carrying value of the community, to determine if the carrying value of the asset is recoverable.

The projected operating profits, losses or cash flows of each community can be significantly impacted by our estimates of the following:

- future base selling prices;
- future home sales incentives;
- future home construction and land development costs; and
- future sales absorption pace and cancellation rates.

These estimates are dependent upon specific market conditions for each community. While we consider available information to determine what we believe to be our best estimates as of the end of each quarter, these estimates are subject to change in future reporting periods as facts and circumstances change. Local market-specific conditions that may impact our estimates for a community include:

- the intensity of competition within a market, including available home sales prices and home sales incentives offered by our competitors;
- the current sales absorption pace for both our communities and competitor communities;
- community-specific attributes, such as location, availability of lots in the market, desirability and uniqueness of our community, and the size and style of homes currently being offered;
- potential for alternative product offerings to respond to local market conditions;
- changes by management in the sales strategy of the community;
- current local market economic and demographic conditions and related trends and forecasts; and
- existing home inventory supplies, including foreclosures and short sales.

These and other local market-specific conditions that may be present are considered by management in preparing projection assumptions for each community. The sales objectives can differ between our communities, even within a given market. For example, facts and circumstances in a given community may lead us to price our homes with the objective of yielding a higher sales absorption pace, while facts and circumstances in another community may lead us to price our homes to minimize deterioration in our gross margins, although it may result in a slower sales absorption pace. In addition, the key assumptions included in our estimate of future undiscounted cash flows may be interrelated. For example, a decrease in estimated base sales price or an increase in homes sales incentives may result in a corresponding increase in sales absorption pace. Additionally, a decrease in the average sales price of homes to be sold and closed in future reporting periods for one community that has not been generating what management believes to be an adequate sales absorption pace may impact the estimated cash flow assumptions of a nearby community. Changes in our key assumptions, including estimated construction and development costs, sales absorption pace and selling strategies, could materially impact future cash flow and fair value estimates. Due to the number of possible scenarios that would result from various changes in these factors, we do not believe it is possible to develop a sensitivity analysis with a level of precision that would be meaningful to an investor.

If the undiscounted cash flows are more than the carrying value of the community, then the carrying amount is recoverable, and no impairment is recorded. However, if the undiscounted cash flows are less than the carrying amount, then the community is deemed impaired and is written down to its fair value. We determine the estimated fair value of each community by calculating the present value of its estimated future cash flows at a discount rate commensurate with the risk of the respective community, or in limited circumstances, prices for land in recent comparable sale transactions, market analysis studies, which include the estimated price a willing buyer would pay for the land (other than in a forced liquidation sale), and recent bona fide offers received from third parties. The estimated future cash flow assumptions are virtually the same for both our recoverability and fair value assessments. Should the estimates or expectations used in determining estimated cash flows or fair value, including discount rates, decrease or differ from current estimates in the future, we may be required to recognize additional impairments related to current and future communities. The impairment of a community is allocated to each lot on a relative fair value basis.

From time to time, we write off deposits, approval, engineering and capitalized interest costs when we determine that it is no longer probable that we will exercise options to buy land in specific locations or when we redesign communities and/or abandon certain engineering costs. In deciding not to exercise a land option, we take into consideration changes in market conditions, the timing of required land takedowns, the willingness of land sellers to modify terms of the land option contract (including timing of land takedowns), and the availability and best use of our capital, among other factors. The write-off is recorded in the period it is deemed not probable that the optioned property will be acquired. In certain instances, we have been able to recover deposits and other pre-acquisition costs that were previously written off. These recoveries have not been significant in comparison to the total costs written off.

Warranty Costs and Construction Defect Reserves - We accrue warranty costs that are covered under our existing general liability and construction defect policy as part of our general liability insurance deductible. This accrual is expensed as selling, general and administrative costs. For homes delivered in fiscal 2023 and previously delivered in 2022, our deductible under our general liability insurance was \$25.0 million in aggregate for construction defect and warranty claims. For bodily injury claims, our deductible per occurrence in fiscal 2023 and 2022 was \$0.5 million, up to a \$5.0 million limit in California and \$0.25 million, up to a \$5.0 million limit in all other states. Our aggregate retention for construction defect, warranty and bodily injury claims was \$25.0 million for fiscal 2023 and 2022. We do not have a deductible on our worker's compensation insurance. Reserves for estimated losses for construction defects, warranty and bodily injury claims have been established using the assistance of a third-party actuary. The third-party actuary uses our historical warranty and construction defect data to assist management in estimating our unpaid claims, claim adjustment expenses and incurred but not reported claims reserves for the risks that we are assuming under the general liability and construction defect programs. The estimates consider provisions for inflation, claims handling and legal fees. These estimates are subject to a high degree of variability due to uncertainties such as trends in construction defect claims relative to our markets and the types of products we build, claim settlement patterns, insurance industry practices and legal interpretations, among others. Because of the high degree of judgment required in determining these estimated liabilities, actual future costs could differ significantly from our currently estimated amounts. In addition, we establish a warranty accrual for lower cost-related issues to cover home repairs, community amenities and land development infrastructure that are not covered under our general liability and construction defect policy. We accrue an estimate for these warranty costs as part of cost of sales at the time each home is closed and control is transferred to the buyer.

Interest - Interest attributable to properties under development during the land development and home construction period is capitalized and then expensed to cost of sales as the related inventories are sold. Interest that does not qualify for capitalization is expensed as incurred in "Other interest."

Interest costs incurred, expensed and capitalized were as follows:

(In thousands)	Year Ended		
	October 31, 2023	October 31, 2022	October 31, 2021
Interest capitalized at beginning of year	\$ 59,600	\$ 58,159	\$ 65,010
Plus interest incurred(1)	136,535	134,024	155,514
Less cost of sales interest expensed	(80,820)	(85,240)	(84,100)
Less other interest expensed(2)	(54,082)	(47,343)	(77,716)
Less interest contributed to unconsolidated joint ventures(3)	(9,456)	-	(3,667)
Plus interest acquired from unconsolidated joint ventures(4)	283	-	3,118
Interest capitalized at end of year(5)	\$ 52,060	\$ 59,600	\$ 58,159

(1) Does not include interest incurred by our mortgage and finance subsidiaries.

(2) Other interest expensed includes interest that does not qualify for interest capitalization because our assets that qualify for interest capitalization (inventory under development) do not exceed our debt, which amounted to \$17.7 million, \$28.6 million and \$57.1 million for the years ended October 31, 2023, 2022 and 2021, respectively. Other interest also includes interest on completed homes, land in planning and fully developed lots without homes under construction, which does not qualify for capitalization, and therefore, is expensed as incurred. This component of other interest was \$36.4 million, \$18.8 million and \$20.6 million for the years ended October 31, 2023, 2022 and 2021, respectively.

(3) Represents capitalized interest which was included as part of the assets contributed to joint ventures, as discussed in Note 20. There was no impact to the Consolidated Statement of Operations as a result of these transactions.

(4) Represents capitalized interest which was included as part of the assets purchased from joint ventures, as discussed in Note 20. There was no

impact to the Consolidated Statement of Operations as a result of these transactions.

(5) *Capitalized interest amounts are shown gross before allocating any portion of impairments, if any, to capitalized interest.*

Land Options - We have access to land and lots through option contracts. Costs incurred to obtain options to acquire improved or unimproved home sites are capitalized. Such amounts are either included as part of the purchase price if the land is acquired or charged to "Inventory impairments and land option write-offs" if we determine we will not exercise the option. We record costs associated with options on the Consolidated Balance Sheets under "Land and land options held for future development or sale."

In accordance with ASC 810, "Consolidation," we evaluate option contracts for land to determine whether they are with variable interest entities ("VIEs") and, if so, whether we are the primary beneficiary. A VIE is an entity in which either (i) the equity investors as a group, if any, lack the power through voting or similar rights to direct the activities of such entity that most significantly impact such entity's economic performance or (ii) the equity investment at risk is insufficient to finance that entity's activities without additional subordinated financial support. VIEs are consolidated when we have a controlling financial interest. A controlling financial interest will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. If land and lot options are determined to be with VIEs and we are the primary beneficiary or the options have terms that require us to record it as financing, then we record the land and lots under option on the Consolidated Balance Sheets under "Consolidated inventory not owned" with an offset under "Liabilities from inventory not owned." We perform on-going re-assessments of VIEs based on subsequent events, such as the modification of contracts or other changes in facts and circumstances, which could cause our consolidation conclusions to change.

Unconsolidated Homebuilding and Land Development Joint Ventures - Investments in unconsolidated entities in which the Company has significant influence over the operating and financial decisions of the entity, but holds less than a controlling financial interest, are accounted for by the equity method. Our investments in unconsolidated homebuilding and land development joint ventures are accounted for under the equity method. Under the equity method, we recognize our proportionate share of income and loss earned by the joint venture upon the delivery of lots or homes to third parties. Our ownership interests in joint ventures vary but our voting equity interests held are generally 20% to 50%. In determining whether or not we must consolidate joint ventures where we are the managing member of the joint venture, we assess whether the other partners have specific rights to overcome the presumption of control by us as the manager of the joint venture. In most cases, the presumption is overcome because the joint venture agreements require that both partners agree on establishing the significant operating and capital decisions of the partnership, including budgets, in the ordinary course of business. The evaluation of whether or not we control a joint venture can require significant judgment.

In accordance with ASC 323, "Investments - Equity Method and Joint Ventures," we assess our investments in unconsolidated joint ventures for recoverability quarterly, and if it is determined that a loss in value of the investment below its carrying amount is other than temporary, we write down the investment to its fair value. We evaluate our equity investments for impairment based on the joint venture's projected cash flows. This process requires significant management judgment and estimates. There were no write-downs for any periods presented.

Debt Issuance Costs - Costs associated with borrowings under our credit facilities and term loans and the issuance of senior secured and senior notes are capitalized and amortized over the term of each note's issuance. The capitalized costs are recorded as a contra liability within our debt balances, except for the revolving credit facility costs, which are recorded as a prepaid expense.

Debt Issued at a Discount/Premium - Debt issued at a discount or premium to the face amount is amortized utilizing the effective interest method over the term of the note and recorded as a component of "Other interest" in the Consolidated Statements of Operations.

Advertising Costs - Advertising costs are expensed as incurred, primarily to "Selling, general and administrative" homebuilding expense in the Consolidated Statements of Operations. During the years ended October 31, 2023, 2022 and 2021, advertising expenses totaled \$15.4 million, \$10.6 million and \$9.8 million, respectively.

Deferred Income Taxes - Deferred income taxes are provided for temporary differences between amounts recorded for financial reporting and income tax purposes. If the combination of future years' income (or loss) combined with the reversal of the timing differences results in a loss, such losses can be carried forward to future years to recover deferred tax assets. In accordance with ASC 740, "Income Taxes," we evaluate our deferred tax assets quarterly to determine if valuation allowances are required. We assess whether valuation allowances should be established based on the consideration of all available evidence using a "more-likely-than-not" standard.

In evaluating the exposures associated with our various tax filing positions, we recognize tax liabilities for more-likely-than-not exposures on a quarterly basis. This evaluation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity by taxing authorities and effectively settled issues. Determining whether an uncertain tax position is effectively settled requires judgment. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision. A number of years may elapse before a particular matter for which we have established a liability is audited and fully resolved or clarified. We adjust our liability for unrecognized tax benefits and income tax expense in the period in which an uncertain tax position is effectively settled, the statute of limitations expires for the relevant taxing authority to examine the tax position or when more information becomes available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a liability that is materially different from our current estimate. Any such changes will be reflected as increases or decreases to "Income taxes" in the Consolidated Statement of Operations for the period in which they are determined. In addition, we record interest and penalties related to unrecognized tax benefits as a component of income tax expense. Accrued interest and penalties are included within "Income taxes payable" on the Consolidated Balance Sheets.

Prepaid Expenses - Prepaid expenses that relate to specific housing communities (model setup, architectural fees, homeowner warranty program fees, interest rate buydowns, etc.) are amortized to cost of sales as the applicable inventories are sold. All other prepaid expenses are amortized over a specific time period or as used and charged to overhead expense.

Allowance for Credit Losses - We regularly review our receivable balances, which are included in "Receivables, deposits and notes, net" on the Consolidated Balance Sheets, for collectability. These receivables include receivables from our insurance carriers, receivables from municipalities related to the development of utilities or other infrastructure, and other miscellaneous receivables. Allowances are maintained for potential credit losses based on historical experience, present economic conditions and other factors considered relevant. The allowance for credit losses were \$12.8 million and \$12.7 million at October 31, 2023 and 2022, respectively, which primarily related to allowances for receivables from municipalities and an allowance for a receivable for a prior year land sale. During fiscal 2023 and 2022, we recorded \$0.4 million and \$2.5 million of additional reserves. During fiscal 2023 and 2022, we recorded \$0.2 million and \$0.3 million, respectively, in recoveries. During fiscal 2023 we recorded \$0.1 million in write-offs and there were no write-offs in fiscal 2022.

Property and Equipment - Property and equipment are recorded at cost. Maintenance and repair costs are expensed as incurred. Depreciation is computed by the straight-line method based upon estimated useful lives, generally as follows: Building and building improvements - 39 years or life of the lease; Furniture - 5-7 years; Equipment - 5-7 years; Capitalized Software - 3-5 years.

Stock-Based Compensation - We account for our stock-based awards under ASC 718, "Compensation - Stock Compensation" which requires a fair-value based method to determine the estimated cost of an award. Compensation cost for stock-based awards is measured on the grant date. We recognize compensation cost for time-based awards ratably over the vesting period and performance-based awards ratably over the vesting period when it is probable that the stated performance target will be achieved. Forfeitures of stock-based awards are recognized as they occur.

Per Share Calculations - Basic earnings per share is computed by dividing net income (loss) (the "numerator") by the weighted-average number of common shares outstanding, adjusted for participating securities (the "denominator") for the period. Contingently issuable shares are included in basic earnings per share as of the date that all necessary vesting conditions have been satisfied. Computing diluted earnings per share is similar to computing basic earnings per share, except that the denominator is increased to include the dilutive effects of stock options and nonvested shares of restricted stock units ("RSUs"). Any stock options that have an exercise price greater than the average market price are considered to be anti-dilutive and are excluded from the diluted earnings per share calculation.

All shares that contain non-forfeitable rights to dividends or dividend equivalents that participate in undistributed earnings with common stock are considered participating securities and are included in earnings per share pursuant to the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating securities according to dividends or dividend equivalents and participation rights in undistributed earnings in periods where we have net income.

Recent Accounting Pronouncements - In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"). ASU 2020-04 provides companies with optional expedients to ease the potential accounting burden on contracts affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. This guidance was effective for the Company beginning on March 12, 2020, and we may elect to apply the amendments prospectively. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", to extend the temporary accounting rules under ASC 848 from December 31, 2022 to December 31, 2024. We are applying this guidance as we enter into transactions that are within the scope of the optional expedients allowed, and the application has not had a material impact on our Consolidated Financial Statements.

In August 2023, the FASB issued ASU 2023-05, "Business Combinations - Joint Venture Formations" ("ASU 2023-05"), which addresses the accounting for contributions made to a joint venture. ASU 2023-05 requires joint ventures to measure all assets and liabilities upon formation at fair value. This guidance will be applied prospectively to all joint venture formations with a formation date on or after January 1, 2025. We are currently evaluating the potential impact, but we do not expect the adoption of this guidance to have a material impact on our Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, "Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). ASU 2023-07 requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within the segment measure of profit or loss. This guidance will be applied retrospectively and is effective for annual reporting periods in fiscal years beginning after December 15, 2023, and interim reporting periods in fiscal years beginning after December 31, 2024. We are currently evaluating the potential impact, but we do not expect the adoption of this guidance to have a material impact on our Consolidated Financial Statements.

4. Leases

We rent certain office space for use in our operations. We assess each of these contracts to determine whether the arrangement contains a lease as defined by ASC 842. In order to meet the definition of a lease under ASC 842, the contractual arrangement must convey to us the right to control the use of an identifiable asset for a period of time in exchange for consideration. We recognize lease expense on a straight-line basis over the lease term and combine lease and non-lease components for all leases. Our office lease terms are typically from three to five years and generally contain renewal options. In accordance with ASC 842, our lease terms include renewals only to the extent that they are reasonably certain to be exercised. The exercise of these lease renewal options is generally at our discretion. In accordance with ASC 842, the lease liability is equal to the present value of the remaining lease payments while the ROU asset is based on the lease liability, subject to adjustment, such as for lease incentives. Our leases do not provide a readily determinable implicit interest rate and therefore, we must estimate our incremental borrowing rate. In determining the incremental borrowing rate, we consider the lease period and our collateralized borrowing rates.

Our lease population at October 31, 2023 is comprised of operating leases where we are the lessee, primarily for our corporate office and division offices. As allowed by ASC 842, we made an accounting policy election to not record leases with an initial term of 12 months or less on our Consolidated Balance Sheets.

Lease costs are included in our Consolidated Statements of Operations, primarily in "Selling, general and administrative" homebuilding expenses and payments on our lease liabilities are presented in the table below.

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Operating lease costs	\$ 11,059	\$ 10,483	\$ 10,521
Cash payments on lease liabilities	\$ 9,293	\$ 9,605	\$ 9,598

ROU assets are classified within "Prepaid expenses and other assets" on our Consolidated Balance Sheets, while lease liabilities are classified within "Accounts payable and other liabilities." We recorded a net increase to both ROU assets and lease liabilities of \$19.8 million as a result of new leases and lease renewals that commenced during the year ended October 31, 2023. The following table contains additional information about our leases:

(In thousands)	2023	2022
ROU assets	\$ 25,745	\$ 17,899
Lease liabilities	\$ 26,470	\$ 18,862
Weighted-average remaining lease term (in years)	5.1	3.5
Weighted-average discount rate	10.0%	9.5%

Maturities of our operating lease liabilities as of October 31, 2023 are as follows:

Fiscal Year Ending October 31,	(In thousands)
2024	\$ 8,491
2025	8,028
2026	6,538
2027	4,317
2028	1,784
Thereafter	4,871
Total operating lease payments (1)	34,029
Less: imputed interest	(7,559)
Present value of operating lease liabilities	\$ 26,470

(1) Lease payments exclude \$3.2 million of legally binding minimum lease payments for office leases signed but not yet commenced as of October 31, 2023. The related ROU asset and operating lease liability are not reflected on the Company's Consolidated Balance Sheet as of October 31, 2023.

5. Property and Equipment

Homebuilding property and equipment consists of land and land improvements, buildings, building improvements, furniture and equipment used to conduct day-to-day business and are recorded at cost less accumulated depreciation.

Property and equipment balances as of October 31, 2023 and 2022 were as follows:

(In thousands)	October 31,	
	2023	2022
Land and land improvements	\$ 1,563	\$ 1,639
Buildings	7,828	9,497
Building improvements	16,061	22,220
Furniture	2,793	4,363
Equipment	10,124	10,739
Capitalized software	50,630	29,263
Property and equipment	88,999	77,721
Less: accumulated depreciation	(55,053)	(51,902)
Property and equipment, net	\$ 33,946	\$ 25,819

6. Restricted Cash and Customers' Deposits

Homebuilding "Restricted cash and cash equivalents" on the Consolidated Balance Sheets totaled \$8.4 million and \$13.4 million as of October 31, 2023 and 2022, respectively, which primarily consists of cash collateralizing our letter of credit agreements and facilities (see Note 9).

Financial services restricted cash and cash equivalents, which are included in "Financial services" assets on the Consolidated Balance Sheets, totaled \$30.5 million and \$36.1 million as of October 31, 2023 and 2022, respectively. Included in these balances were (1) financial services customers' deposits of \$28.1 million and \$29.7 million as of October 31, 2023 and 2022, respectively, which are subject to restrictions on our use, and (2) restricted cash under the terms of our mortgage warehouse lines of credit of \$2.4 million and \$6.4 million as of October 31, 2023 and 2022, respectively.

Homebuilding "Customers' deposits" are shown as a liability on the Consolidated Balance Sheets. These liabilities are significantly more than the applicable periods' restricted cash balances because in some states the deposits are not restricted from use and, in other states, we are able to release the majority of these customer deposits to cash by pledging letters of credit and surety bonds.

7. Mortgage Loans Held for Sale

Our wholly owned mortgage banking subsidiary, K. Hovnanian American Mortgage, LLC ("K. Hovnanian Mortgage") originates mortgage loans, primarily from the sale of our homes. Such mortgage loans are sold in the secondary mortgage market within a short period of time of origination. Mortgage loans held for sale consist primarily of single-family residential loans collateralized by the underlying property. Loans held for sale are recorded at fair value with the changes in the value recognized in the Consolidated Statements of Operations in "Financial services" revenue. We currently use forward sales of MBS, interest rate commitments from borrowers and mandatory and/or best-efforts forward commitments to sell loans to third-party purchasers to protect us from interest rate fluctuations. These short-term instruments do not require any payments to be made to the counterparty or purchaser in connection with the execution of the commitments.

At October 31, 2023 and 2022, \$127.7 million and \$92.5 million, respectively, of mortgage loans held for sale were pledged against our mortgage warehouse lines of credit (see Note 8). We may incur losses with respect to mortgages that were previously sold that are delinquent and which had underwriting defects, but only to the extent the losses are not covered by mortgage insurance or the resale value of the home. The reserves for these estimated losses are included in "Financial services" liabilities on the Consolidated Balance Sheets. At October 31, 2023 and 2022, we had reserves specifically for 10 and 14 identified mortgage loans, respectively, as well as reserves for an estimate of future losses on mortgages sold but not yet identified to us.

The activity in our loan origination reserves in fiscal 2023 and 2022 was as follows:

(In thousands)	Year Ended October 31,	
	2023	2022
Loan origination reserves, beginning of period	\$ 1,795	\$ 1,632
Provisions for losses during the period	187	181
Adjustments to pre-existing provisions for losses from changes in estimates	31	(18)
Loan origination reserves, end of period	\$ 2,013	\$ 1,795

8. Mortgages

Nonrecourse

We have nonrecourse mortgage loans for certain communities totaling \$91.5 million and \$144.8 million, net of debt issuance costs, at October 31, 2023 and 2022, respectively, which are secured by the related real property, including any improvements, with an aggregate book value of \$331.6 million and \$418.9 million, respectively. The weighted-average interest rate on these obligations was 8.5% and 6.7% at October 31, 2023 and 2022, respectively, and the mortgage loan payments on each community primarily correspond to home deliveries.

Mortgage Loans

K. Hovnanian Mortgage originates mortgage loans primarily from the sale of our homes. Such mortgage loans and related servicing rights are generally sold in the secondary mortgage market within a short period of time. K. Hovnanian Mortgage finances the origination of mortgage loans through various master repurchase agreements, which are recorded in "Financial services" liabilities on the Consolidated Balance Sheets.

Our secured Master Repurchase Agreement with JPMorgan Chase Bank, N.A. (“Chase Master Repurchase Agreement”) is a short-term borrowing facility that provides up to \$75.0 million through its maturity on July 31, 2024. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable monthly on outstanding advances at an adjusted Secured Overnight Financing Rate (“SOFR rate”), plus the applicable margin of 2.125% to 2.375%. As of October 31, 2023 and 2022, the aggregate principal amount of all borrowings outstanding under the Chase Master Repurchase Agreement was \$31.4 million and \$14.1 million, respectively.

K. Hovnanian Mortgage has another secured Master Repurchase Agreement with Customers Bank (“Customers Master Repurchase Agreement”) which is a short-term borrowing facility that provides up to \$50.0 million through its maturity on March 6, 2024. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable daily or as loans are sold to permanent investors on outstanding advances at the current Bloomberg Short Term Bank Yield Index (“BSBY”) rate, plus the applicable margin ranging from 2.125% to 4.5% based on the type of loan and the number of days outstanding on the warehouse line. As of October 31, 2023 and 2022, the aggregate principal amount of all borrowings outstanding under the Customers Master Repurchase Agreement was \$41.1 million and \$43.1 million, respectively.

K. Hovnanian Mortgage also has a secured Master Repurchase Agreement with Comerica Bank (“Comerica Master Repurchase Agreement”) which is a short-term borrowing facility through its maturity on January 10, 2024. The Comerica Master Repurchase Agreement provides up to \$60.0 million on the 15th day of the last month of the Company’s fiscal quarters and reverts back to up to \$50.0 million 30 days thereafter. The loan is secured by the mortgages held for sale and is repaid when we sell the underlying mortgage loans to permanent investors. Interest is payable monthly at the daily adjusting BSBY rate, subject to a floor of 0.50%, plus the applicable margin of 1.75% or 3.25% based upon the type of loan. As of October 31, 2023 and 2022, the aggregate principal amount of all borrowings outstanding under the Comerica Master Repurchase Agreement was \$38.3 million and \$37.1 million, respectively.

The Chase Master Repurchase Agreement, Customers Master Repurchase Agreement and Comerica Master Repurchase Agreement (together, the “Master Repurchase Agreements”) require K. Hovnanian Mortgage to satisfy and maintain specified financial ratios and other financial condition tests. Because of the extremely short period of time mortgages are held by K. Hovnanian Mortgage before the mortgages are sold to investors (generally a period of a few weeks), the immateriality to us on a consolidated basis, the size of the Master Repurchase Agreements, the levels required by these financial covenants, our ability based on our immediately available resources to contribute sufficient capital to cure any default, were such conditions to occur, and our right to cure any conditions of default based on the terms of the applicable agreement, we do not consider any of these covenants to be substantive or material. As of October 31, 2023, we believe we were in compliance with the covenants under the Master Repurchase Agreements.

9. Senior Notes and Credit Facilities

Senior secured notes, senior notes and credit facilities balances as of October 31, 2023 and October 31, 2022, were as follows:

(In thousands)	October 31, 2023	October 31, 2022
Senior Secured Notes:		
10.0% Senior Secured 1.75 Lien Notes due November 15, 2025 (1)	\$ 113,502	\$ 158,502
7.75% Senior Secured 1.125 Lien Notes due February 15, 2026	-	250,000
10.5% Senior Secured 1.25 Lien Notes due February 15, 2026	-	282,322
11.25% Senior Secured 1.5 Lien Notes due February 15, 2026	-	162,269
8.0% Senior Secured 1.125 Lien Notes due September 30, 2028	225,000	-
11.75% Senior Secured 1.25 Lien Notes due September 30, 2029	430,000	-
Total Senior Secured Notes	\$ 768,502	\$ 853,093
Senior Notes:		
8.0% Senior Notes due November 1, 2027 (2)	\$ -	\$ -
13.5% Senior Notes due February 1, 2026	90,590	90,590
5.0% Senior Notes due February 1, 2040	90,120	90,120
Total Senior Notes	\$ 180,710	\$ 180,710
Senior Unsecured Term Loan Credit Facility due February 1, 2027	\$ 39,551	\$ 39,551
Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028	\$ 81,498	\$ 81,498
Senior Secured Revolving Credit Facility (3)	\$ -	\$ -
Subtotal senior notes and credit facilities	\$ 1,070,261	\$ 1,154,852
Net (discounts) premiums	\$ (14,563)	\$ 4,079
Unamortized debt issuance costs	\$ (4,207)	\$ (12,384)
Total senior notes and credit facilities, net of discounts, premiums and unamortized debt issuance costs	\$ 1,051,491	\$ 1,146,547

(1) On November 15, 2023, K. Hovnanian redeemed all of its \$113.5 million aggregate principal amount of 10.0% Senior Secured 1.75 Lien Notes due November 15, 2025.

(2) At October 31, 2022, \$26.0 million of 8.0% Senior Notes due 2027 (the "8.0% 2027 Notes") were owned by a wholly owned consolidated subsidiary of HEI. Therefore, in accordance with U.S. GAAP, such notes were not reflected on the Consolidated Balance Sheets of HEI. On October 31, 2023, K. Hovnanian redeemed all of the \$26.0 million aggregate principal amount of its 8.0% 2027 Notes.

(3) At October 31, 2023, provides for up to \$125.0 million in aggregate amount of senior secured first lien revolving loans. The revolving loans thereunder have a maturity of June 30, 2026 and borrowings bear interest, at K. Hovnanian's option, at either (i) a term secured overnight financing rate (subject to a floor of 3.00%) plus an applicable margin of 4.50% or (ii) an alternate base rate (subject to a floor of 4.00%) plus an applicable margin of 3.50%. In addition, K. Hovnanian will pay an unused commitment fee on the undrawn revolving commitments at a rate of 1.00% per annum.

As of October 31, 2023, future maturities of our borrowings were as follows (in thousands):

Fiscal Year Ending October 31, (1)	
2024	\$ -
2025	-
2026 (2)	204,092
2027	39,551
2028	306,498
Thereafter	520,120
Total	\$ 1,070,261

(1) Does not include our \$125.0 million Senior Secured Revolving Credit Facility under which there were no borrowings outstanding as of October 31, 2023.

(2) On November 15, 2023, K. Hovnanian redeemed all of its \$113.5 million aggregate principal amount of 10.0% Senior Secured 1.75 Lien Notes due November 15, 2025.

General

Except for K. Hovnanian, the issuer of the notes and borrower under the Credit Facilities (as defined below), our home mortgage subsidiaries, certain of our title insurance subsidiaries, joint ventures and subsidiaries holding interests in our joint ventures, we and each of our subsidiaries are guarantors of the Credit Facilities, the senior secured notes and senior notes outstanding at October 31, 2023 (collectively, the “Notes Guarantors”).

The credit agreements governing the term loans and revolving credit facilities (collectively, the “Credit Facilities”) and the indentures governing the senior secured and senior notes (together, the “Debt Instruments”) outstanding at October 31, 2023 do not contain any financial maintenance covenants, but do contain restrictive covenants that limit, among other things, the ability of HEI and certain of its subsidiaries, including K. Hovnanian, to incur additional indebtedness, pay dividends and make distributions on common and preferred stock, repay/repurchase certain indebtedness prior to its respective stated maturity, repurchase (including through exchanges) common and preferred stock, make other restricted payments (including investments), sell certain assets (including in certain land banking transactions), incur liens, consolidate, merge, sell or otherwise dispose of all or substantially all of their assets and enter into certain transactions with affiliates. The Debt Instruments also contain customary events of default which would permit the lenders or holders thereof to exercise remedies with respect to the collateral (as applicable), declare the loans (the “Unsecured Term Loans”) made under the Senior Unsecured Term Loan Credit Facility due February 1, 2027 (the “Unsecured Term Loan Facility”), loans (the “Secured Term Loans”) made under the Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028 (the “Secured Term Loan Facility”) and loans (the “Secured Revolving Loans”) made under the Senior Secured Revolving Credit Agreement due June 30, 2026 (the “Secured Credit Agreement”) or notes to be immediately due and payable if not cured within applicable grace periods, including the failure to make timely payments on the Unsecured Term Loans, Secured Term Loans, Secured Revolving Loans or notes or other material indebtedness, cross default to other material indebtedness, the failure to comply with agreements and covenants and specified events of bankruptcy and insolvency, with respect to the Unsecured Term Loans, Secured Term Loans and Secured Revolving Loans, material inaccuracy of representations and warranties and with respect to the Unsecured Term Loans, Secured Term Loans and Secured Revolving Loans, a change of control, and, with respect to the Secured Term Loans, Secured Revolving Loans and senior secured notes, the failure of the documents granting security for the obligations under the secured Debt Instruments to be in full force and effect, and the failure of the liens on any material portion of the collateral securing the obligations under the secured Debt Instruments to be valid and perfected. As of October 31, 2023, we believe we were in compliance with the covenants of the Debt Instruments.

If our consolidated fixed charge coverage ratio is less than 2.0 to 1.0, as defined in the applicable Debt Instrument, we are restricted from making certain payments, including dividends (in the case of each such payment, our secured debt leverage ratio must also be less than 4.0 to 1.0), and from incurring indebtedness other than certain permitted indebtedness and nonrecourse indebtedness. Beginning as of October 31, 2021, as a result of our improved operating results, our fixed coverage ratio was above 2.0 to 1.0 and our secured debt leverage ratio was below 4.0 to 1.0, therefore we were no longer restricted from paying dividends. As such, we made dividend payments of \$2.7 million to preferred shareholders in every quarter since the first quarter of fiscal 2022. Dividends on the Series A preferred stock are not cumulative and, accordingly, if for any reason we do not declare a dividend on the Series A preferred stock for a quarterly dividend period (regardless of our availability of funds), holders of the Series A Preferred Stock will have no right to receive a dividend for that period, and we will have no obligation to pay a dividend for that period.

Under the terms of our Debt Instruments, we have the right to make certain redemptions and prepayments and, depending on market conditions, our strategic priorities and covenant restrictions, may do so from time to time. We also continue to actively analyze and evaluate our capital structure and explore transactions to simplify our capital structure and to strengthen our balance sheet, including those that reduce leverage, interest rates and/or extend maturities, and will seek to do so with the right opportunity. We may also continue to make debt or equity purchases and/or exchanges from time to time through tender offers, exchange offers, redemptions, open market purchases, private transactions, or otherwise, or seek to raise additional debt or equity capital, depending on market conditions and covenant restrictions.

Fiscal 2023

On May 30, 2023, K. Hovnanian redeemed \$100.0 million aggregate principal amount of its 7.75% Senior Secured 1.125 Lien Notes due 2026 (the “Existing 1.125 Lien Notes”). The aggregate purchase price for this redemption was \$104.2 million, which included accrued and unpaid interest and which was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$4.1 million for the fiscal year ended October 31, 2023, including the write-off of unamortized debt issuance costs and fees. The loss from the redemption is included in the Consolidated Statement of Operations as “Loss on extinguishment of debt, net.”

On August 29, 2023, K. Hovnanian redeemed an additional \$100.0 million aggregate principal amount of the Existing 1.125 Lien Notes. The aggregate purchase price for this redemption was \$102.2 million, which included accrued and unpaid interest and which was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$3.8 million for the fiscal year ended October 31, 2023, including the write-off of unamortized debt issuance costs and fees. The loss from the redemption is included in the Consolidated Statement of Operations as “Loss on extinguishment of debt, net”

On September 7, 2023, K. Hovnanian repurchased in the open market \$45.0 million aggregate principal amount of its 10.0% 1.75 Lien Notes due 2025 (the “1.75 Lien Notes”). The aggregate purchase price for this repurchase was \$46.7 million, which included accrued and unpaid interest and which was funded with cash on hand. This repurchase resulted in a gain on extinguishment of debt of \$0.2 million for the fiscal year ended October 31, 2023, including the write-off of unamortized debt issuance costs and fees. The gain from the repurchase is included in the Consolidated Statement of Operations as “Loss on extinguishment of debt, net”.

On September 25, 2023, HEI, K. Hovnanian and the Notes Guarantors entered into the Third Amendment (the “Third Amendment”) to the Secured Credit Agreement, dated as of October 31, 2019 (as amended by the First Amendment to the Credit Agreement, dated as of November 27, 2019, and by the Second Amendment to the Credit Agreement, dated as of August 19, 2022), by and among K. Hovnanian, the Company, the other guarantors party thereto, Wilmington Trust, National Association, as administrative agent, and the lenders party thereto, which provides for up to \$125.0 million in aggregate amount of senior secured first lien revolving loans. The Third Amendment (i) extended the final scheduled maturity of the Revolving Credit Facility from June 30, 2024 to June 30, 2026, (ii) increased the interest rate floor applicable to term secured overnight financing loans from 1.0% to 3.0% and (iii) provided for certain other amendments. Borrowings under the Revolving Credit Facility bear interest, at K. Hovnanian’s option, at either (a) a term secured overnight financing rate (subject to a floor of 3.0%) plus an applicable margin of 4.5% or (b) an alternate base rate (subject to a floor of 4.0%) plus an applicable margin of 3.5%. In addition, K. Hovnanian pays an unused commitment fee on the undrawn revolving commitments at a rate of 1.0% per annum. The foregoing amendments took effect on October 5, 2023.

On October 5, 2023, K. Hovnanian issued and sold to investment funds, separate accounts and/or other entities owned (in whole or in part), controlled, managed and/or advised by Angelo, Gordon & Co., L.P. (collectively, “Angelo Gordon”), investment funds, separate accounts and/or other entities owned (in whole or in part), controlled, managed and/or advised by Apollo Capital Management, L.P. (collectively, “Apollo” and, together with Angelo Gordon, the “Specified Persons”), and certain other institutional purchasers, in a private placement, \$225.0 million aggregate principal amount of 8.0% Senior Secured 1.125 Lien Notes due 2028 (the “New 1.125 Lien Notes”) and \$430.0 million aggregate principal amount of 11.75% Senior Secured 1.25 Lien Notes due 2029 (the “New 1.25 Lien Notes”). Under the terms of the indentures governing the New 1.125 Lien Notes and the 1.25 Lien Notes, K. Hovnanian will have the ability to issue additional notes under the indenture that governs the New 1.25 Lien Notes (the “Additional 1.25 Lien Notes”) in exchange for Specified Junior Debt (as defined below) or to purchase certain Specified Junior Debt. K. Hovnanian has agreed that the Specified Persons may, at their option from time to time, exchange junior lien and/or unsecured indebtedness of K. Hovnanian (the “Specified Junior Debt”) into a principal amount of Additional 1.25 Lien Notes not to exceed \$150.0 million in the aggregate. In any such exchange, K. Hovnanian will be required to issue a principal amount of Additional 1.25 Lien Notes equal to (i) the price at which the Specified Persons acquired such Specified Junior Debt (the “Specified Person Purchase Price”) plus (ii) 20% of the difference between the principal amount of such Specified Junior Debt and the Specified Person Purchase Price (such sum, the “Company Acquisition Price”), provided that, the Company Acquisition Price shall be reduced, if applicable, such that the per annum interest expense on the applicable issuance of Additional 1.25 Lien Notes does not exceed the per annum interest expense on the applicable Specified Junior Debt being exchanged. In addition, K. Hovnanian will have the option to purchase such Specified Junior Debt in cash at the Company Acquisition Price in lieu of consummating any such exchange.

On October 5, 2023, K. Hovnanian redeemed with the proceeds from the issuances of the New 1.125 Lien Notes and the New 1.25 Lien Notes all of the remaining (i) \$50.0 million aggregate principal amount of its Existing 1.125 Lien Notes for a redemption price of \$51.5 million, which included accrued and unpaid interest, (ii) \$282.3 million aggregate principal amount of its 10.5% Senior Secured 1.25 Lien Notes due 2026 (the “Existing 1.25 Lien Notes”) for a redemption price of \$293.9 million, which included accrued and unpaid interest, and (iii) \$162.3 million aggregate principal amount of its 11.25% Senior Secured 1.5 Lien Notes due 2026 (the “1.5 Lien Notes”) for a redemption price of \$164.8 million, which included accrued and unpaid interest. These redemptions resulted in a loss on extinguishment of debt of \$17.9 million for the fiscal year ended October 31, 2023, including the write-off of unamortized debt issuance costs and fees. The loss from the redemptions is included in the Consolidated Statement of Operations as “Loss on extinguishment of debt, net”.

On October 31, 2023, K. Hovnanian redeemed in full all of the \$26.0 million aggregate principal amount of its 8.0% 2027 Notes for a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest.

Fiscal 2022

On April 29, 2022, K. Hovnanian redeemed \$100.0 million aggregate principal amount of its Existing 1.125 Lien Notes. The aggregate purchase price for this redemption was \$105.5 million, which included accrued and unpaid interest and which was funded with cash on hand. This redemption resulted in a loss on extinguishment of debt of \$6.8 million for the fiscal year ended October 31, 2022, including the write-off of unamortized debt issuance costs and fees. The loss from the redemption is included in the Consolidated Statement of Operations as “Loss on extinguishment of debt, net”.

Secured Obligations

The Secured Credit Agreement provides for up to \$125.0 million in aggregate amount of Secured Revolving Loans to be used for general corporate purposes, upon the terms and subject to the conditions set forth therein. Secured Revolving Loans are to be borrowed by K. Hovnanian and guaranteed by the Notes Guarantors. The revolving loans under the Secured Credit Agreement have a maturity of June 30, 2026 and borrowings bear interest, at K. Hovnanian’s option, at either (i) SOFR rate (subject to a floor of 3.00%) plus an applicable margin of 4.5% or (ii) an alternate base rate (subject to a floor of 4.0%) plus an applicable margin of 3.5%. In addition, K. Hovnanian pays an unused commitment fee on the undrawn revolving commitments at a rate of 1.0% per annum.

The New 1.125 Lien Notes have a maturity of September 30, 2028 and bear interest at a rate of 8.0% per annum payable semi-annually on March 30 and September 30 of each year to holders of record at the close of business on March 15 and September 15, as the case may be, immediately preceding such interest payment dates. The New 1.125 Lien Notes are redeemable in whole or in part at K. Hovnanian’s option at any time prior to September 30, 2025 at a redemption price equal to 100% of their principal amount plus an applicable “Make Whole Amount”. K. Hovnanian may also redeem some or all of the New 1.125 Lien Notes at 104.0% of their principal amount commencing on September 30, 2025, at 102.0% of their principal amount commencing on September 30, 2026 and at 100.0% of their principal amount commencing September 30, 2027. In addition, K. Hovnanian may also redeem up to 35.0% of the aggregate principal amount of New 1.125 Lien Notes prior to September 30, 2025 with the net cash proceeds from certain equity offerings at 108.0% of their principal amount.

The New 1.25 Lien Notes have a maturity of September 30, 2029 and bear interest at a rate of 11.75% per annum payable semi-annually on March 30 and September 30 of each year to holders of record at the close of business on March 15 and September 15, as the case may be, immediately preceding such interest payment dates. The New 1.25 Lien Notes are redeemable in whole or in part at K. Hovnanian’s option at any time prior to March 30, 2026 at a redemption price equal to 100% of their principal amount plus an applicable “Make Whole Amount”. K. Hovnanian may also redeem some or all of the New 1.25 Lien Notes at 105.875% of their principal amount commencing on March 30, 2026, at 102.9375% of their principal amount commencing on September 30, 2027 and at 100.0% of their principal amount commencing on September 30, 2028. In addition, K. Hovnanian may also redeem up to 35.0% of the aggregate principal amount of New 1.25 Lien Notes prior to March 30, 2026 with the net cash proceeds from certain equity offerings at 111.75% of their principal amount.

The 1.75 Lien Notes have a maturity of November 15, 2025 and bear interest at a rate of 10.0% per annum payable semi-annually on May 15 and November 15 of each year to holders of record at the close of business on May 1 or November 1, as the case may be, immediately preceding each such interest payment date. At any time and from time to time prior to November 15, 2023, K. Hovnanian may redeem some or all of the 1.75 Lien Notes at a redemption price equal to 102.50% of their principal amount and at any time and from time to time after November 15, 2023, K. Hovnanian may redeem some or all of the 1.75 Lien Notes at a redemption price equal to 100.0% of their principal amount. On November 15, 2023, K. Hovnanian redeemed in full all of its \$113.5 million aggregate principal amount of 10.0% Senior Secured 1.75 Lien Notes due November 15, 2025.

On December 10, 2019, K. Hovnanian entered into the Secured Term Loan Facility. The secured term loans under the Secured Term Loan Facility (the "Secured Term Loans") bear interest at a rate equal to 10.0% per annum and will mature on January 31, 2028, with interest payable in arrears on the last business day of each fiscal quarter. At any time and from time to time prior to November 15, 2023, K. Hovnanian may voluntarily prepay some or all of the Secured Term Loans at a prepayment price equal to 102.5% of their principal amount and at any time and from time to time after November 15, 2023, K. Hovnanian may voluntarily prepay some or all of the Secured Term Loans at a prepayment price equal to 100.0% of their principal amount.

Each series of secured notes and the guarantees thereof, the Secured Term Loans and the guarantees thereof and the Secured Credit Agreement and the guarantees thereof are secured by the same assets. Among the secured debt, the liens securing the Secured Credit Agreement are senior to the liens securing all of K. Hovnanian's other secured notes and the Secured Term Loan. The liens securing the New 1.125 Lien Notes are senior to the liens securing the New 1.25 Lien Notes, the 1.75 Lien Notes, the Secured Term Loans and any other future secured obligations that are junior in priority with respect to the assets securing the New 1.125 Lien Notes, the liens securing the New 1.25 Lien Notes are senior to the liens securing the 1.75 Lien Notes, the Secured Term Loans and any other future secured obligations that are junior in priority with respect to the assets securing the New 1.25 Lien Notes and the liens securing the 1.75 Lien Notes and the Secured Term Loans (which are secured on a pari passu basis with each other) are senior to any other future secured obligations that are junior in priority with respect to the assets securing the 1.75 Lien Notes and the Secured Term Loans, in each case, with respect to the assets securing such debt.

As of October 31, 2023, the collateral securing the Secured Credit Agreement, the Secured Term Loan Facility and the senior secured notes included (1) \$441.2 million of cash and cash equivalents, which included \$5.1 million of restricted cash collateralizing certain letters of credit (subsequent to such date, fluctuations as a result of cash uses include general business operations and real estate and other investments along with cash inflow primarily from deliveries); (2) \$470.0 million aggregate book value of real property, which does not include the impact of inventory investments, home deliveries or impairments thereafter and which may differ from the value if it were appraised; and (3) equity interests in joint venture holding companies with an aggregate book value of \$96.3 million.

Unsecured Obligations

The 13.5% Senior Notes due 2026 (the "13.5% 2026 Notes") bear interest at 13.5% per annum and mature on February 1, 2026. Interest on the 13.5% 2026 Notes is payable semi-annually on February 1 and August 1 of each year to holders of record at the close of business on January 15 or July 15, as the case may be, immediately preceding each such interest payment date. The 13.5% 2026 Notes are redeemable in whole or in part at K. Hovnanian's option at any time prior to February 1, 2025 at a redemption price equal to 100% of their principal amount plus an applicable "Make Whole Amount". At any time and from time to time on or after February 1, 2025, K. Hovnanian may also redeem some or all of the 13.5% 2026 Notes at a redemption price equal to 100.0% of their principal amount.

The 5.0% Senior Notes due 2040 (the "5.0% 2040 Notes") bear interest at 5.0% per annum and mature on February 1, 2040. Interest on the 5.0% 2040 Notes is payable semi-annually on February 1 and August 1 of each year to holders of record at the close of business on January 15 or July 15, as the case may be, immediately preceding each such interest payment date. At any time and from time to time, K. Hovnanian may redeem some or all of the 5.0% 2040 Notes at a redemption price equal to 100.0% of their principal amount.

The Unsecured Term Loans bear interest at a rate equal to 5.0% per annum and interest is payable in arrears on the last business day of each fiscal quarter. The Unsecured Term Loans will mature on February 1, 2027.

Other

We have certain stand-alone cash collateralized letter of credit agreements and facilities under which there was a total of \$4.9 million and \$6.0 million letters of credit outstanding at October 31, 2023 and October 31, 2022, respectively. These agreements and facilities require us to maintain specified amounts of cash as collateral in segregated accounts to support the letters of credit issued thereunder, which will affect the amount of cash we have available for other uses. At October 31, 2023 and October 31, 2022, the amount of cash collateral in these segregated accounts was \$5.1 million and \$6.1 million, respectively, which is reflected in "Restricted cash and cash equivalents" on the Consolidated Balance Sheets.

10. Operating and Reporting Segments

HEI's operating segments are components of the Company's business for which discrete financial information is available and reviewed regularly by the chief operating decision maker, our Chief Executive Officer, to evaluate performance and make resource allocations.

We currently have homebuilding operations in 13 states that are aggregated into reportable segments based primarily upon geographic proximity.

HEI's reportable segments consist of the following three homebuilding segments and a financial services segment.

Homebuilding:

- (1) Northeast (Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia)
- (2) Southeast (Florida, Georgia and South Carolina)
- (3) West (Arizona, California and Texas)

Operations of the homebuilding segments primarily include the sale and construction of single-family attached and detached homes, attached townhomes and condominiums, urban infill and active lifestyle homes in planned residential developments. In addition, from time to time, operations of the homebuilding segments include sales of land. Operations of the financial services segment include mortgage banking and title services provided to the homebuilding operations' customers. Our financial services subsidiaries do not typically retain or service mortgages that we originate but sell the mortgages and related servicing rights to investors.

Corporate and unallocated primarily represents operations at our headquarters in New Jersey. This includes our executive offices, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, construction services, administration of insurance, quality and safety. It also includes interest income and interest expense resulting from interest incurred that cannot be capitalized in inventory in the homebuilding segments, as well as the gains or losses on extinguishment of debt from any debt repurchases or exchanges.

Evaluation of segment performance is based primarily on income (loss) before income taxes. Income (loss) before income taxes for the homebuilding segments consist of revenues generated from the sales of homes and land, income (loss) from unconsolidated entities, management fees and other income, less the cost of homes and land sold, selling, general and administrative expenses and interest expense. Income (loss) before income taxes for the financial services segment consist of revenues generated from mortgage financing, title insurance and closing services, less the cost of such services and corporate general and administrative expenses.

Operational results of each segment are not necessarily indicative of the results that would have occurred had the segment been an independent stand-alone entity during the periods presented.

Financial information relating to our reportable segments are as follows:

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Revenues:			
Northeast	\$ 968,851	\$ 1,085,081	\$ 871,091
Southeast	420,296	323,961	285,658
West	1,295,992	1,450,632	1,544,397
Total homebuilding	2,685,139	2,859,674	2,701,146
Financial services	60,088	61,540	81,692
Corporate and unallocated	10,789	1,017	19
Total revenues	\$ 2,756,016	\$ 2,922,231	\$ 2,782,857
Income before income taxes:			
Northeast	\$ 178,516	\$ 177,406	\$ 102,896
Southeast	77,750	60,178	17,764
West	114,084	207,519	198,343
Total homebuilding	370,350	445,103	319,003
Financial services	19,365	19,121	37,563
Corporate and unallocated (1)	(133,764)	(144,471)	(166,705)
Income before income taxes	\$ 255,951	\$ 319,753	\$ 189,861

(1) Corporate and unallocated for the year ended October 31, 2023 included corporate general and administrative expenses of \$103.2 million, interest expense of \$17.7 million (a component of Other interest in our Consolidated Statements of Operations), loss on extinguishment of debt of \$25.6 million and \$(12.7) million of other (income) expenses, net. Corporate and unallocated for the year ended October 31, 2022 included corporate general and administrative expenses of \$102.6 million, interest expense of \$28.6 million, loss on extinguishment of debt of \$6.8 million and \$6.5 million of other (income) expenses, net. Corporate and unallocated for the year ended October 31, 2021 included corporate general and administrative expenses of \$106.7 million, interest expense of \$57.1 million, loss on extinguishment of debt of \$3.7 million and \$(0.8) million of other (income) expenses, net.

(In thousands)	October 31,	
	2023	2022
Assets:		
Northeast	\$ 483,784	\$ 530,884
Southeast	286,701	330,894
West	733,318	802,704
Total homebuilding	1,503,803	1,664,482
Financial services	168,671	155,993
Corporate and unallocated	820,466	741,555
Total assets	\$ 2,492,940	\$ 2,562,030

(In thousands)	October 31,	
	2023	2022
Investments in and advances to unconsolidated joint ventures:		
Northeast	\$ 56,758	\$ 20,241
Southeast	35,262	52,651
West	4,503	174
Total homebuilding	96,523	73,066
Corporate and unallocated	1,363	1,874
Total investments in and advances to unconsolidated joint ventures	\$ 97,886	\$ 74,940

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Homebuilding interest expense:			
Northeast	\$ 32,071	\$ 31,552	\$ 30,212
Southeast	20,055	17,403	19,490
West	65,068	55,056	55,029
Total homebuilding	117,194	104,011	104,731
Corporate and unallocated	17,707	28,572	57,085
Financial services interest expense (income) (1)	1	(213)	(35)
Total interest expense, net	\$ 134,902	\$ 132,370	\$ 161,781

(1) Financial services interest expense (income) is included in Financial services revenue or expense in the Consolidated Statements of Operations.

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Depreciation:			
Northeast	\$ 4,352	\$ 1,542	\$ 1,459
Southeast	444	291	214
West	1,325	1,298	1,811
Total homebuilding	6,121	3,131	3,484
Financial services	-	5	13
Corporate and unallocated	2,677	2,321	1,783
Total depreciation	\$ 8,798	\$ 5,457	\$ 5,280

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Net additions to property and equipment:			
Northeast	\$ 1,678	\$ 1,848	\$ 1,271
Southeast	263	229	256
West	1,599	1,841	1,174
Total homebuilding	3,540	3,918	2,701
Financial services	1,040	28	-
Corporate and unallocated	14,241	8,646	3,241
Total net additions to property and equipment	\$ 18,821	\$ 12,592	\$ 5,942

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Equity in earnings from unconsolidated joint ventures:			
Northeast	\$ 27,253	\$ 12,674	\$ 2,958
Southeast	15,696	16,359	2,061
West	211	-	3,830
Total equity in earnings from unconsolidated joint ventures	\$ 43,160	\$ 29,033	\$ 8,849

11. Income Taxes

Income taxes (receivable) payable, including deferred benefits, consists of the following:

(In thousands)	October 31,	
	2023	2022
State income taxes:		
Current	\$ 1,861	\$ 3,167
Deferred	(74,110)	(69,248)
Federal income taxes:		
Current	-	-
Deferred	(228,723)	(275,545)
Total	\$ (300,972)	\$ (341,626)

The (benefit) provision for income taxes is composed of the following:

(In thousands)	Year Ended October 31,		
	2023	2022	2021
Current income tax expense:			
Federal (1)	\$ -	\$ -	\$ -
State (2)	8,101	13,377	7,722
Total current income tax expense:	8,101	13,377	7,722
Federal	46,821	60,064	(335,608)
State	(4,862)	20,822	(90,070)
Total deferred income tax expense (benefit):	41,959	80,886	(425,678)
Total	\$ 50,060	\$ 94,263	\$ (417,956)

- (1) *The current federal income tax expense is net of the use of federal net operating losses totaling \$221.2 million (tax effected \$46.4 million), \$306.0 million (tax effected \$64.3 million) and \$173.8 million (tax effected \$36.5 million) for the years ended October 31, 2023, 2022 and 2021, respectively.*
- (2) *The current state income tax expense is net of the use of state net operating losses totaling \$113.3 million (tax effected \$8.3 million), \$80.1 million (tax effected \$5.8 million) and \$55.7 million (tax effected \$3.9 million) for the years ended October 31, 2023, 2022 and 2021, respectively.*

The total income tax expense of \$50.1 million and \$94.3 million for the years ended October 31, 2023 and 2022, respectively, was primarily due to federal and state tax expense recorded as a result of our income before income taxes. Income tax expense for fiscal 2023 was partially offset by the benefits of releasing state valuation allowances and qualifying for energy efficient home tax credits. The federal tax expense is not paid in cash as it is offset by the use of our existing net operating loss (“NOL”) carryforwards. The total income tax benefit for the year ended October 31, 2021 was \$418.0 million, primarily due to the reversal of a substantial portion of our valuation allowance previously recorded against our deferred tax assets (“DTAs”).

We have remaining federal NOL carryforwards of \$688.3 million that expire between 2030 and 2038, and \$15.7 million have an indefinite carryforward period. Our total remaining state NOL carryforwards are \$2.1 billion: \$586.1 million that expire between 2024 through 2028; \$1.1 billion that expire between 2029 through 2033; \$348.8 million that expire between 2034 through 2038; \$8.7 million that expire between 2039 through 2043; and \$52.1 million that have an indefinite carryforward period.

We recognize deferred tax assets, net of deferred tax liabilities, related to NOL carryforwards, tax credits and temporary differences between book and tax income which will be recognized in future years as an offset against future taxable income. Our deferred tax assets, net as of October 31, 2023 were \$302.8 million compared to \$344.8 million at October 31, 2022. A valuation allowance is provided to offset DTAs if, based upon available evidence, it is more-likely-than-not that some or all of the DTAs will not be realized. We had a valuation allowance of \$71.9 million as of October 31, 2023 compared to \$95.7 million as of October 31, 2022 related to DTAs for tax credits and state NOL carryforwards that are expected to expire before they can be used.

We considered all available positive and negative evidence to determine whether, based on the weight of that evidence, the valuation allowance for our DTAs was appropriate. Overall, the positive evidence, both objective and subjective, outweighed the negative evidence. The significant improvement in our profitability over the last three years, coupled with our current contract backlog, provided positive evidence to support the conclusion that sufficient taxable income will be generated in the future and a full valuation allowance is not necessary.

Deferred tax assets and liabilities have been recognized on the Consolidated Balance Sheets as follows:

(In thousands)	October 31,	
	2023	2022
Deferred tax assets:		
Inventory impairments	\$ 26,168	\$ 30,772
Uniform capitalization of overhead	3,692	4,285
Warranty and legal reserves	4,439	5,668
Compensation	11,377	13,746
Deferred income	1,167	2,425
Interest expense	4,939	3,646
Restricted stock units	2,069	1,628
Stock options	209	818
Provision for losses	18,349	17,700
Federal net operating losses	147,841	194,306
State net operating losses	136,257	150,832
Tax credit carryforwards	21,260	12,254
Other	3,688	5,005
Total deferred tax assets	381,455	443,085
Deferred tax liabilities:		
Joint venture income	(6,743)	(2,565)
Total deferred tax liabilities	(6,743)	(2,565)
Valuation allowance	(71,879)	(95,727)
Deferred tax assets, net	\$ 302,833	\$ 344,793

Our effective tax rate varied from the statutory federal income tax rate. The effective tax rate is affected by a number of factors, the most significant of which has been the valuation allowance related to our DTAs. The sources of these factors were as follows:

	Year Ended October 31,		
	2023	2022	2021
Federal statutory income tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal income tax benefit	6.2	9.8	4.0
Permanent differences, net	0.9	0.8	3.6
Deferred tax asset valuation allowance impact	(6.3)	0.0	(248.5)
Tax contingencies	(0.1)	(0.1)	(0.2)
Tax credits	(2.2)	0.0	0.0
Adjustments to prior years' tax accruals	0.1	(2.0)	0.0
Effective tax rate	19.6%	29.5%	(220.1)%

The following is a tabular reconciliation of the total amount of unrecognized tax benefits, excluding interest and penalties:

(In millions)	2023	2022
Unrecognized tax benefit—November 1,	\$ 0.2	\$ 0.5
Gross increases—tax positions in current period	-	-
Lapse of statute of limitations	(0.2)	(0.3)
Unrecognized tax benefit—October 31,	\$ -	\$ 0.2

Related to the unrecognized tax benefits noted above, there was no liability for interest and penalties as of October 31, 2023. As of October 31, 2022, we recognized a liability for interest and penalties of \$0.1 million. For the years ended October 31, 2023, 2022 and 2021, we recognized \$131 thousand, \$128 thousand and \$84 thousand, respectively, of interest and penalties in income taxes provision (benefit).

The consolidated federal tax returns have been audited through October 31, 2022 and these years are closed. We are also subject to various income tax examinations in the states in which we do business. The outcome for a particular audit cannot be determined with certainty prior to the conclusion of the audit, appeal, and in some cases, litigation process. As each audit is concluded, adjustments, if any, are recorded in the period determined. To provide for potential exposures, tax reserves are recorded, if applicable, based on reasonable estimates of potential audit results. However, if the reserves are insufficient upon completion of an audit, there could be an adverse impact on our financial position and results of operations. The statute of limitations for our major tax jurisdictions remains open for examination for tax years 2019 - 2022.

12. Reduction of Inventory to Fair Value

We had 380 communities under development and held for future development or sale at October 31, 2023 and 374 communities under development and held for future development or sale at both October 31, 2022 and 2021, which we evaluated for impairment indicators (i.e., those with a projected operating loss). We performed an undiscounted future cash flow analysis for one community during the year ended October 31, 2023, which we had recorded an impairment for in the prior year. As a result of such analysis, we did not identify any additional impairment for the community. During the year ended October 31, 2022, one community, with a carrying value of \$10.6 million, had an impairment indicator. The impairment analysis on the community included increased land development costs from previous projections, along with a downturn in the local market, resulting in an impairment of \$8.4 million. During the year ended October 31, 2021, we performed undiscounted future cash flow analyses for three communities with an aggregate carrying value of \$11.5 million. Based on the results of our undiscounted future cash flow analyses, we performed discounted cash flow analyses on all three communities, resulting in impairments of \$2.0 million. Our aggregate impairment charges are included within "Inventory impairments and land option write-offs" in the Consolidated Statement of Operations and deducted from inventory.

The following table represents impairments by segment for fiscal 2022 and 2021:

(Dollars in millions)	Year Ended October 31, 2022		
	Number of Communities	Dollar Amount of Impairment	Pre-Impairment Value (1)
Northeast	-	\$ -	\$ -
Southeast	-	-	-
West	1	8.4	10.6
Total	1	\$ 8.4	\$ 10.6

(Dollars in millions)	Year Ended October 31, 2021		
	Number of Communities	Dollar Amount of Impairment	Pre-Impairment Value (1)
Northeast	-	\$ -	\$ -
Southeast	2	1.2	9.2
West	1	0.8	2.3
Total	3	\$ 2.0	\$ 11.5

(1) Represents carrying value, net of prior period impairments, if any, at the time of recording the applicable period's impairments.

Write-offs of options, engineering and capitalized interest costs are also recorded in "Inventory impairments and land option write-offs" when we redesign communities, abandon certain engineering costs or do not exercise options in various locations because the pro forma profitability is not projected to produce adequate returns on investment commensurate with the risk. The total aggregate write-offs related to these items were \$1.5 million, \$5.7 million and \$1.6 million for the years ended October 31, 2023, 2022 and 2021, respectively. Occasionally, these write-offs are offset by recovered deposits, sometimes through legal action, which had been written off in a prior period as walk-away costs. Historically, these recoveries have not been significant in comparison to the total costs written off.

The following table represents write-offs of such costs by segment for fiscal 2023, 2022 and 2021:

(In millions)	Year Ended October 31,		
	2023	2022	2021
Northeast	\$ 0.5	\$ 0.4	\$ 0.3
Southeast	0.5	0.9	0.2
West	0.5	4.4	1.1
Total	\$ 1.5	\$ 5.7	\$ 1.6

13. Per Share Calculations

Basic and diluted earnings per share for the periods presented below were calculated as follows:

(In thousands, except per share data)	Year Ended October 31,		
	2023	2022	2021
Numerator:			
Net income	\$ 205,891	\$ 225,490	\$ 607,817
Less: preferred stock dividends	(10,675)	(10,675)	-
Less: undistributed earnings allocated to participating securities	(16,027)	(19,702)	(57,676)
Numerator for basic earnings per share	\$ 179,189	\$ 195,113	\$ 550,141
Plus: undistributed earnings allocated to participating securities	16,027	19,702	57,676
Less: undistributed earnings reallocated to participating securities	(16,058)	(19,717)	(58,687)
Numerator for diluted earnings per share	\$ 179,158	\$ 195,098	\$ 549,130
Denominator:			
Denominator for basic earnings per share – weighted average shares outstanding	6,230	6,437	6,287
Effect of dilutive securities:			
Stock-based payments	436	291	108
Denominator for diluted earnings per share – weighted-average shares outstanding	6,666	6,728	6,395
Basic earnings per share	\$ 28.76	\$ 30.31	\$ 87.50
Diluted earnings per share	\$ 26.88	\$ 29.00	\$ 85.86

In addition, 6 thousand, 26 thousand and 25 thousand shares related to out-of-the money stock options, which could potentially dilute basic earnings per share in the future, were not included in the computation of diluted earnings per share for the years ended October 31, 2023, 2022 and 2021, respectively, because to do so would have been anti-dilutive for each period.

14. Capital Stock

Common Stock

Each share of Class A common stock entitles its holder to one vote per share, and each share of Class B common stock generally entitles its holder to ten votes per share. The amount of any regular cash dividend payable on a share of Class A common stock will be an amount equal to 110% of the corresponding regular cash dividend payable on a share of Class B common stock. If a shareholder desires to sell shares of Class B common stock, such stock must be converted into shares of Class A common stock at a one-to-one conversion rate.

On August 4, 2008, the Board of Directors (the "Board") adopted a shareholder rights plan (the "Rights Plan"), which was amended on January 11, 2018 and January 18, 2021, designed to preserve shareholder value and the value of certain tax assets primarily associated with NOLs and built-in losses under Section 382 of the Internal Revenue Code. Our ability to use NOLs and built-in losses would be limited if there was an "ownership change" under Section 382. This would occur if shareholders owning (or deemed under Section 382 to own) 5% or more of our stock increase their collective ownership of the aggregate amount of our outstanding shares by more than 50 percentage points over a defined period of time. The Rights Plan was adopted to reduce the likelihood of an "ownership change" occurring as defined by Section 382. Under the Rights Plan, one right was distributed for each share of Class A common stock and Class B common stock outstanding as of the close of business on August 15, 2008. Effective August 15, 2008, if any person or group acquires 4.9% or more of the outstanding shares of Class A common stock without the approval of the Board, there would be a triggering event causing significant dilution in the voting power of such person or group. However, existing stockholders who owned, at the time of the Rights Plan's initial adoption on August 4, 2008, 4.9% or more of the outstanding shares of Class A common stock will trigger a dilutive event only if they acquire additional shares. The approval of the Board's decision to adopt the Rights Plan may be terminated by the Board at any time prior to the Rights being triggered. The Rights Plan will continue in effect until August 14, 2024, unless it expires earlier in accordance with its terms. The approval of the Board's decision to initially adopt the Rights Plan and the amendments thereto were approved by shareholders. Our shareholders also approved an amendment to our Certificate of Incorporation to restrict certain transfers of Class A common stock in order to preserve the tax treatment of our NOLs and built-in losses under Section 382 of the Internal Revenue Code. Subject to certain exceptions pertaining to pre-existing 5% stockholders and Class B stockholders, the transfer restrictions in our Restated Certificate of Incorporation generally restrict any direct or indirect transfer (such as transfers of our stock that result from the transfer of interests in other entities that own our stock) if the effect would be to (i) increase the direct or indirect ownership of our stock by any person (or public group) from less than 5% to 5% or more of our common stock; (ii) increase the percentage of our common stock owned directly or indirectly by a person (or public group) owning or deemed to own 5% or more of our common stock; or (iii) create a new "public group" (as defined in the applicable U.S. Treasury regulations). Transfers included under the transfer restrictions include sales to persons (or public groups) whose resulting percentage ownership (direct or indirect) of common stock would exceed the 5% thresholds discussed above, or to persons whose direct or indirect ownership of common stock would by attribution cause another person (or public group) to exceed such threshold.

On July 3, 2001, the Board authorized a stock repurchase program to purchase up to 0.2 million shares of Class A common stock. On September 1, 2022, the Board terminated our prior repurchase program and authorized a new program for the repurchase of up to \$50.0 million of our Class A common stock. Under the new repurchase program, repurchases may be made from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual dollar amount repurchased will depend on a variety of factors, including legal requirements, price, future tax implications and economic and market conditions. The repurchase program may be changed, suspended or discontinued at any time and does not have a specified expiration date. As of October 31, 2023, \$33.0 million of our Class A common stock is available for repurchase under the stock repurchase program.

Preferred Stock

On July 12, 2005, we issued 5,600 shares of 7.625% Series A preferred stock, with a liquidation preference of \$25,000 per share. Dividends on the Series A preferred stock are not cumulative and are payable at an annual rate of 7.625%. The Series A preferred stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares. The Series A preferred stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A preferred stock. The depositary shares are listed on the NASDAQ Global Market under the symbol "HOVNP." In both fiscal 2023 and 2022 we paid dividends of \$10.7 million on the Series A preferred stock. In fiscal 2021, we did not pay any dividends on the Series A preferred stock due to covenant restrictions in our debt instruments.

Retirement Plan

We have established a tax-qualified, defined contribution savings and investment retirement plan ("401(k) plan"). All associates are eligible to participate in the retirement plan, and employer contributions are based on a percentage of associate contributions and our operating results. 401(k) plan expenses were \$8.2 million, \$8.3 million and \$7.0 million for the years ended October 31, 2023, 2022 and 2021, respectively.

Treasury Stock

During the year ended October 31, 2023, we repurchased 118,478 shares under the new stock repurchase program, with a market value of \$4.8 million, or \$40.51 per share, which were added to "Treasury stock" on our Consolidated Balance Sheets as of October 31, 2023. During the year ended October 31, 2022, we repurchased 312,471 shares under the new stock repurchase program, with a market value of \$12.2 million, or \$39.12 per share, which were added to "Treasury stock" on our Consolidated Balance Sheets as of October 31, 2022. There were no shares repurchased during the year ended October 31, 2021.

15. Stock-Based Compensation Plans

We have stock incentive plans for certain officers, key employees and directors that are approved by a committee appointed by the Board or its delegate. As of October 31, 2023, we had 0.3 million shares authorized and remaining for future issuance under our stock incentive plans. Based on the terms of our stock incentive plans, awards that are forfeited become available to us for future grants.

Stock Options

Prior to fiscal 2021, stock options were granted. There have been no stock option grants during fiscal years 2023, 2022 or 2021. The exercise price of all stock options is at least equal to the fair market value of an underlying share of our Class A common stock on the date of the grant. The fair value of each stock option is estimated using the Black-Scholes option-pricing model. Stock options granted to officers and associates generally vest in four equal installments on the second, third, fourth and fifth anniversaries of the date of the grant. Non-employee directors' stock options vest in three equal installments on the first, second and third anniversaries of the date of the grant. All stock options expire on the tenth anniversary from the date of grant.

The following table summarizes stock option activity at October 31, 2023:

	October 31, 2023	Weighted-Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Stock options outstanding at beginning of period	166,559	\$ 48.02		
Granted	-	\$ -		
Exercised	(4,363)	\$ 31.14		
Forfeited	(250)	\$ 7.85		
Expired	(18,399)	\$ 157.00		
Stock options outstanding at end of period	143,547	\$ 34.63	4.4	\$ 5,231,933
Stock options exercisable at end of period	132,903	\$ 36.66	4.3	\$ 4,590,643

The total intrinsic value of stock options exercised during both fiscal 2023 and 2022 was \$0.2 million, and in fiscal 2021 was \$4.8 million. The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price.

Based on the fair value at the time of grant, the per share weighted-average fair value of stock options vested in fiscal 2023, 2022 and 2021 was \$6.29, \$16.46 and \$8.82, respectively.

RSUs and Performance Units

RSUs are measured based upon the fair value of a share of our Class A common stock on the date of grant. Shares underlying RSUs granted to officers and associates generally vest in four equal installments on the first, second, third, and fourth anniversaries of the grant date. During fiscal year 2023, each of our six existing non-employee directors were granted RSUs subject to a two-year post-vesting holding period. Generally, participants aged 60 years or older, or aged 58 with 15 years of service, are eligible to vest in their awards on an accelerated basis upon their retirement.

Grants of market share units ("MSUs"), performance share units ("PSUs") and the stock portion of the long-term incentive plans ("LTIPs") (each discussed below), are also awarded as compensation.

The following table summarizes nonvested time-based RSU and MSU share activity as of October 31, 2023:

	October 31, 2023	Weighted-Average Grant Date Fair Value
Nonvested time-based at beginning of period	175,637	\$ 33.43
Granted	63,275	\$ 87.92
Vested (1)	(97,183)	\$ 29.89
Forfeited	(9,586)	\$ 43.90
Nonvested time-based at end of period	132,143	\$ 52.79

The following table summarizes nonvested performance-based LTIP, PSU and MSU share activity as of October 31, 2023:

	October 31, 2023	Weighted-Average Grant Date Fair Value
Nonvested performance-based at beginning of period	507,157	\$ 41.14
Granted	272,567	\$ 56.09
Vested (1)	(184,911)	\$ 42.79
Forfeited	(13,313)	\$ 51.39
Nonvested performance-based at end of period	581,500	\$ 73.90

(1) Includes 27,686 time-based vested share awards and 149,693 performance-based vested share awards which were deferred and not yet issued at October 31, 2023.

LTIP awards include share adjustments for the difference between target performance metrics at the time of grant and the final performance outcome. Share adjustments are reflected in the "Granted" line above at the time the performance is finalized. For LTIP awards granted prior to fiscal 2023, shares vest on the third, fourth and fifth anniversary of the grant date, subject to performance achievement. The 2023 LTIP is subject to cliff vesting at the end of the performance period.

The fair value of LTIP and PSUs (discussed below) is determined using the Finnerty model, which uses an arithmetic average strike, put option. The strike price is based on the predetermined period average value of the underlying asset. The following assumptions were used for the 2023 LTIP grants: historical volatility factor of 75.29% based on the expected market price of our Class A common stock for the two-year period ending on the valuation date, concluded stock price assumption of 4.19% equal to the continuously compounded two-year yield and a dividend yield of zero. The following assumptions were used for the 2022 LTIP grants: historical volatility factor of 104.16% based on the expected market price of our Class A common stock for the two-year period ending on the valuation date, concluded stock price assumption of 0.67% equal to the continuously compounded two-year yield and a dividend yield of zero. The following assumptions were used for the 2021 LTIP grants: historical volatility factor of 112.92% based on the expected market price of our Class A common stock for the two-year period ending on the valuation date, concluded stock price assumption of 0.16% equal to the continuously compounded two-year yield and a dividend yield of zero.

PSUs granted in fiscal 2020 vest in four equal installments commencing on the second, third, fourth and fifth anniversary of the grant date, except that no portion of the award will vest unless the Board determines that the Company achieved specified earnings goals. Fiscal 2023, 2022 and 2021 PSUs are subject to cliff vesting on the third year after the grant date. The following assumptions were used for the 2023 PSU grants: historical volatility factor of 66.66% based on the expected market price of our Class A common stock for the two-year period ending on the valuation date, concluded stock price assumption of 4.54% equal to the continuously compounded two-year yield and a dividend yield of zero. The following assumptions were used for the 2022 PSU grants: historical volatility factor of 78.82% based on the expected market price of our Class A common stock for the two-year period ending on the valuation date, concluded stock price assumption of 3.04% equal to the continuously compounded two-year yield and a dividend yield of zero. The following assumptions were used for 2021 PSU grants: historical volatility factor of the expected market price of our common stock of 112.44% for the two-year period ending on the valuation date, and the concluded risk-free rate assumption of 0.16% equals the continuously compounded two-year yield, and dividend yield of zero.

There were no MSUs granted in fiscal 2023, 2022 and 2021. The fair value of MSUs is determined using the Monte-Carlo simulation model. The first 50% of an MSU grant vests in four equal annual installments, commencing on the second anniversary from the date of grant, subject to stock price performance conditions, pursuant to which the actual number of shares issuable with respect to vested MSUs may range from 0% to 200% of the target number of shares under each MSU award, generally depending on the growth in the 60-day average trading price of the Company's shares during the period between the grant date and the relevant vesting dates. The remaining 50% of an MSU grant is subject to financial performance conditions in addition to the stock price performance conditions. These remaining MSUs vest in four equal installments with the first installment vesting on the third January 1st after the grant date, and the remaining annual installments commencing on the third anniversary from the date of grant, except that no portion of the award will vest unless the Board determines the Company achieved certain specified performance goals.

The total grant date fair value of RSU and performance unit awards granted during fiscal 2023, 2022 and 2021 was \$10.4 million, \$9.6 million and \$9.2 million, respectively. The total fair value of these awards vested during fiscal 2023, 2022 and 2021 was \$25.2 million, \$15.6 million and \$13.7 million, respectively.

During the year-ended October 31, 2023 we issued 51,296 RSUs, 43,268 MSUs and 32,671 LTIP shares. As of October 31, 2023, there was \$16.2 million of unrecognized stock-based compensation, which is primarily comprised of unrecognized expenses for RSUs, MSUs, PSUs, and the stock portion of LTIPs. The cost is expected to be recognized over a weighted-average period of 1.6 years.

Stock-Based Compensation Expense

For the years ended October 31, 2023, 2022 and 2021, stock-based compensation expense was \$14.2 million (\$11.4 million post tax), \$10.3 million (\$7.3 million post tax) and \$7.7 million (\$5.2 million post tax), respectively. Stock-based compensation for RSUs, MSUs, PSUs, and the stock portion of LTIPs was \$14.2 million, \$10.2 million and \$7.4 million for fiscal 2023, 2022 and 2021, respectively. In addition, stock option compensation expense was \$27 thousand, \$0.1 million and \$0.2 million for the years ended October 31, 2023, 2022 and 2021, respectively.

16. Warranty Costs

General liability insurance for homebuilding companies and their suppliers and subcontractors is very difficult to obtain. The availability of general liability insurance is limited due to a decreased number of insurance companies willing to underwrite for the industry. In addition, those few insurers willing to underwrite liability insurance have significantly increased the premium costs. To date, we have been able to obtain general liability insurance but at higher premium costs with higher deductibles. Our subcontractors and suppliers have advised us that they have also had difficulty obtaining insurance that also provides us coverage. As a result, we have an owner-controlled insurance program for certain of our subcontractors whereby the subcontractors pay us an insurance premium (through a reduction of amounts we would otherwise owe such subcontractors for their work on our homes) based on the risk type of the trade. We absorb the liability associated with their work on our homes as part of our overall general liability insurance at no additional cost to us because our existing general liability and construction defect insurance policy and related reserves for amounts under our deductible covers construction defects regardless of whether we or our subcontractors are responsible for the defect. For the years ended October 31, 2023 and 2022, we received \$4.3 million and \$6.0 million, respectively, from subcontractors related to the owner controlled-insurance program, which we accounted for as reductions to inventory.

Additions and charges in the warranty reserve and general liability reserve for the years ended October 31, 2023 and 2022 were as follows:

(In thousands)	Year Ended October 31,	
	2023	2022
Balance, beginning of period	\$ 97,719	\$ 94,916
Additions: Selling, general and administrative	7,140	8,495
Additions: Cost of sales	6,807	9,054
Charges incurred during the period	(22,080)	(18,271)
Changes to pre-existing reserves	9,333	3,525
Balance, end of period	\$ 98,919	\$ 97,719

Warranty accruals are based upon historical experience. In fiscal 2023, we recorded an increase of \$10.1 million to our construction defect reserves as a result of our claims history. This increase is reflected in the changes to pre-existing reserves in the table above.

The majority of the charges incurred during fiscal 2023 represented payments for construction defects related to the settlement of four litigation matters. Insurance claims paid by our insurance carriers, excluding insurance deductibles paid, were \$0.2 million for each of the years ended October 31, 2023 and 2022, for prior year deliveries.

17. Transactions with Related Parties

During the years ended October 31, 2023, 2022 and 2021, an engineering firm owned by Tavit Najarian, a relative of Ara K. Hovnanian, our Chairman of the Board and our Chief Executive Officer, provided services to the Company totaling \$1.3 million, \$1.1 million and \$0.6 million, respectively. Neither the Company nor Mr. Hovnanian has a financial interest in the relative's company from whom the services were provided.

Alexander Hovnanian, the son of Ara K. Hovnanian, is employed by the Company. Alexander Hovnanian holds the position of Executive Vice President - National Homebuilding Operations. For fiscal 2023, he received cash compensation of approximately \$1,008,000 and equity awards with an aggregate grant date fair value of approximately \$825,000. For fiscal 2022, he received cash compensation of approximately \$1,684,000 and equity awards with an aggregate grant date fair value of approximately \$531,000. For fiscal 2021, he received cash compensation of approximately \$989,000 and equity awards with an aggregate grant date fair value of approximately \$523,000.

Carson Sorsby, the son of J. Larry Sorsby, a member of the Board and our former Chief Financial Officer (retired as of October 31, 2023), is employed by the Company. Carson Sorsby holds the position of Account Manager in the Company's mortgage subsidiary. His compensation is commensurate with that of similarly situated employees in his position.

18. Commitments and Contingent Liabilities

We are involved in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on our financial position, results of operations or cash flows, and we are subject to extensive and complex laws and regulations that affect the development of land and home building, sales and customer financing processes, including zoning, density, building standards and mortgage financing. These laws and regulations often provide broad discretion to the administering governmental authorities. This can delay or increase the cost of development or homebuilding. The significant majority of our litigation matters are related to construction defect claims. Our estimated losses from construction defect litigation matters, if any, are included in our construction defect reserves.

We also are subject to a variety of local, state, federal and foreign laws and regulations concerning protection of health and the environment, including those regulating the emission or discharge of materials into the environment, the management of storm water runoff at construction sites, the handling, use, storage and disposal of hazardous substances, impacts to wetlands and other sensitive environments, and the remediation of contamination at properties that we have owned or developed or currently own or are developing ("environmental laws"). The particular environmental laws that apply to a site may vary greatly according to the community site, for example, due to the community, the environmental conditions at or near the site, and the present and former uses of the site. These environmental laws may result in delays, may cause us to incur substantial compliance, remediation and/or other costs, and can prohibit or severely restrict development and homebuilding activity. In addition, noncompliance with these laws and regulations could result in fines and penalties, obligations to remediate or take corrective action, permit revocations or other sanctions; and contamination or other environmental conditions at or in the vicinity of our developments may result in claims against us for personal injury, property damage or other losses.

We anticipate that increasingly stringent requirements will continue to be imposed on developers and homebuilders in the future. In addition, some of these laws and regulations that significantly affect how certain properties may be developed are contentious, attract intense political attention, and may be subject to significant changes over time. For example, regulations governing wetlands permitting under the federal Clean Water Act have been the subject of extensive rulemakings for many years, resulting in several major joint rulemakings by the EPA and the U.S. Army Corps of Engineers that have expanded and contracted the scope of wetlands subject to regulation; and such rulemakings have been the subject of many legal challenges, some of which remain pending. It is unclear how these and related developments, including at the state or local level, ultimately may affect the scope of regulated wetlands where we operate. Although we cannot reliably predict the extent of any effect these developments regarding wetlands, or any other requirements that may take effect, may have on us, they could result in time-consuming and expensive compliance programs and in substantial expenditures, which could cause delays and increase our cost of operations. In addition, our ability to obtain or renew permits or approvals and the continued effectiveness of permits already granted or approvals already obtained is dependent upon many factors, some of which are beyond our control, such as changes in policies, rules and regulations and their interpretations and application.

In 2015, the condominium association of the Four Seasons at Great Notch condominium community (the "Great Notch Plaintiff") filed a lawsuit in the Superior Court of New Jersey, Law Division, Passaic County (the "Court") alleging various construction defects, design defects, and geotechnical issues relating to the community. The operative complaint ("Complaint") asserts claims against Hovnanian Enterprises, Inc. and several of its affiliates, including K. Hovnanian at Great Notch, LLC, K. Hovnanian Construction Management, Inc., and K. Hovnanian Companies, LLC. The Complaint also asserts claims against various other design professionals and contractors. The Special Masters appointed by the Court to decide non-dispositive motions issued an opinion that (a) granted the Great Notch Plaintiff's motion to permit it to assert a claim to pierce the corporate veil of K. Hovnanian at Great Notch, LLC to hold its alleged parent entities liable for any damages awarded against it, and (b) further stated that the Great Notch Plaintiff is not permitted to pursue that claim until after any trial on the underlying liability claims. To date, the Hovnanian-affiliated defendants have reached a partial settlement with the Great Notch Plaintiff as to a portion of the Great Notch Plaintiff's claims against them for an amount immaterial to the Company. On its remaining claims against the Hovnanian-affiliated defendants, the Great Notch Plaintiff has asserted damages of approximately \$119.5 million, which amount is potentially subject to treble damages pursuant to the Great Notch Plaintiff's claim under the New Jersey Consumer Fraud Act. In December 2023, the parties reached a settlement through mediation subject to the execution of a final confidential settlement agreement. The settlement amount was not materially different than what we had reserved for this case.

In December 2020, the New Jersey Department of Environmental Protection ("NJDEP") and the Administrator of the New Jersey Spill Compensation Fund (the "Spill Fund") filed a lawsuit in the Superior Court of New Jersey, Law Division, Union County against Hovnanian Enterprises, Inc. in addition to other unrelated parties, in connection with contamination at Hickory Manor, a residential condominium development. Alleged predecessors of certain defendants had used the Hickory Manor property for decades for manufacturing purposes. In 1998, NJDEP confirmed that groundwater at this site was impacted from an off-site source. The site was later remediated, resulting in the NJDEP issuing an unconditional site-wide No Further Action determination letter and Covenant Not to Sue in 1999. Subsequently, one of our affiliates was involved in redeveloping the property as a residential community. The complaint asserts claims under the New Jersey Spill Act and other state law claims and alleges that the NJDEP and the Spill Fund have incurred over \$5.3 million since 2009 to investigate vapor intrusion at the development and to install vapor mitigation systems. Among other things, the complaint seeks recovery of the costs incurred, an order that defendants perform additional required remediation and disgorgement of profits on our affiliate's sales of the units in the development. Discovery has commenced. Hovnanian Enterprises, Inc. intends to defend these claims vigorously.

19. Variable Interest Entities

We enter into land and lot option purchase contracts to procure land or lots for the construction of homes. Under these contracts, the Company will fund a stated deposit in consideration for the right, but not the obligation, to purchase land or lots at a future point in time with predetermined terms. Under the terms of the option purchase contracts, many of the option deposits are not refundable at the Company's discretion. Under the requirements of ASC 810, certain option purchase contracts may result in the creation of a VIE that owns the land parcel under option.

Although the Company does not have legal title to the underlying land, in compliance with ASC 810, we analyze our option purchase contracts to determine whether the corresponding land and lot sellers are VIEs and, if so, whether we are the primary beneficiary. The significant factors we consider in determining if the power to direct the activities of a VIE that most significantly impact the VIE's economic performance are shared include, among other things, our ability in determining or limiting the scope or purpose of the VIE, selling or transferring property owned or controlled by the VIE, changing the terms of the contract or arranging financing for the VIE. As a result of our analyses, we have concluded, there are no VIEs that required consolidation at either December 31, 2023 or 2022 because we are not the primary beneficiary of the land or lots under option purchase contracts.

We will continue to secure land and lots using options, some of which are with VIEs where we have determined power is shared among the partners and we do not have a controlling financial interest. Including deposits on our unconsolidated VIEs, at October 31, 2023 and 2022, we had total cash deposits amounting to \$192.3 million and \$180.8 million, respectively, to purchase land and lots with a total purchase price of \$2.2 billion and \$1.9 billion, respectively. The maximum exposure to loss with respect to our land and lot options is limited to the deposits plus any pre-development costs invested in the property, although some deposits are refundable at our request or refundable if certain conditions are not met.

20. Investments in Unconsolidated Homebuilding and Land Development Joint Ventures

We enter into homebuilding and land development joint ventures from time to time as a means of accessing lot positions, expanding our market opportunities, establishing strategic alliances, managing our risk profile, leveraging our capital base and enhancing returns on capital. Our investments in homebuilding and land development joint ventures consist of equity interests that, in total, provide us with partner investment returns and management fees.

During the first quarter of fiscal 2023, we contributed four communities we owned, including one active selling community, to one new unconsolidated joint venture for \$41.1 million of net cash.

During the second quarter of fiscal 2023, one of the Company's unconsolidated joint ventures was dissolved, and we assumed control of the remaining assets and liabilities.

During the third quarter of fiscal 2023, we contributed 16 communities we owned, including eight active selling communities, to one new unconsolidated joint venture for \$75.7 million of net cash.

Also, during the third quarter of fiscal 2023, we assumed control of one of our unconsolidated joint ventures after the partner received their final cash distribution. We consolidated the remaining assets and liabilities that were in the unconsolidated joint venture at fair value on the date of distribution. Upon consolidation, we recorded a gain of \$19.1 million in "Other (income) expense, net." Subsequent to consolidation, we contributed the same three active selling communities to an unconsolidated joint venture for \$48.0 million of net cash.

The tables set forth below summarize the combined financial information related to our unconsolidated homebuilding and land development joint ventures that are accounted for under the equity method:

October 31, 2023			
(In thousands)	Homebuilding	Land Development	Total
Assets:			
Cash and cash equivalents	\$ 127,547	\$ 822	\$ 128,369
Inventories	375,022	-	375,022
Other assets	380,989	-	380,989
Total assets	\$ 883,558	\$ 822	\$ 884,380
Liabilities and equity:			
Accounts payable and accrued liabilities	\$ 524,586	\$ 605	\$ 525,191
Notes payable	101,126	-	101,126
Total liabilities	625,712	605	626,317
Equity of:			
Hovnanian Enterprises, Inc.	96,281	210	96,491
Others	161,565	7	161,572
Total equity	257,846	217	258,063
Total liabilities and equity	\$ 883,558	\$ 822	\$ 884,380
Debt to capitalization ratio	28%	0%	28%

October 31, 2022			
(In thousands)	Homebuilding	Land Development	Total
Assets:			
Cash and cash equivalents	\$ 153,176	\$ 868	\$ 154,044
Inventories	441,140	-	441,140
Other assets	20,037	-	20,037
Total assets	\$ 614,353	\$ 868	\$ 615,221
Liabilities and equity:			
Accounts payable and accrued liabilities	\$ 471,813	\$ 651	\$ 472,464
Notes payable	34,880	-	34,880
Total liabilities	506,693	651	507,344
Equity of:			
Hovnanian Enterprises, Inc.	73,142	209	73,351
Others	34,518	8	34,526
Total equity	107,660	217	107,877
Total liabilities and equity	\$ 614,353	\$ 868	\$ 615,221
Debt to capitalization ratio	24%	0%	24%

As of October 31, 2023 and 2022, we had outstanding advances to unconsolidated joint ventures of \$1.4 million and \$1.6 million, respectively. These amounts were included in “Accounts payable and accrued liabilities” in the tables above. In some cases, our net investment in unconsolidated joint ventures is less than our proportionate share of the equity reflected in the table above because of the differences between asset impairments recorded against our unconsolidated joint venture investments and any impairments recorded in the applicable unconsolidated joint venture. During the years ended October 31, 2023 and 2022, we did not write-down any of our unconsolidated joint venture investments.

For The Year Ended October 31, 2023

(In thousands)	Homebuilding	Land Development	Total
Revenues	\$ 783,298	\$ -	\$ 783,298
Cost of sales and expenses	(654,217)	-	(654,217)
Joint venture net income	\$ 129,081	\$ -	\$ 129,081
Our share of net income	\$ 43,160	\$ -	\$ 43,160

For The Year Ended October 31, 2022

(In thousands)	Homebuilding	Land Development	Total
Revenues	\$ 351,767	\$ 113	\$ 351,880
Cost of sales and expenses	(318,788)	(37)	(318,825)
Joint venture net income	\$ 32,979	\$ 76	\$ 33,055
Our share of net income	\$ 29,002	\$ 31	\$ 29,033

For The Year Ended October 31, 2021

(In thousands)	Homebuilding	Land Development	Total
Revenues	\$ 347,898	\$ 691	\$ 348,589
Cost of sales and expenses	(335,077)	(209)	(335,286)
Joint venture net income	\$ 12,821	\$ 482	\$ 13,303
Our share of net income	\$ 8,754	\$ 195	\$ 8,949

The reason “Our share of net income” is higher or lower than the “Joint venture net income” in the tables above is a result of our varying ownership percentages in each investment. For the years ended October 31, 2023 and 2022, we had investments in eight and seven unconsolidated joint ventures, respectively, and our ownership in these joint ventures ranged from 20% to over 50% for both periods. Therefore, depending on mix, if the unconsolidated joint ventures in which we have higher sharing percentages are more profitable than our other unconsolidated joint ventures, that results in us having a higher overall percentage of income in the aggregate than would occur if all joint ventures had the same sharing percentage; conversely, if the unconsolidated joint ventures in which we have lower sharing percentages are more profitable than our other unconsolidated joint ventures, that results in us having a lower overall percentage of income in the aggregate than would occur if all joint ventures had the same sharing percentage. For the year ended October 31, 2023, “Our share of net income” was lower than the “Joint venture net income” due to four unconsolidated joint ventures with increased income during the period for which we currently recognize a lower profit-sharing percentage as well as a fifth newly formed unconsolidated joint venture for which we are currently recognizing all of the net loss. For the year ended October 31, 2022, “Our share of net income” was lower than the “Joint venture net income” due to increased income on two of our newer unconsolidated joint ventures during the year for which we currently recognize a lower profit-sharing percentage based on the joint venture agreements, a third unconsolidated joint venture which we recognize a lower profit-sharing percentage having higher profit in the current period, and a fourth unconsolidated joint venture that generated profit that we did not recognize due to the fact that we had previously written off our investment balance in the unconsolidated joint venture. In addition, for the year ended October 31, 2022, we had written off our investment in one of our unconsolidated joint ventures that was generating losses and therefore we did not recognize those losses.

To compensate us for the administrative services we provide as the manager of certain unconsolidated joint ventures, we receive a management fee based on a percentage of the applicable unconsolidated joint venture’s revenue. These management fees, which totaled \$16.3 million, \$12.5 million and \$11.6 million for the years ended October 31, 2023, 2022 and 2021, are recorded in “Selling, general and administrative” homebuilding expenses in the Consolidated Statements of Operations.

Typically, our unconsolidated joint ventures obtain separate project specific mortgage financing. For some of our unconsolidated joint ventures, obtaining financing was challenging, therefore, some of our unconsolidated joint ventures are capitalized only with equity. Any unconsolidated joint venture financing is on a nonrecourse basis, with guarantees from us limited only to performance and completion of development, environmental warranties and indemnification, standard indemnification for fraud, misrepresentation and other similar actions, including a voluntary bankruptcy filing. In some instances, the unconsolidated joint venture entity is considered a VIE due to the returns being capped to the equity holders; however, in these instances, we have determined that we are not the primary beneficiary, and therefore we do not consolidate these entities.

21. Fair Value of Financial Instruments

ASC 820, "Fair Value Measurements and Disclosures", provides a framework for measuring fair value and establishes a fair-value hierarchy which prioritizes the use of observable inputs when measuring fair value. The fair value hierarchy can be summarized as follows:

- Level 1: Fair value determined based on quoted prices in active markets for identical assets.
- Level 2: Fair value determined using significant other observable inputs.
- Level 3: Fair value determined using significant unobservable inputs.

Our financial instruments measured at fair value on a recurring basis are summarized below:

(In thousands)	Fair Value Hierarchy	Fair Value at October 31, 2023	Fair Value at October 31, 2022
Mortgage loans held for sale (1)	Level 2	\$ 130,235	\$ 110,548
Forward contracts	Level 2	-	752
Total		\$ 130,235	\$ 111,300

(1) The aggregate unpaid principal balance was \$130.4 million and \$110.2 million at October 31, 2023 and 2022, respectively.

Fair value of mortgage loans held for sale is based on independent quoted market prices, where available, or the prices for other mortgage loans with similar characteristics.

The financial services segment had a pipeline of loan applications in process of \$517.8 million at October 31, 2023. Loans in process for which interest rates were committed to the borrowers totaled \$56.3 million as of October 31, 2023. Substantially all of these commitments were for periods of 60 days or less. Since a portion of these commitments is expected to expire without being exercised by the borrowers, the total commitments do not necessarily represent future cash requirements.

In addition, the financial services segment uses investor commitments and forward sales of mandatory MBS to hedge its mortgage-related interest rate exposure. These instruments involve, to varying degrees, elements of credit and interest rate risk. Credit risk is managed by entering into MBS forward commitments, option contracts with investment banks, federally regulated bank affiliates and loan sales transactions with permanent investors meeting the segment's credit standards. Our risk, in the event of default by the purchaser, is the difference between the contract price and fair value of the MBS forward commitments and option contracts. At October 31, 2023, we had no open mandatory investor commitments to sell MBS.

Changes in fair value that are included in income are shown, by financial instrument and financial statement line item, below:

Year Ended October 31, 2023			
(In thousands)	Mortgage Loans Held for Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	\$ (177)	\$ -	\$ -

Year Ended October 31, 2022			
(In thousands)	Mortgage Loans Held for Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	\$ 385	\$ -	\$ 752

Year Ended October 31, 2021			
(In thousands)	Mortgage Loans Held for Sale	Interest Rate Lock Commitments	Forward Contracts
Change in fair value included in financial services revenue	\$ 4,580	\$ 152	\$ (107)

Assets measured at fair value on a nonrecurring basis are those assets for which we have recorded valuation adjustments and write-offs. We did not have assets measured at fair value on a nonrecurring basis during the year ended October 31, 2023. The assets measured at fair value on a nonrecurring basis during the year ended October 31, 2022 are all within our homebuilding operations and are summarized below:

Year Ended October 31, 2022				
(In thousands)	Fair Value Hierarchy	Pre- Impairment Amount	Total Losses	Fair Value
Land and land options held for future development or sale	Level 3	\$ 10,558	\$ (8,374)	\$ 2,184

We recorded inventory impairments, which are included in the Consolidated Statements of Operations as “Inventory impairments and land option write-offs” and deducted from inventory of \$8.4 million and \$2.0 million for the years ended October 2022 and 2021, respectively. We did not have any assets measured at fair value on a nonrecurring basis during the year ended October 31, 2023 (see Note 12).

The fair value of our cash equivalents, restricted cash and cash equivalents and customers' deposits approximates their carrying amount, based on Level 1 inputs.

The fair value of each series of our notes and credit facilities are listed below. Level 2 measurements are estimated based on recent trades or quoted market prices for the same issues or based on recent trades or quoted market prices for our debt of similar security and maturity to achieve comparable yields. Level 3 measurements are estimated based on third-party broker quotes or management's estimate of the fair value based on available trades for similar debt instruments. As shown in the table below, our 10.0% Senior Secured 1.75 Lien Notes due 2025 and 11.75% Senior Secured 1.25 Lien Notes due 2029 were a Level 2 measurement at October 31, 2023 due to recent trades for the same notes.

Fair Value as of October 31, 2023

(In thousands)	Level 1	Level 2	Level 3	Total
Senior Secured Notes:				
10.0% Senior Secured 1.75 Lien Notes due November 15, 2025	-	113,843	-	113,843
8.0% Senior Secured 1.125 Lien Notes due September 30, 2028	-	-	230,690	230,690
11.75% Senior Secured 1.25 Lien Notes due September 30, 2029	-	476,655	-	476,655
Senior Notes:				
13.5% Senior Notes due February 1, 2026	-	-	95,062	95,062
5.0% Senior Notes due February 1, 2040	-	-	44,843	44,843
Senior Credit Facilities:				
Senior Unsecured Term Loan Credit Facility due February 1, 2027	-	-	35,034	35,034
Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028	-	-	81,742	81,742
Total fair value	\$ -	\$ 590,498	\$ 487,371	\$ 1,077,869

Fair Value as of October 31, 2022

(In thousands)	Level 1	Level 2	Level 3	Total
Senior Secured Notes:				
10.0% Senior Secured 1.75 Lien Notes due November 15, 2025	-	-	165,844	165,844
7.75% Senior Secured 1.125 Lien Notes due February 15, 2026	-	-	240,393	240,393
10.5% Senior Secured 1.25 Lien Notes due February 15, 2026	-	-	272,966	272,966
11.25% Senior Secured 1.5 Lien Notes due February 15, 2026	-	-	162,566	162,566
Senior Notes:				
13.5% Senior Notes due February 1, 2026	-	-	94,282	94,282
5.0% Senior Notes due February 1, 2040	-	-	55,654	55,654
Senior Credit Facilities:				
Senior Unsecured Term Loan Credit Facility due February 1, 2027	-	-	31,301	31,301
Senior Secured 1.75 Lien Term Loan Credit Facility due January 31, 2028	-	-	85,247	85,247
Total fair value	\$ -	\$ -	\$ 1,108,253	\$ 1,108,253

The Senior Secured Revolving Credit Facility is not included in the above tables because there were no borrowings outstanding thereunder as of October 31, 2023 and 2022.

22. Subsequent Events

On November 15, 2023, K. Hovnanian redeemed in full all of the \$113.5 million aggregate principal amount of its 10.0% Senior Secured 1.75 Lien Notes due 2025 for a redemption price of \$119.2 million, which included accrued and unpaid interest.

DESCRIPTION OF CAPITAL STOCK

The following description of the common stock and preferred stock of Hovnanian Enterprises, Inc. (“Hovnanian” or the “Company”) summarizes the material terms and provisions of the common stock and the preferred stock. For the complete terms of our common stock and preferred stock, please refer to Hovnanian’s restated certificate of incorporation, the “Restated Certificate of Incorporation,” amended and restated bylaws, the “Amended and Restated By-Laws” and Amended Rights Plan (as defined below). The terms of these securities may also be affected by the General Corporation Law of the State of Delaware. The summary below is qualified in its entirety by reference to the Restated Certificate of Incorporation, Amended and Restated By-laws and Amended Rights Plan.

The authorized capital stock of Hovnanian is 18,500,000 shares, consisting of 16,000,000 shares of Class A Common Stock, par value \$.01 per share, the “Class A Common Stock”, 2,400,000 shares of Class B Common Stock, par value \$.01 per share, the “Class B Common Stock” and together with the Class A Common Stock, the “Common Stock”, and 100,000 shares of preferred stock, par value \$.01 per share, in the series and with the designations, powers, preferences and relative, participating, optional or other special rights thereof, and qualifications, limitations or restrictions thereon, as may be fixed from time to time by the Board of Directors of Hovnanian (the “Board of Directors”) for each series.

Common Stock

As of October 31, 2022, 6,159,886 shares of Class A Common Stock and 733,374 shares of Class B Common Stock were issued and outstanding. The Class A Common Stock is traded on the New York Stock Exchange under the symbol “HOV”. There is no established public trading market for the Class B Common Stock. In order to trade Class B Common Stock, the shares must be converted into Class A Common Stock on a one-for-one basis. The outstanding Class A Common Stock and Class B Common Stock is fully paid and non-assessable. The rights, powers and preferences of holders of Common Stock are subject to, and may be adversely affected by, the rights of the holder of shares of any series of preferred stock that Hovnanian may designate and issue.

Dividends. Subject to the rights of the holders of any outstanding preferred stock, and subject to any other provisions of the Restated Certificate of Incorporation, holders of Class A Common Stock and Class B Common Stock are entitled to receive dividends and other distributions (including stock splits or divisions of stock) in cash, stock or property of Hovnanian as may be declared thereon by the Board of Directors from time to time out of assets or funds of Hovnanian legally available therefor, *provided* that in the case of special cash dividends or distributions or dividends or distributions payable in preferred stock, holders of Class A Common Stock and Class B Common Stock shall be entitled to share ratably as a single class, and *provided, further*, that in the case of regular cash dividends, no such dividend shall be declared or paid on one class of common stock unless a cash dividend is simultaneously declared and paid on the other class of common stock, and any such dividend will be paid on the Class A Common Stock in an amount per share of Class A Common Stock equal to 110% of the amount of such dividend paid on each share of Class B Common Stock, and *provided, further*, that, in the case of dividends or other distributions payable in stock of Hovnanian other than preferred stock, including distributions pursuant to stock splits or divisions of stock of Hovnanian other than preferred stock, only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock and only shares of Class B Common Stock in an amount per share equal to the amount per share paid with respect to the Class A Common Stock shall be distributed with respect to Class B Common Stock, and *provided, further*, that neither class of common stock may be combined or reclassified (including any reclassification in connection with a consolidation or merger in which Hovnanian is the continuing corporation) unless the other class of common stock is likewise combined or reclassified, and that, in the case of any such combination or reclassification of Class A Common Stock, the shares of Class B Common Stock shall also be combined or reclassified so that the number of issued shares of Class B Common Stock immediately following such combination or reclassification shall bear the same relationship to the number of issued shares immediately prior to such combination or reclassification as the number of issued shares of Class A Common Stock immediately following such combination or reclassification bears to the number of issued shares of Class A Common Stock immediately prior to such combination or reclassification.

Certain debt instruments to which Hovnanian is a party contain restrictions on the payment of cash dividends.

Voting Rights. Except as otherwise specifically provided in the Restated Certificate of Incorporation or as otherwise required by law, with respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of Class A Common Stock and the holders of the outstanding shares of Class B Common Stock vote together without regard to class. Holders of Class A Common Stock are entitled to one vote for each share held by them on all matters presented to stockholders. Holders of Class B Common Stock are generally entitled to ten votes per share held by them on all matters presented to stockholders, *provided, however*, that each share of Class B Common Stock held of record in nominee name, to the extent of Hovnanian’s knowledge, is entitled to only one vote per share held; and *provided, further, however*, that the holder of any such share held in nominee name shall be entitled, notwithstanding the limitation of the foregoing proviso, to the number of votes to which such holder otherwise would be entitled at any meeting of stockholders of Hovnanian, to the extent such holder establishes to the satisfaction of Hovnanian that such share of Class B Common Stock has been held continuously since the date of issuance for the benefit or account of the same named beneficial owner of such shares (as defined in Paragraph (4)(E) of the Restated Certificate of Incorporation) or any Permitted Transferee thereof (as defined in Paragraph (4)(A) of the Restated Certificate of Incorporation).

Liquidation Rights. In the event the Company shall be liquidated (either partially or completely), dissolved or wound up, whether voluntarily or involuntarily, the holders of the Class A Common Stock and the Class B Common Stock shall be entitled to share ratably as a single class in the net assets of the Company available to the holders of Common Stock.

Preemptive and Other Rights. The holders of Common Stock do not have preemptive rights as to additional issues of Common Stock or conversion rights. The shares of Common Stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Conversion of Class B Common Stock into Class A Common Stock.

(A) Each share of Class B Common Stock may, at any time or from time to time, at the option of the holder thereof, be converted into one fully paid and nonassessable share of Class A Common Stock, in the manner described in Paragraphs 3(A) to 3(D) of the Restated Certificate of Incorporation. All shares of Class A Common Stock which shall be issued upon conversion of the Class B Common Stock will, upon issuance, be fully paid and nonassessable and not subject to any preemptive rights.

(B) All issued shares of Class B Common Stock shall be deemed, without further action on the part of any person, to be immediately and automatically converted into shares of Class A Common Stock (in which case, the Class B Common Stock shall automatically be cancelled and shall no longer be authorized for issuance) in each of the instances set forth below:

(i) If and when on any record date for determining the stockholders entitled to participate in any dividend or distribution on the Common Stock of the Company, or any annual or special meeting of stockholders or action of common stockholders by written consent, the number of issued and outstanding shares of Class B Common Stock is less than 5% of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding; and

(ii) In the event that the Board of Directors, by a majority vote thereof, determines that there has been a material adverse change in the liquidity of the market for, or the marketability of, the then outstanding shares of Class A Common Stock due to a delisting of the Class A Common Stock from a national securities exchange or the cessation of the quotation of bids for the Class A Common Stock in any quotation system operated by an association of securities dealers, or due to requirements of federal or state law applicable to trading in the Class A Common Stock, attributable to the existence of the Class A Common Stock and Class B Common Stock.

(C) Except as provided in the Restated Certificate of Incorporation, shares of Class B Common Stock that are converted into shares of Class A Common Stock shall be restored to the status of authorized but unissued shares of Class B Common Stock and may again be issued by the Company as permitted in accordance with the terms of the Restated Certificate of Incorporation.

Merger and Consolidation. In the event of a merger, consolidation, acquisition, tender offer, recapitalization, reorganization or other business combination to which the Company is a party (whether or not the Company is the surviving corporation), in which shares of Class A Common Stock and Class B Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then, and in such event, each share of Class A Common Stock and Class B Common Stock shall be entitled to receive the same per share consideration pursuant to such merger, consolidation, acquisition, tender offer, recapitalization, reorganization or other business combination unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, each voting separately as a class.

Transfer Restrictions in the Restated Certificate of Incorporation. The Restated Certificate of Incorporation contains certain provisions that restrict certain transfers of Class A Common Stock in order to preserve the tax treatment of the Company's net operating loss carryforwards and built-in losses under Section 382 of the Internal Revenue Code, or "NOLs". Subject to certain exceptions pertaining to pre-existing 5% stockholders and holders of Class B Common Stock, the transfer restrictions in the Restated Certificate of Incorporation generally restrict any direct or indirect transfer (such as transfers of the stock that result from the transfer of interests in other entities that own the stock if the effect would be to: (i) increase the direct or indirect ownership of Hovnanian's stock by any person (or public group) from less than 5% to 5% or more of Hovnanian's Common Stock; (ii) increase the percentage of Hovnanian's Common Stock owned directly or indirectly by a person (or public group) owning or deemed to own 5% or more of Hovnanian's Common Stock; or (iii) create a new "public group" (as defined in the applicable Treasury regulations). Transfers included under the transfer restrictions include sales to persons (or public groups) whose resulting percentage ownership (direct or indirect) of Common Stock would exceed the 5% thresholds discussed above, or to persons whose direct or indirect ownership of Common Stock would by attribution cause another person (or public group) to exceed such threshold.

Consequences of Prohibited Transfers. In accordance with the Restated Certificate of Incorporation, any direct or indirect transfer attempted in violation of the restrictions would be void as of the date of the purported transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of Class A Common Stock would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct owner) would not be recognized as the owner of the shares owned in violation of the restrictions for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such Class A Common Stock, or in the case of options, receiving Class A Common Stock in respect of their exercise. Class A Common Stock purportedly acquired in violation of the transfer restrictions is referred to as "excess stock."

In addition to the purported transfer being void as of the date of the purported transfer, upon demand, the purported transferee must transfer the excess stock to Hovnanian's agent along with any dividends or other distributions paid with respect to such excess stock. Hovnanian's agent is required to sell such excess stock in an arms' length transaction (or series of transactions) that would not constitute a violation under the transfer restrictions. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by Hovnanian's agent, after deduction of all costs incurred by the agent, will be distributed first to the purported transferee in an amount, if any, up to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the violative transfer) incurred by the purported transferee to acquire such excess stock, and the balance of the proceeds, if any, will be distributed to a charitable beneficiary. If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to Hovnanian's agent (except to the extent Hovnanian grants written permission to the purported transferee to retain an amount not to exceed the amount such person otherwise would have been entitled to retain had Hovnanian's agent sold such shares).

To the extent permitted by law, any stockholder who knowingly violates the transfer restrictions will be liable for any and all damages suffered by Hovnanian as a result of such violation, including damages resulting from a reduction in or elimination of the ability to utilize the NOLs and any professional fees incurred in connection with addressing such violation.

With respect to any transfer of Class A Common Stock which does not involve a transfer of "securities" of Hovnanian within the meaning of the General Corporation Law of the State of Delaware but which would cause any 5% stockholder to violate the transfer restrictions, the following procedure will apply in lieu of those described above. In such case, no such 5% stockholder shall be required to dispose of any interest that is not a security of Hovnanian, but such 5% stockholder and/or any person whose ownership of securities of Hovnanian is attributed to such 5% stockholder will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such 5% stockholder not to be in violation of the transfer restrictions, and such securities will be treated as excess stock to be disposed of through the agent under the provisions summarized above, with the maximum amount payable to such 5% stockholder or such other person that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the prohibited transfer.

Exceptions. The Board of Directors has the discretion to approve transfers that would otherwise be restricted by the Restated Certificate of Incorporation.

Preferred Stock

The Restated Certificate of Incorporation authorizes the Board of Directors to issue from time to time up to 100,000 shares of preferred stock, in one or more series, and to fix the number of shares in each series and the designations, powers, preferences and relative, participating, optional or other special rights thereof, and qualifications, limitations or restrictions thereof. The preferred stock may be issued by the Board of Directors without further action by Hovnanian's stockholders as an anti-takeover device. As of October 31, 2022, 5,600 shares of Hovnanian's preferred stock were issued and outstanding, consisting of entirely of Hovnanian's 7.625% Series A Preferred Stock (liquidation preference \$25,000.00 per share) par value \$.01 per share, the "Series A Preferred Stock".

7.625% Series A Preferred Stock

Dividends. Dividends on the Series A Preferred Stock are not cumulative. The Series A Preferred Stock ranks senior to Hovnanian's Common Stock with respect to the payment of dividends to the extent provided in the Certificate of Designations, Powers, Preferences and Rights of the 7.625% Series A Preferred Stock, or the "Certificate". The Certificate provides that unless dividends have been declared and paid or set apart for payment on the Series A Preferred Stock for the then-current quarterly dividend period, no dividend may be declared or paid or set apart for payment on Hovnanian's Common Stock for that period, other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, the Common Stock of Hovnanian or any other stock of Hovnanian ranking, as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of Hovnanian, junior to the Series A Preferred Stock.

The Series A Preferred Stock is traded as depositary shares, with each depositary share representing 1/1,000th of a share of Series A Preferred Stock, and is listed on the Nasdaq Global Market under the symbol "HOVNP".

Voting Rights. The Series A Preferred Stock has no voting rights except as provided for in the Certificate or as otherwise required by law. However, so long as any shares of Series A Preferred Stock are outstanding, Hovnanian will not, without the vote of the holders of at least a majority of the shares of the Series A Preferred Stock, (1) authorize, create or issue any capital stock of Hovnanian ranking, as to dividends or upon liquidation, dissolution or winding up, senior to the Series A Preferred Stock, or reclassify any authorized capital stock of Hovnanian into any such shares of such capital stock, or issue any obligation or security convertible into or evidencing the right to purchase any such shares, or (2) amend, alter or repeal the Certificate, or the Restated Certificate of Incorporation, whether by merger, consolidation or otherwise, in a way that adversely affects the powers, preferences or special rights of the Series A Preferred Stock. Any increase in the amount of authorized Common Stock or preferred stock or any increase or decrease in the number of shares of any series of preferred stock or the authorization, creation and issuance of other classes or series of stock, in each case ranking equally with or junior to the Series A Preferred Stock will not be deemed to adversely affect such powers, preferences or special rights.

Optional Redemption. Hovnanian may, at its option, redeem the Series A Preferred Stock, in whole or, from time to time, in part, upon not less than 30 nor more than 60 days' notice, at a price per share equal to the liquidation preference plus accrued and unpaid dividends (whether earned or not earned or declared) for the then-current quarterly dividend period to the redemption date (but without accumulation of any undeclared dividends from prior dividend periods), if any, *provided, however*, that any redemption that would reduce the aggregate liquidation preference of the Series A Preferred Stock outstanding to \$25 million or less in the aggregate would be restricted to a redemption in whole only. There is no sinking fund for the redemption or purchase of the Series A Preferred Stock. Holders of the Series A Preferred Stock will have no right to require the redemption of the Series A Preferred Stock.

Maturity. The Series A Preferred Stock does not have a maturity date, and Hovnanian is not required to redeem the Series A Preferred Stock. In addition, Hovnanian is not required to set aside funds to redeem the Series A Preferred Stock.

Liquidation Preference. The Series A Preferred Stock has liquidation preferences over Hovnanian's Common Stock. Upon any liquidation, dissolution or winding up of Hovnanian, the holders of the Series A Preferred Stock will be entitled to receive out of the assets of Hovnanian available for distribution to its stockholders, an amount equal to the liquidation preference of \$25,000 per share plus all accrued and unpaid dividends for the then-current quarterly dividend period to but excluding the date of final distribution, but without accumulation of unpaid dividends on the Series A Preferred Stock, before any payment or distribution out of Hovnanian's assets may be made to or set apart for the holders of Hovnanian's Common Stock or other junior equity. If, upon any liquidation, dissolution or winding up of Hovnanian, the assets of Hovnanian, or proceeds thereof, distributable among the holders of shares Series A Preferred Stock and any stock ranking equally with the Series A Preferred Stock shall be insufficient to pay in full the preferential amounts to which such stock would be entitled, then such assets, or the proceeds thereof, shall be distributable among such holders ratably in accordance with the respective amounts which would be payable on such shares if all amounts payable thereon were paid in full (but without, in the case of any non-cumulative preferred stock, accumulation of unpaid dividends for prior dividend periods). Neither a consolidation nor merger of Hovnanian, nor a sale, lease, exchange or transfer of all or substantially all of Hovnanian's assets will be deemed to be a liquidation, dissolution or winding up of Hovnanian.

Depositary Shares

Each depositary share represents 1/1,000th of a share of Series A Preferred Stock. The depositary shares are evidenced by depositary receipts, and the underlying shares of Series A Preferred Stock have been deposited pursuant to a deposit agreement among Hovnanian, Computershare Trust Company, N.A. as successor depositary, and the holders of the depositary receipts. Subject to the terms of the deposit agreement, the depositary shares are entitled to all the rights and preferences of the Series A Preferred Stock in proportion to the applicable fraction of a share of preferred stock represented by such depositary share.

Dividends and Other Distributions. The depositary will distribute all cash dividends and other cash distributions received on the Series A Preferred Stock to the holders of record of the depositary receipts in proportion to the number of depositary shares held by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the depositary receipts in proportion to the number of depositary shares held by each holder.

The depositary will distribute dividends and other distributions only in an amount that can be distributed without attributing to any holder of depositary receipts a fraction of one cent. Any balance not so distributable will be held by the depositary and will be added to the next sum received by the depositary for distribution.

Taxes and Other Governmental Charges. Hovnanian pays all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. Hovnanian pays charges of the depositary in connection with the deposit of Series A Preferred Stock and any redemption of Series A Preferred Stock. The amount paid as dividends or otherwise distributable by the depositary with respect to the depositary shares or the underlying Series A Preferred Stock is reduced by any amounts required to be withheld by Hovnanian or the depositary on account of taxes or other governmental charges. Holders of depositary receipts pay other transfer and other taxes and governmental charges and such other charges, including a fee for the withdrawal of shares of Series A Preferred Stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts. The depositary may refuse to make any payment or distribution, or any transfer, exchange or withdrawal of any depositary shares or shares of Series A Preferred Stock, until such taxes or other governmental charges are paid.

Redemption of Depositary Shares. If Hovnanian redeems the Series A Preferred Stock, in whole or in part, the corresponding depositary shares will also be redeemed. The redemption price per depositary share will be equal to 1/1,000th of the redemption price per share of Series A Preferred Stock.

Withdrawal of Series A Preferred Stock. Underlying shares of Series A Preferred Stock may be withdrawn from the depositary arrangement upon surrender of depositary receipts and upon payment of the taxes, charges and fees provided for in the deposit agreement. Subject to the terms of the deposit agreement, the holder of depositary receipts will receive the appropriate number of shares of Series A Preferred Stock and any money or property represented by such depositary shares. Only whole shares of Series A Preferred Stock may be withdrawn; if a holder holds an amount other than a whole multiple of 1,000 depositary shares, the depositary will deliver along with the withdrawn shares of Series A Preferred Stock a new depositary receipt evidencing the excess number of depositary shares. Except as described in the deposit agreement, holders of withdrawn shares of Series A Preferred Stock will not be entitled to redeposit such shares or to receive depositary shares.

Voting Rights. Because each depositary share represents ownership of 1/1,000th of a share of Series A Preferred Stock, and each share of Series A Preferred Stock is entitled to a vote per share based on liquidation preference under the limited circumstances described above, holders of depositary receipts are entitled to 1/1,000th of such vote per depositary share under such limited circumstances.

Amended Rights Plan

On July 29, 2008, the Board of Directors adopted a stockholder rights plan and declared a dividend of one preferred share purchase right for each outstanding share of Class A Common Stock and Class B Common Stock, which was subsequently paid to stockholders of record as of August 15, 2008. On August 14, 2008, Hovnanian and Computershare Trust Company, N.A. (as successor to National City Bank), as Rights Agent, entered into the Rights Agreement (the "Rights Agreement") (as amended by Amendment No. 1, dated January 11, 2018 ("Amendment No. 1"), and Amendment No. 2, dated as of January 18, 2021 ("Amendment No. 2" and the Rights Agreement as amended thereby, the "Amended Rights Plan"). Under Amendment No. 2, (i) each preferred stock purchase right, if exercisable, will initially represent the right to purchase from Hovnanian one ten-thousandth of a share of Hovnanian's Series B Junior Preferred Stock, par value \$0.01 per share (the "Series B Preferred Stock"), for a purchase price of \$171.85 (the "Purchase Price") (which Purchase Price was modified in light of the trading price of Hovnanian's Class A Common Stock since the adoption of Amendment No. 1, after giving effect to Hovnanian's 1-for-25 reverse stock split effected on March 29, 2019), (ii) the Final Expiration Date (as defined in the Rights Agreement) is extended to August 14, 2024, (iii) in the event rights certificates are distributed, such certificates will not need to be affixed with a corporate seal and may be signed by electronic signature and (iv) notwithstanding any prior adjustments, each share of the Hovnanian's Class A Common Stock and Class B Common Stock entitles the holder thereof to one right, representing the right to purchase from Hovnanian one ten-thousandth of a share of Series B Preferred Stock at the Purchase Price (subject to certain adjustments). If issued, each fractional share of Series B Preferred Stock would give the stockholder approximately the same dividend, voting and liquidation rights as does one share of Hovnanian's Class A Common Stock. However, prior to exercise, a right does not give its holder any rights as a stockholder of Hovnanian, including without limitation any dividend, voting or liquidation rights.

The Board of Directors adopted the Amended Rights Plan in an effort to preserve stockholder value by attempting to protect against a possible limitation on Hovnanian's ability to use its NOLs to reduce potential future federal income tax obligations. Any person or group that acquires 4.9% or more of the outstanding shares of Class A Common Stock without the approval of the Board of Directors is referred to as an "Acquiring Person."

Exercisability. The rights will not be exercisable until the earlier of (i) 10 business days after a public announcement by us that a person or group has become an Acquiring Person and (ii) 10 business days after the commencement of a tender or exchange offer by a person or group for 4.9% of the Class A Common Stock.

Until the date that the rights become exercisable, the "Distribution Date," the rights are evidenced by Hovnanian's Class A Common Stock and Class B Common Stock certificates which contain a notation to that effect. Any transfer of shares of Class A Common Stock and/or Class B Common Stock prior to the Distribution Date constitutes a transfer of the associated rights. After the Distribution Date, the rights may be transferred separately from the transfer of the underlying shares of Class A Common Stock or Class B Common Stock. After the Distribution Date, each holder of a right, other than rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise of a right and payment of the Purchase Price, that number of shares of Class A Common Stock or Class B Common Stock, as the case may be, having a market value of two times the Purchase Price.

Exchange. After the Distribution Date, the Board of Directors may exchange the rights (other than rights owned by an Acquiring Person which will have become void), in whole or in part, at an exchange ratio of one share of Common Stock, or a fractional share of Series B Preferred Stock (or of a share of a similar class or series of Hovnanian's preferred stock having similar rights, preferences and privileges) of equivalent value, per right (subject to adjustment).

Expiration. The Amended Rights Plan will continue in effect until August 14, 2024, unless it expires earlier in accordance with its terms.

Redemption. At any time prior to the time an Acquiring Person becomes such, the Board of Directors may redeem the rights in whole, but not in part, at a price of \$0.01 per right, the "Redemption Price." The redemption of the rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. Immediately upon any redemption of the rights, the right to exercise the rights will terminate and the only right of the holders of rights will be to receive the Redemption Price.



Anti-Dilution Provisions. The Board of Directors may adjust the purchase price of the preferred shares, the number of preferred shares issuable and the number of outstanding rights to prevent dilution that may occur as a result of certain events, including among others, a stock dividend, a stock split or a reclassification of the preferred stock or Common Stock. No adjustments to the purchase price of less than 1% will be made.

Amendments. Before the Distribution Date, the Board of Directors may amend or supplement the Amended Rights Plan without the consent of the holders of the rights. After the Distribution Date, the Board of Directors may amend or supplement the Amended Rights Plan only to cure an ambiguity, to alter time period provisions, to correct inconsistent provisions, or to make any additional changes to the Amended Rights Plan, but only to the extent that those changes do not impair or adversely affect any rights holder.

Exceptions. The Board of Directors may exempt any person or group from triggering the dilutive effect of the Amended Rights Plan.

Series B Junior Preferred Stock

Dividends. Subject to the rights of the holders of any shares of any series of preferred stock ranking prior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Common Stock of the Company, and of any other junior stock, will be entitled to receive, when, as and if declared by the Board out of funds legally available for the purpose, dividends payable in cash (except as otherwise provided below) on such dates as are from time to time established for the payment of dividends on the Common Stock (each such date being referred to herein as a “Dividend Payment Date”), commencing on the first Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock (the “First Dividend Payment Date”), in an amount per share (rounded to the nearest cent) equal to, subject to the provision for adjustment discussed below, the greater of (i) \$1 and (ii) ten thousand (10,000) times the aggregate per share amount of all cash dividends, and ten thousand (10,000) times the aggregate per share amount (payable in kind) of all non-cash dividends, other than a dividend payable in shares of Common Stock, or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Dividend Payment Date or, with respect to the First Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event that the Company at any time (i) declares a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivides the outstanding shares of Common Stock, (iii) combines the outstanding shares of Common Stock into a smaller number of shares or (iv) issues any shares of its capital stock in a reclassification of the outstanding shares of Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then, in each such case and regardless of whether any shares of Series B Preferred Stock are then issued or outstanding, the amount to which holders of shares of Series B Preferred Stock would otherwise be entitled immediately prior to such event will be correspondingly adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

The Company will declare a dividend on the Series B Preferred Stock immediately after it declares a dividend on the Class A Common Stock and/or Class B Common Stock (other than a dividend payable in shares of Common Stock). Each such dividend on the Series B Preferred Stock will be payable immediately prior to the time at which the related dividend on the Class A Common Stock and/or Class B Common Stock is payable.

Dividends will accrue, and be cumulative, on outstanding shares of Series B Preferred Stock from the Dividend Payment Date next preceding the date of issue of such shares, subject to certain exceptions. Accrued but unpaid dividends will cumulate from the applicable Dividend Payment Date but will not bear interest.

Voting Rights. The holders of shares of Series B Preferred Stock have the following voting rights: (1) Subject to the provision for adjustment hereinafter set forth and except as otherwise provided in the Restated Certificate of Incorporation or required by law, each share of Series B Preferred Stock shall entitle the holder thereof to 10,000 votes, on all matters upon which the holders of the Common Stock of the Company are entitled to vote. In the event the Company shall at any time after the record date declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event; (2) except as otherwise provided in the Certificate of Designation of Series B Junior Preferred Stock, in the Restated Certificate of Incorporation or in any other certificate of designations creating a series of preferred stock or any similar stock, and except as otherwise required by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Company having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Company; and (3) except as set forth in the Certificate of Designation of Series B Junior Preferred Stock, or as otherwise provided by law, holders of Series B Preferred Stock have no special voting rights and their consent is not required (except to the extent they are entitled to vote with holders of Common Stock as set forth in the Certificate of Designation of Series B Junior Preferred Stock) for taking any corporate action.

Restrictions. Whenever dividends or other dividends or distributions payable on the Series B Preferred Stock are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred outstanding have been paid in full, the Company will not: (1) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) (“Junior Stock”) to the shares of Series B Preferred Stock; (2) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) (“Parity Stock”) with the shares of Series B Preferred Stock, except dividends paid ratably on the shares of Series B Preferred Stock and all such Parity Stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; (3) redeem, purchase or otherwise acquire for consideration shares of any Junior Stock; provided, however, that the Company may at any time redeem, purchase or otherwise acquire shares of any such Junior Stock in exchange for shares of any other Junior Stock of the Company; or (4) redeem, purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of Parity Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, may determine in good faith will result in fair and equitable treatment among the respective series or classes. The Company will not permit any majority-owned subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under Section 4(a) of the Certificate of Designation of Series B Junior Preferred Stock, purchase or otherwise acquire such shares at such time and in such manner.

Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Company, no distribution will be made (a) to the holders of shares of Junior Stock unless, prior thereto, the holders of shares of Series B Preferred Stock have received an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment; provided, however, that the holders of shares of Series B Preferred Stock will be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to a minimum per share liquidation payment of \$10,000 but will be entitled to an aggregate per share liquidation payment of 10,000 times the payment made per share of Common Stock or (b) to the holders of shares of Parity Stock, except distributions made ratably on the shares of Series B Preferred Stock and all such Parity Stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Company at any time (i) declares a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivides the outstanding shares of Common Stock, (iii) combines the outstanding shares of Common Stock into a smaller number of shares or (iv) issues any shares of its capital stock in a reclassification of the outstanding shares of Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then, in each such case and regardless of whether any shares of Series B Preferred Stock are then issued or outstanding, the aggregate amount to which each holder of shares of Series B Preferred Stock would otherwise be entitled immediately prior to such event will be correspondingly adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Consolidation, Merger, etc. In the event that the Company enters into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then, in each such case, each share of Series B Preferred Stock will at the same time be similarly exchanged for or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to ten thousand times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Company at any time (a) declares a dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (b) subdivides the outstanding shares of Common Stock, (c) combines the outstanding shares of Common Stock in a smaller number of shares or (d) issues any shares of its capital stock in a reclassification of the outstanding shares of Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), then, in each such case and regardless of whether any shares of Series B Preferred Stock are then issued or outstanding, the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series B Preferred Stock will be correspondingly adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

K. HOVNIANIAN COMPANIES, LLC

Plan Document

AMENDMENT AND RESTATEMENT

EFFECTIVE JANUARY 1, 2022

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K. HOVNIANIAN COMPANIES, LLC

EXECUTIVE DEFERRED COMPENSATION PLAN

Amendment and Restatement

Effective January 1, 2022

Purpose

This Plan was established to provide specified benefits to a select group of management and highly compensated Associates of Hovnianian Enterprises, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. In addition, effective September 15, 2009, selected non-Associate members of the Board of Directors of Hovnianian Enterprises, Inc. became eligible to participate in certain features of the Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA, and is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). In order to facilitate administration and participant communications of certain changes to the Plan becoming effective January 1, 2005 due to Section 409A, certain documents associated with this Plan refer to that portion of this Plan relating to deferrals and credits made on or after January 1, 2005 as the "K. Hovnianian Enterprises, Inc. 2005 Executive Deferred Compensation Plan". Notwithstanding any such references, it is intended that, effective January 1, 2005, the official Plan document governing the terms and conditions of all Plan balances (whether attributable to deferrals/credits made before or after January 1, 2005) shall be this Plan document.

The purpose of this amendment and restatement of the Plan is to remove certain of its features that have not been utilized or that have ceased to be utilized, and to clarify certain governance and administrative elements of the Plan.

ARTICLE 1

Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

- 1.1 "Account Balance" shall mean, as applicable to a given Participant, a credit on the records of the Employer equal to the sum of (i) the Company Make-Whole Contribution Account balance and (ii) the Restricted Share Unit Deferral Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.
- 1.2 "Annual Company Make-Whole Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.3 of this Plan.
- 1.3 "Annual Installment Method" shall be an annual installment payment over one of the installment payout alternatives selected by the Participant in accordance with this Plan, calculated as follows (subject to Section 3.7): The Account Balance of the Participant shall be calculated as of the close of business on the date of reference (or, if the date of reference is not a business day, on the immediately following business day), and shall be paid during the ninety (90) day period thereafter unless otherwise provided herein. The date of reference with respect to the first annual installment payment shall be as provided in Section 5.2 and the date of reference with respect to subsequent annual installment payments shall be the anniversary of the first annual installment payment.

The installment payout alternatives available for election by the Participant with respect to his or her Retirement Benefit is substantially equal annual installments between two (2) and fifteen (15) years. The annual installment shall be calculated by multiplying the Account Balance by a fraction, the numerator of which is one (1), and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if a Participant elects a five (5) year Annual Installment Method, the first payout shall be one-fifth (1/5) of the Account Balance (or applicable portion thereof), calculated as described in this definition. Within ninety (90) days after the anniversary of the first annual installment payment, the payment shall be one-fourth (1/4) of the Account Balance (or applicable portion thereof), calculated as described in this definition.

- 1.4 "Associate" shall mean a person who is an employee of any Employer.
 - 1.5 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of a Participant.
 - 1.6 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.
 - 1.7 "Claimant" shall have the meaning set forth in Section 12.2 of this Plan.
 - 1.8 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.
 - 1.9 "Committee" shall mean the committee described in Article 10 of this Plan which has been duly authorized by the Company to act on behalf of the Company in respect of the Plan.
 - 1.10 "Company" shall mean K. Hovnanian Companies, LLC, a California corporation, and any successor to all or substantially all of the Company's assets or business.
 - 1.11 "Company Make-Whole Contribution Account" shall mean (i) the sum of the Participant's Annual Company Make-Whole Contribution Amounts credited on or after January 1, 2005, plus (ii) amounts credited or debited in accordance with all the applicable crediting/debiting provisions of this Plan that relate to the Participant's Company Make-Whole Contribution Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Make-Whole Contribution Account.
 - 1.12 "Deduction Limitation" shall mean the following described limitation on a benefit that may otherwise be distributable pursuant to the provisions of this Plan. Except as otherwise provided, this limitation shall be applied to all distributions that are "subject to the Deduction Limitation" under this Plan. If an Employer reasonably anticipates that, if any distribution hereunder were made as scheduled, the Employer's deduction with respect to that distribution would not be permitted by reason of the limitation under Code Section 162(m), then the Employer may defer that distribution, provided that all distributions that could be deferred in accordance with this Section 1.12 are so deferred, and provided further that the Employer treats payments to all similarly situated Participants on a reasonably consistent basis. Any amounts deferred pursuant to this limitation shall continue to be credited/debited with additional amounts in accordance with Section 3.7 below, even if such amount is being paid out in installments. The amounts so deferred and amounts credited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the distribution is made during such year, the deduction of such payment will not be limited by Code Section 162(m). To the extent required under Section 409A, where payment to a Specified Employee is delayed pursuant to the preceding to a date on or after the Specified Employee's Separation from Service, the payment will be considered a payment upon a Separation from Service for purposes of the rules under Section 409A(a)(2)(B)(i) (generally requiring a six (6) month delay on distributions upon a Specified Employee's Separation from Service). In no event shall an election be provided to the Participant with respect to the timing of the payment under the preceding. Notwithstanding the foregoing, this Section 1.12 shall apply only to the extent permitted by Section 409A.
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- 1.13 "Election Form" shall mean the form or forms established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan (which form or forms may take the form of an electronic transmission, if required or permitted by the Committee).
- 1.14 "Employer(s)" shall mean Hovnanian Enterprises, Inc. and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Committee to participate in the Plan and have adopted the Plan as a sponsor. For purposes of this Plan, "subsidiary" shall include entities required to be aggregated pursuant to Section 14.20.
- 1.15 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.
- 1.16 "Fiscal Year" shall mean a period beginning on November 1 of each calendar year and continuing through October 31 of the following calendar year.
- 1.17 "401(k) Plan" shall mean the Hovnanian Savings and Investment Retirement Plan, as it may be amended from time to time.
- 1.18 "Independent Director" shall mean a member of the Board of Directors of Hovnanian Enterprises, Inc. who is not an Associate.
- 1.19 "Participant" shall mean any Associate (i) who is determined by the Committee to be a member of a select group of management or highly compensated employees (within the meaning of ERISA), (ii) who is selected to participate in the Plan, and (iii)(A) who elects to participate in the Plan, (B) who signs a Plan Agreement, an Election Form and a Beneficiary Designation Form, (C) whose signed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, (D) who commences participation in the Plan, and (E) whose Plan Agreement has not terminated. In addition, the term "Participant" shall also include any Independent Director who is selected to participate in the Plan and who satisfies the requirements of (iii)(A)-(E), above; provided that, notwithstanding anything herein that may suggest otherwise, on and after September 18, 2019, no Independent Directors who were not already Participants shall be selected for Plan participation. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an Account Balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.
- 1.20 "Plan" shall mean this, the K. Hovnanian Companies, LLC Executive Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.
- 1.21 "Plan Agreement" shall mean a written agreement (which may take the form of an electronic transmission, if required or permitted by the Committee), as may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement executed by a Participant and the Participant's Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must, unless otherwise provided by the Plan Agreement, be agreed to by both the Employer and the Participant. In the Plan Agreement, each Participant shall acknowledge that he or she accepts all of the terms of the Plan, including the discretionary authority of the Committee as set forth in Article 10.
- 1.22 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.
- 1.23 "Restricted Share Unit Deferral Account" shall mean (i) the sum of the Participant's Restricted Share Unit deferrals deferred on or after January 1, 2005, plus (ii) amounts credited/debited in accordance with all the applicable crediting/debiting provisions of this Plan that relate to the Participant's Restricted Share Unit Deferral Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Restricted Share Unit Deferral Account.
- 1.24 "Restricted Share Units" shall mean awards for the future delivery of Stock granted under any stock incentive plan of Hovnanian Enterprises, Inc. or the Company pursuant to a "Restricted Share Unit Agreement" between Hovnanian Enterprises, Inc. and the Participant.
- 1.25 "Retirement", "Retire(s)" or "Retired" shall mean, with respect to an Associate or Independent Director, a Separation from Service for any reason other than a leave of absence or death on or after the earlier of the attainment of (a) age sixty-five (65) or (b) age fifty-five (55) with ten (10) Years of Service.
- 1.26 "Retirement Benefit" shall mean the benefit set forth in Article 5.
- 1.27 "Section 409A" shall mean Code Section 409A and the Treasury regulations or other authoritative guidance issued thereunder. Whenever the terms "subject to Section 409A" or "to the extent permitted by Section 409A" (or any such similar reference so as to indicate that a Plan provision is subject to Section 409A) are used, such terms shall be interpreted to mean that the applicable Plan provision shall be effective only if and to the extent such provision would not trigger penalty taxes or interest under Section 409A; except to the extent that Section 409A requires that such terms be disregarded because they purport to nullify Plan terms that are not in compliance with Section 409A.
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- 1.28 "Separation from Service" shall mean, with respect to a Participant who is an Associate, the Participant's separation from service within the meaning of Section 409A, treating as a Separation from Service an anticipated permanent reduction in the level of bona fide services to twenty percent (20%) or less of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period (or the full period during which the Participant performed services for the Employer, if that is less than thirty-six (36) months). For this purpose, upon a sale or other disposition of the assets of the Employer to an unrelated purchaser, the Employer reserves the right to the extent permitted by Section 409A to determine whether Participants providing services to the purchaser after and in connection with the purchase transaction have experienced a Separation from Service. With respect to a Participant who is an Independent Director, the term "Separation from Service" shall mean that the Participant ceases to be a member of the Board of Directors of Hovnanian Enterprises, Inc.; provided, however, that such cessation of membership shall constitute a Separation from Service only if it qualifies as a separation from service within the meaning of Section 409A.
- 1.29 "Short-Term Payout" shall mean the payout set forth in Section 4.1 of this Plan.
- 1.30 "Specified Employee" shall mean, with respect to an Employer corporation any stock of which is publicly traded on an established securities market or otherwise, an individual who, as of the date of his or her Separation from Service, is a Key Employee, as currently defined in Code Section 416(i) (without regard to paragraph (5) thereof) to mean, as of the Effective Date, an employee of the corporation who, at any time during the twelve (12) month period ending on a Specified Employee identification date, is (a) an officer of the corporation having an annual compensation greater than two hundred thousand dollars (\$200,000) for 2022 (indexed for inflation in future years), (b) a five-percent (5%) owner of the corporation, or (c) a one-percent (1%) owner of the corporation having an annual compensation from the corporation of more than one hundred fifty thousand dollars (\$150,000).
- 1.31 "Stock" shall mean Hovnanian Enterprises, Inc. Class A or Class B common stock, \$.01 par value, or any other equity securities of Hovnanian Enterprises, Inc. or of the Company designated by the Committee.
- 1.32 "Termination Benefit" shall mean the benefit set forth in Article 7 of this Plan.
- 1.33 "Termination of Employment" shall mean the Separation from Service with all Employers, voluntarily or involuntarily, for any reason other than Retirement, death or an authorized leave of absence.
- 1.34 "Total Compensation" shall mean the Participant's compensation as defined by the Committee in its discretion (e.g., the Participant's base salary plus annual cash bonus).
- 1.35 "Trust" shall mean the trust, if any, established and maintained pursuant to this Plan, as amended from time to time. The assets of the Trust, if any, shall be the property of the Employer.
- 1.36 "Unforeseeable Financial Emergency" shall mean a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in Code Section 152 without regard to Code Section 152(b)(1), (b)(2) and (d)(1)(B)) or the Participant's beneficiary, (ii) a loss of the Participant's property due to casualty (including the need to rebuild a home following damage not otherwise covered by insurance, for example, not as a result of a natural disaster), or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant (e.g., imminent foreclosure or eviction from the Participant's primary residence, the need to pay for medical expenses, including non-refundable deductibles and prescription drugs, the need to pay funeral expenses of a spouse, dependent or beneficiary), all as determined in the sole discretion of the Committee (which discretion the Committee is bound to exercise, however, within the limits of Section 409A).
- 1.37 "Years of Service" shall mean, if the Participant is an Associate, the total number of full years in which the Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365-day period (or 366-day period in the case of a leap year) that, for the first year of employment, commences on the Associate's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. Any partial year of employment shall not be counted. If the Participant is an Independent Director, the term "Years of Service" shall mean the total number of full years in which the Participant performs services as an Independent Director. For purposes of this definition, a year of service as an Independent Director shall be a 365-day period (or 366-day period in the case of a leap year) that, for the first year of service as an Independent Director, commences on the date the Participant becomes an Independent Director and that, for any subsequent year, commences on an anniversary of that date. Any partial year of service as an Independent Director shall not be counted.

ARTICLE 2

Selection, Enrollment, Eligibility

- 2.1 **Selection by Committee.** Participation in the Plan shall be limited to a select group of management and highly compensated Associates of the Employers and/or Independent Directors, as determined by the Committee in its sole discretion. From that group, the Committee shall select, in its sole discretion, Associates and/or Independent Directors to participate in any given feature(s) of the Plan for any given period(s).
- 2.2 **Enrollment Requirements.** The Committee may require that as a condition to participation, each selected Associate or Independent Director shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form (or to enroll using the Internet enrollment procedures established by the Committee, if any), all within 30 days after he or she is selected to participate in the Plan. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.
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- 2.3 **Eligibility; Commencement of Participation.** Provided an Associate or Independent Director selected to participate in the Plan has met all enrollment requirements set forth in this Plan and/or required by the Committee, including returning all required documents to the Committee (or enrolling using the Internet enrollment procedures established by the Committee, if any) within the specified time period, that Associate or Independent Director shall commence participation in the Plan on the first day of the month following the month in which the Associate or Independent Director completes all enrollment requirements. If an Associate or Independent Director fails to meet all such requirements within the period required, in accordance with Section 2.2, that Associate or Independent Director shall not be eligible to participate in the Plan until the first day of the Plan Year (or Fiscal Year, as applicable in respect of the given Plan deferral feature) following the delivery to and acceptance by the Committee of the required documents. Notwithstanding anything in the Plan to the contrary, a Participant's eligibility to participate in any given feature of the Plan for any given period shall be in the sole discretion of the Committee. As part of its authority to select those Associates and/or Independent Directors who are eligible to participate in any given feature of the Plan for any given period, the Committee may document such selection through the provision (for eligible Associates/Independent Directors) or the lack of provision (for ineligible Associates/Independent Directors) of the applicable enrollment materials for a given enrollment period.
- 2.4 **Termination of Participation and/or Deferrals.** If the Committee determines in good faith that a Participant who is an Associate no longer qualifies as a member of a select group of management or highly compensated Associates, as membership in such group is determined in accordance with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, the Committee shall have the right, in its sole discretion, to prevent the Participant from making future deferral elections and/or from being credited with any further contribution amounts. If the Committee determines that a Participant who is an Independent Director is no longer eligible to participate in the Plan, the Committee shall have the right, in its sole discretion, to prevent the Participant from making future deferral elections and/or from being credited with any further contribution amounts.

ARTICLE 3

Deferral Commitments/Company Contributions/Crediting/Taxes

3.1 Restricted Share Unit Deferrals.

- (a) **Restricted Share Unit Deferrals.** Subject to any terms and conditions imposed by the Committee, a Participant whom the Committee designates, in its sole discretion, as eligible to make Restricted Share Unit deferrals for a given Restricted Share Unit deferral enrollment period (as established by the Committee) may elect to defer under the Plan Restricted Share Units for such period. Restricted Share Unit deferrals shall be credited (or continue to be credited) to the Participant on the books of the Company or the Employer in connection with such an election.
- (b) **No Additional Restricted Share Unit Deferrals.** Notwithstanding the preceding, as of January 1, 2022, unless and until the Committee elects to reactivate the Restricted Share Unit deferral feature of the Plan, no additional Restricted Share Unit deferrals shall be permitted; provided, however, that existing Restricted Share Unit deferrals shall continue to be maintained until distribution under the remaining terms of the Plan.

3.2 Election to Defer; Effect of Election Form.

- (a) **Timing of Election.** Except as otherwise provided below, a Participant wishing to defer Restricted Share Units must make such a deferral election during such period as shall be established by the Committee which ends no later than twelve (12) months prior to the date on which the Restricted Share Units are scheduled to vest.

Notwithstanding anything above or elsewhere in the Plan to the contrary, to the extent Section 409A requires that a Restricted Share Unit deferral election satisfy the rules under Section 409A applicable to changes to form and timing of distribution elections in order for such Restricted Share Unit deferral election to effectively defer tax with respect to the Restricted Share Units, the deferral election shall not be accepted by the Committee to the extent it would violate the rules under Section 409A applicable to changes to form and timing of distribution elections.

Notwithstanding the preceding, the Committee shall, in its discretion, be permitted to disregard any Restricted Share Unit deferral election if, under Section 409A, an earlier election was required in order to properly defer tax with respect to such Restricted Share Units. In addition, the Committee, in its discretion, shall be permitted to allow a Participant to revoke or modify a Restricted Share Unit deferral election he or she has made if Section 409A provides an opportunity to later modify a deferral election with respect to such Restricted Share Units; provided, however, that no such revocation or modification will be effective or available if and to the extent Section 409A provides that such revocation or modification, or the availability thereof, prevents the proper deferral of tax with respect to such Restricted Share Units.

- (b) **Manner of Election.** For any given deferral period (e.g., Plan Year, Fiscal Year or other period, as applicable for a given type of Plan deferral), a deferral election, and such other elections as the Committee deems necessary or desirable under the Plan, shall be made by timely delivering to the Committee, in accordance with its rules and procedures, by the deadline(s) set forth above, an Election Form, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form and any other required election materials must be completed and signed by the Participant, timely delivered to the Committee (in accordance with Section 2.2 above) and accepted by the Committee. If no such Election Form and any other required election materials are timely delivered and accepted, the Plan deferral type(s) available for the deferral period shall be zero (0) for such period.
- (c) **Change in Election.** For any given type of Plan deferral, once the applicable deferral election deadline (as described in (a), above)) has occurred, a Participant may not elect to change his or her deferral election (or absence of a deferral election) that is subject to such deadline, except if and to the extent permitted by the Committee and made in accordance with the provisions of Section 409A specifically relating to the change and/or revocation of deferral elections (such as, for example, following an Unforeseeable Financial Emergency).
- (d) **No Additional Restricted Share Unit Deferrals.** Notwithstanding the preceding, as of January 1, 2022, unless and until the Committee elects to reactivate the Restricted Share Unit deferral feature of the Plan, no additional Restricted Share Unit deferrals shall be permitted; provided, however, that existing Restricted Share Unit deferrals shall continue to be maintained until distribution under the remaining terms of the Plan.

- 3.3 **Annual Company Make-Whole Contribution Amount.** The Company may, but is not required to, credit to the Company Make-Whole Contribution Account of one or more Participants an amount (an "Annual Company Make-Whole Contribution Amount") for any one or more Plan Years. The Company shall credit such Annual Company Make-Whole Contribution Amounts, if any, for such Participants, with such frequency, and in such amounts, as the Company determines in its sole discretion, including, for example, by crediting to the Participant's Company Make-Whole Contribution Account of an eligible Participant an amount equal to: (i) the percentage match to which the Participant is entitled under the 401(k) Plan based on the Participant's years of service determined under the 401(k) Plan (or any other percentage match rate applicable to the Participant, as determined by the Committee in its discretion) multiplied by (ii) that portion of the Participant's Total Compensation which exceeds the legal limit on annual compensation permitted to be considered under the 401(k) Plan (e.g., \$305,000 for 2022). For the avoidance of doubt, the Company may, for any Plan Year, credit Annual Company Make-Whole Contribution Amounts for one or more Participants that differ from what it credits for others, and may credit an Annual Company Make-Whole Contribution Amount for certain Participants while not crediting any Annual Company Make-Whole Contribution Amounts for others (notwithstanding that those others may have made distribution elections in anticipation of such crediting). The Annual Company Make-Whole Contribution Amounts, if any, shall be withheld by the Company pending the Participant's satisfaction of the 401(k) Plan's vesting schedule, but such withheld Annual Company Make-Whole Contribution Amounts shall be made in full (with or without credited interest in the sole and absolute discretion of the Committee) upon satisfaction of the 401(k) Plan's vesting schedule.
- 3.4 **Investment of Trust Assets.** If and to the extent a Trust is maintained under the Plan, the Trustee of the Trust shall be authorized, upon written instructions received from the Committee or investment manager appointed by the Committee, to invest and reinvest the assets of the Trust in accordance with the applicable Trust agreement, including the disposition of investment vehicles and reinvestment of the proceeds in one or more other investment vehicles designated by the Committee.
- 3.5 **Sources of Stock.** If Stock is credited under the Plan on the books of the Company or the Employer, or in the Trust (if any), in connection with a deferral of a Restricted Share Unit, the shares so credited shall be deemed to have originated, and shall be counted against the number of shares reserved, under such other plan, program or arrangement.
- 3.6 **Vesting.** Unless otherwise provided in the Plan Agreement, a Participant shall at all times be 100% vested in his or her Account Balance under the Plan. Notwithstanding anything to the contrary in any Plan Agreement, in the event of a Change in Control, a Participant's Account Balance, to the extent not then vested, shall immediately become 100% vested. For purposes of this Section 3.6, a "Change in Control" shall mean the first to occur of any of the following events:
- (a) Any "person" (as that term is used in Section 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of 50% or more of Hovnanian Enterprises, Inc. Stock entitled to vote in the election of directors;
 - (b) During any period of not more than two consecutive years, not including any period prior to the adoption of this Plan, individuals who at the beginning of such period constitute the board of directors of Hovnanian Enterprises, Inc., and any new director (other than a director designated by a person who has entered into an agreement with Hovnanian Enterprises, Inc. to effect a transaction described in clause (a), (c), (d) or (e) of this Section 3.6) whose election by the board of directors or nomination for election by Hovnanian Enterprises, Inc.'s stockholders was approved by a vote of at least three-fourths (3/4ths) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
 - (c) The shareholders of Hovnanian Enterprises, Inc. approve any consolidation or merger of Hovnanian Enterprises, Inc., other than a consolidation or merger of the Company in which the holders of the Stock of Hovnanian Enterprises, Inc. immediately prior to the consolidation or merger hold more than 50% of the common stock of the surviving corporation immediately after the consolidation or merger;
 - (d) The shareholders of Hovnanian Enterprises, Inc. approve any plan or proposal for the liquidation or dissolution of Hovnanian Enterprises, Inc.; or
 - (e) The shareholders of Hovnanian Enterprises, Inc. approve the sale or transfer of all or substantially all of the assets of Hovnanian Enterprises, Inc. to parties that are not within a "controlled group of corporations" (as defined in Code Section 1563) in which Hovnanian Enterprises, Inc. is a member.
- 3.7 **Crediting/Debiting of Account Balances.** In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:
- (a) **Sub-Accounts.** Separate sub-accounts shall be established and maintained with respect to each Participant's Account Balance (together, the "Sub-Accounts"), each attributable to the portion of the Participant's Account Balance representing the same type of credited deferral or contribution.
 - (b) **Election of Measurement Funds.** Except as otherwise provided in Section 3.7(f) below, if and to the extent the Committee makes available more than one Measurement Fund in respect of amounts credited to a given Participant's Sub-Account, a Participant, in connection with his or her initial deferral election in accordance with Section 3.2(a) above, shall elect, on the Election Form(s), one or more "Measurement Fund(s)" (as described in this Section, and as may be established from time to time by the Committee without the need to formally amend this Plan) to be used to determine the additional amounts to be credited or debited to the Sub-Account for the first business day of the Plan Year, continuing thereafter unless changed in accordance with the next sentence. Commencing with the first business day of the Plan Year, and continuing thereafter for the remainder of the Participant's participation in the Plan, if and to the extent the Committee makes available more than one Measurement Fund in respect of amounts credited to a given Participant's Sub-Account, the Participant may (but is not required to) elect daily, by submitting an Election Form(s) to the Committee that is accepted by the Committee (which submission may take the form of an electronic transmission, if required or permitted by the Committee), to add or delete one or more Measurement Fund(s) to be used to determine the additional amounts to be credited or debited to such Sub-Account, or to change the portion of the Sub-Account allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply to the next business day and continue thereafter for the remainder of the Participant's participation in the Plan, unless changed in accordance with the previous sentence. Notwithstanding anything in the Plan to the contrary,

the Committee has the absolute discretion to determine the Measurement Fund(s) available for election in respect of a given Sub-Account, including the discretion to require that all amounts credited to the Sub-Account be measured by reference to a single prescribed Measurement Fund (e.g., the Stock fund and/or the Average Yield Fund). For this purpose, the term "Average Yield Fund" shall be a credit rate established by the Committee and communicated to Participants in writing (e.g., based on the average yield on Hovnanian Enterprises, Inc. debt) and, regardless of anything in the Plan to the contrary, shall be applied as follows for each calendar year it is determined by the Committee to be a relevant Measurement Fund in respect of one or more Sub-Accounts: the credit rate shall be effective on the January 1 of the given calendar year and shall apply to the Participant's applicable Sub-Account Balance(s) determined as of the immediately preceding December 31 plus deferrals/contributions made to such Sub-Account(s) under the Plan for the calendar year.

- (c) **Proportionate Allocation.** In making any election described in Section 3.7(b) above, the Participant shall specify on the Election Form, in increments of one percentage point (1%), the percentage of each of his or her Sub-Accounts to be allocated to a Measurement Fund (as if the Participant was making an investment in that Measurement Fund with that portion of his or her Sub-Account).
- (d) **Measurement Funds.** Except as otherwise provided in Section 3.7(f) below, if and to the extent the Committee makes available more than one Measurement Fund in respect of amounts credited to a given Participant's Sub-Account, a Participant, in connection with his or her initial deferral election in accordance with Section 3.2(a) above, shall elect, on the Election Form(s), one or more Measurement Fund(s) for the purpose of crediting or debiting additional amounts to his or her Sub-Account. The Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund without the need to formally amend this Plan; such Committee authority shall include the discretion to limit all or a part of a Participant's Sub-Account or Account Balance to a single Measurement Fund (e.g., the Stock fund). Each such action will take effect as of the first business day that follows by thirty (30) days the day on which the Committee gives Participants advanced written notice of such change. If the Committee receives an initial or revised Measurement Fund(s) election which it deems to be incomplete, unclear or improper, the Participant's Measurement Fund(s) election then in effect shall remain in effect (or, in the case of a deficiency in an initial Measurement Fund(s) election, the Participant shall be deemed to have filed no deemed investment direction). If and to the extent the Committee makes available more than one Measurement Fund in respect of amounts credited to all or a portion of the Participant's Account Balance, if the Committee possesses (or is deemed to possess as provided in the previous sentence) at any time directions as to Measurement Funds of less than all of such portion of the Participant's Account Balance, the Participant shall be deemed to have directed that the undesignated portion of the Account Balance be deemed to be invested in the default Measurement Fund established the Committee. Each Participant hereunder, as a condition to his or her participation hereunder, agrees to indemnify and hold harmless the Committee, the Company and the Employer, and their agents and representatives, from any losses or damages of any kind relating to (i) the Measurement Funds made available hereunder and (ii) any discrepancy between the credits and debits to the Participant's Account Balance based on the performance of the Measurement Funds and what the credits and debits otherwise might be in the case of an actual investment in the Measurement Funds.
- (e) **Crediting or Debiting Method.** The performance of each Measurement Fund (either positive or negative) associated with all or a portion of the Participant's Account Balance will be determined by the Committee, in its reasonable discretion, based on the performance of the Measurement Funds themselves. Except as otherwise provided in Section 3.7(b) (e.g., in respect of an "Average Yield Fund" Measurement Fund, which shall be measured as prescribed in Section 3.7(b)), a Participant's Account Balance shall be credited or debited on a daily basis based on the performance of each Measurement Fund associated with the Participant's Account Balance, as determined by the Committee in its sole discretion, as though (i) a Participant's Account Balance were invested in the Measurement Fund(s) associated with the Participant's Account Balance, in the percentages applicable to each portion of the Account Balance as of such date, at the closing price on such date; (ii) the portion of the Annual Company Make-Whole Contribution Amount that was credited on behalf of the Participant was invested in the Measurement Fund(s) associated with the Annual Company Make-Whole Contribution Amount no later than the close of business on the third business day after the day on which such amounts are credited, at the closing price on such date; and (iii) any distribution made to a Participant that decreases such Participant's Account Balance ceased being invested in the Measurement Fund(s), in the percentages applicable to each portion of the Account Balance, no earlier than three business days prior to the distribution, at the closing price on such date. The Participant's Annual Company Contribution Amount shall be credited to his or her Company Contribution Account for purposes of this Section 3.7(e) as soon as administratively practicable following the date such amount(s) were credited to the Participant's Account Balance. The Participant's Restricted Share Unit deferral(s) shall be credited to the applicable Sub-Account no later than the close of business on the third business day after the date of the deferral(s).
- (f) **No Actual Investment.** Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and any Participant election of any such Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company, in its own discretion, decides to invest funds in any or all of the Measurement Funds, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company, the Employer or the Trust (if any); the Participant shall at all times remain an unsecured creditor of the Employer.
- (g) **Committee Discretion to Limit One or More Sub-Account(s) to the Stock Fund.** Notwithstanding anything in this Plan to the contrary, the Committee has the sole and absolute discretion to require that one or more Sub-Account(s) of a Participant's Account Balance be allocated exclusively to the Stock fund and to no other Measurement Fund until such time, if any, as the Committee, in its sole and absolute discretion, makes available additional Measurement Fund(s) for such Sub-Account(s).
- (h) **Beneficiary Elections.** Each reference in this Section 3.7 to a Participant shall be deemed to include, where applicable, a reference to a Beneficiary.

3.8 **FICA and Other Taxes.**

- (a) **Annual Company Make-Whole Contribution Amounts.** When an Annual Company Make-Whole Contribution Amount is credited to a Participant's Company Make-Whole Contribution Account (or, if later, when a Participant becomes vested in his or her Company Make-Whole Contribution Account), the Participant's Employer(s) shall withhold from the Participant's compensation that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes, and any other applicable deductions. If necessary, the Committee may reduce the Participant's Annual Company Make-Whole Contribution Amount in order to comply with this Section 3.8(a).
- (b) **Restricted Share Units.** For each Fiscal Year in which a Restricted Share Unit is being first withheld from a Participant, or at such other time as FICA taxes are due, the Participant's Employer(s) shall withhold from that portion of the Participant's compensation that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and any other taxes required to be withheld on such Restricted Share Unit, and any other applicable deductions. If necessary, the Committee may reduce the Participant's Restricted Share Unit deferral in order to comply with this Section 3.8(b).

3.9 **Distributions.** Notwithstanding anything herein to the contrary, the Employer, or the trustee of the Trust (if any), shall withhold from any payments made under this Plan all Federal, state and local income, employment and other taxes required to be withheld by the Employer, or the trustee of the Trust (if any), in connection with such payments, and any indebtedness of the Participant to the Employer as of the date(s) of distribution, in amounts and in a manner to be determined in the reasonable discretion of the Employer and the trustee of the Trust (if any). Any payment made to a Participant or Beneficiary under this Plan shall be made on or during the period after the payment date or event specified herein; provided, however, such payment shall not be made later than the later of (i) the last day of the calendar year in which the payment date or event occurs, or, if later, the fifteenth (15th) day of the third (3rd) calendar month following the date of the payment date or event, or (ii) the last day of such other, extended period as the IRS may prescribe, such as in the case of disputed payments or refusals to pay, provided the conditions of such extension have been satisfied. If a Participant who experiences a Separation from Service is rehired (or, in the case of an Independent Director Participant, again becomes an Independent Director following a Separation from Service), his or her distributions hereunder may not be suspended.

ARTICLE 4

Short-Term Payout; Unforeseeable Financial Emergencies; Withdrawal Election

4.1 Short-Term Payout.

- (a) During the election period established by the Committee which precedes the Plan Year in which Annual Company Make-Whole Contribution Amounts are to be credited on behalf of a Participant, the Participant may elect to receive a future "Short-Term Payout" from the Plan. Except as provided in Section 4.3, any Short-Term Payout election must be prior to the Plan Year in which Annual Company Make-Whole Contribution Amounts are to be credited, and is irrevocable after that deadline has passed. Subject to the Deduction Limitation and to Section 3.9, the Short-Term Payout shall be a lump sum payment in an amount that is equal to the vested Annual Company Make-Whole Contribution Amounts, and amounts credited or debited thereto in the manner provided in Section 3.7 above, determined at the time that the Short-Term Payout becomes payable. Subject to the Deduction Limitation, Section 3.9 and the other terms and conditions of this Plan, each Short-Term Payout elected shall be paid out during a sixty (60) day period designated by the Participant that is at least three (3) Plan Years (or such other period established by the Committee and reflected on the applicable Short-Term Payout election materials) after the Plan Year of the vested Annual Company Make-Whole Contribution Amounts, as specifically elected by the Participant; provided, however, that any Short-Term Payout election which would result in a Short-Term Payout of vested Annual Company Make-Whole Contribution Amounts earlier than the Participant's sixtieth (60th) birthday shall be deemed to be an election to receive a Short-Term Payout of such vested Annual Company Make-Whole Contribution Amounts at age sixty (60), or (if later) earliest Short-Term Payout date described above. By way of example, if a three (3) year Short-Term Payout is elected for vested Annual Company Make-Whole Contribution Amounts elected to be deferred during the enrollment period ending December 31, 2022, the three (3) year Short-Term Payout would become payable during a sixty (60) day period commencing January 1, 2026 (if, in respect of the vested Annual Company Make-Whole Contribution Amounts, the Participant is age sixty (60) or older as of January 1, 2026).
- (b) **Postponements of Previously Elected Short-Term Payouts.** Notwithstanding the preceding paragraphs or any other provision of this Plan that may be construed to the contrary, a Participant who is in active service with the Employer (including, for Independent Director Participants, in active service as an Independent Director) may, with respect to each Short-Term Payout, on a form determined by the Committee, make one (1) or more additional deferral elections (a "Subsequent Election") to defer payment of all or a portion of such Short-Term Payout to a Plan Year subsequent to the Plan Year originally (or subsequently) elected; provided, however, that, except as provided elsewhere in this Plan, such Subsequent Election will be null and void unless accepted by the Committee no later than one (1) year prior to the first day of the Plan Year in which, but for the Subsequent Election, such Short-Term Payout would be paid, and such Subsequent Election provides for the deferral of at least five (5) Plan Years following the Plan Year in which the Short-Term Payout, but for the Subsequent Election, would be paid.

4.2 **Other Benefits Take Precedence Over Short-Term Payout.** Should an event occur that triggers a benefit under Article 5, 6 or 7, all Account Balances (or portions thereof) that are subject to Short-Term Payout elections under Section 4.1 shall not be paid in accordance with Section 4.1 but shall be paid in accordance with the other applicable Article.

4.3 **Withdrawal Payout/Suspensions for Unforeseeable Financial Emergencies.** If a Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to (i) halt any deferrals required to be made by the Participant and (ii) receive a partial or full payout from the Plan. The payout shall not exceed the lesser of the Participant's Account Balance, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the payouts, after taking into account the extent to which the Unforeseeable Financial Emergency is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of assets would not itself cause severe financial hardship) or by termination of deferrals hereunder. If, subject to the sole discretion of the Committee (which discretion the Committee is bound to exercise, however, within the limitations of Section 409A), the petition for a termination of deferrals and payout is approved, cessation shall take effect upon the date of approval and any payout shall be made within sixty (60) days of the date of approval. The payment of any amount under this Section 4.3 shall be subject to Section 3.9, but shall not be subject to the Deduction Limitation. Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 4.3 shall be in the form of Stock.

ARTICLE 5

Retirement Benefit

5.1 **Retirement Benefit.** Subject to the Deduction Limitation and to Section 3.9, and any other conditions imposed by the Committee, a Participant who Retires shall receive, as a Retirement Benefit, his or her vested Account Balance (or applicable portion thereof).

5.2 Payment of Retirement Benefit.

- (a) **Retirement Benefit Payments of Vested Annual Company Contribution Amounts.** During the election period established by the Committee which precedes the Plan Year in which Annual Company Make-Whole Contribution Amounts are to be credited on behalf of a Participant, the Participant may elect to receive that portion of his or her Retirement Benefit attributable to any vested Annual Company Make-Whole Contribution Amounts credited for the Plan Year in a lump sum, or pursuant to one of the available Annual Installment Methods. At such time, the Participant may also elect to have any such lump sum payment paid, or installments commence, during the sixty (60) day period immediately following the close of the calendar quarter in which the Participant Retires or, alternatively, during the sixty (60) day period immediately following the close of the Plan Year in which the Participant Retires; provided, however, that, to the extent required under Section 409A, Retirement Benefit distributions to an individual who is a Specified Employee as of the date of his or her Separation from Service shall commence no earlier than six (6) months after the date of his or her Retirement (or, if earlier, his or her death). If a Participant does not make any election with respect to the form of distribution of any portion of his or her Retirement Benefit, such portion shall be distributable in the form of a lump sum. In addition, subject to the preceding limitation on Retirement Benefit distributions to Specified Employees, if a Participant does not make any election with respect to when any portion of his or her Retirement Benefit shall be made or begin, such portion shall be made or begin during the sixty (60) day period immediately following the close of the calendar quarter in which the Participant Retires. Any payment made shall be subject to Section 3.9 and the Deduction Limitation.
- (b) **Retirement Benefit Payments of Restricted Share Units.** At the same time that a Participant elects to defer a Restricted Share Unit for a given Fiscal Year (or portion thereof), the Participant may elect to receive that portion of his or her Retirement Benefit attributable to the Restricted Share Unit in a lump sum, or pursuant to one of the available Annual Installment Methods. At such time, the Participant may also elect to have any such lump sum payment paid, or installments commence, during the sixty (60) day period immediately following the close of the calendar quarter in which the Participant Retires or, alternatively, during the sixty (60) day period immediately following the close of the Plan Year in which the Participant Retires; provided, however, that, to the extent required under Section 409A, Retirement Benefit distributions to a Specified Employee shall commence no earlier than six (6) months after the date of his or her Retirement (or, if earlier, his or her death). If a Participant does not make any election with respect to the form of distribution of any portion of his or her Retirement Benefit, such portion shall be distributable in the form of a lump sum. In addition, subject to the preceding limitation on Retirement Benefit distributions to Specified Employees, if a Participant does not make any election with respect to when any portion of his or her Retirement Benefit shall be made or begin, such portion shall be made or begin during the sixty (60) day period immediately following the close of the calendar quarter in which the Participant Retires. Any payment made shall be subject to Section 3.9 and the Deduction Limitation.

Notwithstanding anything above or elsewhere in the Plan to the contrary, to the extent Section 409A requires that a Restricted Share Unit deferral election satisfy the rules under Section 409A applicable to changes to form and timing of distribution elections in order for such Restricted Share Unit deferral election to effectively defer tax with respect to the Restricted Share Units, that portion of the Participant's Restricted Share Unit Deferral Account attributable to such Restricted Share Unit deferral election shall be distributable as a Retirement Benefit solely at such time(s) and in such manner as the Retirement Benefit distribution does not violate the rules under Section 409A applicable to changes to form and timing of distribution elections.

Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 5.2 shall be in the form of Stock.

The preceding applies only to Restricted Share Units deferred on or after January 1, 2005.

- (c) **Changes to Retirement Benefit Distribution Elections.** The Participant may change his or her election(s) to an allowable alternative payout period date by submitting a new Election Form to the Committee, provided that, effective January 1, 2005, and except as provided elsewhere in the Plan, any such Election Form is submitted at least one (1) year prior to the distribution date then in effect and, if required by Section 409A, provides for a distribution (or commencement of distributions) date which is at least five (5) years from the distribution date then in effect. Subject to the foregoing, the Election Form most recently accepted by the Committee shall govern the payout of the Retirement Benefit with respect to the portion of the Participant's Account Balance to which it pertains.

Effective January 1, 2005, no change submitted on an Election Form shall be accepted by the Committee if the change accelerates the time over which distributions shall be made to the Participant (except as otherwise permitted under Section 409A) and the Committee shall deny any change made to an election if the Committee determines that the change violates the requirement under Section 409A that the first payment with respect to which such election is made be deferred for a period of not less than five (5) years from the date the payment would otherwise have been made. For these purposes, installment payments shall be treated as a single payment, with the result that an election to change from installments to a lump sum (or to a different Annual Installment Method) will require that the lump sum be postponed until a date which is at least five (5) years from the previously scheduled payment date of the first installment.

ARTICLE 6

Pre-Retirement Survivor Benefit

- 6.1 **Pre-Retirement Survivor Benefit.** Subject to the Deduction Limitation, and any other conditions imposed by the Committee, the Participant's Beneficiary shall receive a Pre-Retirement Survivor Benefit equal to the Participant's Account Balance if the Participant dies before he or she Retires or experiences a Termination of Employment.
- 6.2 **Payment of Pre-Retirement Survivor Benefit.** The Participant's Beneficiary shall receive the Pre-Retirement Survivor Benefit in a lump sum during the sixty (60) day period immediately following the close of the calendar quarter in which the Committee receives proof that is satisfactory to the Committee of the Participant's death, in accordance with the procedures established by the Committee. Any payment made shall be subject to Section 3.9 and to the Deduction Limitation. Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 6.2 shall be in the form of Stock.
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- 6.3 **Death Prior to Completion of Termination Benefit or Retirement Benefit.** If a Participant dies after Termination of Employment or Retirement but before the Termination Benefit or Retirement Benefit is paid in full, the Participant's unpaid Termination Benefit or Retirement Benefit shall be paid to the Participant's Beneficiary in a lump sum during the sixty (60) day period immediately following the close of the calendar quarter in which the Committee receives proof that is satisfactory to the Committee of the Participant's death, in accordance with the procedures established by the Committee. Any payment made hereunder shall be subject to Section 3.8, but shall not be subject to the Deduction Limitation. Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 6.3 shall be in the form of Stock.

ARTICLE 7

Termination Benefit

- 7.1 **Termination Benefit.** Subject to the Deduction Limitation and to Section 3.9, and any other conditions imposed by the Committee, the Participant shall receive a Termination Benefit, which shall be equal to the Participant's vested Account Balance if a Participant experiences a Termination of Employment prior to his or her Retirement or death.
- 7.2 **Payment of Termination Benefit.** A Participant's Termination Benefit shall be paid in a lump sum during the sixty (60) day period immediately following the close of the calendar quarter in which the Participant experiences a Termination of Employment, in accordance with the procedures established by the Committee; provided, however, that, to the extent required under Section 409A, Termination Benefit distributions to an individual who is a Specified Employee as of the date of his or her Separation from Service shall commence no earlier than six (6) months after the date of his or her Termination of Employment (or, if earlier, his or her death).

Notwithstanding anything above or elsewhere in the Plan to the contrary, to the extent Section 409A requires that a Restricted Share Unit deferral election satisfy the rules under Section 409A applicable to changes to form and timing of distribution elections in order for such Restricted Share Unit deferral election to effectively defer tax with respect to the Restricted Share Unit deferrals, that portion of the Participant's Restricted Share Unit Deferral Account attributable to such Restricted Share Unit deferral election shall be distributable as a Termination Benefit solely at such time(s) and in such manner as the Termination Benefit distribution does not violate the rules under Section 409A applicable to changes to form and timing of distribution elections.

Any payment made shall be subject to the Deduction Limitation and to Section 3.9. Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 7.2 shall be in the form of Stock.

ARTICLE 8

Beneficiary Designation

- 8.1 **Beneficiary.** Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.
- 8.2 **Beneficiary Designation; Change.** A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. Upon the acceptance by the Committee or its designated agent of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee or its designated agent prior to his or her death.
- 8.3 **Acceptance.** No designation or change in designation of a Beneficiary shall be effective until received and accepted by the Committee or its designated agent.
- 8.4 **No Beneficiary Designation.** If a Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2 and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.
- 8.5 **Doubt as to Beneficiary.** If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.
- 8.6 **Discharge of Obligations.** The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

Neither the Committee nor the Employer shall be obliged to search for any Participant or Beneficiary beyond the sending of a registered letter to such person's last known address. If the Committee notifies any Participant or Beneficiary that he or she is entitled to an amount under the Plan and the Participant or Beneficiary fails to claim such amount or make his or her location known to the Committee within three (3) years thereafter, then, except as otherwise required by law, if the location of one or more of the next of kin of the Participant is known to the Committee, the Committee may direct distribution of such amount to any one or more or all of such next of kin, and in such proportions as the Committee determines. If the location of none of the foregoing persons can be determined, the Committee shall have the right to direct that the amount payable shall be deemed to be a forfeiture, except that the dollar amount of the forfeiture, unadjusted for deemed gains or losses in the interim, shall be paid by the Employer if a claim for the benefit subsequently is made by the Participant or the Beneficiary to whom it was payable. If a benefit payable to an unlocated Participant or Beneficiary is subject to escheat and/or unclaimed property laws pursuant to applicable law, neither the Committee nor the Employer shall be liable to any person for any payment made in accordance with such law.

ARTICLE 9

Termination, Amendment or Modification

- 9.1 **Termination**. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to discontinue its sponsorship of the Plan and/or to terminate the Plan at any time with respect to any or all of its participating Associates (and/or, with respect to Hovnanian Enterprises, Inc., Independent Directors), by action of its governing body. In addition, the Committee may terminate the Plan with respect to one or more Employers and/or with respect to the right of Independent Directors to participate. Upon a termination of the Plan in accordance with the requirements, restrictions and limitations of Section 1.409A-3(j)(4)(ix) of the Treasury regulations, the Plan Agreements of the affected Participants shall terminate and they shall be paid in a single lump sum distribution their vested Account Balances (but not to commence before or end after any distribution period required by Section 409A). If, due to the circumstances surrounding the Plan termination, a distribution of a Participant's vested Account Balance upon Plan termination is not permitted by Section 409A, the payment of the Account Balance shall be made only after Plan benefits otherwise become due hereunder. The termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination.

Without limiting the generality of the foregoing, the Employer specifically reserves the right to terminate and liquidate the Plan with respect to all of its participating Associates (and, with respect to Hovnanian Enterprises, Inc., Independent Directors), in its discretion and by action of the Committee, within the thirty (30) days preceding or the twelve (12) months following a "change in control event" (as defined in Section 409A); provided, however, that such termination and liquidation must be irrevocable and shall be permitted only if all arrangements sponsored by the Employer that are required to be aggregated with the Plan pursuant to Section 14.21 are also irrevocably terminated and liquidated with respect to each participant therein that has experienced a change in control event, so that Associates and Independent Directors participating under the Plan and all participants under those other arrangements that have experienced a change in control event are required to receive all amounts of compensation deferred under the terminated arrangements within twelve (12) months of the date the Employer takes irrevocable action to terminate and liquidate the arrangements.

Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 9.1 shall be in the form of Stock.

- 9.2 **Amendment**. Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer by the action of its governing body and the Committee may, at any time, amend or modify the Plan in whole or in part with respect to one or more Employers; provided, however, that no amendment or modification shall be effective to decrease or restrict the value of a Participant's Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.
- 9.3 **Plan Agreement**. Despite the provisions of Sections 9.1 and 9.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer or the Committee may only amend or terminate such provisions with the consent of the Participant, unless otherwise provided in the Plan Agreement.
- 9.4 **Effect of Payment**. The full payment of the applicable benefit under Articles 4, 5, 6 or 7 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.
- 9.5 **Amendment to Ensure Proper Characterization of the Plan**. Notwithstanding the previous Sections of this Article 9, the Plan may be amended at any time, retroactively if required, if found necessary, in the opinion of the Committee, in order to ensure that the Plan is characterized as a non-tax-qualified "top hat" plan of deferred compensation maintained for a select group of management or highly compensated employees, as described under ERISA Sections 201(2), 301(a)(3) and 401(a)(1), to conform the Plan to the provisions of Section 409A, to ensure that amounts under the Plan are not considered to be taxed to a Participant under the Federal income tax laws prior to the Participant's receipt of the amounts or to conform the Plan and the Trust to the provisions and requirements of any applicable law (including ERISA and the Code).

ARTICLE 10

Administration

- 10.1 **Committee Duties**. This Plan shall be administered by a Committee which has been duly authorized by the Company to act on behalf of the Company in respect of the Plan. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and (ii) decide or resolve any and all questions including interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company.
- 10.2 **Agents**. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.
- 10.3 **Binding Effect of Decisions**. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.
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10.4 **Indemnity of Committee.** All Employers shall indemnify and hold harmless the members of the Committee, and any Associate to whom the duties of the Committee may be delegated, against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, or any such Associate.

10.5 **Employer Information.** To enable the Committee to perform its functions, the Company and each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 11

Other Benefits and Agreements

11.1 **Coordination with Other Benefits.** The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for Associates (and/or, with respect to Hovnanian Enterprises, Inc., Independent Directors) of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 12

Claims Procedures

12.1 **Scope of Claims Procedures.** This Article is based on final regulations issued by the Department of Labor and published in the Federal Register on November 21, 2000 and codified at 29 C.F.R. section 2560.503-1. If any provision of this Article conflicts with the requirements of those regulations, the requirements of those regulations will prevail.

12.2 **Initial Claim.** A Participant or Beneficiary who believes he or she is entitled to any benefit under the Plan (a "Claimant") may file a claim with the Committee. The Committee shall review the claim itself or appoint an individual or an entity to review the claim.

- (a) **Decision on Initial Claim.** The Claimant shall be notified within ninety (90) days after the claim is filed whether the claim is allowed or denied, unless the Claimant receives written notice from the Committee or appointee of the Committee prior to the end of the ninety (90) day period stating that special circumstances require an extension of the time for decision, such extension not to extend beyond the day which is one hundred eighty (180) days after the day the claim is filed.
- (b) **Manner and Content of Denial of Initial Claims.** If the Committee denies a claim, it must provide to the Claimant, in writing or by electronic communication:
 - (i) The specific reasons for the denial;
 - (ii) A reference to the Plan provision or insurance contract provision upon which the denial is based;
 - (iii) A description of any additional information or material that the Claimant must provide in order to perfect the claim;
 - (iv) An explanation of why such additional material or information is necessary;
 - (v) Notice that the Claimant has a right to request a review of the claim denial and information on the steps to be taken if the Claimant wishes to request a review of the claim denial; and
 - (vi) A statement of the Participant's right to bring a civil action under ERISA Section 502(a) following a denial on review of the initial denial.

12.3 **Review Procedures.**

- (a) **Request for Review of Denied Claim.** A request for review of a denied claim must be made in writing to the Committee within sixty (60) days after receiving notice of denial. The decision upon review will be made within sixty (60) days after the Committee's receipt of a request for review, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than one hundred twenty (120) days after receipt of a request for review. A notice of such an extension must be provided to the Claimant within the initial sixty (60) day period and must explain the special circumstances and provide an expected date of decision.
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The reviewer shall afford the Claimant an opportunity to review and receive, without charge, all relevant documents, information and records and to submit issues and comments in writing to the Committee. The reviewer shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

- (b) **Manner and Content of Notice of Decision on Review.** Upon completion of its review of an adverse initial claim determination, the Committee will give the Claimant, in writing or by electronic notification, a notice containing:
- (i) its decision;
 - (ii) the specific reasons for the decision;
 - (iii) the relevant Plan provisions or insurance contract provisions on which its decision is based;
 - (iv) a statement that the Claimant is entitled to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information in the Plan's files which is relevant to the Claimant's claim for benefits;
 - (v) a statement describing the Claimant's right to bring an action for judicial review under ERISA Section 502(a); and
 - (vi) if an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse determination on review, a statement that a copy of the rule, guideline, protocol or other similar criterion will be provided without charge to the Claimant upon request.

12.4 Calculation of Time Periods. For purposes of the time periods specified in this Article, the period of time during which a benefit determination is required to be made begins at the time a claim is filed in accordance with the Plan procedures without regard to whether all the information necessary to make a decision accompanies the claim. If a period of time is extended due to a Claimant's failure to submit all information necessary, the period for making the determination shall be tolled from the date the notification is sent to the Claimant until the date the Claimant responds.

12.5 Legal Action. If the Plan fails to follow the claims procedures required by this Article, a Claimant shall be deemed to have exhausted the administrative remedies available under the Plan and shall be entitled to pursue any available remedy under ERISA Section 502(a) on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim. A Claimant's compliance with the foregoing provisions of this Article is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claims for benefits under the Plan. However, notwithstanding anything herein that may suggest otherwise, with respect to any claim pertaining to a Participant who is not subject to ERISA, following the Claimant's exhaustion of the foregoing provisions of this Article, all disputes in connection with such claim shall be resolved by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

ARTICLE 13

Trust

13.1 Establishment of the Trust. As of the execution of this amended and restated Plan, the Trust previously established under the Plan has been discontinued. The Company reserves the right at any time to establish another Trust, in which event each Employer shall at least annually transfer over to the Trust such assets as the Employer determines, in its sole discretion, are necessary to provide for its respective future liabilities created with respect to those amounts deferred under the Plan for such Employer's Participants which are to be held under the Trust.

13.2 Interrelationship of the Plan and the Trust. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

13.3 Distributions From the Trust. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 14

Miscellaneous

14.1 Status of Plan. The Plan is not qualified within the meaning of Code Section 401(a) and "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

- 14.2 **Unsecured General Creditor.** Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 14.3 **Employer's Liability.** An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.
- 14.4 **Nonassignability.** Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. Subject to Section 14.15, no part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.
- 14.5 **Not a Contract of Employment.** The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer or to interfere with the right of any Employer to discipline or discharge the Participant at any time. In addition, nothing in the Plan shall be deemed to give an Independent Director Participant the right to continue in the position of an Independent Director.
- 14.6 **Furnishing Information.** A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.
- 14.7 **Terms.** Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.
- 14.8 **Captions.** The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- 14.9 **Governing Law.** Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflicts of laws principles.
- 14.10 **Notice.** Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if it is in accordance with the procedures established by the Committee for notice or filing delivery via electronic transmission or if it is in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Treasurer
K. Hovnanian Companies, LLC
90 Matawan Road, Fifth Floor
Matawan, New Jersey 07747
(732) 747-7800

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

- 14.11 **Successors.** The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer (Hovnanian Enterprises, Inc. in respect of Independent Director Participants) and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 14.12 **Spouse's Interest.** The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.
- 14.13 **Validity.** In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein; except to the extent that Section 409A requires that this Section 14.13 be disregarded because it purports to nullify Plan terms that are not in compliance with Section 409A.
- 14.14 **Incompetent.** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.
- 14.15 **Court Order.** The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole discretion but solely if and to the extent permitted by Section 409A, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.
- 14.16 **Acceleration of Distribution.**
- (a) **In General.** The Employer may, in its discretion, accelerate the date of distribution or commencement of distributions hereunder, or accelerate installment payments by paying the vesting Account Balance in a lump sum or pursuant to an Annual Installment Method using fewer years, to the extent permitted under Section 409A (such as, for example, as provided in Section 1.409A-3(j)(4) of the Treasury regulations to comply with domestic relations orders or certain conflict of interest rules, to pay employment taxes, or to pay certain de minimis amount, or to make payments upon income inclusion under Section 409A). Notwithstanding anything in this Plan to the contrary, any distribution from the Restricted Share Unit Deferral Account under this Section 14.16 shall be in the form of Stock.
 - (b) **Trust.** If the Trust, if any, terminates in accordance with the provisions of the Trust and benefits are distributed from the Trust to a Participant in accordance with such provisions, the Participant's benefits under this Plan shall be reduced to the extent of such distributions.
- 14.17 **Delay in Payment.** If the Employer reasonably anticipates that any payment scheduled to be made hereunder would violate securities laws (or other applicable laws) or jeopardize the ability of the Employer to continue as a going concern if paid as scheduled, then the Employer may defer that payment, provided the Employer treats payments to all similarly situated Participants on a reasonably consistent basis. In addition, the Employer may, in its discretion, delay a payment upon such other events and conditions as the IRS may prescribe, provided the Employer treats payments to all similarly situated Participants on a reasonably consistent basis. Any amounts deferred pursuant to this Section shall continue to be credited or debited with additional amounts in accordance with Section 3.12 above, even if such amount is being paid out in installments. The amounts so deferred and amounts credited or debited thereon shall be distributed to the Participant or his or her Beneficiary (in the event of the Participant's death) at the earliest possible date on which the Employer reasonably anticipates that such violation or material harm would be avoided or as otherwise prescribed by the IRS.
- 14.18 **Prohibited Acceleration/Distribution Timing.** This Section shall take precedence over any other provision of the Plan or this Article 14 to the contrary. If the timing of any deferral or distribution election would result in any tax or other penalty (other than ordinarily payable Federal, state or local income or payroll taxes), which tax or penalty can be avoided by payment of the distribution at a later time, then the distribution shall be made (or commence, as the case may be) on the first date on which such distributions can be made (or commence) without such tax or penalty; except to the extent that Section 409A requires that this Section 14.18 be disregarded because it purports to nullify Plan terms that are not in compliance with Section 409A.
- 14.19 **Insurance.** The Employers, on their own behalf or on behalf of the Trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Employers or the Trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.
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- 14.20 **Aggregation of Employers.** If the Employer is a member of a controlled group of corporations or a group of trades or business under common control (as described in Code §414(b) or (c)), but substituting a twenty-five percent (25%) ownership level for the eighty percent (80%) level set forth in those Code Sections, all members of the group shall be treated as a single Employer for purposes of whether there has occurred a Separation from Service and for any other purposes under the Plan as Section 409A shall require. For purposes of Section 9.1, in the case of a change in control event, the entities to be treated as a single Employer shall be determined immediately following the change in control event.
- 14.21 **Aggregation of Plans.** If the Employer offers other account balance deferred compensation plans in addition to the Plan, those plans together with the Plan shall be treated as a single plan to the extent required under Section 409A for purposes of determining whether an Employee may make a deferral election pursuant to Section 3.5(a) within thirty (30) days of becoming eligible to participate in the Plan and for any other purposes under the Plan as Section 409A shall require.
- 14.22 **USERRA.** Notwithstanding anything herein to the contrary, any election provided to a Participant as necessary to satisfy the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, shall be permissible hereunder.
- 14.23 **Legal Fees To Enforce Rights After Change in Control.** Hovnanian Enterprises, Inc. and each Employer is aware that upon the occurrence of a Change in Control, the Committee or the governing body of a Participant's Employer (which might then be composed of new members) or a shareholder of Hovnanian Enterprises, Inc. or the Participant's Employer, or of any successor corporation might then cause or attempt to cause Hovnanian Enterprises, Inc., the Participant's Employer or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause Hovnanian Enterprises, Inc. or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, it should appear to any Participant that Hovnanian Enterprises, Inc., the Participant's Employer or any successor corporation has failed to comply with any of its obligations under the Plan or any agreement thereunder or, if Hovnanian Enterprises, Inc., such Employer or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant the benefits intended to be provided, then Hovnanian Enterprises, Inc. and the Participant's Employer irrevocably authorize such Participant to retain counsel of his or her choice at the expense of Hovnanian Enterprises, Inc. and the Participant's Employer (who shall be jointly and severally liable) to represent such Participant in connection with the initiation or defense of any litigation or other legal action, whether by or against Hovnanian Enterprises, Inc., the Participant's Employer or any director, officer, shareholder or other person affiliated with Hovnanian Enterprises, Inc., the Participant's Employer or any successor thereto in any jurisdiction.

IN WITNESS WHEREOF, the Company has signed this Plan document, effective as of January 1, 2022.

K. HOVNANIAN COMPANIES, LLC,
a California corporation

By: _____

Title: _____

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as Administrative Agent, in its capacity as collateral agent (in such capacity, the “**Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, the Borrower, Hovnanian and each of the other guarantors party thereto have entered into the Credit Agreement dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Credit Agreement**”) with Wilmington Trust, National Association as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Borrower is issuing the 9.5% Senior Secured 1.125 Lien Notes due 2026 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Credit Agreement, the Borrower, Hovnanian, the other Grantors and the Agent have entered into the First Lien Collateral Agency Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association, will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes (as defined in the 1.125 Lien Security Agreement), the Secured Notes (as defined in the 1.25 Lien Security Agreement) and the Secured Notes (as defined in the 1.5 Lien Security Agreement), certain other secured notes which may be issued from time to time in accordance with the 1.125 Lien Indenture, 1.25 Lien Indenture and 1.5 Lien Indenture and for the lenders and Agent under the Credit Agreement (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, concurrently with the execution of the Credit Agreement, each Senior Collateral Agent referenced therein, the Borrower, Hovnanian, the other Grantors party thereto, and the Junior Collateral Agents referenced therein, among others, have entered into the Second Amended and Restated Intercreditor Agreement dated as of October 31, 2019 (as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the “**Second Lien Intercreditor Agreement**”);

WHEREAS, the Borrower, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent have entered into the First Lien Intercreditor Agreement (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) dated as of October 31, 2019;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes Hovnanian, the Borrower’s parent company, and each other Grantor;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the Loans;

WHEREAS, pursuant to and under the Credit Agreement and the Security Agreement dated as of October 31, 2019 (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Credit Agreement and the comparable provisions of any other applicable Loan Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Trademarks, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 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 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 any United States “intent-to-use” trademark or service mark applications 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, the Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The Agent agrees that, at the 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 upon receipt of an Officer’s Certificate or an Opinion of Counsel to that effect.

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Credit Agreement and any other applicable Loan Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 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 Security Agreement and the Credit Agreement and any other applicable Loan Documents, 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, the Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 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 the Grantor, which right is hereby waived and released. The Agent shall endeavor to provide the Grantor 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 Agent's rights hereunder.

6. All of Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Credit Agreement or any other applicable Loan Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Credit Agreement and any other applicable Loan Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 Loan 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 Loan 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 13 hereof or at such other address of which the Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by teletype), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the Agent or the Grantor shall be effected in the manner provided for in Section 9.02 of the Credit Agreement and the related provisions of any other applicable Loan Documents.

14. In the performance of its obligations, powers and rights hereunder, the Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as Agent under the Credit Agreement and the other applicable Loan Documents. The Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Borrower or Required Lenders in accordance with the Credit Agreement. Notwithstanding anything to the contrary contained herein, the Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the Agent hereunder shall not be construed as duties. The Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Trademark Security Agreement to be duly executed and delivered as of the date first above written.

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

K. HOV IP, II, INC., as Grantor

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Treasurer

United States Trademark Registrations and Applications

Federal Trademarks

Owner	Trademark	Application No. / Registration No.
K. HOV IP, II, INC.	LOOKS and Design	7176845
K. HOV IP, II, INC.	Design	7004503

COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as Administrative Agent, in its capacity as collateral agent (in such capacity, the “**Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, the Borrower, Hovnanian and each of the other guarantors party thereto have entered into the Credit Agreement dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Credit Agreement**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Borrower is issuing the 9.5% Senior Secured 1.125 Lien Notes due 2026 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Credit Agreement, the Borrower, Hovnanian, the other Grantors and the Agent have entered into the First Lien Collateral Agency Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes (as defined in the 1.125 Lien Security Agreement), the Secured Notes (as defined in the 1.25 Lien Security Agreement) and the Secured Notes (as defined in the 1.5 Lien Security Agreement), certain other secured notes which may be issued from time to time in accordance with the 1.125 Lien Indenture, 1.25 Lien Indenture and 1.5 Lien Indenture and for the lenders and Agent under the Credit Agreement (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, concurrently with the execution of the Credit Agreement, each Senior Collateral Agent referenced therein, the Borrower, Hovnanian, the other Grantors party thereto, and the Junior Collateral Agents referenced therein, among others, have entered into the Second Amended and Restated Intercreditor Agreement dated as of October 31, 2019 (as the same may be further amended, supplemented, amended and restated or otherwise modified from time to time, the “**Second Lien Intercreditor Agreement**”);

WHEREAS, the Borrower, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent have entered into the First Lien Intercreditor Agreement (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) dated as of October 31, 2019;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes Hovnanian, the Borrower’s parent company, and each other Grantor;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the Loans;

WHEREAS, pursuant to and under the Credit Agreement and the Security Agreement dated as of October 31, 2019 (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Credit Agreement and the comparable provisions of any other applicable Loan Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).
2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Copyrights, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 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 Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC (or any successor provision or provisions).
3. The Grantor covenants and warrants that:
 - (a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;
 - (b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Credit Agreement and any other applicable Loan Documents;
4. The Grantor 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 the Grantor's obligations under this Agreement, without the Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 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 Security Agreement and the Credit Agreement and any other applicable Loan Documents, 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, the Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 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 the Grantor, which right is hereby waived and released. The Agent shall endeavor to provide the Grantor 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 Agent's rights hereunder.

6. All of Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Credit Agreement or any other applicable Loan Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Credit Agreement and any other applicable Loan Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 Loan 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 Loan 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 13 hereof or at such other address of which the Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. 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.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the Agent or the Grantor shall be effected in the manner provided for in Section 9.02 of the Credit Agreement and the related provisions of any other applicable Loan Documents.

14. In the performance of its obligations, powers and rights hereunder, the Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as Agent under the Credit Agreement and the other applicable Loan Documents. The Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Borrower or Required Lenders in accordance with the Credit Agreement. Notwithstanding anything to the contrary contained herein, the Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the Agent hereunder shall not be construed as duties. The Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Copyright Security Agreement to be duly executed and delivered as of the date first above written.

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Grantor:

K. HOV IP, II, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Treasurer

United States Copyright Registrations

Copyrights		
Owner	Registration Number	Copyright
K. HOV IP, II, INC.	VAu001460034	K. Hovnanian Diamond Design

1.125 LIEN SECURITY AGREEMENT

made by

**K. HOVNIANIAN ENTERPRISES, INC.,
HOVNIANIAN ENTERPRISES, INC.**

and certain of their respective Subsidiaries

in favor of

WILMINGTON TRUST, NATIONAL ASSOCIATION

as the 1.125 Lien Collateral Agent

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Joint First Lien Collateral Agent

Dated as of October 5, 2023

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “**Agreement**”), dated as of October 5, 2023, is made by K. Hovnanian Enterprises, Inc., a California corporation (the “**Issuer**”), Hovnanian Enterprises, Inc., a Delaware corporation (“**Hovnanian**”), and each of the signatories listed on Schedule A hereto (the Issuer, Hovnanian and such signatories, together with any other entity that may become a party hereto as provided herein, the “**Grantors**”), in favor of Wilmington Trust, National Association, as the collateral agent (in such capacity, the “**1.125 Lien Collateral Agent**”) for the benefit of itself, and the other Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WITNESSETH:

WHEREAS, the Issuer, Hovnanian and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”), and the 1.125 Lien Collateral Agent, pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 (including any additional notes from time to time issued under the Indenture, the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.25 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

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 Secured Notes; and

NOW, THEREFORE, in consideration of the premises and to induce the holders to purchase the Secured Notes, each Grantor hereby agrees with the 1.125 Lien Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

ARTICLE 1 Defined Terms

Section 1.01. *Definitions.* (a) Definitions set forth above are incorporated herein and unless otherwise defined herein, terms defined in the Indenture and any other applicable Noteholder Document and used herein shall have the meanings respectively given to them in the Indenture and any other applicable Noteholder Document or, if not defined herein or therein, in the First Lien 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, Fixtures, General Intangibles, Goods, Payment Intangibles, Instruments, Inventory, Investment Property, Letter of Credit Rights, Payment Intangibles, Securities Accounts, Software and Supporting Obligations.

(b) The following terms shall have the following meanings:

“**1.125 Lien Indenture**”: the Indenture, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, each of the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 upon the terms and conditions set forth therein.

“**1.125 Lien Security Agreement**”: the Security Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, the Grantors party thereto in favor of the 1.25 Lien Collateral Agent (as defined therein) entered into in connection with the 1.25 Lien Indenture.

“Agreement”: this Security Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“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 bank with a capital and surplus of at least \$250,000,000 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, (ii) investment grade commercial paper or debt or commercial paper issued by any bank with a capital and surplus of at least \$250,000,000 organized under the laws of the United States of America or any state thereof 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 clauses (i) and (ii).

“Collateral”: as defined in Article 2.

“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.

“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 1.01(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.

“Event of Default” shall mean an “Event of Default” as defined in the Indenture with respect to either issuance of Secured Notes or any other applicable Noteholder Documents.

“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), (iii) the account holding amounts dedicated to the “Marie Fund” established by the Grantors for the benefit of their employees (so long as the Grantors’ deposits therein and withdrawals therefrom are consistent with past practice) and (iv) such other accounts with respect to which Hovnanian determines that the cost of perfecting a Lien thereon is excessive in relation to the benefit thereof (as reasonably determined by Hovnanian’s Board of Directors in a board resolution delivered to the 1.125 Lien Collateral Agent).

“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.

“Law”: 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.

“Noteholders”: the collective reference to the “Holder” or “Holder of Notes” (as defined in the Indenture) of the Secured Notes.

“Noteholder Collateral Document”: 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.

“Noteholder Documents”: collectively, (a) the Indenture, the Secured Notes and the Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any 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.

“Official Body”: 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 Certificate”: with respect to any Grantor, a certificate substantially in the form of Exhibit C, completed and supplemented with the schedules contemplated thereby, and signed by an officer of such Grantor.

“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, and as defined in, the Indenture, the Secured Notes, the Guarantees and the related Noteholder Documents, in each case, together with any extensions, renewals, replacements or refundings thereof and all costs and expenses of enforcement and collection, including reasonable attorney’s fees, expenses and disbursements.

“Secured Parties”: the collective reference to the 1.125 Lien Collateral Agent, the Trustee, the Joint First Lien Collateral Agent and the Noteholders.

“Securities Accounts”: the collective reference to the securities accounts in the name of the applicable Grantor and any additional, substitute or successor account.

“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.

Section 1.02. *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.

ARTICLE 2 Grant of Security Interest

Each Grantor hereby grants to the 1.125 Lien Collateral 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 Chattel Paper (including, Electronic Chattel Paper);

(c) 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);

- (d) all Contracts;
 - (e) all Securities Accounts;
 - (f) all Deposit Accounts;
 - (g) all Documents (other than title documents with respect to vehicles);
 - (h) all Equipment;
 - (i) all Fixtures;
 - (j) all General Intangibles;
 - (k) all Goods;
 - (l) all Instruments;
 - (m) all Intellectual Property;
 - (n) all Inventory;
 - (o) all Investment Property;
 - (p) all letters of credit;
 - (q) all Letter of Credit Rights;
 - (r) all Payment Intangibles;
 - (s) all Vehicles and title documents with respect to Vehicles;
 - (t) all Receivables;
 - (u) all Software;
 - (v) all Supporting Obligations;
 - (w) 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;
 - (x) all books and records pertaining to any of the Collateral; and
-

(y) 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 Article 2 (and notwithstanding any recording of the 1.125 Lien Collateral Agent's Lien in the U.S. Patent and Trademark Office, the U.S. Copyright 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 constituting "Excluded Property" (as defined in the Indenture and any other applicable Noteholder Documents) 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 applications 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 1.125 Lien Collateral 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 upon receipt of an Officers' Certificate or an Opinion of Counsel to that effect.

ARTICLE 3

Representations and Warranties

To induce the holders to purchase the Secured Notes and to enter into this Agreement, each Grantor hereby represents and warrants to the 1.125 Lien Collateral Agent and each other Secured Party that:

Section 3.01. *Title; No Other Liens.* Except for the security interest granted to the 1.125 Lien Collateral Agent for the ratable benefit of the Secured Parties pursuant to this Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others except for the Permitted Liens. None of the Grantors has filed or consented to the filing of any financing statement or other public notice with respect to all or any part of the Collateral in any public office, except with respect to Permitted Liens.

Section 3.02. *Perfected 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, or will be delivered within the time periods set forth in Schedule C, to the 1.125 Lien Collateral Agent or the Joint First Lien Collateral Agent, as applicable, in completed form) will constitute valid perfected (to the extent such security interest can be perfected by such filings or actions set forth on Schedule C) security interests in all of the Collateral in favor of the 1.125 Lien Collateral 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 for Permitted Liens.

Section 3.03. *Jurisdiction of Organization; Chief Executive Office.* On the date hereof, such Grantor's exact legal name, jurisdiction of organization, and the location of such Grantor's chief executive office, are specified in the Perfection Certificate.

Section 3.04. *Farm Products.* None of the Collateral constitutes, or is the Proceeds of, Farm Products.

Section 3.05. *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 Liens.

Section 3.06. *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 Joint First Lien Collateral Agent.

Section 3.07. *Perfection Certificate.* The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein, including the exact legal name and jurisdiction of organization of each Grantor, is correct and complete in all material respects as of the date hereof.

ARTICLE 4

Covenants

Each Grantor covenants and agrees with the 1.125 Lien Collateral 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:

Section 4.01. *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 3.02 and shall defend such security interest against the claims and demands of all Persons whomsoever other than any holder of Permitted Liens.

(b) At any time and from time to time, and at the sole expense of such Grantor, 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 required by applicable law 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) subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, Section 4.18(d) of the Indenture and the comparable provisions of any other applicable Noteholder Documents, 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 Joint First Lien Collateral 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 Excluded Accounts.



(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 1.125 Lien Collateral Agent in a writing signed by such Grantor of the details thereof and grant to the 1.125 Lien Collateral 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 required by applicable law and such writing shall constitute a supplement to Schedule B hereto.

Section 4.02. *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 1.125 Lien Collateral Agent.

Section 4.03. *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 Joint First Lien Collateral Agent, duly indorsed, to be held as Collateral pursuant to this Agreement in a manner reasonably satisfactory to the Joint First Lien Collateral Agent.

Section 4.04. *Intellectual Property.* (a) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or any political subdivision thereof, such Grantor shall report such filing to the 1.125 Lien Collateral Agent on or before the date upon which Hovnanian is required to file reports with the Trustee pursuant to Section 4.15 of the Indenture and the comparable provisions of any other applicable Noteholder Documents for the fiscal quarter in which such filing occurs. Such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as may be necessary to create and perfect the 1.125 Lien Collateral Agent's and the other Secured Parties' security interest in any registered or applied for Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby. Nothing in this Agreement prevents any Grantor from discontinuing the use or maintenance of its Intellectual Property if such Grantor determines in its reasonable business judgment that such discontinuance is desirable in the conduct of its business.

(b) Such Grantor's obligations under Section 4.04(a) above shall include executing and delivering, and having recorded, with respect to such Collateral, an agreement substantially in the form of the Trademark / Patent / Copyright Security Agreement attached hereto as Exhibit A.

ARTICLE 5

Investing Amounts in the Securities Accounts

Section 5.01. *Investments.* If requested by the Issuer in writing, the Joint First Lien Collateral Agent will, from time to time, invest amounts on deposit in the Deposit Accounts or Securities Accounts in which the 1.125 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens, in Cash Equivalents pursuant to the written instructions of the Issuer. All investments may, at the option of the Joint First Lien Collateral Agent, be made in the name of the Joint First Lien Collateral Agent or a nominee of the Joint First Lien Collateral Agent and in a manner that preserves the Issuer's ownership of, and the 1.125 Lien Collateral Agent's perfected Lien (with the same priority as set forth in the First Lien Intercreditor Agreement) on, such investments, subject only to Permitted Liens. Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, all income received from such investments shall accrue for the benefit of the Issuer and shall be credited (promptly upon receipt by the Joint First Lien Collateral Agent) to a Deposit Account or Securities Account, in which the 1.125 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens. The Issuer will only direct the 1.125 Lien Collateral Agent or Joint First Lien Collateral Agent to make investments in which the 1.125 Lien Collateral Agent can obtain a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens, and the Issuer hereby agrees to execute promptly any documents which may be required to implement or effectuate the provisions of this Section.

Section 5.02. *Liability.* The 1.125 Lien Collateral 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 1.125 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens (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 1.125 Lien Collateral Agent's gross negligence or willful misconduct as determined by a final and nonappealable decision of a court of competent jurisdiction.

ARTICLE 6

Remedial Provisions

Section 6.01. *Certain Matters Relating to Receivables.*

(a) At any time during the continuance of an Event of Default, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent may require in connection with such test verifications. The 1.125 Lien Collateral 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 1.125 Lien Collateral Agent's rights hereunder.

(b) Each Grantor is authorized to collect such Grantor's Receivables and, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.125 Lien Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. The 1.125 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency Agreement, if requested in writing by the 1.125 Lien Collateral 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 Joint First Lien Collateral Agent if required, in a collateral account maintained under the sole dominion and control of the Joint First Lien Collateral Agent, subject to withdrawal by the Joint First Lien Collateral Agent to be applied in accordance with the First Lien Intercreditor Agreement and (ii) until so turned over, shall be held by such Grantor in trust for the Joint First Lien Collateral Agent and the Secured Parties, segregated from other funds of such Grantor.

(c) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, at the 1.125 Lien Collateral 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 Joint First Lien Collateral 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.

Section 6.02. *Communications with Obligor: Grantors Remain Liable.*

(a) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent's satisfaction the existence, amount and terms of any Receivables or Contracts. The 1.125 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency Agreement, upon the written request of the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the 1.125 Lien Collateral 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 1.125 Lien Collateral 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 1.125 Lien Collateral Agent or any Secured Party of any payment relating thereto, nor shall the 1.125 Lien Collateral 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.

Section 6.03. *Proceeds to Be Turned Over to 1.125 Lien Collateral Agent.* In addition to the rights of the 1.125 Lien Collateral Agent and the Secured Parties specified in Section 6.01 with respect to payments of Receivables, and subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if an Event of Default shall occur and be continuing, upon written request from the 1.125 Lien Collateral 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 Joint First Lien Collateral 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 Joint First Lien Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Joint First Lien Collateral Agent, if requested). All Proceeds received by the Joint First Lien Collateral Agent hereunder shall be held by the Joint First Lien Collateral Agent in a collateral account maintained under its sole dominion and control. All such Proceeds while held by the Joint First Lien Collateral Agent in a collateral account (or by such Grantor in trust for the 1.125 Lien Collateral 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 6.04 subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement.

Section 6.04. *Application of Proceeds.* If an Event of Default shall have occurred and be continuing, at any time at the 1.125 Lien Collateral Agent's election, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, and any other intercreditor or collateral agency agreement entered into in connection with Indebtedness permitted under the Indenture, the 1.125 Lien Collateral 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 First Lien Intercreditor Agreement.

Section 6.05. *Code and Other Remedies.* Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if an Event of Default shall occur and be continuing, the 1.125 Lien Collateral 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 1.125 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency 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 1.125 Lien Collateral 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 1.125 Lien Collateral 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 1.125 Lien Collateral Agent's rights hereunder. The 1.125 Lien Collateral 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 1.125 Lien Collateral Agent's request, to assemble the Collateral and make it available to the 1.125 Lien Collateral Agent at places which the 1.125 Lien Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.125 Lien Collateral Agent shall apply the proceeds of any action taken by it pursuant to this Section 6.05 against the Secured Obligations, whether or not then due and payable, and only after such application and after the payment by the 1.125 Lien Collateral 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 1.125 Lien Collateral 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 1.125 Lien Collateral 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.

The 1.125 Lien Collateral Agent shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to this Article 6 conducted in accordance with the requirements of applicable laws. Each Grantor hereby waives any claims against the 1.125 Lien Collateral Agent and the other Secured Parties arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the 1.125 Lien Collateral Agent accepts the first offer received and does not offer the Collateral to more than one offeree, provided that such private sale is conducted in accordance with applicable laws and this Agreement. Each Grantor hereby agrees that in respect of any sale of any of the Collateral pursuant to the terms hereof, the 1.125 Lien Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchaser by any governmental authority or official, nor shall the 1.125 Lien Collateral Agent be liable or accountable to any Grantor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

Section 6.06. *Subordination.* Each Grantor hereby agrees that, upon the occurrence and during the continuance of an Event of Default, unless otherwise agreed in writing by the 1.125 Lien Collateral 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 applicable series of Secured Obligations.

Section 6.07. *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, expenses and disbursements of any attorneys employed by the 1.125 Lien Collateral Agent or any Secured Party to collect such deficiency.

ARTICLE 7 The 1.125 Lien Collateral Agent

Section 7.01. *1.125 Lien Collateral Agent's Appointment as Attorney-in-fact, Etc.* (a) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Grantor hereby irrevocably constitutes and appoints the 1.125 Lien Collateral 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 1.125 Lien Collateral 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) following the occurrence of an Event of Default, 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 1.125 Lien Collateral 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 is necessary to evidence the 1.125 Lien Collateral 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 6.05, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) 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 1.125 Lien Collateral Agent or as the 1.125 Lien Collateral Agent shall direct; (B) 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; 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; (C) 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; (D) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (E) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the 1.125 Lien Collateral Agent may deem appropriate; (F) 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 is necessary; and (G) 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 1.125 Lien Collateral Agent were the absolute owner thereof for all purposes, and do, at the 1.125 Lien Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the 1.125 Lien Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the 1.125 Lien Collateral 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 1.125 Lien Collateral 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) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if any Grantor fails to perform or comply with any of its agreements contained herein, the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent incurred in connection with actions undertaken as provided in this Section 7.01, together with, if past due, interest thereon at a rate per annum equal to the interest rate on the Secured Notes, from the date when due to the 1.125 Lien Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the 1.125 Lien Collateral 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.

Section 7.02. *Duty of 1.125 Lien Collateral Agent.* The 1.125 Lien Collateral 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 1.125 Lien Collateral Agent deals with similar property for its own account. Neither the 1.125 Lien Collateral 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. In connection therewith, the 1.125 Lien Collateral Agent shall be under no obligation to take any action toward the enforcement of this Agreement, whether on its own motion or on the request of any other Person, which in the opinion of the 1.125 Lien Collateral Agent may involve loss, liability or expense to it, unless the Company or one or more Secured Parties shall offer and furnish security or indemnity, reasonably satisfactory to the 1.125 Lien Collateral Agent, against such loss, liability and expense to the 1.125 Lien Collateral Agent. The powers conferred on the 1.125 Lien Collateral Agent and the Secured Parties hereunder are solely to protect the 1.125 Lien Collateral Agent's and the Secured Parties' interests in the Collateral and shall not impose any duty upon the 1.125 Lien Collateral Agent or any Secured Party to exercise any such powers. The 1.125 Lien Collateral 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.

Section 7.03. *Execution of Financing Statements.* Pursuant to any applicable law, each Grantor authorizes the 1.125 Lien Collateral Agent or the Joint First Lien Collateral 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 required by applicable law to perfect the security interests of the 1.125 Lien Collateral Agent under this Agreement. Each Grantor authorizes the 1.125 Lien Collateral Agent to use the collateral description "all personal property" or "all assets" in any such financing statements.

Section 7.04. *Authority of 1.125 Lien Collateral Agent.* Each Grantor acknowledges that the rights and responsibilities of the 1.125 Lien Collateral Agent under this Agreement with respect to any action taken by the 1.125 Lien Collateral Agent or the exercise or non-exercise by the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent and the Secured Parties, be governed by the Indenture, the Collateral Agency Agreement, other applicable Noteholder Documents and by such other agreements with respect thereto as may exist from time to time among them, but, as between the 1.125 Lien Collateral Agent and the Grantors, the 1.125 Lien Collateral 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.

ARTICLE 8 Miscellaneous

Section 8.01. *Amendments in Writing.* None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with the Indenture. For the avoidance of doubt, the Issuer, the other Grantors (if applicable) and the 1.125 Lien Collateral Agent may, without the consent of the Noteholders or the Joint First Lien Collateral Agent, enter into amendments or other modifications of this Agreement or any other Noteholder Collateral Document (including by entering into any collateral agency agreement or any other new or supplemental agreements) to the extent contemplated by this Agreement, Section 9.1 of the Indenture and the related provisions of any other applicable Noteholder Documents; *provided*, however, no such amendment, waiver or other modification shall adversely affect the Joint First Lien Collateral Agent without the written consent of the Joint First Lien Collateral Agent.

Section 8.02. *Notices.* All notices, requests and demands to or upon the 1.125 Lien Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

Section 8.03. *No Waiver by Course of Conduct; Cumulative Remedies.* Neither the 1.125 Lien Collateral Agent nor any Secured Party shall by any act (except by a written instrument pursuant to Section 8.01), 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 1.125 Lien Collateral 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 1.125 Lien Collateral 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 1.125 Lien Collateral 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.

Section 8.04. *Enforcement Expenses; Indemnification.* (a) Each Grantor jointly and severally agrees to pay, indemnify against or reimburse each Secured Party and the 1.125 Lien Collateral Agent for all its costs and expenses incurred in enforcing or preserving any rights under this Agreement and the other Noteholder Documents to which such Grantor is a party, including, without limitation, the reasonable fees, expenses and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to the 1.125 Lien Collateral Agent and the Secured Parties.

(b) Each Grantor agrees to pay, and to save the 1.125 Lien Collateral 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 1.125 Lien Collateral 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 7.7 of the Indenture and the related provisions of any other applicable Noteholder Documents except those resulting from the 1.125 Lien Collateral Agent's or any Secured Party's willful misconduct or gross negligence.

(d) The agreements in this Section 8.04 shall survive repayment of the Secured Obligations, termination of the Noteholder Documents and resignation or removal of the 1.125 Lien Collateral Agent.

Section 8.05. *Successors and Assigns.* This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the 1.125 Lien Collateral Agent and the Secured Parties and their successors and assigns; *provided* that except as permitted by the Indenture, no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the 1.125 Lien Collateral Agent.



Section 8.06. *Set-off.* Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Grantor hereby irrevocably authorizes the 1.125 Lien Collateral 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 1.125 Lien Collateral 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 1.125 Lien Collateral Agent or such other Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to the 1.125 Lien Collateral Agent or such other Secured Party hereunder and claims of every nature and description of the 1.125 Lien Collateral Agent or such other Secured Party against such Grantor, in any currency, whether arising hereunder, under the Indenture or any other Noteholder Document, as the 1.125 Lien Collateral Agent or such other Secured Party may elect, whether or not the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent and each other Secured Party shall endeavor to notify the Issuer promptly of any such set-off and the application made by the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent and each other Secured Party under this Section 8.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the 1.125 Lien Collateral Agent or such other Secured Party may have.

Section 8.07. *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.

Section 8.08. *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.

Section 8.09. *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.

Section 8.10. *Integration.* This Agreement and the other Noteholder Documents represent the agreement of the Grantors, the 1.125 Lien Collateral 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 1.125 Lien Collateral Agent or any Secured Parties relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Noteholder Documents.

Section 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.

Section 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 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 8.02 or at such other address of which the 1.125 Lien Collateral 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.

Section 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 Noteholder Documents to which it is a party;

(b) neither the 1.125 Lien Collateral 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 Noteholder Documents, and the relationship between the Grantors, on the one hand, and the 1.125 Lien Collateral Agent and Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor;

(c) no joint venture is created hereby or by the other Noteholder Documents 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 1.125 Lien Collateral 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 the 1.125 Lien Collateral Agent may desire; and the 1.125 Lien Collateral Agent may appoint itself, any affiliate or a third party as the 1.125 Lien Collateral Agent, and all reasonable costs of the 1.125 Lien Collateral Agent shall be borne by the Grantors.

Section 8.14. *Additional Grantors.* Each Restricted Subsidiary (as defined in the Indenture and any other applicable Noteholder Documents) 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 B hereto.

Section 8.15. *Releases.* (a) Upon the indefeasible payment in full in cash 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 1.125 Lien Collateral Agent, the Joint First Lien Collateral 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.

(b) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, all or a portion of the Collateral shall be released from the Liens created hereby, and a Grantor may be released from its obligations hereunder, in each case pursuant to and as provided in Section 11.4 of the Indenture with respect to the Secured Notes. At the request and sole expense of such Grantor, upon the 1.125 Lien Collateral Agent's receipt of the documents required by Section 11.4 of the Indenture with respect to the Secured Notes, the 1.125 Lien Collateral Agent shall deliver to such Grantor any Collateral held by the 1.125 Lien Collateral Agent or Joint First Lien Collateral Agent hereunder, and execute and deliver to such Grantor such documents as the Grantor shall reasonably request to evidence such termination or release.

(c) None of the Grantors, the 1.125 Lien Collateral Agent, the Joint First Lien Collateral Agent or Trustee is authorized to, and each agrees not to, make any filing (including the filing of Uniform Commercial Code termination statements) to reflect on public record the termination and release of any security interest granted hereunder or in any other Noteholder Collateral Document except in connection with a termination or release permitted by Sections 8.15(a) or (b) of this Agreement.

Section 8.16. *Waiver of Jury Trial.* EXCEPT AS PROHIBITED BY LAW, EACH GRANTOR AND THE 1.125 LIEN COLLATERAL AGENT, ON BEHALF OF ITSELF, THE TRUSTEE AND THE JOINT FIRST LIEN COLLATERAL AGENT, HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENTS OR TRANSACTIONS RELATING THERETO.

Section 8.17. *First Lien Intercreditor Agreement and Collateral Agency Agreement.* Notwithstanding anything herein to the contrary, the lien and security interest granted to the 1.125 Lien Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the 1.125 Lien Collateral Agent hereunder are subject to the provisions of the First Lien Intercreditor Agreement and the Collateral Agency Agreement. In the event of any conflict between the terms of the First Lien Intercreditor Agreement and this Agreement, the terms of the First Lien Intercreditor Agreement shall govern. In the event of any conflict between the terms of the Collateral Agency Agreement and this Agreement, the terms of the Collateral Agency Agreement shall govern.

Section 8.18. *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 Joint First Lien Collateral 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 Person party thereto, the Joint First Lien Collateral 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.

Section 8.19. *1.125 Lien Collateral Agent Privileges, Powers and Immunities.* In the performance of its obligations, powers and rights hereunder, the 1.125 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.125 Lien Collateral Agent under the Indenture, the other applicable Noteholder Documents and the Collateral Agency Agreement. The 1.125 Lien Collateral 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 specifically authorized under the Indenture and the other applicable Noteholder Documents or it has received with respect thereto written direction of the Issuer, the Noteholders or the Trustee in accordance with the Indenture or other applicable Noteholder Document (it being understood and agreed that the actions and directions set forth in Section 9.1 of the Indenture are not discretionary) and the Collateral Agency Agreement. Notwithstanding anything to the contrary contained herein and notwithstanding anything contained in Section 9-207 of the New York UCC, the 1.125 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.125 Lien Collateral Agent hereunder shall not be construed as duties. The 1.125 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it with due care and shall not be liable for the negligence or misconduct of such appointees.

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SCHEDULE A – LIST OF ENTITIES

EASTERN NATIONAL TITLE AGENCY ARIZONA, LLC
GTIS-HOV AT SILVERSTONE LLC
GTIS-HOV POINTE 16 LLC
K. HOVNIANIAN ARIZONA NEW GC, LLC
K. HOVNIANIAN ARIZONA OPERATIONS, LLC
K. HOVNIANIAN AT 17 NORTH, LLC
K. HOVNIANIAN AT 23 NORTH, LLC
K. HOVNIANIAN AT 240 MISSOURI, LLC
K. HOVNIANIAN AT ACACIA PLACE, LLC
K. HOVNIANIAN AT AIRE ON MCDOWELL, LLC
K. HOVNIANIAN AT ALAMEDA POINT, LLC
K. HOVNIANIAN AT ALTO, LLC
K. HOVNIANIAN AT AMBRA, LLC
K. HOVNIANIAN AT ASTER RIDGE, LLC
K. HOVNIANIAN AT CATANIA, LLC
K. HOVNIANIAN AT EAGLE HEIGHTS, LLC
K. HOVNIANIAN AT GALLERY, LLC
K. HOVNIANIAN AT GALLOWAY RIDGE, LLC
K. HOVNIANIAN AT HONEYSUCKLE TRAIL, LLC
K. HOVNIANIAN AT LAVEEN SPRINGS, LLC
K. HOVNIANIAN AT LUKE LANDING, LLC
K. HOVNIANIAN AT MARYLAND RIDGE, LLC
K. HOVNIANIAN AT MCCARTNEY RANCH, LLC
K. HOVNIANIAN AT MONROE RANCH, LLC
K. HOVNIANIAN AT MONTANA VISTA DOBBINS, LLC
K. HOVNIANIAN AT MONTANA VISTA, LLC
K. HOVNIANIAN AT ORANGEWOOD RANCH, LLC
K. HOVNIANIAN AT PALERMO, LLC
K. HOVNIANIAN AT PALM VALLEY, L.L.C.
K. HOVNIANIAN AT PARK PASEO, LLC
K. HOVNIANIAN AT PINNACLE PEAK PATIO, LLC
K. HOVNIANIAN AT POINTE 16, LLC
K. HOVNIANIAN AT QUAIL CREEK, L.L.C.
K. HOVNIANIAN AT RANCHO CABRILLO, LLC
K. HOVNIANIAN AT RANCHO EL DORADO, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 17, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 23, LLC
K. HOVNIANIAN AT SANTA ROSA SPRINGS, LLC
K. HOVNIANIAN AT SANTANILLA, LLC
K. HOVNIANIAN AT SCOTTSDALE HEIGHTS, LLC
K. HOVNIANIAN AT SIENNA HILLS, LLC
K. HOVNIANIAN AT SILVERSTONE G, LLC
K. HOVNIANIAN AT SILVERSTONE, LLC
K. HOVNIANIAN AT SKYE ON MCDOWELL, LLC

K. HOVNIANIAN AT STERLING VISTAS, LLC
K. HOVNIANIAN AT SUN CITY WEST, LLC
K. HOVNIANIAN AT SUNRISE TRAIL II, LLC
K. HOVNIANIAN AT SUNRISE TRAIL III, LLC
K. HOVNIANIAN AT THE MEADOWS 9, LLC
K. HOVNIANIAN AT THE MEADOWS, LLC
K. HOVNIANIAN AT TORTOSA SOUTH, LLC
K. HOVNIANIAN AT UNION PARK, LLC
K. HOVNIANIAN AT VENTANA LAKES, LLC
K. HOVNIANIAN AT VERRADO CASCINA, LLC
K. HOVNIANIAN AT VERRADO MARKETSIDE, LLC
K. HOVNIANIAN AT VICTORY AT VERRADO, LLC
K. HOVNIANIAN AT VILLAGO, LLC
K. HOVNIANIAN COMPANIES OF ARIZONA, LLC
K. HOVNIANIAN GREAT WESTERN HOMES, LLC
K. HOVNIANIAN LEGACY AT VIA BELLA, LLC
K. HOVNIANIAN PHOENIX DIVISION, INC.
K. HOVNIANIAN WEST GROUP, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR, LLC
VISTAS AT SILVERSTONE LLC
2700 EMPIRE, LLC
GTIS-HOV RANCHO 79 LLC
K. HOV IP, II, INC.
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH M2, LLC
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH, LLC
K. HOVNIANIAN ASPIRE AT RIVER TERRACE, LLC
K. HOVNIANIAN ASPIRE AT SOLAIRE, LLC
K. HOVNIANIAN ASPIRE AT STONES THROW, LLC
K. HOVNIANIAN AT ANDALUSIA, LLC
K. HOVNIANIAN AT ASPIRE AT APRICOT GROVE PH2, LLC
K. HOVNIANIAN AT BAKERSFIELD 463, L.L.C.
K. HOVNIANIAN AT BEACON PARK AREA 129 II, LLC
K. HOVNIANIAN AT BEACON PARK AREA 129, LLC
K. HOVNIANIAN AT BEACON PARK AREA 137, LLC
K. HOVNIANIAN AT BENNETT RANCH, LLC
K. HOVNIANIAN AT BLACKSTONE, LLC
K. HOVNIANIAN AT CADENCE PARK, LLC
K. HOVNIANIAN AT CAPISTRANO, L.L.C.
K. HOVNIANIAN AT CARLSBAD, LLC
K. HOVNIANIAN AT CEDAR LANE, LLC
K. HOVNIANIAN AT CIELO, L.L.C.
K. HOVNIANIAN AT FIDDYMENT RANCH, LLC
K. HOVNIANIAN AT FIREFLY AT WINDING CREEK, LLC
K. HOVNIANIAN AT FRESNO, LLC

K. HOVNIANIAN AT GILROY 60, LLC
K. HOVNIANIAN AT GILROY, LLC
K. HOVNIANIAN AT HIDDEN LAKE, LLC
K. HOVNIANIAN AT JAEGER RANCH, LLC
K. HOVNIANIAN AT LA LAGUNA, L.L.C.
K. HOVNIANIAN AT LADD RANCH, LLC
K. HOVNIANIAN AT LUNA VISTA, LLC
K. HOVNIANIAN AT MELANIE MEADOWS, LLC
K. HOVNIANIAN AT MERIDIAN HILLS, LLC
K. HOVNIANIAN AT MUIRFIELD, LLC
K. HOVNIANIAN AT PARKSIDE, LLC
K. HOVNIANIAN AT PAVILION PARK, LLC
K. HOVNIANIAN AT POSITANO, LLC
K. HOVNIANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNIANIAN AT SAGE II HARVEST AT LIMONEIRA, LLC
K. HOVNIANIAN AT SANTA NELLA, LLC
K. HOVNIANIAN AT SENDERO RANCH, LLC
K. HOVNIANIAN AT SIERRA VISTA, LLC
K. HOVNIANIAN AT SKYE ISLE, LLC
K. HOVNIANIAN AT SUNRIDGE PARK, LLC
K. HOVNIANIAN AT TRAIL RIDGE, LLC
K. HOVNIANIAN AT VALLE DEL SOL, LLC
K. HOVNIANIAN AT VERONA ESTATES, LLC
K. HOVNIANIAN AT VICTORVILLE, L.L.C.
K. HOVNIANIAN AT VILLAGE CENTER, LLC
K. HOVNIANIAN AT VINEYARD HEIGHTS, LLC
K. HOVNIANIAN AT WATERSTONE, LLC
K. HOVNIANIAN AT WEST VIEW ESTATES, L.L.C.
K. HOVNIANIAN AT WESTSHORE, LLC
K. HOVNIANIAN AT WHEELER RANCH, LLC
K. HOVNIANIAN AT WOODCREEK WEST, LLC
K. HOVNIANIAN CA LAND HOLDINGS, LLC
K. HOVNIANIAN CALIFORNIA OPERATIONS, INC.
K. HOVNIANIAN CALIFORNIA REGION, INC.
K. HOVNIANIAN COMMUNITIES, INC.
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES, LLC
K. HOVNIANIAN EAST GROUP, LLC
K. HOVNIANIAN ENTERPRISES, INC.
K. HOVNIANIAN FOUR SEASONS AT HOMESTEAD, LLC
K. HOVNIANIAN HOMES NORTHERN CALIFORNIA, INC.
K. HOVNIANIAN JV HOLDINGS, L.L.C.
K. HOVNIANIAN JV SERVICES COMPANY, L.L.C.
K. HOVNIANIAN MEADOW VIEW AT MOUNTAIN HOUSE, LLC
K. HOVNIANIAN NORTHEAST DIVISION, INC.
K. HOVNIANIAN NORTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN OPERATIONS COMPANY, INC.
K. HOVNIANIAN SOUTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN'S ASPIRE AT UNION VILLAGE, LLC

K. HOVNIANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LOS BANOS, LLC
K. HOVNIANIAN'S SONATA AT THE PRESERVE, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK II, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK, LLC
STONEBROOK HOMES, INC.
K. HOVNIANIAN PARKVIEW AT STERLING MEADOWS, LLC
K. HOVNIANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNIANIAN HOMES AT PARKSIDE, LLC
K. HOVNIANIAN HOMES OF D.C., L.L.C.
GTIS-HOV ARBORS AT MONROE PARENT LLC
GTIS-HOV FOUR PONDS PARENT LLC
GTIS-HOV HEATHERFIELD PARENT LLC
GTIS-HOV HILLTOP AT CEDAR GROVE PARENT LLC
GTIS-HOV HOLDINGS IX LLC
GTIS-HOV HOLDINGS LLC
GTIS-HOV HOLDINGS V LLC
GTIS-HOV HOLDINGS VI LLC
GTIS-HOV HOLDINGS VII LLC
GTIS-HOV HOLDINGS VIII LLC
GTIS-HOV LAKES OF CANE BAY PARENT LLC
GTIS-HOV PARKSIDE OF LIBERTYVILLE PARENT LLC
GTIS-HOV PENDER OAKS PARENT LLC
GTIS-HOV PINNACLE PEAK PATIO PARENT LLC
GTIS-HOV SAUGANASH GLEN PARENT LLC
HOMEBUYERS FINANCIAL USA, LLC
HOVNIANIAN ENTERPRISES, INC. (PARENT COMPANY)
HOVSITE CHURCHILL CLUB LLC
HOVSITE FIRENZE LLC
HOVSITE HUNT CLUB LLC
HOVSITE LIBERTY LAKES LLC
HOVSITE PROVIDENCE LLC
HOVSITE SOUTHAMPTON LLC
K. HOVNIANIAN ASPIRE AT LYNNBURY WOODS, LLC
K. HOVNIANIAN AT ADMIRAL'S LANDING, LLC
K. HOVNIANIAN AT ASHBY PLACE, LLC
K. HOVNIANIAN AT ASPIRE AT WEBBER FARM, LLC
K. HOVNIANIAN AT ASPIRE AT WICKERSHAM, LLC
K. HOVNIANIAN AT AUTUMN RIDGE, LLC
K. HOVNIANIAN AT BAY KNOLLS, LLC
K. HOVNIANIAN AT BRENFORD STATION, LLC
K. HOVNIANIAN AT CEDAR LANE ESTATES, LLC
K. HOVNIANIAN AT EGRET SHORES, LLC
K. HOVNIANIAN AT FORK LANDING, LLC
K. HOVNIANIAN AT HARBOR'S EDGE AT BAYSIDE, LLC
K. HOVNIANIAN AT HIDDEN BROOK, LLC
K. HOVNIANIAN AT LIBERTY WEST, LLC
K. HOVNIANIAN AT MIDDLETOWN RESERVE, LLC
K. HOVNIANIAN AT MONARCH GLEN, LLC
K. HOVNIANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNIANIAN AT NOTTINGHAM MEADOWS, LLC
K. HOVNIANIAN AT OCEAN VIEW BEACH CLUB, LLC
K. HOVNIANIAN AT OYSTER COVE, LLC

K. HOVNIANIAN AT PATRIOTS BLUFF, LLC
K. HOVNIANIAN AT PLANTATION LAKES, L.L.C.
K. HOVNIANIAN AT PLEASANTON, LLC
K. HOVNIANIAN AT RED MILL POND, LLC
K. HOVNIANIAN AT RETREAT AT MILLSTONE, LLC
K. HOVNIANIAN AT SATTERFIELD, LLC
K. HOVNIANIAN AT SEABROOK, LLC
K. HOVNIANIAN AT TOWER HILL, LLC
K. HOVNIANIAN AT TOWNSEND FIELDS, LLC
K. HOVNIANIAN AT WOODFIELD, LLC
K. HOVNIANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN DELAWARE DIVISION, INC.
K. HOVNIANIAN DELAWARE OPERATIONS, LLC
K. HOVNIANIAN HOMES AT KNOLLAC ACRES, LLC
K. HOVNIANIAN HOMES AT SUMMIT POINTE, LLC
K. HOVNIANIAN HOMES OF DELAWARE I, LLC
K. HOVNIANIAN HOMES OF LONGACRE VILLAGE, L.L.C.
K. HOVNIANIAN NEW JERSEY OPERATIONS, LLC
K. HOVNIANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BAYMONT FARMS L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT HATTERAS HILLS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SILVER MAPLE FARM, L.L.C.
KHH SHELL HALL LOAN ACQUISITION, LLC
RIDGEMORE UTILITY OF DELAWARE, LLC
TRAVERSE PARTNERS, LLC
WASHINGTON HOMES, INC.
WTC VENTURES, L.L.C.
GTIS-HOV NICHOLSON PARENT LLC
EASTERN NATIONAL TITLE AGENCY FLORIDA, LLC
HOVNIANIAN DEVELOPMENTS OF FLORIDA, INC.
K. HOVNIANIAN AMBER GLEN, LLC
K. HOVNIANIAN ASPIRE AT BOATMAN HAMMOCK, LLC
K. HOVNIANIAN ASPIRE AT EAST LAKE, LLC
K. HOVNIANIAN ASPIRE AT HAWKS RIDGE, LLC
K. HOVNIANIAN ASPIRE AT MARION OAKS, LLC
K. HOVNIANIAN ASPIRE AT PALM BAY, LLC
K. HOVNIANIAN ASPIRE AT PALM COAST, LLC
K. HOVNIANIAN ASPIRE AT PORT ST. LUCIE, LLC
K. HOVNIANIAN ASPIRE AT VICTORIA PARC, LLC
K. HOVNIANIAN ASPIRE AT WATERSTONE, LLC
K. HOVNIANIAN AT ARMEN GROVES, LLC
K. HOVNIANIAN AT AVENIR II, LLC
K. HOVNIANIAN AT AVENIR, LLC
K. HOVNIANIAN AT BOCA DUNES, LLC
K. HOVNIANIAN AT CORAL LAGO, LLC
K. HOVNIANIAN AT HAMPTON COVE, LLC
K. HOVNIANIAN AT HERITAGE GROVE, LLC

K. HOVNIANIAN AT HILLTOP RESERVE II, LLC
K. HOVNIANIAN AT HILLTOP RESERVE, LLC
K. HOVNIANIAN AT LAKE BURDEN, LLC
K. HOVNIANIAN AT LAKE FLORENCE, LLC
K. HOVNIANIAN AT LAKE LECLARE, LLC
K. HOVNIANIAN AT PICKETT RESERVE, LLC
K. HOVNIANIAN AT REDTAIL, LLC
K. HOVNIANIAN AT SALERNO RESERVE, LLC
K. HOVNIANIAN AT SPRING ISLE, LLC
K. HOVNIANIAN AT SUMMERLAKE, LLC
K. HOVNIANIAN AT TERRA BELLA TWO, LLC
K. HOVNIANIAN AT THE HIGHLANDS AT SUMMERLAKE GROVE, LLC
K. HOVNIANIAN AT VALLETTA, LLC
K. HOVNIANIAN AT WALKERS GROVE, LLC
K. HOVNIANIAN BELMONT RESERVE, LLC
K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNIANIAN COMPANIES OF FLORIDA, LLC
K. HOVNIANIAN CYPRESS CREEK, LLC
K. HOVNIANIAN CYPRESS KEY, LLC
K. HOVNIANIAN ESTATES AT WEKIVA, LLC
K. HOVNIANIAN FIRST HOMES, L.L.C.
K. HOVNIANIAN FLORIDA OPERATIONS, LLC
K. HOVNIANIAN FLORIDA REALTY, L.L.C.
K. HOVNIANIAN GRAND CYPRESS, LLC
K. HOVNIANIAN GRANDEFIELD, LLC
K. HOVNIANIAN HOMES OF FLORIDA I, LLC
K. HOVNIANIAN IVY TRAIL, LLC
K. HOVNIANIAN LAKE PARKER, LLC
K. HOVNIANIAN MAGNOLIA AT WESTSIDE, LLC
K. HOVNIANIAN MONTCLAIRE ESTATES, LLC
K. HOVNIANIAN OCOEE LANDINGS, LLC
K. HOVNIANIAN ORLANDO DIVISION, LLC
K. HOVNIANIAN PRESERVE AT AVONLEA, LLC
K. HOVNIANIAN PRESERVE AT TURTLE CREEK LLC
K. HOVNIANIAN REYNOLDS RANCH, LLC
K. HOVNIANIAN RIVERSIDE, LLC
K. HOVNIANIAN RIVINGTON, LLC
K. HOVNIANIAN SAN SEBASTIAN, LLC
K. HOVNIANIAN SERENO, LLC
K. HOVNIANIAN SOLA VISTA, LLC
K. HOVNIANIAN SOUTH FORK, LLC
K. HOVNIANIAN SOUTHEAST FLORIDA DIVISION, LLC
K. HOVNIANIAN STERLING RANCH, LLC
K. HOVNIANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNIANIAN TERRALARGO, LLC
K. HOVNIANIAN UNION PARK, LLC
K. HOVNIANIAN WINDING BAY PRESERVE, LLC
K. HOVNIANIAN WINDWARD HOMES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT WYLDER, LLC

KHOV WINDING BAY II, LLC
LINKS AT CALUSA SPRINGS, LLC
K. HOVNIANIAN AT THE COMMONS AT RICHMOND HILL, LLC
K. HOVNIANIAN AT WESTBROOK, LLC
K. HOVNIANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNIANIAN GEORGIA OPERATIONS, LLC
K. HOVNIANIAN HOMES AT CREEKSIDE, LLC
K. HOVNIANIAN'S ASPIRE AT NEW HAMPSTEAD, LLC
AMBER RIDGE, LLC
ARBOR TRAILS, LLC
EASTERN NATIONAL TITLE AGENCY ILLINOIS, LLC
GLENRISE GROVE, L.L.C.
GTIS-HOV PARKSIDE OF LIBERTYVILLE LLC
GTIS-HOV SAUGANASH GLEN LLC
K. HOVNIANIAN AT AMBERLEY WOODS, LLC
K. HOVNIANIAN AT ASHLEY POINTE LLC
K. HOVNIANIAN AT BRADWELL ESTATES, LLC
K. HOVNIANIAN AT CHRISTINA COURT, LLC
K. HOVNIANIAN AT CHURCHILL FARMS LLC
K. HOVNIANIAN AT DEER RIDGE, LLC
K. HOVNIANIAN AT ESTATES OF FOX CHASE, LLC
K. HOVNIANIAN AT FAIRFIELD RIDGE, LLC
K. HOVNIANIAN AT GRANDE PARK, LLC
K. HOVNIANIAN AT HANOVER ESTATES, LLC
K. HOVNIANIAN AT HEATHERFIELD, LLC
K. HOVNIANIAN AT ISLAND LAKE, LLC
K. HOVNIANIAN AT LINK CROSSING, LLC
K. HOVNIANIAN AT MAPLE HILL LLC
K. HOVNIANIAN AT MEADOWRIDGE VILLAS, LLC
K. HOVNIANIAN AT NORTH GROVE CROSSING, LLC
K. HOVNIANIAN AT NORTH POINTE ESTATES LLC
K. HOVNIANIAN AT NORTHRIDGE ESTATES, LLC
K. HOVNIANIAN AT ORCHARD MEADOWS, LLC
K. HOVNIANIAN AT PRAIRIE POINTE, LLC
K. HOVNIANIAN AT RANDALL HIGHLANDS, LLC
K. HOVNIANIAN AT RIVER HILLS, LLC
K. HOVNIANIAN AT SAGEBROOK, LLC
K. HOVNIANIAN AT SILVER LEAF, LLC
K. HOVNIANIAN AT SILVERWOOD GLEN, LLC
K. HOVNIANIAN AT SOMERSET, LLC
K. HOVNIANIAN AT TAMARACK SOUTH LLC
K. HOVNIANIAN AT TANGLEWOOD OAKS, LLC
K. HOVNIANIAN AT TRAFFORD PLACE, LLC

K. HOVNIANIAN AT TRAMORE LLC
K. HOVNIANIAN AT VILLAS AT THE COMMONS, LLC
K. HOVNIANIAN CHICAGO DIVISION, INC.
K. HOVNIANIAN ESTATES AT REGENCY, L.L.C.
K. HOVNIANIAN ILLINOIS OPERATIONS, LLC
K. HOVNIANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNIANIAN AT NORTON LAKE LLC
EASTERN NATIONAL TITLE AGENCY MARYLAND, LLC
GTIS-HOV VILLAGES AT PEPPER MILL LLC
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 BRITTANY MANOR, LLC
K. HOVNIANIAN AT CATON'S RESERVE, LLC
K. HOVNIANIAN AT EDEN TERRACE, L.L.C.
K. HOVNIANIAN AT GRACE MEADOWS, LLC
K. HOVNIANIAN AT LOCKE LANDING, LLC
K. HOVNIANIAN AT SOUTHPOINTE, LLC
K. HOVNIANIAN AT WADE'S GRANT, L.L.C.
K. HOVNIANIAN BRITTANY MANOR BORROWER, LLC
K. HOVNIANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNIANIAN HOMES OF MARYLAND I, LLC
K. HOVNIANIAN HOMES OF MARYLAND II, LLC
K. HOVNIANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
RIDGEMORE UTILITY L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNIANIAN HOMES OF MINNESOTA AT ARBOR CREEK, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT AUTUMN MEADOWS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT BRYNWOOD, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT CEDAR HOLLOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT FOUNDER'S RIDGE, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT HARPERS STREET WOODS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT OAKS OF OXBOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT REGENT'S POINT, LLC
K. HOVNIANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNIANIAN LIBERTY ON BLUFF CREEK, LLC
K. HOVNIANIAN TIMBRES AT ELM CREEK, LLC
K. HOVNIANIAN'S FOUR SEASONS AT RUSH CREEK II, LLC
K. HOVNIANIAN AT BURCH KOVE, LLC
K. HOVNIANIAN AT INDIAN WELLS, LLC
K. HOVNIANIAN AT LILY ORCHARD, LLC
K. HOVNIANIAN AT MAIN STREET SQUARE, LLC
K. HOVNIANIAN AT OAK POINTE, LLC
K. HOVNIANIAN AT THE PROMENADE AT BEAVER CREEK, LLC
K. HOVNIANIAN AT WHEELER WOODS, LLC
K. HOVNIANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNIANIAN HOMES AT BROOK MANOR, LLC
K. HOVNIANIAN HOMES OF NORTH CAROLINA, INC.

K. HOVNIANIAN SHERWOOD AT REGENCY, LLC
BUILDER SERVICES NJ, L.L.C.
EASTERN NATIONAL TITLE AGENCY, INC.
F&W MECHANICAL SERVICES, L.L.C.
GTIS-HOV ARBORS AT MONROE LLC
GTIS-HOV HOLDINGS XI LLC
HILLTOP AT CEDAR GROVE URBAN RENEWAL, LLC
K. HOVNIANIAN ACQUISITIONS, INC.
K. HOVNIANIAN AT ACADEMY HILL, LLC
K. HOVNIANIAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN AT CARRIAGES AT WALL, LLC
K. HOVNIANIAN AT CHARLESTON MEADOWS, LLC
K. HOVNIANIAN AT CHESTERFIELD, L.L.C.
K. HOVNIANIAN AT DUNELLEN URBAN RENEWAL, LLC
K. HOVNIANIAN AT EAST BRUNSWICK III, LLC
K. HOVNIANIAN AT EAST BRUNSWICK, LLC
K. HOVNIANIAN AT EAST WINDSOR, LLC
K. HOVNIANIAN AT FRANKLIN II, L.L.C.
K. HOVNIANIAN AT FRANKLIN, L.L.C.
K. HOVNIANIAN AT FREEHOLD TOWNSHIP III, LLC
K. HOVNIANIAN AT GLEN OAKS, LLC
K. HOVNIANIAN AT GREAT NOTCH, L.L.C.
K. HOVNIANIAN AT HILLANDALE, LLC
K. HOVNIANIAN AT HILLSBOROUGH, LLC
K. HOVNIANIAN AT HOWELL FORT PLAINS, LLC
K. HOVNIANIAN AT HOWELL II, LLC
K. HOVNIANIAN AT HOWELL, LLC
K. HOVNIANIAN AT JACKSON I, L.L.C.
K. HOVNIANIAN AT JACKSON, L.L.C.
K. HOVNIANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT MANALAPAN CROSSING, LLC
K. HOVNIANIAN AT MANALAPAN II, L.L.C.
K. HOVNIANIAN AT MANALAPAN IV, LLC
K. HOVNIANIAN AT MANALAPAN V, LLC
K. HOVNIANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNIANIAN AT MARLBORO GROVE, LLC
K. HOVNIANIAN AT MIDDLETOWN III, LLC
K. HOVNIANIAN AT MIDDLETOWN IV, LLC
K. HOVNIANIAN AT MILLVILLE II, L.L.C.
K. HOVNIANIAN AT MONROE NJ II, LLC
K. HOVNIANIAN AT MONROE NJ III, LLC
K. HOVNIANIAN AT MONROE NJ, L.L.C.
K. HOVNIANIAN AT MONTGOMERY, LLC
K. HOVNIANIAN AT MONTVALE II, LLC
K. HOVNIANIAN AT MORRIS TWP, LLC
K. HOVNIANIAN AT MORRIS WOODS, LLC
K. HOVNIANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNIANIAN AT NORTH WILDWOOD, L.L.C.

K. HOVNIANIAN AT OAKLAND, LLC
K. HOVNIANIAN AT OLD BRIDGE II, LLC
K. HOVNIANIAN AT OLD BRIDGE, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNIANIAN AT PRESERVE AT FREEHOLD, LLC
K. HOVNIANIAN AT RANCOCAS CREEK, LLC
K. HOVNIANIAN AT RESERVOIR POINT, LLC
K. HOVNIANIAN AT RIDGEMONT, L.L.C.
K. HOVNIANIAN AT SANDPIPER PLACE, LLC
K. HOVNIANIAN AT SHREWSBURY, LLC
K. HOVNIANIAN AT SMITHVILLE, INC.
K. HOVNIANIAN AT SOUTH BRUNSWICK II, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK III, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK IV, LLC
K. HOVNIANIAN AT STATION SQUARE, L.L.C.
K. HOVNIANIAN AT THE MONARCH, L.L.C.
K. HOVNIANIAN AT TOWNES AT PARKVIEW, LLC
K. HOVNIANIAN AT TOWNES AT WEST LONG BRANCH, LLC
K. HOVNIANIAN AT VILLAGES AT COUNTRY VIEW, LLC
K. HOVNIANIAN AT WALL DONATO, LLC
K. HOVNIANIAN AT WALL QUAIL RIDGE, LLC
K. HOVNIANIAN AT WARREN TOWNSHIP II, LLC
K. HOVNIANIAN AT WASHINGTON RIDGE, LLC
K. HOVNIANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNIANIAN AT WOOLWICH I, L.L.C.
K. HOVNIANIAN HOLDINGS NJ, L.L.C.
K. HOVNIANIAN MANALAPAN ACQUISITION, LLC
K. HOVNIANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNIANIAN PROPERTIES OF RED BANK, LLC
K. HOVNIANIAN SERENITY WALK AT PLAINSBORO URBAN RENEWAL, LLC
K. HOVNIANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNIANIAN VILLAGES AT HAYS MILL CREEK, LLC
K. HOVNIANIAN'S AEGEAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S BALTIC AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S COVE AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S DELTA AT ASBURY PARK, LLC
K. HOVNIANIAN'S ENCLAVE AT OLD TAPPAN, LLC
K. HOVNIANIAN'S FOUR SEASONS AT COLTS FARM, LLC
K. HOVNIANIAN'S THE TOWNES AT WEST WINDSOR, LLC
LANDARAMA, INC.
M & M AT MONROE WOODS, L.L.C.
M&M AT WEST ORANGE, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MCNJ, INC.
MM-BEACHFRONT NORTH I, LLC
ROUTE 1 AND ROUTE 522, L.L.C.
TERRAPIN REALTY, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
K. HOVNIANIAN AT WALDWICK, LLC
K. HOVNIANIAN CLASSICS, L.L.C.
K. HOVNIANIAN COMPANIES OF NEW YORK, INC.
K. HOVNIANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNIANIAN NEW YORK OPERATIONS, LLC
K. HOVNIANIAN ABERDEEN, LLC
K. HOVNIANIAN AKRON SCATTERED SITE, LLC
K. HOVNIANIAN ASBURY POINTE, LLC
K. HOVNIANIAN ASPIRE AT AULD FARMS, LLC
K. HOVNIANIAN ASPIRE AT WESTON PLACE, LLC
K. HOVNIANIAN AT BOOTH FARM, LLC
K. HOVNIANIAN AT COOPER'S LANDING, LLC
K. HOVNIANIAN AT COUNTRY VIEW ESTATES, LLC
K. HOVNIANIAN AT CREEKSIDE CROSSING, LLC
K. HOVNIANIAN AT HAMPSHIRE FARMS, LLC
K. HOVNIANIAN AT HARVEST MEADOWS, LLC
K. HOVNIANIAN AT HAWK RIDGE, LLC
K. HOVNIANIAN AT HERITAGE PARK, LLC
K. HOVNIANIAN AT ORCHARD PARK, LLC
K. HOVNIANIAN AT RIVERFIELD RESERVE, LLC
K. HOVNIANIAN BELDEN POINTE, LLC
K. HOVNIANIAN BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN CLEVELAND DIVISION, LLC
K. HOVNIANIAN CORNERSTONE FARMS, LLC
K. HOVNIANIAN EDGEBROOK, LLC
K. HOVNIANIAN FALLS POINTE, LLC
K. HOVNIANIAN FOREST LAKES, LLC
K. HOVNIANIAN FOREST VALLEY, LLC
K. HOVNIANIAN FOUR SEASONS AT CHESTNUT RIDGE, LLC
K. HOVNIANIAN HIDDEN HOLLOW, LLC
K. HOVNIANIAN HIGHLAND RIDGE, LLC
K. HOVNIANIAN INDIAN TRAILS, LLC
K. HOVNIANIAN KINGSTON AT WESTERN RESERVE, LLC
K. HOVNIANIAN LADUE RESERVE, LLC
K. HOVNIANIAN LAKES OF GREEN, LLC
K. HOVNIANIAN LANDINGS 40S, LLC
K. HOVNIANIAN MEADOW LAKES, LLC
K. HOVNIANIAN MONARCH GROVE, LLC

K. HOVNIANIAN NORTHPOINTE 40S, LLC
K. HOVNIANIAN NORTHWEST OHIO, LLC
K. HOVNIANIAN NORTON PLACE, LLC
K. HOVNIANIAN OHIO REALTY, L.L.C.
K. HOVNIANIAN OHIO REGION, INC.
K. HOVNIANIAN REDFERN TRAILS, LLC
K. HOVNIANIAN RIVENDALE, LLC
K. HOVNIANIAN SCHADY RESERVE, LLC
K. HOVNIANIAN VILLAGE GLEN, LLC
K. HOVNIANIAN WATERBURY, LLC
K. HOVNIANIAN WHITE ROAD, LLC
K. HOVNIANIAN WOODLAND POINTE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT ADDISON FARMS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SANDSTONE, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
NEW HOME REALTY, LLC
K. HOVNIANIAN OHIO OPERATIONS, LLC
K. HOVNIANIAN WOODRIDGE PLACE, LLC
BUILDER SERVICES PA, L.L.C.
EASTERN NATIONAL ABSTRACT, INC.
GTIS-HOV WARMINSTER LLC
K. HOVNIANIAN AT DOYLESTOWN, LLC
K. HOVNIANIAN AT MIDDLETOWN, LLC
K. HOVNIANIAN AT NORTHAMPTON, L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN PA REAL ESTATE, INC.
K. HOVNIANIAN PENNSYLVANIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN PENNSYLVANIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN AT UPPER PROVIDENCE, LLC
K. HOVNIANIAN AT COOSAW POINT, LLC
K. HOVNIANIAN AT FOX PATH AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT HAMMOCK BREEZE, LLC
K. HOVNIANIAN AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT LAKES AT NEW RIVERSIDE, LLC
K. HOVNIANIAN AT LIBERTY HILL FARM, LLC
K. HOVNIANIAN AT MAGNOLIA PLACE, LLC
K. HOVNIANIAN AT PINCKNEY FARM, LLC
K. HOVNIANIAN AT PINE CREST, LLC
K. HOVNIANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNIANIAN HOMES AT SALT CREEK LANDING, LLC
K. HOVNIANIAN HOMES AT SANDY CREEK LANDING, LLC

K. HOVNIANIAN HOMES AT SHELL HALL, LLC
K. HOVNIANIAN HOMES AT THE ABBY, LLC
K. HOVNIANIAN HOMES AT THE PADDOCKS, LLC
K. HOVNIANIAN SOUTH CAROLINA OPERATIONS, LLC
K. HOVNIANIAN SOUTHEAST COASTAL DIVISION, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CANE BAY EXPANSION, LLC
K. HOVNIANIAN'S FOUR SEASONS AT HILTON HEAD LAKES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LAKES OF CANE BAY LLC
K. HOVNIANIAN'S LAKES AT NEW RIVERSIDE EXPANSION, LLC
SHELL HALL CLUB AMENITY ACQUISITION, LLC
SHELL HALL LAND ACQUISITION, LLC
K. HOVNIANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNIANIAN DFW AGAVE RANCH, LLC
K. HOVNIANIAN DFW ASCEND AT CREEKSHAW, LLC
K. HOVNIANIAN DFW ASCEND AT JUSTIN CROSSING, LLC
K. HOVNIANIAN DFW AUBURN FARMS, LLC
K. HOVNIANIAN DFW BAYSIDE, LLC
K. HOVNIANIAN DFW BELMONT, LLC
K. HOVNIANIAN DFW BERKSHIRE II, LLC
K. HOVNIANIAN DFW BERKSHIRE, LLC
K. HOVNIANIAN DFW BLUFF CREEK, LLC
K. HOVNIANIAN DFW CALDWELL LAKES, LLC
K. HOVNIANIAN DFW CALLOWAY TRAILS, LLC
K. HOVNIANIAN DFW CANYON FALLS, LLC
K. HOVNIANIAN DFW CARILLON, LLC
K. HOVNIANIAN DFW COMMODORE AT PRESTON, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES II, LLC
K. HOVNIANIAN DFW DIAMOND CREEK ESTATES, LLC
K. HOVNIANIAN DFW DIVISION, LLC
K. HOVNIANIAN DFW ELEVON, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS II, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS, LLC
K. HOVNIANIAN DFW HARMON FARMS, LLC
K. HOVNIANIAN DFW HERITAGE CROSSING, LLC
K. HOVNIANIAN DFW HERITAGE RANCH, LLC
K. HOVNIANIAN DFW HERON POND, LLC
K. HOVNIANIAN DFW HIGH POINTE, LLC
K. HOVNIANIAN DFW HIGHTOWER, LLC
K. HOVNIANIAN DFW HOMESTEAD, LLC
K. HOVNIANIAN DFW INSPIRATION, LLC
K. HOVNIANIAN DFW KENSINGTON PLACE, LLC
K. HOVNIANIAN DFW LEXINGTON, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING II, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING, LLC
K. HOVNIANIAN DFW LIBERTY, LLC

K. HOVNIANIAN DFW LIGHT FARMS CYPRESS III, LLC
K. HOVNIANIAN DFW LIGHT FARMS II, LLC
K. HOVNIANIAN DFW LIGHT FARMS, LLC
K. HOVNIANIAN DFW LINCOLN POINTE, LLC
K. HOVNIANIAN DFW MIDTOWN PARK, LLC
K. HOVNIANIAN DFW MILRANY RANCH, LLC
K. HOVNIANIAN DFW MONTERRA, LLC
K. HOVNIANIAN DFW MUSTANG LAKES II, LLC
K. HOVNIANIAN DFW MUSTANG LAKES, LLC
K. HOVNIANIAN DFW NOBLE RIDGE, LLC
K. HOVNIANIAN DFW NORTH CREEK, LLC
K. HOVNIANIAN DFW OAKMONT PARK II, LLC
K. HOVNIANIAN DFW OAKMONT PARK, LLC
K. HOVNIANIAN DFW PALISADES, LLC
K. HOVNIANIAN DFW PARKSIDE, LLC
K. HOVNIANIAN DFW PARKVIEW, LLC
K. HOVNIANIAN DFW REUNION, LLC
K. HOVNIANIAN DFW RIDGEVIEW, LLC
K. HOVNIANIAN DFW ROLLING RIDGE, LLC
K. HOVNIANIAN DFW SANFORD PARK, LLC
K. HOVNIANIAN DFW SAPPHIRE BAY, LLC
K. HOVNIANIAN DFW SEVENTEEN LAKES, LLC
K. HOVNIANIAN DFW SOUTH POINTE, LLC
K. HOVNIANIAN DFW THE PARKS AT ROSEHILL, LLC
K. HOVNIANIAN DFW TIMBERBROOK, LLC
K. HOVNIANIAN DFW TRAILWOOD II, LLC
K. HOVNIANIAN DFW TRAILWOOD, LLC
K. HOVNIANIAN DFW VILLAS AT MUSTANG PARK, LLC
K. HOVNIANIAN DFW VILLAS AT THE STATION, LLC
K. HOVNIANIAN DFW WATSON CREEK, LLC
K. HOVNIANIAN DFW WELLINGTON ESTATES SOUTH, LLC
K. HOVNIANIAN DFW WELLINGTON VILLAS, LLC
K. HOVNIANIAN DFW WELLINGTON, LLC
K. HOVNIANIAN DFW WILDRIDGE, LLC
K. HOVNIANIAN DISTRIBUTION SERVICES, INC.
K. HOVNIANIAN HOMES - DFW II, L.L.C.
K. HOVNIANIAN HOMES - DFW, L.L.C.
K. HOVNIANIAN HOUSTON BALMORAL PARK LAKES EAST SECTION 8, LLC
K. HOVNIANIAN HOUSTON BALMORAL, LLC
K. HOVNIANIAN HOUSTON BAYOU OAKS AT WEST OREM, LLC
K. HOVNIANIAN HOUSTON CAMBRIDGE HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CITY HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CREEK BEND, LLC

K. HOVNIANIAN HOUSTON DIVISION, LLC
K. HOVNIANIAN HOUSTON DRY CREEK VILLAGE, LLC
K. HOVNIANIAN HOUSTON ELDRIDGE PARK, LLC
K. HOVNIANIAN HOUSTON FAIRCHILD FARMS, LLC
K. HOVNIANIAN HOUSTON GREATWOOD LAKE, LLC
K. HOVNIANIAN HOUSTON KATY POINTE II, LLC
K. HOVNIANIAN HOUSTON KATY POINTE, LLC
K. HOVNIANIAN HOUSTON KINGDOM HEIGHTS, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST II, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST, LLC
K. HOVNIANIAN HOUSTON LAUREL GLEN, LLC
K. HOVNIANIAN HOUSTON MAGNOLIA CREEK, LLC
K. HOVNIANIAN HOUSTON MIDTOWN PARK I, LLC
K. HOVNIANIAN HOUSTON PARK LAKES EAST, LLC
K. HOVNIANIAN HOUSTON PARKWAY TRAILS, LLC
K. HOVNIANIAN HOUSTON RIVER FARMS, LLC
K. HOVNIANIAN HOUSTON SUNSET RANCH, LLC
K. HOVNIANIAN HOUSTON TERRA DEL SOL, LLC
K. HOVNIANIAN HOUSTON THUNDER BAY SUBDIVISION, LLC
K. HOVNIANIAN HOUSTON TRANQUILITY LAKE ESTATES, LLC
K. HOVNIANIAN HOUSTON WESTWOOD, LLC
K. HOVNIANIAN HOUSTON WILLOWPOINT, LLC
K. HOVNIANIAN HOUSTON WOODSHORE, LLC
K. HOVNIANIAN OF HOUSTON II, L.L.C.
K. HOVNIANIAN OF HOUSTON III, L.L.C.
K. HOVNIANIAN TEXAS OPERATIONS, LLC
PARK TITLE COMPANY, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES, LLC
EASTERN NATIONAL TITLE AGENCY VIRGINIA, INC.
GTIS-HOV LEELAND STATION LLC
GTIS-HOV WILLOWSFORD WINDMILL LLC
K. HOVNIANIAN AT ALEXANDER LAKES, LLC
K. HOVNIANIAN AT BELLEWOOD, LLC
K. HOVNIANIAN AT BENSON'S MILL ESTATES, LLC
K. HOVNIANIAN AT CANTER V, LLC
K. HOVNIANIAN AT DOMINION CROSSING, LLC
K. HOVNIANIAN AT EAST CHASE, LLC
K. HOVNIANIAN AT EMBREY MILL VILLAGE, LLC
K. HOVNIANIAN AT EMBREY MILL, LLC
K. HOVNIANIAN AT ESTATES AT WHEATLANDS, LLC
K. HOVNIANIAN AT ESTATES OF CHANCELLORSVILLE, LLC
K. HOVNIANIAN AT GALLERY PARK AT WESTFIELDS, LLC
K. HOVNIANIAN AT HAMPTON RUN, LLC

K. HOVNIANIAN AT HIGHLAND PARK, LLC
K. HOVNIANIAN AT HOLLY RIDGE, LLC
K. HOVNIANIAN AT HUNTER'S POND, LLC
K. HOVNIANIAN AT JACKS RUN, LLC
K. HOVNIANIAN AT JACKSON VILLAGE, LLC
K. HOVNIANIAN AT LAUREL HILLS CROSSING, LLC
K. HOVNIANIAN AT LENA WOODS, LLC
K. HOVNIANIAN AT LINCOLN PARK, LLC
K. HOVNIANIAN AT MADISON SQUARE, LLC
K. HOVNIANIAN AT MELODY FARM, LLC
K. HOVNIANIAN AT NEW POST, LLC
K. HOVNIANIAN AT NICHOLSON, LLC
K. HOVNIANIAN AT NORTH HILL, LLC
K. HOVNIANIAN AT NORTH RIDGE, LLC
K. HOVNIANIAN AT OLD CAROLINA, LLC
K. HOVNIANIAN AT POTOMAC TRACE, LLC
K. HOVNIANIAN AT RAYMOND FARM, LLC
K. HOVNIANIAN AT RESERVES AT WHEATLANDS, LLC
K. HOVNIANIAN AT RESIDENCE AT DISCOVERY SQUARE, LLC
K. HOVNIANIAN AT ROCKLAND VILLAGE GREEN, LLC
K. HOVNIANIAN AT ROCKY RUN VILLAGE, LLC
K. HOVNIANIAN AT SUMMIT CROSSING ESTATES, LLC
K. HOVNIANIAN AT TANAGER, LLC
K. HOVNIANIAN AT TOWNES AT COUNTY CENTER, LLC
K. HOVNIANIAN AT WAXPOOL CROSSING, LLC
K. HOVNIANIAN AT WELLSPRINGS, LLC
K. HOVNIANIAN AT WILLOWSFORD GREENS III, LLC
K. HOVNIANIAN AT WREN HOLLOW, LLC
K. HOVNIANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNIANIAN HOMES AT BURKE JUNCTION, LLC
K. HOVNIANIAN HOMES AT LEIGH MILL, LLC
K. HOVNIANIAN HOMES AT PENDER OAKS, LLC
K. HOVNIANIAN HOMES AT THOMPSON'S GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANGE, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT II, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GREENS, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD NEW, LLC
K. HOVNIANIAN MID-ATLANTIC DIVISION, LLC
K. HOVNIANIAN SUMMIT HOLDINGS, L.L.C.
K. HOVNIANIAN VIRGINIA OPERATIONS, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CHARLOTTESVILLE II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT VIRGINIA CROSSING, LLC
K. HOVNANIAN AT DILLON FARM, LLC
K. HOVNANIAN AT HUNTFIELD, LLC
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN HOMES AT LIBERTY RUN, LLC
K. HOVNANIAN HOMES AT SHENANDOAH SPRINGS, LLC
K. HOVNANIAN WEST VIRGINIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNANIAN WEST VIRGINIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.

SCHEDULE B

COMMERCIAL TORT CLAIMS

SCHEDULE C

ACTIONS REQUIRED TO PERFECT

1. With respect to each Grantor organized under the laws of the state of Arizona as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Arizona Secretary of State.
 2. With respect to each Grantor organized under the laws of the state of California as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the California Secretary of State.
 3. With respect to each Grantor organized under the laws of the state of Delaware as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Delaware Secretary of State.
 4. With respect to each Grantor organized under the laws of the District of Columbia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the District of Columbia Recorder of Deeds.
 5. With respect to each Grantor organized under the laws of the state of Florida as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Florida Secured Transaction Registry.
 6. With respect to each Grantor organized under the laws of the state of Georgia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
 7. With respect to each Grantor organized under the laws of the state of Illinois as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Illinois Secretary of State.
 8. With respect to each Grantor organized under the laws of the state of Maryland as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Maryland State Department of Assessments and Taxation.
 9. With respect to each Grantor organized under the laws of the state of Minnesota as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Minnesota Secretary of State.
 10. With respect to each Grantor organized under the laws of the state of New Jersey as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the New Jersey Division of Commercial Recording.
 11. With respect to each Grantor organized under the laws of the state of New York as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the New York Secretary of State.
 12. With respect to each Grantor organized under the laws of the state of North Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the North Carolina Secretary of State.
 13. With respect to each Grantor organized under the laws of the state of Ohio as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Ohio Secretary of State.
 14. With respect to each Grantor organized under the laws of the state of Pennsylvania as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Pennsylvania Secretary of the Commonwealth.
 15. With respect to each Grantor organized under the laws of the state of South Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the South Carolina Secretary of State.
 16. With respect to each Grantor organized under the laws of the state of Texas as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Texas Secretary of State.
 17. With respect to each Grantor organized under the laws of the state of Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Virginia State Corporation Commission.
 18. With respect to each Grantor organized under the laws of the state of West Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the West Virginia Secretary of State.
 19. With respect to the Securities Accounts and the Deposit Accounts (other than the Excluded Accounts), the bank with which such Securities Account and such Deposit Account are maintained agreeing that it will comply with instructions originated by the Joint First Lien Collateral Agent directing disposition of the funds in such Securities Account and such Deposit Account without further consent of the relevant Grantor.
 20. With respect to each Grantor that owns registered or applied for Intellectual Property, the filing of a Trademark / Patent / Copyright Security Agreement that identifies such Grantor's registered and applied for Trademarks, Patents and Copyrights with the United States Patent and Trademark Office or the United States Copyright Office, as applicable.
 21. With respect to the Pledged Collateral (as defined in the Pledge Agreement (as defined in the Indenture)) constituting certificated securities, delivery of the certificates representing such Pledged Collateral to the Joint First Lien Collateral Agent pursuant to the Pledge Agreement 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.
-

EXHIBIT A

Form of Trademark / Patent / Copyright Agreement

TRADEMARK / PATENT / COPYRIGHT SECURITY AGREEMENT

This Trademark / Patent/ Copyright Security Agreement (the “**Agreement**”), dated as of [•], [•] is made by [], a [] (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.125 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of October 5, 2023 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which the 1.125 Lien Collateral Agent is appointing Wilmington Trust, National Association, as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.25 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.125 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.125 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.125 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its [Trademarks/Patents/Copyrights], including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.125 Lien Collateral 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 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 any United States "intent-to-use" trademark or service mark applications 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, the Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The 1.125 Lien Collateral Agent agrees that, at the 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 upon receipt of an Officer's Certificate or an Opinion of Counsel to that effect.

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.125 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.125 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.125 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.125 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.125 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.125 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.125 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.125 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.125 Lien Collateral Agent's rights hereunder.

6. All of 1.125 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.125 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor’s assets or to serve process on the Grantor by any means authorized by Law.

11. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by teletype), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.125 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.125 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.125 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.125 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.125 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.125 Lien Collateral Agent hereunder shall not be construed as duties. The 1.125 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Trademark / Patent / Copyright Security Agreement to be duly executed and delivered as of the date first above written.

1.125 Lien Collateral Agent:

WILMINGTON TRUST,
NATIONAL ASSOCIATION

By:

Name:

Title:

Grantor:

[Name of Grantor]

By:

Name:

Title:

EXHIBIT B

Form of Joinder Agreement

This JOINDER AND ASSUMPTION AGREEMENT is made _____ by _____, a _____ (the "New Grantor").

Reference is made to (i) the Security Agreement dated as of October 5, 2023 by each of the Grantors (as defined therein) in favor of the 1.125 Lien Collateral Agent for the benefit of itself and the other Secured Parties (as the same may be modified, supplemented, amended or restated, the "Security Agreement"), (ii) the Pledge Agreement dated as of October 5, 2023 by each of the Pledgors (as defined therein) in favor of the 1.125 Lien Collateral Agent for the benefit of itself and the other Secured Parties (as the same may be modified, supplemented, amended or restated, the "Pledge Agreement"), (iii) the First Lien Intercreditor Agreement dated as of October 31, 2019 among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent (the "First Lien Intercreditor Agreement") and (iv) the First Lien Collateral Agency Agreement dated as of October 31, 2019 by and among the 1.125 Lien Collateral Agent, the other collateral agents referenced therein, Hovnanian, the Issuer and the other Grantors party thereto (as the same may be modified, supplemented, amended or restated, the "Collateral Agency 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.

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, the First Lien Intercreditor Agreement and the Collateral Agency 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 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 First Lien Intercreditor Agreement, the Collateral Agency Agreement and each of the other 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 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 1.125 Lien Collateral Agent the Security Agreement, the Pledge Agreement and each of the other Noteholder Documents given by the Grantors to the 1.125 Lien Collateral 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 (including, for the avoidance of doubt, the actions described in Section 4.18 of the Indenture).

New Grantor has attached hereto Schedule 1 that supplements Schedules 1, 2(a), 2(b), 2(c), 4, 5(a), 5(b), 6 and 7 to the Perfection Certificate and certifies, as of the date hereof, that the supplemental information set forth therein has been prepared by the New Grantor in substantially the form of the equivalent Schedules to the Perfection Certificate, and is complete and correct in all material respects.

IN WITNESS WHEREOF, the New Grantor has duly executed this Joinder Agreement and delivered the same to the 1.125 Lien Collateral Agent for the benefit of the Secured Parties, as of the date and year first written above.

[NAME OF NEW GRANTOR]

By: _____

Title: _____

EXHIBIT C

FORM OF PERFECTION CERTIFICATE

(see attached)

PERFECTION CERTIFICATE

[•]

The undersigned is a duly authorized officer of each of K. Hovnanian Enterprises, Inc. (the “**Borrower**”) and the entities listed on Schedule 1 hereto (each such entity together with the Borrower, a “**Grantor**”). With reference to (i) the 1.125 Lien Security Agreement and (ii) the 1.25 Lien Security Agreement, in each case, dated as of the date hereof (collectively, the “**Security Agreement**”) among the Borrower, the Grantors party thereto and Wilmington Trust, National Association, as collateral agent (in such capacity, the “**Agent**”) (terms defined in the Security Agreement being used herein as therein defined), each of the undersigned certifies to the Agent and each other Secured Party as follows:

1. *Names.* The exact legal name of each Grantor for which certificates or articles of incorporation, articles of organization, certificates of formation or similar organizational documents certified as of a recent date by the Secretary of State or similar governing body of the state of formation or incorporation of such Grantor (the “**Constituent Documents**”) were delivered to the Agent, as it appears in each respective Constituent Document, the type of organization and the jurisdiction of organization (or formation, as applicable) for such Grantor is set forth in Schedule 1 hereto.

2. *Grantors.* (a) Set forth on Schedule 2(a) is the name of each Grantor and the county in which each Grantor’s chief executive office is located, if such office is not located at 90 Matawan Road, Fifth Floor, Matawan, NJ 07747.

(b) Set forth in Schedule 2(b) hereto is each other entity name (including trade names or similar appellations) each Grantor has had in the last five years, together with the date of the relevant change.

(c) Except as set forth in Schedule 2(c) hereto, no Grantor has changed its identity or entity structure in any way within the past five years.

3. *UCC Filings.* In order to perfect the Liens granted by the Grantors, duly completed financing statements on Form UCC-1 with respect to each Grantor, with the collateral described as “All Personal Property” or “All Assets”, have been delivered to the Agent for filing in the Uniform Commercial Code filing office in each jurisdiction identified in paragraph 1 above, as applicable.

4. *Deposit Accounts and Securities Accounts.* Set forth as Schedule 4 hereto is a true and complete list of all Deposit Accounts and Securities Accounts maintained by each Grantor, including the name of each institution where each such account is held, the name of each Grantor that holds each account and whether such Deposit Account or Securities Account is currently subject to a control agreement as of the date hereof. Schedule 4 shall not include escrow accounts (in which funds are held for or of others by virtue of customary real estate practice or contractual or legal requirements).

5. *Intellectual Property.* (a) Set forth as Schedule 5(a) hereto is a true and complete list of all of each Grantor’s Patents, Patent Licenses, Trademarks and Trademark Licenses (each as defined in the Security Agreement) registered with the United States Patent and Trademark Office, and all other Patents, Patent Licenses, Trademarks and Trademark Licenses, including the name of the registered owner and the registration number of each Patent, Patent License, Trademark and Trademark License owned by such Grantor.

(b) Set forth as Schedule 5(b) hereto is a true and complete list of all of each Grantor’s United States Copyrights and Copyright Licenses (each as defined in the Security Agreement), and all Copyright Licenses, including the name of the registered owner and the registration number of each Copyright or Copyright License owned by such Grantor.

(c) In order to preserve, protect and perfect the security interests in the United States Trademarks, Trademark Licenses, Patents, Patent Licenses, Copyrights and Copyright Licenses set forth on Schedule 5(a) and Schedule 5(b), duly signed copies of the Intellectual Property Security Agreement by the applicable Grantor have been delivered to the Agent for filing with the United States Patent and Trademark Office and United States Copyright Office, as applicable.

6. *Investment Property.* Set forth as Schedule 6 hereto is a true and complete list of all Investment Property consisting of “certificated securities” (as defined in the New York UCC) owned by each Grantor.

7. *Receivables*. Set forth as Schedule 7 hereto is a true and complete list of all Instruments and Chattel Paper that individually evidence an amount payable to any Grantor in excess of \$2,000,000.00.
IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

K. HOVNANIAN ENTERPRISES, INC.

Name:

Title:

Names

Grantors

Other Corporate Names of Grantors, if Applicable

Changes in Identity or Corporate Structure Within Past Five Years

Deposit Accounts and Securities Accounts

Securities Accounts

Intellectual Property

Investment Property

Receivables

1.125 LIEN PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT, dated as of October 5, 2023 (as restated, amended, modified or supplemented from time to time, this “Agreement”), is given by **K. HOVNANIAN ENTERPRISES, INC.**, a California corporation (the “Issuer”), **HOVNANIAN ENTERPRISES, INC.**, a Delaware corporation (“Hovnanian”), **EACH OF THE UNDERSIGNED PARTIES LISTED ON SCHEDULE A HERETO AND EACH OF THE OTHER PERSONS AND ENTITIES THAT BECOME BOUND HEREBY FROM TIME TO TIME BY JOINDER, ASSUMPTION OR OTHERWISE** (together with the Issuer and Hovnanian, 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, NATIONAL ASSOCIATION**, in its capacity as the collateral agent (in such capacity, the “1.125 Lien Collateral Agent”) for the benefit of itself and the Secured Parties (as defined below), and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, the Issuer, Hovnanian and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Indenture”) with Wilmington Trust, National Association, as trustee (in such capacity, the “Trustee”) and the 1.125 Lien Collateral Agent, pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 (including any additional notes from time to time issued under the Indenture, the “Secured Notes”) upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Collateral Agency Agreement”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.25 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “Joint First Lien Collateral Agent”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Senior Credit Agreement”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “Senior Credit Agreement Administrative Agent”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “First Lien Intercreditor Agreement”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, in connection with the Indenture, the Pledgors are required to execute and deliver this Agreement to secure their obligations with respect to the Indenture and the Secured Notes; and

WHEREAS, each Pledgor owns the outstanding capital stock, shares, securities, member interests, partnership interests and other ownership interests of the Companies.

NOW, THEREFORE, in consideration of the premises and to induce the holders to purchase the Secured Notes, each Pledgor hereby agrees with the 1.125 Lien Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

1. Defined Terms.

(a) Except as otherwise expressly provided herein, capitalized terms used in this Agreement (including the recitals above) shall have the respective meanings assigned to them in the Indenture and any other applicable Noteholder Document or, if not defined herein or therein, in the First Lien 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 Indenture and any other applicable Noteholder Document or in the First Lien Intercreditor Agreement shall have the same meanings herein as set forth therein.

(b) “1.125 Lien Indenture” shall mean the Indenture, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, each of the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 upon the terms and conditions set forth therein.

(c) “1.25 Lien Security Agreement” shall mean the Security Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, the Grantors party thereto in favor of the 1.25 Lien Collateral Agent (as defined therein), entered into in connection with the 1.25 Lien Indenture.

(d) “Company” shall mean individually each Restricted Subsidiary, and “Companies” shall mean, collectively, all Restricted Subsidiaries.

(e) “JV Holding Company” shall have the meaning specified for such term in the Indenture.

(f) “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.

(g)“ Margin Stock” shall have the meaning specified in Section 4(a).

(h)“ Noteholders” shall mean the collective reference to the “Holder” or “Holder of Notes” (as defined in the Indenture) of the Secured Notes.

(i)“ Noteholder Collateral Document” shall mean 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.

(j)“ Noteholder Documents” shall mean collectively (a) the Indenture, the Secured Notes and the Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any 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.

(k)“ 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.

(l)“ Perfection Certificate” shall mean with respect to any Pledgor, a certificate substantially in the form of Exhibit C to the Security Agreement, completed and supplemented with the schedules contemplated thereby, and signed by an officer of such Pledgor.

(m)“ 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 and any JV Holding Company owned or held by any Pledgor at any time including those in any Company hereafter formed or acquired, (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; provided, however, that notwithstanding any of the other provisions set forth in this Agreement, this Agreement shall not constitute a grant of a security interest in, and the Pledged Collateral shall not include, (i) any property or assets constituting “Excluded Property” (as defined in the Indenture and any other applicable Noteholder Document) 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 governing such Investment Property, or Pledged Note 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). The 1.125 Lien Collateral Agent agrees that, at any Pledgor’s reasonable request and expense, it will provide such Pledgor confirmation that the assets described in this paragraph are in fact excluded from the Pledged Collateral during such limited period only upon receipt of an Officers’ Certificate or an Opinion of Counsel to that effect.

(n)“ Secured Obligations” shall mean all Indebtedness and other Obligations under, and as defined in, the Indenture, the Secured Notes, the Guarantees and the related Noteholder Documents, in each case, together with any extensions, renewals, replacements or refundings thereof and all costs and expenses of enforcement and collection, including reasonable attorney’s fees, expenses and disbursements.

(o)“ Secured Parties” shall mean the collective reference to the Joint First Lien Collateral Agent, the Trustee, the 1.125 Lien Collateral Agent and the Noteholders.

(p)“ Security Agreement” shall mean the 1.125 Lien Security Agreement dated as of the date hereof among the Issuer, Hovnanian and certain of their respective subsidiaries and the 1.125 Lien Collateral Agent, as amended, supplemented, amended and restated or otherwise modified from time to time, entered into in connection with the Indenture.

2. Grant of Security Interests.

(a) To secure on a first priority perfected basis the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all Secured Obligations, in full, each Pledgor hereby grants to the 1.125 Lien Collateral Agent a continuing first priority security interest under the Code in and hereby pledges to the 1.125 Lien Collateral Agent, in each case for its benefit and the ratable benefit of the Secured Parties, 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, subject only to Permitted Liens.

(b) Upon the execution and delivery of this Agreement, each Pledgor shall deliver to and deposit with the Joint First Lien Collateral Agent (or with a Person designated by the Joint First Lien Collateral Agent to hold the Pledged Collateral on behalf of the Joint First Lien Collateral 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 Joint First Lien Collateral 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, subject to the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Pledgor (in its capacity as a Pledgor and in its capacity as a Company) shall execute and deliver to the 1.125 Lien Collateral Agent 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”) as may be required under applicable law to perfect and continue perfecting and to create and maintain the first priority status of the 1.125 Lien Collateral Agent’s security interest in the Pledged Collateral, subject only to Permitted Liens and to fully consummate the transactions contemplated under this Agreement. Each Pledgor shall 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 1.125 Lien Collateral Agent or Joint First Lien Collateral Agent (and any of the 1.125 Lien Collateral Agent’s or Joint First Lien Collateral Agent’s officers or employees or agents designated by the 1.125 Lien Collateral Agent or the Joint First Lien Collateral Agent, as applicable) 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, pursuant to applicable law, must be executed, filed, recorded or sent in order to perfect or continue perfecting the 1.125 Lien Collateral Agent’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 1.125 Lien Collateral Agent 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) The 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 Permitted Liens;
 - (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 valid, perfected and of first priority, subject to the Lien of no other Person (other than Permitted Liens);
 - (e) There are no restrictions upon the transfer of the Pledged Collateral (other than restrictions that have been waived pursuant to Section 24 hereof) 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 Permitted Liens) 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 1 to the Perfection Certificate;
 - (k) Such Pledgor’s chief executive office is as set forth on Schedule 2(a) to the Perfection Certificate; 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 (other than restrictions that have been waived pursuant to Section 24 hereof) 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.
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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 1.125 Lien Collateral Agent or the Joint First Lien Collateral Agent;
- (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 1.125 Lien Collateral Agent's interest in, the Pledged Collateral or the proceeds thereof;
- (c) The books and records of each of the Pledgors and Companies, as applicable, shall disclose the 1.125 Lien Collateral Agent's security interest in the Pledged Collateral contemplated by this Agreement;
- (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 1.125 Lien Collateral Agent; 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 Joint First Lien Collateral 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 or as the Joint First Lien Collateral Agent may request related thereto;
- (e) Each Pledgor shall notify the 1.125 Lien Collateral Agent 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) 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 and 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 Joint First Lien Collateral Agent upon issuance, together with all evidence of such election and issuance and all Security Documents as set forth in Section 3 hereof.

6. Other Rights With Respect to Pledged Collateral.

In addition to the other rights with respect to the Pledged Collateral granted to the 1.125 Lien Collateral Agent hereunder, at any time and from time to time, after and during the continuation of an Event of Default, the 1.125 Lien Collateral Agent, at its option and at the expense of the Pledgors, may, subject to the First Lien Intercreditor Agreement, the Collateral Agency Agreement and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document: (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, and moneys, including cash dividends and income from any Pledged Collateral, now or hereafter in the hands of the 1.125 Lien Collateral Agent or the Joint First Lien Collateral Agent, or any Affiliate of the 1.125 Lien Collateral Agent or Joint First Lien Collateral Agent, on deposit or otherwise, belonging to any Pledgor, as the 1.125 Lien Collateral Agent in its sole discretion shall determine; and (d) do anything which any Pledgor is required but fails to do hereunder. The 1.125 Lien Collateral 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.

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 1.125 Lien Collateral Agent 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 Noteholder Documents, the following rights and remedies, in each case subject to the First Lien Intercreditor Agreement, the Collateral Agency Agreement and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document:

- (a) The 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent 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.
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(b) The proceeds of any collection, sale or other disposition of the Pledged Collateral, or any part thereof, shall be applied against the Secured Obligations, whether or not all the same be then due and payable, as provided in the First Lien Intercreditor Agreement. The 1.125 Lien Collateral Agent shall incur no liability as a result of the sale of the Pledged Collateral, or any part thereof, at any private sale pursuant to this Section 7 conducted in accordance with the requirements of applicable laws. Each Pledgor hereby waives any claims against the 1.125 Lien Collateral Agent and the other Secured Parties arising by reason of the fact that the price at which the Pledged Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the 1.125 Lien Collateral Agent accepts the first offer received and does not offer the Pledged Collateral to more than one offeree, provided that such private sale is conducted in accordance with applicable laws and this Agreement. Each Pledgor hereby agrees that in respect of any sale of any of the Pledged Collateral pursuant to the terms hereof, the 1.125 Lien Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchaser by any governmental authority or official, nor shall the 1.125 Lien Collateral Agent be liable or accountable to any Pledgor for any discount allowed by reason of the fact that such Pledged Collateral is sold in compliance with any such limitation or restriction.

8. 1.125 Lien Collateral Agent's Duties.

The powers conferred on the 1.125 Lien Collateral Agent hereunder are solely to protect its interest (on behalf of itself and the Secured Parties) 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 1.125 Lien Collateral Agent 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 is required to become a Guarantor under the Indenture and applicable Noteholder Documents and 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 a Guarantor may become Pledgors hereunder and will be bound hereby simply by executing and delivering to the 1.125 Lien Collateral Agent a Supplemental Indenture (in the form of Exhibit B to the Indenture) and a Joinder Agreement in the form of Exhibit B to the 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 1.125 Lien Collateral Agent, 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 Noteholder Documents or by Law, rule or regulation and the 1.125 Lien Collateral Agent may enforce any one or more remedies hereunder successively or concurrently at its option. Each Pledgor waives any right to require the 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent'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 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 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 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 1.125 Lien Collateral Agent, the Trustee, the Joint First Lien Collateral Agent, the 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 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 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 any Secured Party (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 any Secured Party 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 1.125 Lien Collateral Agent 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.

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 13.3 of the Indenture and the related provisions of any other applicable Noteholder Document, and the Pledgors (in their capacity as Pledgors and in their capacity as Companies) shall simultaneously send to the 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent hereunder and under the other Noteholder Documents, because the 1.125 Lien Collateral Agent's remedies at law for failure of any Pledgor to comply with the provisions hereof relating to the 1.125 Lien Collateral Agent'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 1.125 Lien Collateral Agent its attorney-in-fact and (v) to enforce the 1.125 Lien Collateral 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, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement.

17. Voting Rights in Respect of the Pledged Collateral.

So long as no Event of Default shall occur and be continuing under the Indenture or any other applicable Noteholder Document, 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 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 1.125 Lien Collateral Agent or any other Secured Party 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 First Lien Intercreditor Agreement, the Collateral Agency Agreement, and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document, the 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise by 1.125 Lien Collateral Agent 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 1.125 Lien Collateral Agent'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 permitted by the Indenture and any other applicable Noteholder Document; or (ii) enter into any agreement or undertaking restricting the right or ability of such Pledgor or the 1.125 Lien Collateral Agent to sell, assign or transfer any of the Pledged Collateral without the 1.125 Lien Collateral Agent's prior written consent, except as permitted by the Indenture and any other applicable Noteholder Document.

18. Consent to Jurisdiction.

Each Pledgor (as a Pledgor and as a Company) hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other 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 Pledgor at its address referred to in Section 8.02 of the Security Agreement or at such other address of which the 1.125 Lien Collateral 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.

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 1.125 LIEN COLLATERAL AGENT, ON BEHALF OF ITSELF, THE TRUSTEE AND THE JOINT FIRST LIEN COLLATERAL AGENT, 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; Amendments.

(a) This Agreement and the other Noteholder Documents constitute 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 1.125 Lien Collateral Agent in relation to the Secured Obligations.

(b) Except as expressly provided in (i) Section 9.1 of the Indenture with respect to the Secured Notes, (ii) Section 9 with respect to additional Pledgors, (iii) Section 21 with respect to the release of Pledgors and Companies, (iv) Section 11.4 of the Indenture and (v) Section 8.01 of the Security Agreement, this Agreement may not be amended or supplemented except by a writing signed by the 1.125 Lien Collateral Agent and the Pledgors.

21. Release of Related Collateral and Equity.

At any time after the initial execution and delivery of this Agreement to the 1.125 Lien Collateral Agent, the Pledgors and their respective Pledged Collateral, the Companies and JV Holding Companies may be released from this Agreement in accordance with and pursuant to Section 11.4 of the Indenture and the comparable provisions of any other applicable Noteholder Documents, or at the times and to the extent required by the First Lien Intercreditor Agreement and the Collateral Agency Agreement. No notice of such release of any Pledgor or such Pledgor's Pledged Collateral shall be required to be given to any other Pledgor and each Pledgor hereby consents thereto.

22. Counterparts; Electronic Transmission of 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 1.125 Lien Collateral Agent 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 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents apply to this Agreement.

24. Waiver of Restrictions.

Each Pledgor agrees that any restriction on transfer (if any) of the Pledged Collateral contained in the organizational documents to which such Pledgor is a party, is hereby waived, and further agrees that any such restriction does not apply to the grant of security interest made hereunder or to any transfer of the Pledged Collateral to a Secured Party or any third party in connection with an exercise of remedies hereunder.

25. First Lien Intercreditor Agreement and the Collateral Agency Agreement.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the 1.125 Lien Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the 1.125 Lien Collateral Agent hereunder are subject to the provisions of the First Lien Intercreditor Agreement and the Collateral Agency Agreement. In the event of any conflict between the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement on the one hand, and this Agreement, on the other hand, the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement shall govern.

26. 1.125 Lien Collateral Agent Privileges, Powers and Immunities.

In the performance of its obligations, powers and rights hereunder, the 1.125 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.125 Lien Collateral Agent under the Indenture, the applicable Noteholder Document and the Collateral Agency Agreement. The 1.125 Lien Collateral Agent shall take or refrain from taking any discretionary action or exercise any discretionary powers set forth in this Agreement in accordance with, and subject to, the Indenture and applicable Noteholder Document (it being understood and agreed that the actions and directions set forth in Section 9.1 of the Indenture are not discretionary) and the Collateral Agency Agreement. Notwithstanding anything to the contrary contained herein and notwithstanding anything contained in Section 9-207 of the New York UCC, the 1.125 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.125 Lien Collateral Agent hereunder shall not be construed as duties. The 1.125 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it with due care and shall not be liable for the negligence or misconduct of such appointees. The 1.125 Lien Collateral Agent shall be under no obligation to take any action toward the enforcement of this Agreement, whether on its own motion or on the request of any other Person, which in the opinion of the 1.125 Lien Collateral Agent may involve loss, liability or expense to it, unless the Company or one or more Secured Parties shall offer and furnish security or indemnity, reasonably satisfactory to the 1.125 Lien Collateral Agent, against such loss, liability and expense to the 1.125 Lien Collateral Agent.

[SIGNATURE PAGES FOLLOW]

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, NATIONAL ASSOCIATION, as 1.125 Lien Collateral Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Joint First Lien Collateral Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Pledgors:

K. HOVNIANIAN ENTERPRISES, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Senior Vice President, Chief Accounting Officer and Treasurer

HOVNIANIAN ENTERPRISES, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Senior Vice President, Chief Accounting Officer and Treasurer

K. HOV IP, II, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Treasurer

**ON BEHALF OF EACH OTHER ENTITY NAMED
IN SCHEDULE A HERETO**

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Vice President / Authorized Representative



**SCHEDULE A
TO
PLEDGE AGREEMENT**

EASTERN NATIONAL TITLE AGENCY ARIZONA, LLC
GTIS-HOV AT SILVERSTONE LLC
GTIS-HOV POINTE 16 LLC
K. HOVNIANIAN ARIZONA NEW GC, LLC
K. HOVNIANIAN ARIZONA OPERATIONS, LLC
K. HOVNIANIAN AT 17 NORTH, LLC
K. HOVNIANIAN AT 23 NORTH, LLC
K. HOVNIANIAN AT 240 MISSOURI, LLC
K. HOVNIANIAN AT ACACIA PLACE, LLC
K. HOVNIANIAN AT AIRE ON MCDOWELL, LLC
K. HOVNIANIAN AT ALAMEDA POINT, LLC
K. HOVNIANIAN AT ALTO, LLC
K. HOVNIANIAN AT AMBRA, LLC
K. HOVNIANIAN AT ASTER RIDGE, LLC
K. HOVNIANIAN AT CATANIA, LLC
K. HOVNIANIAN AT EAGLE HEIGHTS, LLC
K. HOVNIANIAN AT GALLERY, LLC
K. HOVNIANIAN AT GALLOWAY RIDGE, LLC
K. HOVNIANIAN AT HONEYSUCKLE TRAIL, LLC
K. HOVNIANIAN AT LAVEEN SPRINGS, LLC
K. HOVNIANIAN AT LUKE LANDING, LLC
K. HOVNIANIAN AT MARYLAND RIDGE, LLC
K. HOVNIANIAN AT MCCARTNEY RANCH, LLC
K. HOVNIANIAN AT MONROE RANCH, LLC
K. HOVNIANIAN AT MONTANA VISTA DOBBINS, LLC
K. HOVNIANIAN AT MONTANA VISTA, LLC
K. HOVNIANIAN AT ORANGEWOOD RANCH, LLC
K. HOVNIANIAN AT PALERMO, LLC
K. HOVNIANIAN AT PALM VALLEY, L.L.C.
K. HOVNIANIAN AT PARK PASEO, LLC
K. HOVNIANIAN AT PINNACLE PEAK PATIO, LLC
K. HOVNIANIAN AT POINTE 16, LLC
K. HOVNIANIAN AT QUAIL CREEK, L.L.C.
K. HOVNIANIAN AT RANCHO CABRILLO, LLC
K. HOVNIANIAN AT RANCHO EL DORADO, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 17, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 23, LLC
K. HOVNIANIAN AT SANTA ROSA SPRINGS, LLC
K. HOVNIANIAN AT SANTANILLA, LLC
K. HOVNIANIAN AT SCOTTSDALE HEIGHTS, LLC
K. HOVNIANIAN AT SIENNA HILLS, LLC
K. HOVNIANIAN AT SILVERSTONE G, LLC
K. HOVNIANIAN AT SILVERSTONE, LLC

K. HOVNIANIAN AT SKYE ON MCDOWELL, LLC
K. HOVNIANIAN AT STERLING VISTAS, LLC
K. HOVNIANIAN AT SUN CITY WEST, LLC
K. HOVNIANIAN AT SUNRISE TRAIL II, LLC
K. HOVNIANIAN AT SUNRISE TRAIL III, LLC
K. HOVNIANIAN AT THE MEADOWS 9, LLC
K. HOVNIANIAN AT THE MEADOWS, LLC
K. HOVNIANIAN AT TORTOSA SOUTH, LLC
K. HOVNIANIAN AT UNION PARK, LLC
K. HOVNIANIAN AT VENTANA LAKES, LLC
K. HOVNIANIAN AT VERRADO CASCINA, LLC
K. HOVNIANIAN AT VERRADO MARKETSIDE, LLC
K. HOVNIANIAN AT VICTORY AT VERRADO, LLC
K. HOVNIANIAN AT VILLAGO, LLC
K. HOVNIANIAN COMPANIES OF ARIZONA, LLC
K. HOVNIANIAN GREAT WESTERN HOMES, LLC
K. HOVNIANIAN LEGACY AT VIA BELLA, LLC
K. HOVNIANIAN PHOENIX DIVISION, INC.
K. HOVNIANIAN WEST GROUP, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR, LLC
VISTAS AT SILVERSTONE LLC
2700 EMPIRE, LLC
GTIS-HOV RANCHO 79 LLC
K. HOV IP, II, INC.
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH M2, LLC
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH, LLC
K. HOVNIANIAN ASPIRE AT RIVER TERRACE, LLC
K. HOVNIANIAN ASPIRE AT SOLAIRE, LLC
K. HOVNIANIAN ASPIRE AT STONES THROW, LLC
K. HOVNIANIAN AT ANDALUSIA, LLC
K. HOVNIANIAN AT ASPIRE AT APRICOT GROVE PH2, LLC
K. HOVNIANIAN AT BAKERSFIELD 463, L.L.C.
K. HOVNIANIAN AT BEACON PARK AREA 129 II, LLC
K. HOVNIANIAN AT BEACON PARK AREA 129, LLC
K. HOVNIANIAN AT BEACON PARK AREA 137, LLC
K. HOVNIANIAN AT BENNETT RANCH, LLC
K. HOVNIANIAN AT BLACKSTONE, LLC
K. HOVNIANIAN AT CADENCE PARK, LLC
K. HOVNIANIAN AT CAPISTRANO, L.L.C.
K. HOVNIANIAN AT CARLSBAD, LLC
K. HOVNIANIAN AT CEDAR LANE, LLC
K. HOVNIANIAN AT CIELO, L.L.C.

K. HOVNIANIAN AT FIDDYMENT RANCH, LLC
K. HOVNIANIAN AT FIREFLY AT WINDING CREEK, LLC
K. HOVNIANIAN AT FRESNO, LLC
K. HOVNIANIAN AT GILROY 60, LLC
K. HOVNIANIAN AT GILROY, LLC
K. HOVNIANIAN AT HIDDEN LAKE, LLC
K. HOVNIANIAN AT JAEGER RANCH, LLC
K. HOVNIANIAN AT LA LAGUNA, L.L.C.
K. HOVNIANIAN AT LADD RANCH, LLC
K. HOVNIANIAN AT LUNA VISTA, LLC
K. HOVNIANIAN AT MELANIE MEADOWS, LLC
K. HOVNIANIAN AT MERIDIAN HILLS, LLC
K. HOVNIANIAN AT MUIRFIELD, LLC
K. HOVNIANIAN AT PARKSIDE, LLC
K. HOVNIANIAN AT PAVILION PARK, LLC
K. HOVNIANIAN AT POSITANO, LLC
K. HOVNIANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNIANIAN AT SAGE II HARVEST AT LIMONEIRA, LLC
K. HOVNIANIAN AT SANTA NELLA, LLC
K. HOVNIANIAN AT SENDERO RANCH, LLC
K. HOVNIANIAN AT SIERRA VISTA, LLC
K. HOVNIANIAN AT SKYE ISLE, LLC
K. HOVNIANIAN AT SUNRIDGE PARK, LLC
K. HOVNIANIAN AT TRAIL RIDGE, LLC
K. HOVNIANIAN AT VALLE DEL SOL, LLC
K. HOVNIANIAN AT VERONA ESTATES, LLC
K. HOVNIANIAN AT VICTORVILLE, L.L.C.
K. HOVNIANIAN AT VILLAGE CENTER, LLC
K. HOVNIANIAN AT VINEYARD HEIGHTS, LLC
K. HOVNIANIAN AT WATERSTONE, LLC
K. HOVNIANIAN AT WEST VIEW ESTATES, L.L.C.
K. HOVNIANIAN AT WESTSHORE, LLC
K. HOVNIANIAN AT WHEELER RANCH, LLC
K. HOVNIANIAN AT WOODCREEK WEST, LLC
K. HOVNIANIAN CA LAND HOLDINGS, LLC
K. HOVNIANIAN CALIFORNIA OPERATIONS, INC.
K. HOVNIANIAN CALIFORNIA REGION, INC.
K. HOVNIANIAN COMMUNITIES, INC.
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES, LLC
K. HOVNIANIAN EAST GROUP, LLC
K. HOVNIANIAN ENTERPRISES, INC.
K. HOVNIANIAN FOUR SEASONS AT HOMESTEAD, LLC

K. HOVNIANIAN HOMES NORTHERN CALIFORNIA, INC.
K. HOVNIANIAN JV HOLDINGS, L.L.C.
K. HOVNIANIAN JV SERVICES COMPANY, L.L.C.
K. HOVNIANIAN MEADOW VIEW AT MOUNTAIN HOUSE, LLC
K. HOVNIANIAN NORTHEAST DIVISION, INC.
K. HOVNIANIAN NORTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN OPERATIONS COMPANY, INC.
K. HOVNIANIAN SOUTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN'S ASPIRE AT UNION VILLAGE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LOS BANOS, LLC
K. HOVNIANIAN'S SONATA AT THE PRESERVE, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK II, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK, LLC
STONEBROOK HOMES, INC.
K. HOVNIANIAN PARKVIEW AT STERLING MEADOWS, LLC
K. HOVNIANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNIANIAN HOMES AT PARKSIDE, LLC
K. HOVNIANIAN HOMES OF D.C., L.L.C.
GTIS-HOV ARBORS AT MONROE PARENT LLC
GTIS-HOV FOUR PONDS PARENT LLC
GTIS-HOV HEATHERFIELD PARENT LLC
GTIS-HOV HILLTOP AT CEDAR GROVE PARENT LLC
GTIS-HOV HOLDINGS IX LLC
GTIS-HOV HOLDINGS LLC
GTIS-HOV HOLDINGS V LLC
GTIS-HOV HOLDINGS VI LLC
GTIS-HOV HOLDINGS VII LLC
GTIS-HOV HOLDINGS VIII LLC
GTIS-HOV LAKES OF CANE BAY PARENT LLC
GTIS-HOV PARKSIDE OF LIBERTYVILLE PARENT LLC
GTIS-HOV PENDER OAKS PARENT LLC
GTIS-HOV PINNACLE PEAK PATIO PARENT LLC
GTIS-HOV SAUGANASH GLEN PARENT LLC
HOMEBUYERS FINANCIAL USA, LLC
HOVNIANIAN ENTERPRISES, INC. (PARENT COMPANY)
HOVSITE CHURCHILL CLUB LLC
HOVSITE FIRENZE LLC
HOVSITE HUNT CLUB LLC
HOVSITE LIBERTY LAKES LLC
HOVSITE PROVIDENCE LLC
HOVSITE SOUTHAMPTON LLC

K. HOVNIANIAN ASPIRE AT LYNNBURY WOODS, LLC
K. HOVNIANIAN AT ADMIRAL'S LANDING, LLC
K. HOVNIANIAN AT ASHBY PLACE, LLC
K. HOVNIANIAN AT ASPIRE AT WEBBER FARM, LLC
K. HOVNIANIAN AT ASPIRE AT WICKERSHAM, LLC
K. HOVNIANIAN AT AUTUMN RIDGE, LLC
K. HOVNIANIAN AT BAY KNOLLS, LLC
K. HOVNIANIAN AT BRENFORD STATION, LLC
K. HOVNIANIAN AT CEDAR LANE ESTATES, LLC
K. HOVNIANIAN AT EGRET SHORES, LLC
K. HOVNIANIAN AT FORK LANDING, LLC
K. HOVNIANIAN AT HARBOR'S EDGE AT BAYSIDE, LLC
K. HOVNIANIAN AT HIDDEN BROOK, LLC
K. HOVNIANIAN AT LIBERTY WEST, LLC
K. HOVNIANIAN AT MIDDLETOWN RESERVE, LLC
K. HOVNIANIAN AT MONARCH GLEN, LLC
K. HOVNIANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNIANIAN AT NOTTINGHAM MEADOWS, LLC
K. HOVNIANIAN AT OCEAN VIEW BEACH CLUB, LLC
K. HOVNIANIAN AT OYSTER COVE, LLC
K. HOVNIANIAN AT PATRIOTS BLUFF, LLC
K. HOVNIANIAN AT PLANTATION LAKES, L.L.C.
K. HOVNIANIAN AT PLEASANTON, LLC
K. HOVNIANIAN AT RED MILL POND, LLC
K. HOVNIANIAN AT RETREAT AT MILLSTONE, LLC
K. HOVNIANIAN AT SATTERFIELD, LLC
K. HOVNIANIAN AT SEABROOK, LLC
K. HOVNIANIAN AT TOWER HILL, LLC
K. HOVNIANIAN AT TOWNSEND FIELDS, LLC
K. HOVNIANIAN AT WOODFIELD, LLC
K. HOVNIANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN DELAWARE DIVISION, INC.
K. HOVNIANIAN DELAWARE OPERATIONS, LLC
K. HOVNIANIAN HOMES AT KNOLLAC ACRES, LLC
K. HOVNIANIAN HOMES AT SUMMIT POINTE, LLC
K. HOVNIANIAN HOMES OF DELAWARE I, LLC
K. HOVNIANIAN HOMES OF LONGACRE VILLAGE, L.L.C.
K. HOVNIANIAN NEW JERSEY OPERATIONS, LLC
K. HOVNIANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BAYMONT FARMS L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT HATTERAS HILLS, LLC

K. HOVNIANIAN'S FOUR SEASONS AT SILVER MAPLE FARM, L.L.C.
KHH SHELL HALL LOAN ACQUISITION, LLC
RIDGEMORE UTILITY OF DELAWARE, LLC
TRAVERSE PARTNERS, LLC
WASHINGTON HOMES, INC.
WTC VENTURES, L.L.C.
GTIS-HOV NICHOLSON PARENT LLC
EASTERN NATIONAL TITLE AGENCY FLORIDA, LLC
HOVNIANIAN DEVELOPMENTS OF FLORIDA, INC.
K. HOVNIANIAN AMBER GLEN, LLC
K. HOVNIANIAN ASPIRE AT BOATMAN HAMMOCK, LLC
K. HOVNIANIAN ASPIRE AT EAST LAKE, LLC
K. HOVNIANIAN ASPIRE AT HAWKS RIDGE, LLC
K. HOVNIANIAN ASPIRE AT MARION OAKS, LLC
K. HOVNIANIAN ASPIRE AT PALM BAY, LLC
K. HOVNIANIAN ASPIRE AT PALM COAST, LLC
K. HOVNIANIAN ASPIRE AT PORT ST. LUCIE, LLC
K. HOVNIANIAN ASPIRE AT VICTORIA PARC, LLC
K. HOVNIANIAN ASPIRE AT WATERSTONE, LLC
K. HOVNIANIAN AT ARMEN GROVES, LLC
K. HOVNIANIAN AT AVENIR II, LLC
K. HOVNIANIAN AT AVENIR, LLC
K. HOVNIANIAN AT BOCA DUNES, LLC
K. HOVNIANIAN AT CORAL LAGO, LLC
K. HOVNIANIAN AT HAMPTON COVE, LLC
K. HOVNIANIAN AT HERITAGE GROVE, LLC
K. HOVNIANIAN AT HILLTOP RESERVE II, LLC
K. HOVNIANIAN AT HILLTOP RESERVE, LLC
K. HOVNIANIAN AT LAKE BURDEN, LLC
K. HOVNIANIAN AT LAKE FLORENCE, LLC
K. HOVNIANIAN AT LAKE LECLARE, LLC
K. HOVNIANIAN AT PICKETT RESERVE, LLC
K. HOVNIANIAN AT REDTAIL, LLC
K. HOVNIANIAN AT SALERNO RESERVE, LLC
K. HOVNIANIAN AT SPRING ISLE, LLC
K. HOVNIANIAN AT SUMMERLAKE, LLC
K. HOVNIANIAN AT TERRA BELLA TWO, LLC
K. HOVNIANIAN AT THE HIGHLANDS AT SUMMERLAKE GROVE, LLC
K. HOVNIANIAN AT VALLETTA, LLC
K. HOVNIANIAN AT WALKERS GROVE, LLC
K. HOVNIANIAN BELMONT RESERVE, LLC
K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNIANIAN COMPANIES OF FLORIDA, LLC

K. HOVNIANIAN CYPRESS CREEK, LLC
K. HOVNIANIAN CYPRESS KEY, LLC
K. HOVNIANIAN ESTATES AT WEKIVA, LLC
K. HOVNIANIAN FIRST HOMES, L.L.C.
K. HOVNIANIAN FLORIDA OPERATIONS, LLC
K. HOVNIANIAN FLORIDA REALTY, L.L.C.
K. HOVNIANIAN GRAND CYPRESS, LLC
K. HOVNIANIAN GRANDEFIELD, LLC
K. HOVNIANIAN HOMES OF FLORIDA I, LLC
K. HOVNIANIAN IVY TRAIL, LLC
K. HOVNIANIAN LAKE PARKER, LLC
K. HOVNIANIAN MAGNOLIA AT WESTSIDE, LLC
K. HOVNIANIAN MONTCLAIRE ESTATES, LLC
K. HOVNIANIAN OCOEE LANDINGS, LLC
K. HOVNIANIAN ORLANDO DIVISION, LLC
K. HOVNIANIAN PRESERVE AT AVONLEA, LLC
K. HOVNIANIAN PRESERVE AT TURTLE CREEK LLC
K. HOVNIANIAN REYNOLDS RANCH, LLC
K. HOVNIANIAN RIVERSIDE, LLC
K. HOVNIANIAN RIVINGTON, LLC
K. HOVNIANIAN SAN SEBASTIAN, LLC
K. HOVNIANIAN SERENO, LLC
K. HOVNIANIAN SOLA VISTA, LLC
K. HOVNIANIAN SOUTH FORK, LLC
K. HOVNIANIAN SOUTHEAST FLORIDA DIVISION, LLC
K. HOVNIANIAN STERLING RANCH, LLC
K. HOVNIANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNIANIAN TERRALARGO, LLC
K. HOVNIANIAN UNION PARK, LLC
K. HOVNIANIAN WINDING BAY PRESERVE, LLC
K. HOVNIANIAN WINDWARD HOMES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT WYLDER, LLC
KHOV WINDING BAY II, LLC
LINKS AT CALUSA SPRINGS, LLC
K. HOVNIANIAN AT THE COMMONS AT RICHMOND HILL, LLC
K. HOVNIANIAN AT WESTBROOK, LLC
K. HOVNIANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNIANIAN GEORGIA OPERATIONS, LLC
K. HOVNIANIAN HOMES AT CREEKSIDE, LLC
K. HOVNIANIAN'S ASPIRE AT NEW HAMPSTEAD, LLC
AMBER RIDGE, LLC
ARBOR TRAILS, LLC
EASTERN NATIONAL TITLE AGENCY ILLINOIS, LLC

GLENRISE GROVE, L.L.C.
GTIS-HOV PARKSIDE OF LIBERTYVILLE LLC
GTIS-HOV SAUGANASH GLEN LLC
K. HOVNIANIAN AT AMBERLEY WOODS, LLC
K. HOVNIANIAN AT ASHLEY POINTE LLC
K. HOVNIANIAN AT BRADWELL ESTATES, LLC
K. HOVNIANIAN AT CHRISTINA COURT, LLC
K. HOVNIANIAN AT CHURCHILL FARMS LLC
K. HOVNIANIAN AT DEER RIDGE, LLC
K. HOVNIANIAN AT ESTATES OF FOX CHASE, LLC
K. HOVNIANIAN AT FAIRFIELD RIDGE, LLC
K. HOVNIANIAN AT GRANDE PARK, LLC
K. HOVNIANIAN AT HANOVER ESTATES, LLC
K. HOVNIANIAN AT HEATHERFIELD, LLC
K. HOVNIANIAN AT ISLAND LAKE, LLC
K. HOVNIANIAN AT LINK CROSSING, LLC
K. HOVNIANIAN AT MAPLE HILL LLC
K. HOVNIANIAN AT MEADOWRIDGE VILLAS, LLC
K. HOVNIANIAN AT NORTH GROVE CROSSING, LLC
K. HOVNIANIAN AT NORTH POINTE ESTATES LLC
K. HOVNIANIAN AT NORTHRIDGE ESTATES, LLC
K. HOVNIANIAN AT ORCHARD MEADOWS, LLC
K. HOVNIANIAN AT PRAIRIE POINTE, LLC
K. HOVNIANIAN AT RANDALL HIGHLANDS, LLC
K. HOVNIANIAN AT RIVER HILLS, LLC
K. HOVNIANIAN AT SAGEBROOK, LLC
K. HOVNIANIAN AT SILVER LEAF, LLC
K. HOVNIANIAN AT SILVERWOOD GLEN, LLC
K. HOVNIANIAN AT SOMERSET, LLC
K. HOVNIANIAN AT TAMARACK SOUTH LLC
K. HOVNIANIAN AT TANGLEWOOD OAKS, LLC
K. HOVNIANIAN AT TRAFFORD PLACE, LLC
K. HOVNIANIAN AT TRAMORE LLC
K. HOVNIANIAN AT VILLAS AT THE COMMONS, LLC
K. HOVNIANIAN CHICAGO DIVISION, INC.
K. HOVNIANIAN ESTATES AT REGENCY, L.L.C.
K. HOVNIANIAN ILLINOIS OPERATIONS, LLC
K. HOVNIANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNIANIAN AT NORTON LAKE LLC
EASTERN NATIONAL TITLE AGENCY MARYLAND, LLC
GTIS-HOV VILLAGES AT PEPPER MILL LLC
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 BRITTANY MANOR, LLC
K. HOVNIANIAN AT CATON'S RESERVE, LLC
K. HOVNIANIAN AT EDEN TERRACE, L.L.C.
K. HOVNIANIAN AT GRACE MEADOWS, LLC
K. HOVNIANIAN AT LOCKE LANDING, LLC
K. HOVNIANIAN AT SOUTHPOINTE, LLC
K. HOVNIANIAN AT WADE'S GRANT, L.L.C.
K. HOVNIANIAN BRITTANY MANOR BORROWER, LLC
K. HOVNIANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNIANIAN HOMES OF MARYLAND I, LLC
K. HOVNIANIAN HOMES OF MARYLAND II, LLC
K. HOVNIANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
RIDGEMORE UTILITY L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNIANIAN HOMES OF MINNESOTA AT ARBOR CREEK, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT AUTUMN MEADOWS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT BRYNWOOD, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT CEDAR HOLLOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT FOUNDER'S RIDGE, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT HARPERS STREET WOODS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT OAKS OF OXBOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT REGENT'S POINT, LLC
K. HOVNIANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNIANIAN LIBERTY ON BLUFF CREEK, LLC
K. HOVNIANIAN TIMBRES AT ELM CREEK, LLC
K. HOVNIANIAN'S FOUR SEASONS AT RUSH CREEK II, LLC
K. HOVNIANIAN AT BURCH KOVE, LLC
K. HOVNIANIAN AT INDIAN WELLS, LLC
K. HOVNIANIAN AT LILY ORCHARD, LLC
K. HOVNIANIAN AT MAIN STREET SQUARE, LLC
K. HOVNIANIAN AT OAK POINTE, LLC
K. HOVNIANIAN AT THE PROMENADE AT BEAVER CREEK, LLC
K. HOVNIANIAN AT WHEELER WOODS, LLC
K. HOVNIANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNIANIAN HOMES AT BROOK MANOR, LLC
K. HOVNIANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNIANIAN SHERWOOD AT REGENCY, LLC
BUILDER SERVICES NJ, L.L.C.
EASTERN NATIONAL TITLE AGENCY, INC.
F&W MECHANICAL SERVICES, L.L.C.
GTIS-HOV ARBORS AT MONROE LLC

GTIS-HOV HOLDINGS XI LLC
HILLTOP AT CEDAR GROVE URBAN RENEWAL, LLC
K. HOVNIANIAN ACQUISITIONS, INC.
K. HOVNIANIAN AT ACADEMY HILL, LLC
K. HOVNIANIAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN AT CARRIAGES AT WALL, LLC
K. HOVNIANIAN AT CHARLESTON MEADOWS, LLC
K. HOVNIANIAN AT CHESTERFIELD, L.L.C.
K. HOVNIANIAN AT DUNELLEN URBAN RENEWAL, LLC
K. HOVNIANIAN AT EAST BRUNSWICK III, LLC
K. HOVNIANIAN AT EAST BRUNSWICK, LLC
K. HOVNIANIAN AT EAST WINDSOR, LLC
K. HOVNIANIAN AT FRANKLIN II, L.L.C.
K. HOVNIANIAN AT FRANKLIN, L.L.C.
K. HOVNIANIAN AT FREEHOLD TOWNSHIP III, LLC
K. HOVNIANIAN AT GLEN OAKS, LLC
K. HOVNIANIAN AT GREAT NOTCH, L.L.C.
K. HOVNIANIAN AT HILLDALE, LLC
K. HOVNIANIAN AT HILLSBOROUGH, LLC
K. HOVNIANIAN AT HOWELL FORT PLAINS, LLC
K. HOVNIANIAN AT HOWELL II, LLC
K. HOVNIANIAN AT HOWELL, LLC
K. HOVNIANIAN AT JACKSON I, L.L.C.
K. HOVNIANIAN AT JACKSON, L.L.C.
K. HOVNIANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT MANALAPAN CROSSING, LLC
K. HOVNIANIAN AT MANALAPAN II, L.L.C.
K. HOVNIANIAN AT MANALAPAN IV, LLC
K. HOVNIANIAN AT MANALAPAN V, LLC
K. HOVNIANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNIANIAN AT MARLBORO GROVE, LLC
K. HOVNIANIAN AT MIDDLETOWN III, LLC
K. HOVNIANIAN AT MIDDLETOWN IV, LLC
K. HOVNIANIAN AT MILLVILLE II, L.L.C.
K. HOVNIANIAN AT MONROE NJ II, LLC
K. HOVNIANIAN AT MONROE NJ III, LLC
K. HOVNIANIAN AT MONROE NJ, L.L.C.
K. HOVNIANIAN AT MONTGOMERY, LLC
K. HOVNIANIAN AT MONTVALE II, LLC
K. HOVNIANIAN AT MORRIS TWP, LLC
K. HOVNIANIAN AT MORRIS WOODS, LLC
K. HOVNIANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNIANIAN AT NORTH WILDWOOD, L.L.C.

K. HOVNIANIAN AT OAKLAND, LLC
K. HOVNIANIAN AT OLD BRIDGE II, LLC
K. HOVNIANIAN AT OLD BRIDGE, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNIANIAN AT PRESERVE AT FREEHOLD, LLC
K. HOVNIANIAN AT RANCOCAS CREEK, LLC
K. HOVNIANIAN AT RESERVOIR POINT, LLC
K. HOVNIANIAN AT RIDGEMONT, L.L.C.
K. HOVNIANIAN AT SANDPIPER PLACE, LLC
K. HOVNIANIAN AT SHREWSBURY, LLC
K. HOVNIANIAN AT SMITHVILLE, INC.
K. HOVNIANIAN AT SOUTH BRUNSWICK II, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK III, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK IV, LLC
K. HOVNIANIAN AT STATION SQUARE, L.L.C.
K. HOVNIANIAN AT THE MONARCH, L.L.C.
K. HOVNIANIAN AT TOWNES AT PARKVIEW, LLC
K. HOVNIANIAN AT TOWNES AT WEST LONG BRANCH, LLC
K. HOVNIANIAN AT VILLAGES AT COUNTRY VIEW, LLC
K. HOVNIANIAN AT WALL DONATO, LLC
K. HOVNIANIAN AT WALL QUAIL RIDGE, LLC
K. HOVNIANIAN AT WARREN TOWNSHIP II, LLC
K. HOVNIANIAN AT WASHINGTON RIDGE, LLC
K. HOVNIANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNIANIAN AT WOOLWICH I, L.L.C.
K. HOVNIANIAN HOLDINGS NJ, L.L.C.
K. HOVNIANIAN MANALAPAN ACQUISITION, LLC
K. HOVNIANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNIANIAN PROPERTIES OF RED BANK, LLC
K. HOVNIANIAN SERENITY WALK AT PLAINSBORO URBAN RENEWAL, LLC
K. HOVNIANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNIANIAN VILLAGES AT HAYS MILL CREEK, LLC
K. HOVNIANIAN'S AEGEAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S BALTIC AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S COVE AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S DELTA AT ASBURY PARK, LLC
K. HOVNIANIAN'S ENCLAVE AT OLD TAPPAN, LLC
K. HOVNIANIAN'S FOUR SEASONS AT COLTS FARM, LLC
K. HOVNIANIAN'S THE TOWNES AT WEST WINDSOR, LLC
LANDARAMA, INC.
M & M AT MONROE WOODS, L.L.C.
M&M AT WEST ORANGE, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MCNJ, INC.
MM-BEACHFRONT NORTH I, LLC
ROUTE 1 AND ROUTE 522, L.L.C.
TERRAPIN REALTY, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
K. HOVNIANIAN AT WALDWICK, LLC
K. HOVNIANIAN CLASSICS, L.L.C.
K. HOVNIANIAN COMPANIES OF NEW YORK, INC.
K. HOVNIANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNIANIAN NEW YORK OPERATIONS, LLC
K. HOVNIANIAN ABERDEEN, LLC
K. HOVNIANIAN AKRON SCATTERED SITE, LLC
K. HOVNIANIAN ASBURY POINTE, LLC
K. HOVNIANIAN ASPIRE AT AULD FARMS, LLC
K. HOVNIANIAN ASPIRE AT WESTON PLACE, LLC
K. HOVNIANIAN AT BOOTH FARM, LLC
K. HOVNIANIAN AT COOPER'S LANDING, LLC
K. HOVNIANIAN AT COUNTRY VIEW ESTATES, LLC
K. HOVNIANIAN AT CREEKSIDE CROSSING, LLC
K. HOVNIANIAN AT HAMPSHIRE FARMS, LLC
K. HOVNIANIAN AT HARVEST MEADOWS, LLC
K. HOVNIANIAN AT HAWK RIDGE, LLC
K. HOVNIANIAN AT HERITAGE PARK, LLC
K. HOVNIANIAN AT ORCHARD PARK, LLC
K. HOVNIANIAN AT RIVERFIELD RESERVE, LLC
K. HOVNIANIAN BELDEN POINTE, LLC
K. HOVNIANIAN BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN CLEVELAND DIVISION, LLC
K. HOVNIANIAN CORNERSTONE FARMS, LLC
K. HOVNIANIAN EDGEBROOK, LLC
K. HOVNIANIAN FALLS POINTE, LLC
K. HOVNIANIAN FOREST LAKES, LLC
K. HOVNIANIAN FOREST VALLEY, LLC
K. HOVNIANIAN FOUR SEASONS AT CHESTNUT RIDGE, LLC
K. HOVNIANIAN HIDDEN HOLLOW, LLC
K. HOVNIANIAN HIGHLAND RIDGE, LLC
K. HOVNIANIAN INDIAN TRAILS, LLC
K. HOVNIANIAN KINGSTON AT WESTERN RESERVE, LLC
K. HOVNIANIAN LADUE RESERVE, LLC
K. HOVNIANIAN LAKES OF GREEN, LLC
K. HOVNIANIAN LANDINGS 40S, LLC
K. HOVNIANIAN MEADOW LAKES, LLC

K. HOVNIANIAN MONARCH GROVE, LLC
K. HOVNIANIAN NORTHPOINTE 40S, LLC
K. HOVNIANIAN NORTHWEST OHIO, LLC
K. HOVNIANIAN NORTON PLACE, LLC
K. HOVNIANIAN OHIO REALTY, L.L.C.
K. HOVNIANIAN OHIO REGION, INC.
K. HOVNIANIAN REDFERN TRAILS, LLC
K. HOVNIANIAN RIVENDALE, LLC
K. HOVNIANIAN SCHADY RESERVE, LLC
K. HOVNIANIAN VILLAGE GLEN, LLC
K. HOVNIANIAN WATERBURY, LLC
K. HOVNIANIAN WHITE ROAD, LLC
K. HOVNIANIAN WOODLAND POINTE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT ADDISON FARMS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SANDSTONE, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
NEW HOME REALTY, LLC
K. HOVNIANIAN OHIO OPERATIONS, LLC
K. HOVNIANIAN WOODRIDGE PLACE, LLC
BUILDER SERVICES PA, L.L.C.
EASTERN NATIONAL ABSTRACT, INC.
GTIS-HOV WARMINSTER LLC
K. HOVNIANIAN AT DOYLESTOWN, LLC
K. HOVNIANIAN AT MIDDLETOWN, LLC
K. HOVNIANIAN AT NORTHAMPTON, L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN PA REAL ESTATE, INC.
K. HOVNIANIAN PENNSYLVANIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN PENNSYLVANIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN AT UPPER PROVIDENCE, LLC
K. HOVNIANIAN AT COOSAW POINT, LLC
K. HOVNIANIAN AT FOX PATH AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT HAMMOCK BREEZE, LLC
K. HOVNIANIAN AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT LAKES AT NEW RIVERSIDE, LLC
K. HOVNIANIAN AT LIBERTY HILL FARM, LLC
K. HOVNIANIAN AT MAGNOLIA PLACE, LLC
K. HOVNIANIAN AT PINCKNEY FARM, LLC
K. HOVNIANIAN AT PINE CREST, LLC
K. HOVNIANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNIANIAN HOMES AT SALT CREEK LANDING, LLC

K. HOVNIANIAN HOMES AT SANDY CREEK LANDING, LLC
K. HOVNIANIAN HOMES AT SHELL HALL, LLC
K. HOVNIANIAN HOMES AT THE ABBY, LLC
K. HOVNIANIAN HOMES AT THE PADDOCKS, LLC
K. HOVNIANIAN SOUTH CAROLINA OPERATIONS, LLC
K. HOVNIANIAN SOUTHEAST COASTAL DIVISION, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CANE BAY EXPANSION, LLC
K. HOVNIANIAN'S FOUR SEASONS AT HILTON HEAD LAKES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LAKES OF CANE BAY LLC
K. HOVNIANIAN'S LAKES AT NEW RIVERSIDE EXPANSION, LLC
SHELL HALL CLUB AMENITY ACQUISITION, LLC
SHELL HALL LAND ACQUISITION, LLC
K. HOVNIANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNIANIAN DFW AGAVE RANCH, LLC
K. HOVNIANIAN DFW ASCEND AT CREEKSHAW, LLC
K. HOVNIANIAN DFW ASCEND AT JUSTIN CROSSING, LLC
K. HOVNIANIAN DFW AUBURN FARMS, LLC
K. HOVNIANIAN DFW BAYSIDE, LLC
K. HOVNIANIAN DFW BELMONT, LLC
K. HOVNIANIAN DFW BERKSHIRE II, LLC
K. HOVNIANIAN DFW BERKSHIRE, LLC
K. HOVNIANIAN DFW BLUFF CREEK, LLC
K. HOVNIANIAN DFW CALDWELL LAKES, LLC
K. HOVNIANIAN DFW CALLOWAY TRAILS, LLC
K. HOVNIANIAN DFW CANYON FALLS, LLC
K. HOVNIANIAN DFW CARILLON, LLC
K. HOVNIANIAN DFW COMMODORE AT PRESTON, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES II, LLC
K. HOVNIANIAN DFW DIAMOND CREEK ESTATES, LLC
K. HOVNIANIAN DFW DIVISION, LLC
K. HOVNIANIAN DFW ELEVON, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS II, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS, LLC
K. HOVNIANIAN DFW HARMON FARMS, LLC
K. HOVNIANIAN DFW HERITAGE CROSSING, LLC
K. HOVNIANIAN DFW HERITAGE RANCH, LLC
K. HOVNIANIAN DFW HERON POND, LLC
K. HOVNIANIAN DFW HIGH POINTE, LLC
K. HOVNIANIAN DFW HIGHTOWER, LLC
K. HOVNIANIAN DFW HOMESTEAD, LLC
K. HOVNIANIAN DFW INSPIRATION, LLC
K. HOVNIANIAN DFW KENSINGTON PLACE, LLC
K. HOVNIANIAN DFW LEXINGTON, LLC

K. HOVNIANIAN DFW LIBERTY CROSSING II, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING, LLC
K. HOVNIANIAN DFW LIBERTY, LLC
K. HOVNIANIAN DFW LIGHT FARMS CYPRESS III, LLC
K. HOVNIANIAN DFW LIGHT FARMS II, LLC
K. HOVNIANIAN DFW LIGHT FARMS, LLC
K. HOVNIANIAN DFW LINCOLN POINTE, LLC
K. HOVNIANIAN DFW MIDTOWN PARK, LLC
K. HOVNIANIAN DFW MILRANY RANCH, LLC
K. HOVNIANIAN DFW MONTEIRA, LLC
K. HOVNIANIAN DFW MUSTANG LAKES II, LLC
K. HOVNIANIAN DFW MUSTANG LAKES, LLC
K. HOVNIANIAN DFW NOBLE RIDGE, LLC
K. HOVNIANIAN DFW NORTH CREEK, LLC
K. HOVNIANIAN DFW OAKMONT PARK II, LLC
K. HOVNIANIAN DFW OAKMONT PARK, LLC
K. HOVNIANIAN DFW PALISADES, LLC
K. HOVNIANIAN DFW PARKSIDE, LLC
K. HOVNIANIAN DFW PARKVIEW, LLC
K. HOVNIANIAN DFW REUNION, LLC
K. HOVNIANIAN DFW RIDGEVIEW, LLC
K. HOVNIANIAN DFW ROLLING RIDGE, LLC
K. HOVNIANIAN DFW SANFORD PARK, LLC
K. HOVNIANIAN DFW SAPPHIRE BAY, LLC
K. HOVNIANIAN DFW SEVENTEEN LAKES, LLC
K. HOVNIANIAN DFW SOUTH POINTE, LLC
K. HOVNIANIAN DFW THE PARKS AT ROSEHILL, LLC
K. HOVNIANIAN DFW TIMBERBROOK, LLC
K. HOVNIANIAN DFW TRAILWOOD II, LLC
K. HOVNIANIAN DFW TRAILWOOD, LLC
K. HOVNIANIAN DFW VILLAS AT MUSTANG PARK, LLC
K. HOVNIANIAN DFW VILLAS AT THE STATION, LLC
K. HOVNIANIAN DFW WATSON CREEK, LLC
K. HOVNIANIAN DFW WELLINGTON ESTATES SOUTH, LLC
K. HOVNIANIAN DFW WELLINGTON VILLAS, LLC
K. HOVNIANIAN DFW WELLINGTON, LLC
K. HOVNIANIAN DFW WILDRIDGE, LLC
K. HOVNIANIAN DISTRIBUTION SERVICES, INC.
K. HOVNIANIAN HOMES - DFW II, L.L.C.
K. HOVNIANIAN HOMES - DFW, L.L.C.
K. HOVNIANIAN HOUSTON BALMORAL PARK LAKES EAST SECTION 8, LLC
K. HOVNIANIAN HOUSTON BALMORAL, LLC
K. HOVNIANIAN HOUSTON BAYOU OAKS AT WEST OREM, LLC

K. HOVNANIAN HOUSTON CAMBRIDGE HEIGHTS, LLC
K. HOVNANIAN HOUSTON CITY HEIGHTS, LLC
K. HOVNANIAN HOUSTON CREEK BEND, LLC
K. HOVNANIAN HOUSTON DIVISION, LLC
K. HOVNANIAN HOUSTON DRY CREEK VILLAGE, LLC
K. HOVNANIAN HOUSTON ELDRIDGE PARK, LLC
K. HOVNANIAN HOUSTON FAIRCHILD FARMS, LLC
K. HOVNANIAN HOUSTON GREATWOOD LAKE, LLC
K. HOVNANIAN HOUSTON KATY POINTE II, LLC
K. HOVNANIAN HOUSTON KATY POINTE, LLC
K. HOVNANIAN HOUSTON KINGDOM HEIGHTS, LLC
K. HOVNANIAN HOUSTON LAKES OF BELLA TERRA WEST II, LLC
K. HOVNANIAN HOUSTON LAKES OF BELLA TERRA WEST, LLC
K. HOVNANIAN HOUSTON LAUREL GLEN, LLC
K. HOVNANIAN HOUSTON MAGNOLIA CREEK, LLC
K. HOVNANIAN HOUSTON MIDTOWN PARK I, LLC
K. HOVNANIAN HOUSTON PARK LAKES EAST, LLC
K. HOVNANIAN HOUSTON PARKWAY TRAILS, LLC
K. HOVNANIAN HOUSTON RIVER FARMS, LLC
K. HOVNANIAN HOUSTON SUNSET RANCH, LLC
K. HOVNANIAN HOUSTON TERRA DEL SOL, LLC
K. HOVNANIAN HOUSTON THUNDER BAY SUBDIVISION, LLC
K. HOVNANIAN HOUSTON TRANQUILITY LAKE ESTATES, LLC
K. HOVNANIAN HOUSTON WESTWOOD, LLC
K. HOVNANIAN HOUSTON WILLOWPOINT, LLC
K. HOVNANIAN HOUSTON WOODSHORE, LLC
K. HOVNANIAN OF HOUSTON II, L.L.C.
K. HOVNANIAN OF HOUSTON III, L.L.C.
K. HOVNANIAN TEXAS OPERATIONS, LLC
PARK TITLE COMPANY, LLC
K. HOVNANIAN DFW CREEKSIDE ESTATES, LLC
EASTERN NATIONAL TITLE AGENCY VIRGINIA, INC.
GTIS-HOV LEELAND STATION LLC
GTIS-HOV WILLOWSFORD WINDMILL LLC
K. HOVNANIAN AT ALEXANDER LAKES, LLC
K. HOVNANIAN AT BELLEWOOD, LLC
K. HOVNANIAN AT BENSEN'S MILL ESTATES, LLC
K. HOVNANIAN AT CANTER V, LLC
K. HOVNANIAN AT DOMINION CROSSING, LLC
K. HOVNANIAN AT EAST CHASE, LLC
K. HOVNANIAN AT EMBREY MILL VILLAGE, LLC
K. HOVNANIAN AT EMBREY MILL, LLC
K. HOVNANIAN AT ESTATES AT WHEATLANDS, LLC

K. HOVNIANIAN AT ESTATES OF CHANCELLORSVILLE, LLC
K. HOVNIANIAN AT GALLERY PARK AT WESTFIELDS, LLC
K. HOVNIANIAN AT HAMPTON RUN, LLC
K. HOVNIANIAN AT HIGHLAND PARK, LLC
K. HOVNIANIAN AT HOLLY RIDGE, LLC
K. HOVNIANIAN AT HUNTER'S POND, LLC
K. HOVNIANIAN AT JACKS RUN, LLC
K. HOVNIANIAN AT JACKSON VILLAGE, LLC
K. HOVNIANIAN AT LAUREL HILLS CROSSING, LLC
K. HOVNIANIAN AT LENA WOODS, LLC
K. HOVNIANIAN AT LINCOLN PARK, LLC
K. HOVNIANIAN AT MADISON SQUARE, LLC
K. HOVNIANIAN AT MELODY FARM, LLC
K. HOVNIANIAN AT NEW POST, LLC
K. HOVNIANIAN AT NICHOLSON, LLC
K. HOVNIANIAN AT NORTH HILL, LLC
K. HOVNIANIAN AT NORTH RIDGE, LLC
K. HOVNIANIAN AT OLD CAROLINA, LLC
K. HOVNIANIAN AT POTOMAC TRACE, LLC
K. HOVNIANIAN AT RAYMOND FARM, LLC
K. HOVNIANIAN AT RESERVES AT WHEATLANDS, LLC
K. HOVNIANIAN AT RESIDENCE AT DISCOVERY SQUARE, LLC
K. HOVNIANIAN AT ROCKLAND VILLAGE GREEN, LLC
K. HOVNIANIAN AT ROCKY RUN VILLAGE, LLC
K. HOVNIANIAN AT SUMMIT CROSSING ESTATES, LLC
K. HOVNIANIAN AT TANAGER, LLC
K. HOVNIANIAN AT TOWNES AT COUNTY CENTER, LLC
K. HOVNIANIAN AT WAXPOOL CROSSING, LLC
K. HOVNIANIAN AT WELLSPRINGS, LLC
K. HOVNIANIAN AT WILLOWSFORD GREENS III, LLC
K. HOVNIANIAN AT WREN HOLLOW, LLC
K. HOVNIANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNIANIAN HOMES AT BURKE JUNCTION, LLC
K. HOVNIANIAN HOMES AT LEIGH MILL, LLC
K. HOVNIANIAN HOMES AT PENDER OAKS, LLC
K. HOVNIANIAN HOMES AT THOMPSON'S GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANGE, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT II, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GREENS, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD NEW, LLC
K. HOVNIANIAN MID-ATLANTIC DIVISION, LLC
K. HOVNIANIAN SUMMIT HOLDINGS, L.L.C.

K. HOVNANIAN VIRGINIA OPERATIONS, INC.
K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE II, LLC
K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT VIRGINIA CROSSING, LLC
K. HOVNANIAN AT DILLON FARM, LLC
K. HOVNANIAN AT HUNTFIELD, LLC
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN HOMES AT LIBERTY RUN, LLC
K. HOVNANIAN HOMES AT SHENANDOAH SPRINGS, LLC
K. HOVNANIAN WEST VIRGINIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNANIAN WEST VIRGINIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.

SCHEDULE B

Actions to Perfect

1. With respect to each Pledgor organized under the laws of the state of Arizona as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Arizona Secretary of State.
2. With respect to each Pledgor organized under the laws of the state of California as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the California Secretary of State.
3. With respect to each Pledgor organized under the laws of the state of Delaware as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Delaware Secretary of State.
4. With respect to each Pledgor organized under the laws of the District of Columbia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the District of Columbia Recorder of Deeds.
5. With respect to each Pledgor organized under the laws of the state of Florida as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Florida Secured Transaction Registry.
6. With respect to each Pledgor organized under the laws of the state of Georgia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
7. With respect to each Pledgor organized under the laws of the state of Illinois as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Illinois Secretary of State.
8. With respect to each Pledgor organized under the laws of the state of Maryland as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Maryland State Department of Assessments and Taxation.
9. With respect to each Pledgor organized under the laws of the state of Minnesota as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Minnesota Secretary of State.
10. With respect to each Pledgor organized under the laws of the state of New Jersey as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the New Jersey Division of Commercial Recording.
11. With respect to each Pledgor organized under the laws of the state of New York as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the New York Secretary of State.
12. With respect to each Pledgor organized under the laws of the state of North Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the North Carolina Secretary of State.
13. With respect to each Pledgor organized under the laws of the state of Ohio as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Ohio Secretary of State.
14. With respect to each Pledgor organized under the laws of the state of Pennsylvania as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Pennsylvania Secretary of the Commonwealth.
15. With respect to each Pledgor organized under the laws of the state of South Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the South Carolina Secretary of State.
16. With respect to each Pledgor organized under the laws of the state of Texas as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Texas Secretary of State.
17. With respect to each Pledgor organized under the laws of the state of Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Virginia State Corporation Commission.
18. With respect to each Pledgor organized under the laws of the state of West Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the West Virginia Secretary of State.
19. With respect to the Pledged Collateral (as defined in the Pledge Agreement (as defined in the Indenture)) constituting certificated securities, delivery of the certificates representing such Pledged Collateral to the Joint First Lien Collateral Agent pursuant to the Pledge Agreement 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.

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.125 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.25 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.125 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.125 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.125 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Trademarks, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.125 Lien Collateral 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 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 any United States “intent-to-use” trademark or service mark applications 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, the Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The 1.125 Lien Collateral Agent agrees that, at the 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 upon receipt of an Officer’s Certificate or an Opinion of Counsel to that effect.

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.125 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.125 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.125 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.125 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.125 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.125 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.125 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.125 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.125 Lien Collateral Agent's rights hereunder.

6. All of 1.125 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.125 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. 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.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.125 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.125 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.125 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.125 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.125 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.125 Lien Collateral Agent hereunder shall not be construed as duties. The 1.125 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

United States Trademark Registrations and Applications

Federal Trademarks		
Owner	Trademark	Application No. / Registration No.
K. HOV IP, II, INC.	55 NEVER LOOKED SO GOOD	4035326
K. HOV IP, II, INC.	HOME DESIGN GALLERY	3017498
K. HOV IP, II, INC.	HOVNANIAN ENTERPRISES	3782845
K. HOV IP, II, INC.	IF YOU'RE NOT 55, YOU'LL WISH YOU WERE	3564614
K. HOV IP, II, INC.	K HOVNANIAN HOMES and Design	3493815
K. HOV IP, II, INC.	K HOVNANIAN HOMES and Design	5702299
K. HOV IP, II, INC.	K. HOVNANIAN	3579682
K. HOV IP, II, INC.	KHOV	2710008
K. HOV IP, II, INC.	KHOV.COM	2544720
K. HOV IP, II, INC.	LET'S BUILD IT TOGETHER	2965030
K. HOV IP, II, INC.	LIFE. STYLE. CHOICES.	2725754
K. HOV IP, II, INC.	THE FIRST NAME IN LASTING VALUE	1418620
K. HOV IP, II, INC.	THE NAME BEHIND THE DREAM	3832465
K. HOV IP, II, INC.	MISSION EXCELLENCE	5179939
K. HOV IP, II, INC.	LOOKS and Design	7176845
K. HOV IP, II, INC.	Design	7004503

COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.125 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.25 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.125 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.125 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.125 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.125 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Copyrights, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.125 Lien Collateral 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 Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC (or any successor provision or provisions).

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.125 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.125 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.125 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.125 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.125 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.125 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.125 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.125 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.125 Lien Collateral Agent's rights hereunder.

6. All of 1.125 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.125 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. 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.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.125 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.125 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.125 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.125 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.125 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.125 Lien Collateral Agent hereunder shall not be construed as duties. The 1.125 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Copyright Security Agreement to be duly executed and delivered as of the date first above written.

1.125 Lien Collateral Agent:

WILMINGTON TRUST,
NATIONAL ASSOCIATION

By: /s/ Nedine P. Sutton _____
Name: Nedine P. Sutton
Title: Vice President

Grantor:

K. HOV IP, II, INC.

By: /s/ Brad O'Connor _____
Name: Brad O'Connor
Title: Treasurer



United States Copyright Registrations

Copyrights

Owner	Registration Number	Copyright
K. HOV IP, II, INC.	VAu001460034	K. Hovnanian Diamond Design

1.25 LIEN SECURITY AGREEMENT

made by

**K. HOVNIANIAN ENTERPRISES, INC.,
HOVNIANIAN ENTERPRISES, INC.**

and certain of their respective Subsidiaries

in favor of

WILMINGTON TRUST, NATIONAL ASSOCIATION

as the 1.25 Lien Collateral Agent

and

WILMINGTON TRUST, NATIONAL ASSOCIATION

as Joint First Lien Collateral Agent

Dated as of October 5, 2023

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this “**Agreement**”), dated as of October 5, 2023, is made by K. Hovnanian Enterprises, Inc., a California corporation (the “**Issuer**”), Hovnanian Enterprises, Inc., a Delaware corporation (“**Hovnanian**”), and each of the signatories listed on Schedule A hereto (the Issuer, Hovnanian and such signatories, together with any other entity that may become a party hereto as provided herein, the “**Grantors**”), in favor of Wilmington Trust, National Association, as the collateral agent (in such capacity, the “**1.25 Lien Collateral Agent**”) for the benefit of itself, and the other Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WITNESSETH:

WHEREAS, the Issuer, Hovnanian and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”), and the 1.25 Lien Collateral Agent, pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 (including any additional notes from time to time issued under the Indenture, the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.125 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

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 Secured Notes; and

NOW, THEREFORE, in consideration of the premises and to induce the holders to purchase the Secured Notes, each Grantor hereby agrees with the 1.25 Lien Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

ARTICLE 1 Defined Terms

Section 1.01. *Definitions.* (a) Definitions set forth above are incorporated herein and unless otherwise defined herein, terms defined in the Indenture and any other applicable Noteholder Document and used herein shall have the meanings respectively given to them in the Indenture and any other applicable Noteholder Document or, if not defined herein or therein, in the First Lien 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, Fixtures, General Intangibles, Goods, Payment Intangibles, Instruments, Inventory, Investment Property, Letter of Credit Rights, Payment Intangibles, Securities Accounts, Software and Supporting Obligations.

(b) The following terms shall have the following meanings:

“**1.125 Lien Indenture**”: the Indenture, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, each of the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, pursuant to which the Issuer is issuing the 7.75% Senior Secured 1.125 Lien Notes due 2026 upon the terms and conditions set forth therein.

“**1.125 Lien Security Agreement**”: the Security Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, the Grantors party thereto in favor of the 1.125 Lien Collateral Agent (as defined therein) entered into in connection with the 1.125 Lien Indenture.

“**Agreement**”: this Security Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“**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 bank with a capital and surplus of at least \$250,000,000 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, (ii) investment grade commercial paper or debt or commercial paper issued by any bank with a capital and surplus of at least \$250,000,000 organized under the laws of the United States of America or any state thereof 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 clauses (i) and (ii).

“**Collateral**”: as defined in Article 2.

“**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.

“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 1.01(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.

“Event of Default” shall mean an “Event of Default” as defined in the Indenture with respect to either issuance of Secured Notes or any other applicable Noteholder Documents.

“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), (iii) the account holding amounts dedicated to the “Marie Fund” established by the Grantors for the benefit of their employees (so long as the Grantors’ deposits therein and withdrawals therefrom are consistent with past practice) and (iv) such other accounts with respect to which Hovnanian determines that the cost of perfecting a Lien thereon is excessive in relation to the benefit thereof (as reasonably determined by Hovnanian’s Board of Directors in a board resolution delivered to the 1.25 Lien Collateral Agent).

“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.

“Law”: 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.

“Noteholders”: the collective reference to the “Holder” or “Holder of Notes” (as defined in the Indenture) of the Secured Notes.

“Noteholder Collateral Document”: 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.

“Noteholder Documents”: collectively, (a) the Indenture, the Secured Notes and the Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any 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.

“Official Body”: 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 Certificate”: with respect to any Grantor, a certificate substantially in the form of Exhibit C, completed and supplemented with the schedules contemplated thereby, and signed by an officer of such Grantor.

“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, and as defined in, the Indenture, the Secured Notes, the Guarantees and the related Noteholder Documents, in each case, together with any extensions, renewals, replacements or refundings thereof and all costs and expenses of enforcement and collection, including reasonable attorney’s fees, expenses and disbursements.

“Secured Parties”: the collective reference to the 1.25 Lien Collateral Agent, the Trustee, the Joint First Lien Collateral Agent and the Noteholders.

“Securities Accounts”: the collective reference to the securities accounts in the name of the applicable Grantor and any additional, substitute or successor account.

“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.

Section 1.02. *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.

ARTICLE 2 Grant of Security Interest

Each Grantor hereby grants to the 1.25 Lien Collateral 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 Chattel Paper (including, Electronic Chattel Paper);

(c) 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);

(d) all Contracts;

(e) all Securities Accounts;

(f) all Deposit Accounts;

(g) all Documents (other than title documents with respect to vehicles);

(h) all Equipment;

- (i) all Fixtures;
- (j) all General Intangibles;
- (k) all Goods;
- (l) all Instruments;
- (m) all Intellectual Property;
- (n) all Inventory;
- (o) all Investment Property;
- (p) all letters of credit;
- (q) all Letter of Credit Rights;
- (r) all Payment Intangibles;
- (s) all Vehicles and title documents with respect to Vehicles;
- (t) all Receivables;
- (u) all Software;
- (v) all Supporting Obligations;
- (w) 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;
- (x) all books and records pertaining to any of the Collateral; and
- (y) 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 Article 2 (and notwithstanding any recording of the 1.25 Lien Collateral Agent's Lien in the U.S. Patent and Trademark Office, the U.S. Copyright 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 constituting "Excluded Property" (as defined in the Indenture and any other applicable Noteholder Documents) 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 applications 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 1.25 Lien Collateral 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 upon receipt of an Officers' Certificate or an Opinion of Counsel to that effect.

ARTICLE 3
Representations and Warranties

To induce the holders to purchase the Secured Notes and to enter into this Agreement, each Grantor hereby represents and warrants to the 1.25 Lien Collateral Agent and each other Secured Party that:

Section 3.01. *Title; No Other Liens.* Except for the security interest granted to the 1.25 Lien Collateral Agent for the ratable benefit of the Secured Parties pursuant to this Agreement, such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others except for the Permitted Liens. None of the Grantors has filed or consented to the filing of any financing statement or other public notice with respect to all or any part of the Collateral in any public office, except with respect to Permitted Liens.

Section 3.02. *Perfected 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, or will be delivered within the time periods set forth in Schedule C, to the 1.25 Lien Collateral Agent or the Joint First Lien Collateral Agent, as applicable, in completed form) will constitute valid perfected (to the extent such security interest can be perfected by such filings or actions set forth on Schedule C) security interests in all of the Collateral in favor of the 1.25 Lien Collateral 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 for Permitted Liens.

Section 3.03. *Jurisdiction of Organization; Chief Executive Office.* On the date hereof, such Grantor's exact legal name, jurisdiction of organization, and the location of such Grantor's chief executive office, are specified in the Perfection Certificate.

Section 3.04. *Farm Products.* None of the Collateral constitutes, or is the Proceeds of, Farm Products.

Section 3.05. *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 Liens.

Section 3.06. *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 Joint First Lien Collateral Agent.

Section 3.07. *Perfection Certificate.* The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein, including the exact legal name and jurisdiction of organization of each Grantor, is correct and complete in all material respects as of the date hereof.

ARTICLE 4
Covenants

Each Grantor covenants and agrees with the 1.25 Lien Collateral 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:

Section 4.01. *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 3.02 and shall defend such security interest against the claims and demands of all Persons whomsoever other than any holder of Permitted Liens.

(b) At any time and from time to time, and at the sole expense of such Grantor, 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 required by applicable law 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) subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, Section 4.18(d) of the Indenture and the comparable provisions of any other applicable Noteholder Documents, 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 Joint First Lien Collateral 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 Excluded Accounts.

(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 1.25 Lien Collateral Agent in a writing signed by such Grantor of the details thereof and grant to the 1.25 Lien Collateral 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 required by applicable law and such writing shall constitute a supplement to Schedule B hereto.

Section 4.02. *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 1.25 Lien Collateral Agent.

Section 4.03. *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 Joint First Lien Collateral Agent, duly indorsed, to be held as Collateral pursuant to this Agreement in a manner reasonably satisfactory to the Joint First Lien Collateral Agent.

Section 4.04. *Intellectual Property.* (a) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or any political subdivision thereof, such Grantor shall report such filing to the 1.25 Lien Collateral Agent on or before the date upon which Hovnanian is required to file reports with the Trustee pursuant to Section 4.15 of the Indenture and the comparable provisions of any other applicable Noteholder Documents for the fiscal quarter in which such filing occurs. Such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as may be necessary to create and perfect the 1.25 Lien Collateral Agent's and the other Secured Parties' security interest in any registered or applied for Copyright, Patent or Trademark and the goodwill and General Intangibles of such Grantor relating thereto or represented thereby. Nothing in this Agreement prevents any Grantor from discontinuing the use or maintenance of its Intellectual Property if such Grantor determines in its reasonable business judgment that such discontinuance is desirable in the conduct of its business.

(b) Such Grantor's obligations under Section 4.04(a) above shall include executing and delivering, and having recorded, with respect to such Collateral, an agreement substantially in the form of the Trademark / Patent / Copyright Security Agreement attached hereto as Exhibit A.

ARTICLE 5 Investing Amounts in the Securities Accounts

Section 5.01. *Investments.* If requested by the Issuer in writing, the Joint First Lien Collateral Agent will, from time to time, invest amounts on deposit in the Deposit Accounts or Securities Accounts in which the 1.25 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens, in Cash Equivalents pursuant to the written instructions of the Issuer. All investments may, at the option of the Joint First Lien Collateral Agent, be made in the name of the Joint First Lien Collateral Agent or a nominee of the Joint First Lien Collateral Agent and in a manner that preserves the Issuer's ownership of, and the 1.25 Lien Collateral Agent's perfected Lien (with the same priority as set forth in the First Lien Intercreditor Agreement) on, such investments, subject only to Permitted Liens. Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, all income received from such investments shall accrue for the benefit of the Issuer and shall be credited (promptly upon receipt by the Joint First Lien Collateral Agent) to a Deposit Account or Securities Account, in which the 1.25 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens. The Issuer will only direct the 1.25 Lien Collateral Agent or Joint First Lien Collateral Agent to make investments in which the 1.25 Lien Collateral Agent can obtain a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens, and the Issuer hereby agrees to execute promptly any documents which may be required to implement or effectuate the provisions of this Section.

Section 5.02. *Liability.* The 1.25 Lien Collateral 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 1.25 Lien Collateral Agent for the benefit of the Secured Parties holds a perfected security interest with the same priority as set forth in the First Lien Intercreditor Agreement, subject only to Permitted Liens (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 1.25 Lien Collateral Agent's gross negligence or willful misconduct as determined by a final and nonappealable decision of a court of competent jurisdiction.

ARTICLE 6 Remedial Provisions

Section 6.01. *Certain Matters Relating to Receivables.*

(a) At any time during the continuance of an Event of Default, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent may require in connection with such test verifications. The 1.25 Lien Collateral 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 1.25 Lien Collateral Agent's rights hereunder.

(b) Each Grantor is authorized to collect such Grantor's Receivables and, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.25 Lien Collateral Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. The 1.25 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency Agreement, if requested in writing by the 1.25 Lien Collateral 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 Joint First Lien Collateral Agent if required, in a collateral account maintained under the sole dominion and control of the Joint First Lien Collateral Agent, subject to withdrawal by the Joint First Lien Collateral Agent to be applied in accordance with the First Lien Intercreditor Agreement and (ii) until so turned over, shall be held by such Grantor in trust for the Joint First Lien Collateral Agent and the Secured Parties, segregated from other funds of such Grantor.

(c) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, at the 1.25 Lien Collateral 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 Joint First Lien Collateral 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.

Section 6.02. *Communications with Obligors: Grantors Remain Liable.*

(a) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent's satisfaction the existence, amount and terms of any Receivables or Contracts. The 1.25 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency Agreement, upon the written request of the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent for the ratable benefit of the Secured Parties and that payments in respect thereof shall be made directly to the 1.25 Lien Collateral 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 1.25 Lien Collateral 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 1.25 Lien Collateral Agent or any Secured Party of any payment relating thereto, nor shall the 1.25 Lien Collateral 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.

Section 6.03. *Proceeds to Be Turned Over to 1.25 Lien Collateral Agent.* In addition to the rights of the 1.25 Lien Collateral Agent and the Secured Parties specified in Section 6.01 with respect to payments of Receivables, and subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if an Event of Default shall occur and be continuing, upon written request from the 1.25 Lien Collateral 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 Joint First Lien Collateral 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 Joint First Lien Collateral Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Joint First Lien Collateral Agent, if requested). All Proceeds received by the Joint First Lien Collateral Agent hereunder shall be held by the Joint First Lien Collateral Agent in a collateral account maintained under its sole dominion and control. All such Proceeds while held by the Joint First Lien Collateral Agent in a collateral account (or by such Grantor in trust for the 1.25 Lien Collateral 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 6.04 subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement.

Section 6.04. *Application of Proceeds.* If an Event of Default shall have occurred and be continuing, at any time at the 1.25 Lien Collateral Agent's election, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, and any other intercreditor or collateral agency agreement entered into in connection with Indebtedness permitted under the Indenture, the 1.25 Lien Collateral 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 First Lien Intercreditor Agreement.

Section 6.05. *Code and Other Remedies.* Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if an Event of Default shall occur and be continuing, the 1.25 Lien Collateral 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 1.25 Lien Collateral 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 First Lien Intercreditor Agreement and the Collateral Agency 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 1.25 Lien Collateral 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 1.25 Lien Collateral 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 1.25 Lien Collateral Agent's rights hereunder. The 1.25 Lien Collateral 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 1.25 Lien Collateral Agent's request, to assemble the Collateral and make it available to the 1.25 Lien Collateral Agent at places which the 1.25 Lien Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere. Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, the 1.25 Lien Collateral Agent shall apply the proceeds of any action taken by it pursuant to this Section 6.05 against the Secured Obligations, whether or not then due and payable, and only after such application and after the payment by the 1.25 Lien Collateral 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 1.25 Lien Collateral 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 1.25 Lien Collateral 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.

The 1.25 Lien Collateral Agent shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to this Article 6 conducted in accordance with the requirements of applicable laws. Each Grantor hereby waives any claims against the 1.25 Lien Collateral Agent and the other Secured Parties arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the 1.25 Lien Collateral Agent accepts the first offer received and does not offer the Collateral to more than one offeree, provided that such private sale is conducted in accordance with applicable laws and this Agreement. Each Grantor hereby agrees that in respect of any sale of any of the Collateral pursuant to the terms hereof, the 1.25 Lien Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchaser by any governmental

authority or official, nor shall the 1.25 Lien Collateral Agent be liable or accountable to any Grantor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

Section 6.06. *Subordination*. Each Grantor hereby agrees that, upon the occurrence and during the continuance of an Event of Default, unless otherwise agreed in writing by the 1.25 Lien Collateral 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 applicable series of Secured Obligations.

Section 6.07. *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, expenses and disbursements of any attorneys employed by the 1.25 Lien Collateral Agent or any Secured Party to collect such deficiency.

ARTICLE 7
The 1.25 Lien Collateral Agent

Section 7.01. *1.25 Lien Collateral Agent's Appointment as Attorney-in-fact, Etc.* (a) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Grantor hereby irrevocably constitutes and appoints the 1.25 Lien Collateral 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 1.25 Lien Collateral 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) following the occurrence of an Event of Default, 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 1.25 Lien Collateral 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 is necessary to evidence the 1.25 Lien Collateral 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 6.05, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (A) 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 1.25 Lien Collateral Agent or as the 1.25 Lien Collateral Agent shall direct; (B) 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; 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; (C) 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; (D) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (E) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the 1.25 Lien Collateral Agent may deem appropriate; (F) 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 is necessary; and (G) 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 1.25 Lien Collateral Agent were the absolute owner thereof for all purposes, and do, at the 1.25 Lien Collateral Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the 1.25 Lien Collateral Agent deems necessary to protect, preserve or realize upon the Collateral and the 1.25 Lien Collateral 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 1.25 Lien Collateral 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) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, if any Grantor fails to perform or comply with any of its agreements contained herein, the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent incurred in connection with actions undertaken as provided in this Section 7.01, together with, if past due, interest thereon at a rate per annum equal to the interest rate on the Secured Notes, from the date when due to the 1.25 Lien Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the 1.25 Lien Collateral 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.

Section 7.02. *Duty of 1.25 Lien Collateral Agent.* The 1.25 Lien Collateral 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 1.25 Lien Collateral Agent deals with similar property for its own account. Neither the 1.25 Lien Collateral 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. In connection therewith, the 1.25 Lien Collateral Agent shall be under no obligation to take any action toward the enforcement of this Agreement, whether on its own motion or on the request of any other Person, which in the opinion of the 1.25 Lien Collateral Agent may involve loss, liability or expense to it, unless the Company or one or more Secured Parties shall offer and furnish security or indemnity, reasonably satisfactory to the 1.25 Lien Collateral Agent, against such loss, liability and expense to the 1.25 Lien Collateral Agent. The powers conferred on the 1.25 Lien Collateral Agent and the Secured Parties hereunder are solely to protect the 1.25 Lien Collateral Agent's and the Secured Parties' interests in the Collateral and shall not impose any duty upon the 1.25 Lien Collateral Agent or any Secured Party to exercise any such powers. The 1.25 Lien Collateral 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.

Section 7.03. *Execution of Financing Statements.* Pursuant to any applicable law, each Grantor authorizes the 1.25 Lien Collateral Agent or the Joint First Lien Collateral 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 required by applicable law to perfect the security interests of the 1.25 Lien Collateral Agent under this Agreement. Each Grantor authorizes the 1.25 Lien Collateral Agent to use the collateral description "all personal property" or "all assets" in any such financing statements.

Section 7.04. *Authority of 1.25 Lien Collateral Agent.* Each Grantor acknowledges that the rights and responsibilities of the 1.25 Lien Collateral Agent under this Agreement with respect to any action taken by the 1.25 Lien Collateral Agent or the exercise or non-exercise by the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent and the Secured Parties, be governed by the Indenture, the Collateral Agency Agreement, other applicable Noteholder Documents and by such other agreements with respect thereto as may exist from time to time among them, but, as between the 1.25 Lien Collateral Agent and the Grantors, the 1.25 Lien Collateral 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.

ARTICLE 8 Miscellaneous

Section 8.01. *Amendments in Writing.* None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with the Indenture. For the avoidance of doubt, the Issuer, the other Grantors (if applicable) and the 1.25 Lien Collateral Agent may, without the consent of the Noteholders or the Joint First Lien Collateral Agent, enter into amendments or other modifications of this Agreement or any other Noteholder Collateral Document (including by entering into any collateral agency agreement or any other new or supplemental agreements) to the extent contemplated by this Agreement, Section 9.1 of the Indenture and the related provisions of any other applicable Noteholder Documents; *provided*, however, no such amendment, waiver or other modification shall adversely affect the Joint First Lien Collateral Agent without the written consent of the Joint First Lien Collateral Agent.

Section 8.02. *Notices.* All notices, requests and demands to or upon the 1.25 Lien Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

Section 8.03. *No Waiver by Course of Conduct; Cumulative Remedies.* Neither the 1.25 Lien Collateral Agent nor any Secured Party shall by any act (except by a written instrument pursuant to Section 8.01), 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 1.25 Lien Collateral 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 1.25 Lien Collateral 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 1.25 Lien Collateral 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.

Section 8.04. *Enforcement Expenses; Indemnification.* (a) Each Grantor jointly and severally agrees to pay, indemnify against or reimburse each Secured Party and the 1.25 Lien Collateral Agent for all its costs and expenses incurred in enforcing or preserving any rights under this Agreement and the other Noteholder Documents to which such Grantor is a party, including, without limitation, the reasonable fees, expenses and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to the 1.25 Lien Collateral Agent and the Secured Parties.

(b) Each Grantor agrees to pay, and to save the 1.25 Lien Collateral 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 1.25 Lien Collateral 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 7.7 of the Indenture and the related provisions of any other applicable Noteholder Documents except those resulting from the 1.25 Lien Collateral Agent's or any Secured Party's willful misconduct or gross negligence.

(d) The agreements in this Section 8.04 shall survive repayment of the Secured Obligations, termination of the Noteholder Documents and resignation or removal of the 1.25 Lien Collateral Agent.

Section 8.05. *Successors and Assigns.* This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the 1.25 Lien Collateral Agent and the Secured Parties and their successors and assigns; *provided* that except as permitted by the Indenture, no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the 1.25 Lien Collateral Agent.

Section 8.06. *Set-off.* Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Grantor hereby irrevocably authorizes the 1.25 Lien Collateral 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 1.25 Lien Collateral 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 1.25 Lien Collateral Agent or such other Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to the 1.25 Lien Collateral Agent or such other Secured Party hereunder and claims of every nature and description of the 1.25 Lien Collateral Agent or such other Secured Party against such Grantor, in any currency, whether arising hereunder, under the Indenture or any other Noteholder Document, as the 1.25 Lien Collateral Agent or such other Secured Party may elect, whether or not the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent and each other Secured Party shall endeavor to notify the Issuer promptly of any such set-off and the application made by the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent and each other Secured Party under this Section 8.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the 1.25 Lien Collateral Agent or such other Secured Party may have.

Section 8.07. *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.

Section 8.08. *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.

Section 8.09. *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.

Section 8.10. *Integration.* This Agreement and the other Noteholder Documents represent the agreement of the Grantors, the 1.25 Lien Collateral 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 1.25 Lien Collateral Agent or any Secured Parties relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Noteholder Documents.

Section 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.

Section 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 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 8.02 or at such other address of which the 1.25 Lien Collateral 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.

Section 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 Noteholder Documents to which it is a party;

(b) neither the 1.25 Lien Collateral 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 Noteholder Documents, and the relationship between the Grantors, on the one hand, and the 1.25 Lien Collateral Agent and Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor;

(c) no joint venture is created hereby or by the other Noteholder Documents 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 1.25 Lien Collateral 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 the 1.25 Lien Collateral Agent may desire; and the 1.25 Lien Collateral Agent may appoint itself, any affiliate or a third party as the 1.25 Lien Collateral Agent, and all reasonable costs of the 1.25 Lien Collateral Agent shall be borne by the Grantors.

Section 8.14. *Additional Grantors.* Each Restricted Subsidiary (as defined in the Indenture and any other applicable Noteholder Documents) 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 B hereto.

Section 8.15. *Releases.* (a) Upon the indefeasible payment in full in cash 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 1.25 Lien Collateral Agent, the Joint First Lien Collateral 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.

(b) Subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement, all or a portion of the Collateral shall be released from the Liens created hereby, and a Grantor may be released from its obligations hereunder, in each case pursuant to and as provided in Section 11.4 of the Indenture with respect to the Secured Notes. At the request and sole expense of such Grantor, upon the 1.25 Lien Collateral Agent's receipt of the documents required by Section 11.4 of the Indenture with respect to the Secured Notes, the 1.25 Lien Collateral Agent shall deliver to such Grantor any Collateral held by the 1.25 Lien Collateral Agent or Joint First Lien Collateral Agent hereunder, and execute and deliver to such Grantor such documents as the Grantor shall reasonably request to evidence such termination or release.

(c) None of the Grantors, the 1.25 Lien Collateral Agent, the Joint First Lien Collateral Agent or Trustee is authorized to, and each agrees not to, make any filing (including the filing of Uniform Commercial Code termination statements) to reflect on public record the termination and release of any security interest granted hereunder or in any other Noteholder Collateral Document except in connection with a termination or release permitted by Sections 8.15(a) or (b) of this Agreement.

Section 8.16. *Waiver of Jury Trial.* EXCEPT AS PROHIBITED BY LAW, EACH GRANTOR AND THE 1.25 LIEN COLLATERAL AGENT, ON BEHALF OF ITSELF, THE TRUSTEE AND THE JOINT FIRST LIEN COLLATERAL AGENT, HEREBY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER DOCUMENTS OR TRANSACTIONS RELATING THERETO.

Section 8.17. *First Lien Intercreditor Agreement and Collateral Agency Agreement.* Notwithstanding anything herein to the contrary, the lien and security interest granted to the 1.25 Lien Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the 1.25 Lien Collateral Agent hereunder are subject to the provisions of the First Lien Intercreditor Agreement and the Collateral Agency Agreement. In the event of any conflict between the terms of the First Lien Intercreditor Agreement and this Agreement, the terms of the First Lien Intercreditor Agreement shall govern. In the event of any conflict between the terms of the Collateral Agency Agreement and this Agreement, the terms of the Collateral Agency Agreement shall govern.

Section 8.18. *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 Joint First Lien Collateral 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 Person party thereto, the Joint First Lien Collateral 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.

Section 8.19. *1.25 Lien Collateral Agent Privileges, Powers and Immunities.* In the performance of its obligations, powers and rights hereunder, the 1.25 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.25 Lien Collateral Agent under the Indenture, the other applicable Noteholder Documents and the Collateral Agency Agreement. The 1.25 Lien Collateral 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 specifically authorized under the Indenture and the other applicable Noteholder Documents or it has received with respect thereto written direction of the Issuer, the Noteholders or the Trustee in accordance with the Indenture or other applicable Noteholder Document (it being understood and agreed that the actions and directions set forth in Section 9.1 of the Indenture are not discretionary) and the Collateral Agency Agreement. Notwithstanding anything to the contrary contained herein and notwithstanding anything contained in Section 9-207 of the New York UCC, the 1.25 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.25 Lien Collateral Agent hereunder shall not be construed as duties. The 1.25 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it with due care and shall not be liable for the negligence or misconduct of such appointees.

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SCHEDULE A – LIST OF ENTITIES

EASTERN NATIONAL TITLE AGENCY ARIZONA, LLC
GTIS-HOV AT SILVERSTONE LLC
GTIS-HOV POINTE 16 LLC
K. HOVNIANIAN ARIZONA NEW GC, LLC
K. HOVNIANIAN ARIZONA OPERATIONS, LLC
K. HOVNIANIAN AT 17 NORTH, LLC
K. HOVNIANIAN AT 23 NORTH, LLC
K. HOVNIANIAN AT 240 MISSOURI, LLC
K. HOVNIANIAN AT ACACIA PLACE, LLC
K. HOVNIANIAN AT AIRE ON MCDOWELL, LLC
K. HOVNIANIAN AT ALAMEDA POINT, LLC
K. HOVNIANIAN AT ALTO, LLC
K. HOVNIANIAN AT AMBRA, LLC
K. HOVNIANIAN AT ASTER RIDGE, LLC
K. HOVNIANIAN AT CATANIA, LLC
K. HOVNIANIAN AT EAGLE HEIGHTS, LLC
K. HOVNIANIAN AT GALLERY, LLC
K. HOVNIANIAN AT GALLOWAY RIDGE, LLC
K. HOVNIANIAN AT HONEYSUCKLE TRAIL, LLC
K. HOVNIANIAN AT LAWEEN SPRINGS, LLC
K. HOVNIANIAN AT LUKE LANDING, LLC
K. HOVNIANIAN AT MARYLAND RIDGE, LLC
K. HOVNIANIAN AT MCCARTNEY RANCH, LLC
K. HOVNIANIAN AT MONROE RANCH, LLC
K. HOVNIANIAN AT MONTANA VISTA DOBBINS, LLC
K. HOVNIANIAN AT MONTANA VISTA, LLC
K. HOVNIANIAN AT ORANGEWOOD RANCH, LLC
K. HOVNIANIAN AT PALERMO, LLC
K. HOVNIANIAN AT PALM VALLEY, L.L.C.
K. HOVNIANIAN AT PARK PASEO, LLC
K. HOVNIANIAN AT PINNACLE PEAK PATIO, LLC
K. HOVNIANIAN AT POINTE 16, LLC
K. HOVNIANIAN AT QUAIL CREEK, L.L.C.
K. HOVNIANIAN AT RANCHO CABRILLO, LLC
K. HOVNIANIAN AT RANCHO EL DORADO, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 17, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 23, LLC
K. HOVNIANIAN AT SANTA ROSA SPRINGS, LLC
K. HOVNIANIAN AT SANTANILLA, LLC
K. HOVNIANIAN AT SCOTTSDALE HEIGHTS, LLC
K. HOVNIANIAN AT SIENNA HILLS, LLC

K. HOVNIANIAN AT SILVERSTONE G, LLC
K. HOVNIANIAN AT SILVERSTONE, LLC
K. HOVNIANIAN AT SKYE ON MCDOWELL, LLC
K. HOVNIANIAN AT STERLING VISTAS, LLC
K. HOVNIANIAN AT SUN CITY WEST, LLC
K. HOVNIANIAN AT SUNRISE TRAIL II, LLC
K. HOVNIANIAN AT SUNRISE TRAIL III, LLC
K. HOVNIANIAN AT THE MEADOWS 9, LLC
K. HOVNIANIAN AT THE MEADOWS, LLC
K. HOVNIANIAN AT TORTOSA SOUTH, LLC
K. HOVNIANIAN AT UNION PARK, LLC
K. HOVNIANIAN AT VENTANA LAKES, LLC
K. HOVNIANIAN AT VERRADO CASCINA, LLC
K. HOVNIANIAN AT VERRADO MARKETSIDE, LLC
K. HOVNIANIAN AT VICTORY AT VERRADO, LLC
K. HOVNIANIAN AT VILLAGO, LLC
K. HOVNIANIAN COMPANIES OF ARIZONA, LLC
K. HOVNIANIAN GREAT WESTERN HOMES, LLC
K. HOVNIANIAN LEGACY AT VIA BELLA, LLC
K. HOVNIANIAN PHOENIX DIVISION, INC.
K. HOVNIANIAN WEST GROUP, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR, LLC
VISTAS AT SILVERSTONE LLC
2700 EMPIRE, LLC
GTIS-HOV RANCHO 79 LLC
K. HOV IP, II, INC.
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH M2, LLC
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH, LLC
K. HOVNIANIAN ASPIRE AT RIVER TERRACE, LLC
K. HOVNIANIAN ASPIRE AT SOLAIRE, LLC
K. HOVNIANIAN ASPIRE AT STONES THROW, LLC
K. HOVNIANIAN AT ANDALUSIA, LLC
K. HOVNIANIAN AT ASPIRE AT APRICOT GROVE PH2, LLC
K. HOVNIANIAN AT BAKERSFIELD 463, L.L.C.
K. HOVNIANIAN AT BEACON PARK AREA 129 II, LLC
K. HOVNIANIAN AT BEACON PARK AREA 129, LLC
K. HOVNIANIAN AT BEACON PARK AREA 137, LLC
K. HOVNIANIAN AT BENNETT RANCH, LLC
K. HOVNIANIAN AT BLACKSTONE, LLC
K. HOVNIANIAN AT CADENCE PARK, LLC
K. HOVNIANIAN AT CAPISTRANO, L.L.C.
K. HOVNIANIAN AT CARLSBAD, LLC

K. HOVNIANIAN AT CEDAR LANE, LLC
K. HOVNIANIAN AT CIELO, L.L.C.
K. HOVNIANIAN AT FIDDYMENT RANCH, LLC
K. HOVNIANIAN AT FIREFLY AT WINDING CREEK, LLC
K. HOVNIANIAN AT FRESNO, LLC
K. HOVNIANIAN AT GILROY 60, LLC
K. HOVNIANIAN AT GILROY, LLC
K. HOVNIANIAN AT HIDDEN LAKE, LLC
K. HOVNIANIAN AT JAEGER RANCH, LLC
K. HOVNIANIAN AT LA LAGUNA, L.L.C.
K. HOVNIANIAN AT LADD RANCH, LLC
K. HOVNIANIAN AT LUNA VISTA, LLC
K. HOVNIANIAN AT MELANIE MEADOWS, LLC
K. HOVNIANIAN AT MERIDIAN HILLS, LLC
K. HOVNIANIAN AT MUIRFIELD, LLC
K. HOVNIANIAN AT PARKSIDE, LLC
K. HOVNIANIAN AT PAVILION PARK, LLC
K. HOVNIANIAN AT POSITANO, LLC
K. HOVNIANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNIANIAN AT SAGE II HARVEST AT LIMONEIRA, LLC
K. HOVNIANIAN AT SANTA NELLA, LLC
K. HOVNIANIAN AT SENDERO RANCH, LLC
K. HOVNIANIAN AT SIERRA VISTA, LLC
K. HOVNIANIAN AT SKYE ISLE, LLC
K. HOVNIANIAN AT SUNRIDGE PARK, LLC
K. HOVNIANIAN AT TRAIL RIDGE, LLC
K. HOVNIANIAN AT VALLE DEL SOL, LLC
K. HOVNIANIAN AT VERONA ESTATES, LLC
K. HOVNIANIAN AT VICTORVILLE, L.L.C.
K. HOVNIANIAN AT VILLAGE CENTER, LLC
K. HOVNIANIAN AT VINEYARD HEIGHTS, LLC
K. HOVNIANIAN AT WATERSTONE, LLC
K. HOVNIANIAN AT WEST VIEW ESTATES, L.L.C.
K. HOVNIANIAN AT WESTSHORE, LLC
K. HOVNIANIAN AT WHEELER RANCH, LLC
K. HOVNIANIAN AT WOODCREEK WEST, LLC
K. HOVNIANIAN CA LAND HOLDINGS, LLC
K. HOVNIANIAN CALIFORNIA OPERATIONS, INC.
K. HOVNIANIAN CALIFORNIA REGION, INC.
K. HOVNIANIAN COMMUNITIES, INC.
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES, LLC
K. HOVNIANIAN EAST GROUP, LLC

K. HOVNANIAN ENTERPRISES, INC.
K. HOVNANIAN FOUR SEASONS AT HOMESTEAD, LLC
K. HOVNANIAN HOMES NORTHERN CALIFORNIA, INC.
K. HOVNANIAN JV HOLDINGS, L.L.C.
K. HOVNANIAN JV SERVICES COMPANY, L.L.C.
K. HOVNANIAN MEADOW VIEW AT MOUNTAIN HOUSE, LLC
K. HOVNANIAN NORTHEAST DIVISION, INC.
K. HOVNANIAN NORTHERN CALIFORNIA DIVISION, LLC
K. HOVNANIAN OPERATIONS COMPANY, INC.
K. HOVNANIAN SOUTHERN CALIFORNIA DIVISION, LLC
K. HOVNANIAN'S ASPIRE AT UNION VILLAGE, LLC
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNANIAN'S FOUR SEASONS AT LOS BANOS, LLC
K. HOVNANIAN'S SONATA AT THE PRESERVE, LLC
K. HOVNANIAN'S VERANDA AT RIVERPARK II, LLC
K. HOVNANIAN'S VERANDA AT RIVERPARK, LLC
STONEBROOK HOMES, INC.
K. HOVNANIAN PARKVIEW AT STERLING MEADOWS, LLC
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNANIAN HOMES AT PARKSIDE, LLC
K. HOVNANIAN HOMES OF D.C., L.L.C.
GTIS-HOV ARBORS AT MONROE PARENT LLC
GTIS-HOV FOUR PONDS PARENT LLC
GTIS-HOV HEATHERFIELD PARENT LLC
GTIS-HOV HILLTOP AT CEDAR GROVE PARENT LLC
GTIS-HOV HOLDINGS IX LLC
GTIS-HOV HOLDINGS LLC
GTIS-HOV HOLDINGS V LLC
GTIS-HOV HOLDINGS VI LLC
GTIS-HOV HOLDINGS VII LLC
GTIS-HOV HOLDINGS VIII LLC
GTIS-HOV LAKES OF CANE BAY PARENT LLC
GTIS-HOV PARKSIDE OF LIBERTYVILLE PARENT LLC
GTIS-HOV PENDER OAKS PARENT LLC
GTIS-HOV PINNACLE PEAK PATIO PARENT LLC
GTIS-HOV SAUGANASH GLEN PARENT LLC
HOMEBUYERS FINANCIAL USA, LLC
HOVNANIAN ENTERPRISES, INC. (PARENT COMPANY)
HOVSITE CHURCHILL CLUB LLC
HOVSITE FIRENZE LLC
HOVSITE HUNT CLUB LLC
HOVSITE LIBERTY LAKES LLC

HOVSITE PROVIDENCE LLC
HOVSITE SOUTHAMPTON LLC
K. HOVNANIAN ASPIRE AT LYNNBURY WOODS, LLC
K. HOVNANIAN AT ADMIRAL'S LANDING, LLC
K. HOVNANIAN AT ASHBY PLACE, LLC
K. HOVNANIAN AT ASPIRE AT WEBBER FARM, LLC
K. HOVNANIAN AT ASPIRE AT WICKERSHAM, LLC
K. HOVNANIAN AT AUTUMN RIDGE, LLC
K. HOVNANIAN AT BAY KNOLLS, LLC
K. HOVNANIAN AT BRENFORSTATION, LLC
K. HOVNANIAN AT CEDAR LANE ESTATES, LLC
K. HOVNANIAN AT EGRET SHORES, LLC
K. HOVNANIAN AT FORK LANDING, LLC
K. HOVNANIAN AT HARBOR'S EDGE AT BAYSIDE, LLC
K. HOVNANIAN AT HIDDEN BROOK, LLC
K. HOVNANIAN AT LIBERTY WEST, LLC
K. HOVNANIAN AT MIDDLETOWN RESERVE, LLC
K. HOVNANIAN AT MONARCH GLEN, LLC
K. HOVNANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNANIAN AT NOTTINGHAM MEADOWS, LLC
K. HOVNANIAN AT OCEAN VIEW BEACH CLUB, LLC
K. HOVNANIAN AT OYSTER COVE, LLC
K. HOVNANIAN AT PATRIOTS BLUFF, LLC
K. HOVNANIAN AT PLANTATION LAKES, L.L.C.
K. HOVNANIAN AT PLEASANTON, LLC
K. HOVNANIAN AT RED MILL POND, LLC
K. HOVNANIAN AT RETREAT AT MILLSTONE, LLC
K. HOVNANIAN AT SATTERFIELD, LLC
K. HOVNANIAN AT SEABROOK, LLC
K. HOVNANIAN AT TOWER HILL, LLC
K. HOVNANIAN AT TOWNSEND FIELDS, LLC
K. HOVNANIAN AT WOODFIELD, LLC
K. HOVNANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN DELAWARE DIVISION, INC.
K. HOVNANIAN DELAWARE OPERATIONS, LLC
K. HOVNANIAN HOMES AT KNOLLAC ACRES, LLC
K. HOVNANIAN HOMES AT SUMMIT POINTE, LLC
K. HOVNANIAN HOMES OF DELAWARE I, LLC
K. HOVNANIAN HOMES OF LONGACRE VILLAGE, L.L.C.
K. HOVNANIAN NEW JERSEY OPERATIONS, LLC
K. HOVNANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.

K. HOVNIANIAN'S FOUR SEASONS AT BAYMONT FARMS L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT HATTERAS HILLS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SILVER MAPLE FARM, L.L.C.
KHH SHELL HALL LOAN ACQUISITION, LLC
RIDGEMORE UTILITY OF DELAWARE, LLC
TRAVERSE PARTNERS, LLC
WASHINGTON HOMES, INC.
WTC VENTURES, L.L.C.
GTIS-HOV NICHOLSON PARENT LLC
EASTERN NATIONAL TITLE AGENCY FLORIDA, LLC
HOVNIANIAN DEVELOPMENTS OF FLORIDA, INC.
K. HOVNIANIAN AMBER GLEN, LLC
K. HOVNIANIAN ASPIRE AT BOATMAN HAMMOCK, LLC
K. HOVNIANIAN ASPIRE AT EAST LAKE, LLC
K. HOVNIANIAN ASPIRE AT HAWKS RIDGE, LLC
K. HOVNIANIAN ASPIRE AT MARION OAKS, LLC
K. HOVNIANIAN ASPIRE AT PALM BAY, LLC
K. HOVNIANIAN ASPIRE AT PALM COAST, LLC
K. HOVNIANIAN ASPIRE AT PORT ST. LUCIE, LLC
K. HOVNIANIAN ASPIRE AT VICTORIA PARC, LLC
K. HOVNIANIAN ASPIRE AT WATERSTONE, LLC
K. HOVNIANIAN AT ARMEN GROVES, LLC
K. HOVNIANIAN AT AVENIR II, LLC
K. HOVNIANIAN AT AVENIR, LLC
K. HOVNIANIAN AT BOCA DUNES, LLC
K. HOVNIANIAN AT CORAL LAGO, LLC
K. HOVNIANIAN AT HAMPTON COVE, LLC
K. HOVNIANIAN AT HERITAGE GROVE, LLC
K. HOVNIANIAN AT HILLTOP RESERVE II, LLC
K. HOVNIANIAN AT HILLTOP RESERVE, LLC
K. HOVNIANIAN AT LAKE BURDEN, LLC
K. HOVNIANIAN AT LAKE FLORENCE, LLC
K. HOVNIANIAN AT LAKE LECLARE, LLC
K. HOVNIANIAN AT PICKETT RESERVE, LLC
K. HOVNIANIAN AT REDTAIL, LLC
K. HOVNIANIAN AT SALERNO RESERVE, LLC
K. HOVNIANIAN AT SPRING ISLE, LLC
K. HOVNIANIAN AT SUMMERLAKE, LLC
K. HOVNIANIAN AT TERRA BELLA TWO, LLC
K. HOVNIANIAN AT THE HIGHLANDS AT SUMMERLAKE GROVE, LLC
K. HOVNIANIAN AT VALLETTA, LLC
K. HOVNIANIAN AT WALKERS GROVE, LLC
K. HOVNIANIAN BELMONT RESERVE, LLC

K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNIANIAN COMPANIES OF FLORIDA, LLC
K. HOVNIANIAN CYPRESS CREEK, LLC
K. HOVNIANIAN CYPRESS KEY, LLC
K. HOVNIANIAN ESTATES AT WEKIVA, LLC
K. HOVNIANIAN FIRST HOMES, L.L.C.
K. HOVNIANIAN FLORIDA OPERATIONS, LLC
K. HOVNIANIAN FLORIDA REALTY, L.L.C.
K. HOVNIANIAN GRAND CYPRESS, LLC
K. HOVNIANIAN GRANDEFIELD, LLC
K. HOVNIANIAN HOMES OF FLORIDA I, LLC
K. HOVNIANIAN IVY TRAIL, LLC
K. HOVNIANIAN LAKE PARKER, LLC
K. HOVNIANIAN MAGNOLIA AT WESTSIDE, LLC
K. HOVNIANIAN MONTCLAIRE ESTATES, LLC
K. HOVNIANIAN OCOEE LANDINGS, LLC
K. HOVNIANIAN ORLANDO DIVISION, LLC
K. HOVNIANIAN PRESERVE AT AVONLEA, LLC
K. HOVNIANIAN PRESERVE AT TURTLE CREEK LLC
K. HOVNIANIAN REYNOLDS RANCH, LLC
K. HOVNIANIAN RIVERSIDE, LLC
K. HOVNIANIAN RIVINGTON, LLC
K. HOVNIANIAN SAN SEBASTIAN, LLC
K. HOVNIANIAN SERENO, LLC
K. HOVNIANIAN SOLA VISTA, LLC
K. HOVNIANIAN SOUTH FORK, LLC
K. HOVNIANIAN SOUTHEAST FLORIDA DIVISION, LLC
K. HOVNIANIAN STERLING RANCH, LLC
K. HOVNIANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNIANIAN TERRALARGO, LLC
K. HOVNIANIAN UNION PARK, LLC
K. HOVNIANIAN WINDING BAY PRESERVE, LLC
K. HOVNIANIAN WINDWARD HOMES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT WYLDER, LLC
KHOV WINDING BAY II, LLC
LINKS AT CALUSA SPRINGS, LLC
K. HOVNIANIAN AT THE COMMONS AT RICHMOND HILL, LLC
K. HOVNIANIAN AT WESTBROOK, LLC
K. HOVNIANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNIANIAN GEORGIA OPERATIONS, LLC
K. HOVNIANIAN HOMES AT CREEKSIDE, LLC
K. HOVNIANIAN'S ASPIRE AT NEW HAMPSTEAD, LLC
AMBER RIDGE, LLC

ARBOR TRAILS, LLC
EASTERN NATIONAL TITLE AGENCY ILLINOIS, LLC
GLENRISE GROVE, L.L.C.
GTIS-HOV PARKSIDE OF LIBERTYVILLE LLC
GTIS-HOV SAUGANASH GLEN LLC
K. HOVNIANIAN AT AMBERLEY WOODS, LLC
K. HOVNIANIAN AT ASHLEY POINTE LLC
K. HOVNIANIAN AT BRADWELL ESTATES, LLC
K. HOVNIANIAN AT CHRISTINA COURT, LLC
K. HOVNIANIAN AT CHURCHILL FARMS LLC
K. HOVNIANIAN AT DEER RIDGE, LLC
K. HOVNIANIAN AT ESTATES OF FOX CHASE, LLC
K. HOVNIANIAN AT FAIRFIELD RIDGE, LLC
K. HOVNIANIAN AT GRANDE PARK, LLC
K. HOVNIANIAN AT HANOVER ESTATES, LLC
K. HOVNIANIAN AT HEATHERFIELD, LLC
K. HOVNIANIAN AT ISLAND LAKE, LLC
K. HOVNIANIAN AT LINK CROSSING, LLC
K. HOVNIANIAN AT MAPLE HILL LLC
K. HOVNIANIAN AT MEADOWRIDGE VILLAS, LLC
K. HOVNIANIAN AT NORTH GROVE CROSSING, LLC
K. HOVNIANIAN AT NORTH POINTE ESTATES LLC
K. HOVNIANIAN AT NORTHRIDGE ESTATES, LLC
K. HOVNIANIAN AT ORCHARD MEADOWS, LLC
K. HOVNIANIAN AT PRAIRIE POINTE, LLC
K. HOVNIANIAN AT RANDALL HIGHLANDS, LLC
K. HOVNIANIAN AT RIVER HILLS, LLC
K. HOVNIANIAN AT SAGEBROOK, LLC
K. HOVNIANIAN AT SILVER LEAF, LLC
K. HOVNIANIAN AT SILVERWOOD GLEN, LLC
K. HOVNIANIAN AT SOMERSET, LLC
K. HOVNIANIAN AT TAMARACK SOUTH LLC
K. HOVNIANIAN AT TANGLEWOOD OAKS, LLC
K. HOVNIANIAN AT TRAFFORD PLACE, LLC
K. HOVNIANIAN AT TRAMORE LLC
K. HOVNIANIAN AT VILLAS AT THE COMMONS, LLC
K. HOVNIANIAN CHICAGO DIVISION, INC.
K. HOVNIANIAN ESTATES AT REGENCY, L.L.C.
K. HOVNIANIAN ILLINOIS OPERATIONS, LLC
K. HOVNIANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNIANIAN AT NORTON LAKE LLC
EASTERN NATIONAL TITLE AGENCY MARYLAND, LLC
GTIS-HOV VILLAGES AT PEPPER MILL LLC
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 BRITTANY MANOR, LLC
K. HOVNIANIAN AT CATON'S RESERVE, LLC

K. HOVNIANIAN AT EDEN TERRACE, L.L.C.
K. HOVNIANIAN AT GRACE MEADOWS, LLC
K. HOVNIANIAN AT LOCKE LANDING, LLC
K. HOVNIANIAN AT SOUTHPOINTE, LLC
K. HOVNIANIAN AT WADE'S GRANT, L.L.C.
K. HOVNIANIAN BRITTANY MANOR BORROWER, LLC
K. HOVNIANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNIANIAN HOMES OF MARYLAND I, LLC
K. HOVNIANIAN HOMES OF MARYLAND II, LLC
K. HOVNIANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
RIDGEMORE UTILITY L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNIANIAN HOMES OF MINNESOTA AT ARBOR CREEK, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT AUTUMN MEADOWS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT BRYNWOOD, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT CEDAR HOLLOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT FOUNDER'S RIDGE, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT HARPERS STREET WOODS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT OAKS OF OXBOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT REGENT'S POINT, LLC
K. HOVNIANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNIANIAN LIBERTY ON BLUFF CREEK, LLC
K. HOVNIANIAN TIMBRES AT ELM CREEK, LLC
K. HOVNIANIAN'S FOUR SEASONS AT RUSH CREEK II, LLC
K. HOVNIANIAN AT BURCH KOVE, LLC
K. HOVNIANIAN AT INDIAN WELLS, LLC
K. HOVNIANIAN AT LILY ORCHARD, LLC
K. HOVNIANIAN AT MAIN STREET SQUARE, LLC
K. HOVNIANIAN AT OAK POINTE, LLC
K. HOVNIANIAN AT THE PROMENADE AT BEAVER CREEK, LLC
K. HOVNIANIAN AT WHEELER WOODS, LLC
K. HOVNIANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNIANIAN HOMES AT BROOK MANOR, LLC
K. HOVNIANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNIANIAN SHERWOOD AT REGENCY, LLC
BUILDER SERVICES NJ, L.L.C.
EASTERN NATIONAL TITLE AGENCY, INC.
F&W MECHANICAL SERVICES, L.L.C.
GTIS-HOV ARBORS AT MONROE LLC
GTIS-HOV HOLDINGS XI LLC
HILLTOP AT CEDAR GROVE URBAN RENEWAL, LLC
K. HOVNIANIAN ACQUISITIONS, INC.

K. HOVNIANIAN AT ACADEMY HILL, LLC
K. HOVNIANIAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN AT CARRIAGES AT WALL, LLC
K. HOVNIANIAN AT CHARLESTON MEADOWS, LLC
K. HOVNIANIAN AT CHESTERFIELD, L.L.C.
K. HOVNIANIAN AT DUNELLEN URBAN RENEWAL, LLC
K. HOVNIANIAN AT EAST BRUNSWICK III, LLC
K. HOVNIANIAN AT EAST BRUNSWICK, LLC
K. HOVNIANIAN AT EAST WINDSOR, LLC
K. HOVNIANIAN AT FRANKLIN II, L.L.C.
K. HOVNIANIAN AT FRANKLIN, L.L.C.
K. HOVNIANIAN AT FREEHOLD TOWNSHIP III, LLC
K. HOVNIANIAN AT GLEN OAKS, LLC
K. HOVNIANIAN AT GREAT NOTCH, L.L.C.
K. HOVNIANIAN AT HILLANDALE, LLC
K. HOVNIANIAN AT HILLSBOROUGH, LLC
K. HOVNIANIAN AT HOWELL FORT PLAINS, LLC
K. HOVNIANIAN AT HOWELL II, LLC
K. HOVNIANIAN AT HOWELL, LLC
K. HOVNIANIAN AT JACKSON I, L.L.C.
K. HOVNIANIAN AT JACKSON, L.L.C.
K. HOVNIANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT MANALAPAN CROSSING, LLC
K. HOVNIANIAN AT MANALAPAN II, L.L.C.
K. HOVNIANIAN AT MANALAPAN IV, LLC
K. HOVNIANIAN AT MANALAPAN V, LLC
K. HOVNIANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNIANIAN AT MARLBORO GROVE, LLC
K. HOVNIANIAN AT MIDDLETOWN III, LLC
K. HOVNIANIAN AT MIDDLETOWN IV, LLC
K. HOVNIANIAN AT MILLVILLE II, L.L.C.
K. HOVNIANIAN AT MONROE NJ II, LLC
K. HOVNIANIAN AT MONROE NJ III, LLC
K. HOVNIANIAN AT MONROE NJ, L.L.C.
K. HOVNIANIAN AT MONTGOMERY, LLC
K. HOVNIANIAN AT MONTVALE II, LLC
K. HOVNIANIAN AT MORRIS TWP, LLC
K. HOVNIANIAN AT MORRIS WOODS, LLC
K. HOVNIANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNIANIAN AT NORTH WILDWOOD, L.L.C.
K. HOVNIANIAN AT OAKLAND, LLC
K. HOVNIANIAN AT OLD BRIDGE II, LLC
K. HOVNIANIAN AT OLD BRIDGE, L.L.C.

K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNIANIAN AT PRESERVE AT FREEHOLD, LLC
K. HOVNIANIAN AT RANCOCAS CREEK, LLC
K. HOVNIANIAN AT RESERVOIR POINT, LLC
K. HOVNIANIAN AT RIDGEMONT, L.L.C.
K. HOVNIANIAN AT SANDPIPER PLACE, LLC
K. HOVNIANIAN AT SHREWSBURY, LLC
K. HOVNIANIAN AT SMITHVILLE, INC.
K. HOVNIANIAN AT SOUTH BRUNSWICK II, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK III, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK IV, LLC
K. HOVNIANIAN AT STATION SQUARE, L.L.C.
K. HOVNIANIAN AT THE MONARCH, L.L.C.
K. HOVNIANIAN AT TOWNES AT PARKVIEW, LLC
K. HOVNIANIAN AT TOWNES AT WEST LONG BRANCH, LLC
K. HOVNIANIAN AT VILLAGES AT COUNTRY VIEW, LLC
K. HOVNIANIAN AT WALL DONATO, LLC
K. HOVNIANIAN AT WALL QUAIL RIDGE, LLC
K. HOVNIANIAN AT WARREN TOWNSHIP II, LLC
K. HOVNIANIAN AT WASHINGTON RIDGE, LLC
K. HOVNIANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNIANIAN AT WOOLWICH I, L.L.C.
K. HOVNIANIAN HOLDINGS NJ, L.L.C.
K. HOVNIANIAN MANALAPAN ACQUISITION, LLC
K. HOVNIANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNIANIAN PROPERTIES OF RED BANK, LLC
K. HOVNIANIAN SERENITY WALK AT PLAINSBORO URBAN RENEWAL, LLC
K. HOVNIANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNIANIAN VILLAGES AT HAYS MILL CREEK, LLC
K. HOVNIANIAN'S AEGEAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S BALTIC AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S COVE AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S DELTA AT ASBURY PARK, LLC
K. HOVNIANIAN'S ENCLAVE AT OLD TAPPAN, LLC
K. HOVNIANIAN'S FOUR SEASONS AT COLTS FARM, LLC
K. HOVNIANIAN'S THE TOWNES AT WEST WINDSOR, LLC
LANDARAMA, INC.
M & M AT MONROE WOODS, L.L.C.
M&M AT WEST ORANGE, L.L.C.
MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MCNJ, INC.

MM-BEACHFRONT NORTH I, LLC
ROUTE 1 AND ROUTE 522, L.L.C.
TERRAPIN REALTY, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
K. HOVNANIAN AT WALDWICK, LLC
K. HOVNANIAN CLASSICS, L.L.C.
K. HOVNANIAN COMPANIES OF NEW YORK, INC.
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNANIAN NEW YORK OPERATIONS, LLC
K. HOVNANIAN ABERDEEN, LLC
K. HOVNANIAN AKRON SCATTERED SITE, LLC
K. HOVNANIAN ASBURY POINTE, LLC
K. HOVNANIAN ASPIRE AT AULD FARMS, LLC
K. HOVNANIAN ASPIRE AT WESTON PLACE, LLC
K. HOVNANIAN AT BOOTH FARM, LLC
K. HOVNANIAN AT COOPER'S LANDING, LLC
K. HOVNANIAN AT COUNTRY VIEW ESTATES, LLC
K. HOVNANIAN AT CREEKSIDE CROSSING, LLC
K. HOVNANIAN AT HAMPSHIRE FARMS, LLC
K. HOVNANIAN AT HARVEST MEADOWS, LLC
K. HOVNANIAN AT HAWK RIDGE, LLC
K. HOVNANIAN AT HERITAGE PARK, LLC
K. HOVNANIAN AT ORCHARD PARK, LLC
K. HOVNANIAN AT RIVERFIELD RESERVE, LLC
K. HOVNANIAN BELDEN POINTE, LLC
K. HOVNANIAN BUILD ON YOUR LOT DIVISION, LLC
K. HOVNANIAN CLEVELAND DIVISION, LLC
K. HOVNANIAN CORNERSTONE FARMS, LLC
K. HOVNANIAN EDGEBROOK, LLC
K. HOVNANIAN FALLS POINTE, LLC
K. HOVNANIAN FOREST LAKES, LLC
K. HOVNANIAN FOREST VALLEY, LLC
K. HOVNANIAN FOUR SEASONS AT CHESTNUT RIDGE, LLC
K. HOVNANIAN HIDDEN HOLLOW, LLC
K. HOVNANIAN HIGHLAND RIDGE, LLC
K. HOVNANIAN INDIAN TRAILS, LLC
K. HOVNANIAN KINGSTON AT WESTERN RESERVE, LLC
K. HOVNANIAN LADUE RESERVE, LLC
K. HOVNANIAN LAKES OF GREEN, LLC
K. HOVNANIAN LANDINGS 40S, LLC
K. HOVNANIAN MEADOW LAKES, LLC
K. HOVNANIAN MONARCH GROVE, LLC
K. HOVNANIAN NORTHPOINTE 40S, LLC
K. HOVNANIAN NORTHWEST OHIO, LLC

K. HOVNIANIAN NORTON PLACE, LLC
K. HOVNIANIAN OHIO REALTY, L.L.C.
K. HOVNIANIAN OHIO REGION, INC.
K. HOVNIANIAN REDFERN TRAILS, LLC
K. HOVNIANIAN RIVENDALE, LLC
K. HOVNIANIAN SCHADY RESERVE, LLC
K. HOVNIANIAN VILLAGE GLEN, LLC
K. HOVNIANIAN WATERBURY, LLC
K. HOVNIANIAN WHITE ROAD, LLC
K. HOVNIANIAN WOODLAND POINTE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT ADDISON FARMS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SANDSTONE, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
NEW HOME REALTY, LLC
K. HOVNIANIAN OHIO OPERATIONS, LLC
K. HOVNIANIAN WOODRIDGE PLACE, LLC
BUILDER SERVICES PA, L.L.C.
EASTERN NATIONAL ABSTRACT, INC.
GTIS-HOV WARMINSTER LLC
K. HOVNIANIAN AT DOYLESTOWN, LLC
K. HOVNIANIAN AT MIDDLETOWN, LLC
K. HOVNIANIAN AT NORTHAMPTON, L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN PA REAL ESTATE, INC.
K. HOVNIANIAN PENNSYLVANIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN PENNSYLVANIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN AT UPPER PROVIDENCE, LLC
K. HOVNIANIAN AT COOSAW POINT, LLC
K. HOVNIANIAN AT FOX PATH AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT HAMMOCK BREEZE, LLC
K. HOVNIANIAN AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT LAKES AT NEW RIVERSIDE, LLC
K. HOVNIANIAN AT LIBERTY HILL FARM, LLC
K. HOVNIANIAN AT MAGNOLIA PLACE, LLC
K. HOVNIANIAN AT PINCKNEY FARM, LLC
K. HOVNIANIAN AT PINE CREST, LLC
K. HOVNIANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNIANIAN HOMES AT SALT CREEK LANDING, LLC
K. HOVNIANIAN HOMES AT SANDY CREEK LANDING, LLC
K. HOVNIANIAN HOMES AT SHELL HALL, LLC
K. HOVNIANIAN HOMES AT THE ABBY, LLC

K. HOVNIANIAN HOMES AT THE PADDOCKS, LLC
K. HOVNIANIAN SOUTH CAROLINA OPERATIONS, LLC
K. HOVNIANIAN SOUTHEAST COASTAL DIVISION, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CANE BAY EXPANSION, LLC
K. HOVNIANIAN'S FOUR SEASONS AT HILTON HEAD LAKES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LAKES OF CANE BAY LLC
K. HOVNIANIAN'S LAKES AT NEW RIVERSIDE EXPANSION, LLC
SHELL HALL CLUB AMENITY ACQUISITION, LLC
SHELL HALL LAND ACQUISITION, LLC
K. HOVNIANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNIANIAN DFW AGAVE RANCH, LLC
K. HOVNIANIAN DFW ASCEND AT CREEKSHAW, LLC
K. HOVNIANIAN DFW ASCEND AT JUSTIN CROSSING, LLC
K. HOVNIANIAN DFW AUBURN FARMS, LLC
K. HOVNIANIAN DFW BAYSIDE, LLC
K. HOVNIANIAN DFW BELMONT, LLC
K. HOVNIANIAN DFW BERKSHIRE II, LLC
K. HOVNIANIAN DFW BERKSHIRE, LLC
K. HOVNIANIAN DFW BLUFF CREEK, LLC
K. HOVNIANIAN DFW CALDWELL LAKES, LLC
K. HOVNIANIAN DFW CALLOWAY TRAILS, LLC
K. HOVNIANIAN DFW CANYON FALLS, LLC
K. HOVNIANIAN DFW CARILLON, LLC
K. HOVNIANIAN DFW COMMODORE AT PRESTON, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES II, LLC
K. HOVNIANIAN DFW DIAMOND CREEK ESTATES, LLC
K. HOVNIANIAN DFW DIVISION, LLC
K. HOVNIANIAN DFW ELEVON, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS II, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS, LLC
K. HOVNIANIAN DFW HARMON FARMS, LLC
K. HOVNIANIAN DFW HERITAGE CROSSING, LLC
K. HOVNIANIAN DFW HERITAGE RANCH, LLC
K. HOVNIANIAN DFW HERON POND, LLC
K. HOVNIANIAN DFW HIGH POINTE, LLC
K. HOVNIANIAN DFW HIGHTOWER, LLC
K. HOVNIANIAN DFW HOMESTEAD, LLC
K. HOVNIANIAN DFW INSPIRATION, LLC
K. HOVNIANIAN DFW KENSINGTON PLACE, LLC
K. HOVNIANIAN DFW LEXINGTON, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING II, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING, LLC
K. HOVNIANIAN DFW LIBERTY, LLC

K. HOVNIANIAN DFW LIGHT FARMS CYPRESS III, LLC
K. HOVNIANIAN DFW LIGHT FARMS II, LLC
K. HOVNIANIAN DFW LIGHT FARMS, LLC
K. HOVNIANIAN DFW LINCOLN POINTE, LLC
K. HOVNIANIAN DFW MIDTOWN PARK, LLC
K. HOVNIANIAN DFW MILRANY RANCH, LLC
K. HOVNIANIAN DFW MONTERRA, LLC
K. HOVNIANIAN DFW MUSTANG LAKES II, LLC
K. HOVNIANIAN DFW MUSTANG LAKES, LLC
K. HOVNIANIAN DFW NOBLE RIDGE, LLC
K. HOVNIANIAN DFW NORTH CREEK, LLC
K. HOVNIANIAN DFW OAKMONT PARK II, LLC
K. HOVNIANIAN DFW OAKMONT PARK, LLC
K. HOVNIANIAN DFW PALISADES, LLC
K. HOVNIANIAN DFW PARKSIDE, LLC
K. HOVNIANIAN DFW PARKVIEW, LLC
K. HOVNIANIAN DFW REUNION, LLC
K. HOVNIANIAN DFW RIDGEVIEW, LLC
K. HOVNIANIAN DFW ROLLING RIDGE, LLC
K. HOVNIANIAN DFW SANFORD PARK, LLC
K. HOVNIANIAN DFW SAPPHIRE BAY, LLC
K. HOVNIANIAN DFW SEVENTEEN LAKES, LLC
K. HOVNIANIAN DFW SOUTH POINTE, LLC
K. HOVNIANIAN DFW THE PARKS AT ROSEHILL, LLC
K. HOVNIANIAN DFW TIMBERBROOK, LLC
K. HOVNIANIAN DFW TRAILWOOD II, LLC
K. HOVNIANIAN DFW TRAILWOOD, LLC
K. HOVNIANIAN DFW VILLAS AT MUSTANG PARK, LLC
K. HOVNIANIAN DFW VILLAS AT THE STATION, LLC
K. HOVNIANIAN DFW WATSON CREEK, LLC
K. HOVNIANIAN DFW WELLINGTON ESTATES SOUTH, LLC
K. HOVNIANIAN DFW WELLINGTON VILLAS, LLC
K. HOVNIANIAN DFW WELLINGTON, LLC
K. HOVNIANIAN DFW WILDRIDGE, LLC
K. HOVNIANIAN DISTRIBUTION SERVICES, INC.
K. HOVNIANIAN HOMES - DFW II, L.L.C.
K. HOVNIANIAN HOMES - DFW, L.L.C.
K. HOVNIANIAN HOUSTON BALMORAL PARK LAKES EAST SECTION 8, LLC
K. HOVNIANIAN HOUSTON BALMORAL, LLC
K. HOVNIANIAN HOUSTON BAYOU OAKS AT WEST OREM, LLC
K. HOVNIANIAN HOUSTON CAMBRIDGE HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CITY HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CREEK BEND, LLC

K. HOVNIANIAN HOUSTON DIVISION, LLC
K. HOVNIANIAN HOUSTON DRY CREEK VILLAGE, LLC
K. HOVNIANIAN HOUSTON ELDRIDGE PARK, LLC
K. HOVNIANIAN HOUSTON FAIRCHILD FARMS, LLC
K. HOVNIANIAN HOUSTON GREATWOOD LAKE, LLC
K. HOVNIANIAN HOUSTON KATY POINTE II, LLC
K. HOVNIANIAN HOUSTON KATY POINTE, LLC
K. HOVNIANIAN HOUSTON KINGDOM HEIGHTS, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST II, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST, LLC
K. HOVNIANIAN HOUSTON LAUREL GLEN, LLC
K. HOVNIANIAN HOUSTON MAGNOLIA CREEK, LLC
K. HOVNIANIAN HOUSTON MIDTOWN PARK I, LLC
K. HOVNIANIAN HOUSTON PARK LAKES EAST, LLC
K. HOVNIANIAN HOUSTON PARKWAY TRAILS, LLC
K. HOVNIANIAN HOUSTON RIVER FARMS, LLC
K. HOVNIANIAN HOUSTON SUNSET RANCH, LLC
K. HOVNIANIAN HOUSTON TERRA DEL SOL, LLC
K. HOVNIANIAN HOUSTON THUNDER BAY SUBDIVISION, LLC
K. HOVNIANIAN HOUSTON TRANQUILITY LAKE ESTATES, LLC
K. HOVNIANIAN HOUSTON WESTWOOD, LLC
K. HOVNIANIAN HOUSTON WILLOWPOINT, LLC
K. HOVNIANIAN HOUSTON WOODSHORE, LLC
K. HOVNIANIAN OF HOUSTON II, L.L.C.
K. HOVNIANIAN OF HOUSTON III, L.L.C.
K. HOVNIANIAN TEXAS OPERATIONS, LLC
PARK TITLE COMPANY, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES, LLC
EASTERN NATIONAL TITLE AGENCY VIRGINIA, INC.
GTIS-HOV LEELAND STATION LLC
GTIS-HOV WILLOWSFORD WINDMILL LLC
K. HOVNIANIAN AT ALEXANDER LAKES, LLC
K. HOVNIANIAN AT BELLEWOOD, LLC
K. HOVNIANIAN AT BENSON'S MILL ESTATES, LLC
K. HOVNIANIAN AT CANTER V, LLC
K. HOVNIANIAN AT DOMINION CROSSING, LLC
K. HOVNIANIAN AT EAST CHASE, LLC
K. HOVNIANIAN AT EMBREY MILL VILLAGE, LLC
K. HOVNIANIAN AT EMBREY MILL, LLC
K. HOVNIANIAN AT ESTATES AT WHEATLANDS, LLC
K. HOVNIANIAN AT ESTATES OF CHANCELLORSVILLE, LLC
K. HOVNIANIAN AT GALLERY PARK AT WESTFIELDS, LLC
K. HOVNIANIAN AT HAMPTON RUN, LLC

K. HOVNIANIAN AT HIGHLAND PARK, LLC
K. HOVNIANIAN AT HOLLY RIDGE, LLC
K. HOVNIANIAN AT HUNTER'S POND, LLC
K. HOVNIANIAN AT JACKS RUN, LLC
K. HOVNIANIAN AT JACKSON VILLAGE, LLC
K. HOVNIANIAN AT LAUREL HILLS CROSSING, LLC
K. HOVNIANIAN AT LENA WOODS, LLC
K. HOVNIANIAN AT LINCOLN PARK, LLC
K. HOVNIANIAN AT MADISON SQUARE, LLC
K. HOVNIANIAN AT MELODY FARM, LLC
K. HOVNIANIAN AT NEW POST, LLC
K. HOVNIANIAN AT NICHOLSON, LLC
K. HOVNIANIAN AT NORTH HILL, LLC
K. HOVNIANIAN AT NORTH RIDGE, LLC
K. HOVNIANIAN AT OLD CAROLINA, LLC
K. HOVNIANIAN AT POTOMAC TRACE, LLC
K. HOVNIANIAN AT RAYMOND FARM, LLC
K. HOVNIANIAN AT RESERVES AT WHEATLANDS, LLC
K. HOVNIANIAN AT RESIDENCE AT DISCOVERY SQUARE, LLC
K. HOVNIANIAN AT ROCKLAND VILLAGE GREEN, LLC
K. HOVNIANIAN AT ROCKY RUN VILLAGE, LLC
K. HOVNIANIAN AT SUMMIT CROSSING ESTATES, LLC
K. HOVNIANIAN AT TANAGER, LLC
K. HOVNIANIAN AT TOWNES AT COUNTY CENTER, LLC
K. HOVNIANIAN AT WAXPOOL CROSSING, LLC
K. HOVNIANIAN AT WELLSPRINGS, LLC
K. HOVNIANIAN AT WILLOWSFORD GREENS III, LLC
K. HOVNIANIAN AT WREN HOLLOW, LLC
K. HOVNIANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNIANIAN HOMES AT BURKE JUNCTION, LLC
K. HOVNIANIAN HOMES AT LEIGH MILL, LLC
K. HOVNIANIAN HOMES AT PENDER OAKS, LLC
K. HOVNIANIAN HOMES AT THOMPSON'S GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANGE, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT II, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GREENS, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD NEW, LLC
K. HOVNIANIAN MID-ATLANTIC DIVISION, LLC
K. HOVNIANIAN SUMMIT HOLDINGS, L.L.C.
K. HOVNIANIAN VIRGINIA OPERATIONS, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CHARLOTTESVILLE II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.

K. HOVNANIAN'S FOUR SEASONS AT VIRGINIA CROSSING, LLC
K. HOVNANIAN AT DILLON FARM, LLC
K. HOVNANIAN AT HUNTFIELD, LLC
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN HOMES AT LIBERTY RUN, LLC
K. HOVNANIAN HOMES AT SHENANDOAH SPRINGS, LLC
K. HOVNANIAN WEST VIRGINIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNANIAN WEST VIRGINIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.

SCHEDULE B

COMMERCIAL TORT CLAIMS

SCHEDULE C

ACTIONS REQUIRED TO PERFECT

1. With respect to each Grantor organized under the laws of the state of Arizona as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Arizona Secretary of State.
 2. With respect to each Grantor organized under the laws of the state of California as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the California Secretary of State.
 3. With respect to each Grantor organized under the laws of the state of Delaware as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Delaware Secretary of State.
 4. With respect to each Grantor organized under the laws of the District of Columbia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the District of Columbia Recorder of Deeds.
 5. With respect to each Grantor organized under the laws of the state of Florida as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Florida Secured Transaction Registry.
 6. With respect to each Grantor organized under the laws of the state of Georgia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
 7. With respect to each Grantor organized under the laws of the state of Illinois as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Illinois Secretary of State.
 8. With respect to each Grantor organized under the laws of the state of Maryland as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Maryland State Department of Assessments and Taxation.
 9. With respect to each Grantor organized under the laws of the state of Minnesota as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Minnesota Secretary of State.
 10. With respect to each Grantor organized under the laws of the state of New Jersey as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the New Jersey Division of Commercial Recording.
 11. With respect to each Grantor organized under the laws of the state of New York as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the New York Secretary of State.
 12. With respect to each Grantor organized under the laws of the state of North Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the North Carolina Secretary of State.
 13. With respect to each Grantor organized under the laws of the state of Ohio as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Ohio Secretary of State.
 14. With respect to each Grantor organized under the laws of the state of Pennsylvania as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Pennsylvania Secretary of the Commonwealth.
 15. With respect to each Grantor organized under the laws of the state of South Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the South Carolina Secretary of State.
 16. With respect to each Grantor organized under the laws of the state of Texas as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Texas Secretary of State.
 17. With respect to each Grantor organized under the laws of the state of Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the Virginia State Corporation Commission.
 18. With respect to each Grantor organized under the laws of the state of West Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Collateral with the West Virginia Secretary of State.
 19. With respect to the Securities Accounts and the Deposit Accounts (other than the Excluded Accounts), the bank with which such Securities Account and such Deposit Account are maintained agreeing that it will comply with instructions originated by the Joint First Lien Collateral Agent directing disposition of the funds in such Securities Account and such Deposit Account without further consent of the relevant Grantor.
 20. With respect to each Grantor that owns registered or applied for Intellectual Property, the filing of a Trademark / Patent / Copyright Security Agreement that identifies such Grantor's registered and applied for Trademarks, Patents and Copyrights with the United States Patent and Trademark Office or the United States Copyright Office, as applicable.
 21. With respect to the Pledged Collateral (as defined in the Pledge Agreement (as defined in the Indenture)) constituting certificated securities, delivery of the certificates representing such Pledged Collateral to the Joint First Lien Collateral Agent pursuant to the Pledge Agreement 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.
-

EXHIBIT A

Form of Trademark / Patent / Copyright Agreement

TRADEMARK / PATENT / COPYRIGHT SECURITY AGREEMENT

This Trademark / Patent/ Copyright Security Agreement (the “**Agreement**”), dated as of [•], [•] is made by [], a [] (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.25 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of October 5, 2023 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which the 1.25 Lien Collateral Agent is appointing Wilmington Trust, National Association, as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.125 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of October 5, 2023, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.25 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.25 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.25 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its [Trademarks/Patents/Copyrights], including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.25 Lien Collateral 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 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 any United States "intent-to-use" trademark or service mark applications 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, the Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The 1.25 Lien Collateral Agent agrees that, at the 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 upon receipt of an Officer's Certificate or an Opinion of Counsel to that effect.

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.25 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.25 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.25 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.25 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.25 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.25 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.25 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.25 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.25 Lien Collateral Agent's rights hereunder.

6. All of 1.25 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.25 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor’s assets or to serve process on the Grantor by any means authorized by Law.

11. 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.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.25 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.25 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.25 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.25 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.25 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.25 Lien Collateral Agent hereunder shall not be construed as duties. The 1.25 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Trademark / Patent / Copyright Security Agreement to be duly executed and delivered as of the date first above written.

1.25 Lien Collateral Agent:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By:

Name:

Title:

Grantor:

[Name of Grantor]

By:

Name:

Title:

Schedule A
EXHIBIT B

Form of Joinder Agreement

This JOINDER AND ASSUMPTION AGREEMENT is made _____ by _____, a _____ (the “New Grantor”).

Reference is made to (i) the Security Agreement dated as of October 5, 2023 by each of the Grantors (as defined therein) in favor of the 1.25 Lien Collateral Agent for the benefit of itself and the other Secured Parties (as the same may be modified, supplemented, amended or restated, the “Security Agreement”), (ii) the Pledge Agreement dated as of October 5, 2023 by each of the Pledgors (as defined therein) in favor of the 1.25 Lien Collateral Agent for the benefit of itself and the other Secured Parties (as the same may be modified, supplemented, amended or restated, the “Pledge Agreement”), (iii) the First Lien Intercreditor Agreement dated as of October 31, 2019 among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent (the “First Lien Intercreditor Agreement”) and (iv) the First Lien Collateral Agency Agreement dated as of October 31, 2019 by and among the 1.25 Lien Collateral Agent, the other collateral agents referenced therein, Hovnanian, the Issuer and the other Grantors party thereto (as the same may be modified, supplemented, amended or restated, the “Collateral Agency 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.

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, the First Lien Intercreditor Agreement and the Collateral Agency 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 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 First Lien Intercreditor Agreement, the Collateral Agency Agreement and each of the other 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 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 1.25 Lien Collateral Agent the Security Agreement, the Pledge Agreement and each of the other Noteholder Documents given by the Grantors to the 1.25 Lien Collateral 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 (including, for the avoidance of doubt, the actions described in Section 4.18 of the Indenture).

New Grantor has attached hereto Schedule 1 that supplements Schedules 1, 2(a), 2(b), 2(c), 4, 5(a), 5(b), 6 and 7 to the Perfection Certificate and certifies, as of the date hereof, that the supplemental information set forth therein has been prepared by the New Grantor in substantially the form of the equivalent Schedules to the Perfection Certificate, and is complete and correct in all material respects.

IN WITNESS WHEREOF, the New Grantor has duly executed this Joinder Agreement and delivered the same to the 1.25 Lien Collateral Agent for the benefit of the Secured Parties, as of the date and year first written above.

[NAME OF NEW GRANTOR]

By: _____

Title: _____

EXHIBIT C

FORM OF PERFECTION CERTIFICATE

(see attached)

PERFECTION CERTIFICATE

[•]

The undersigned is a duly authorized officer of each of K. Hovnanian Enterprises, Inc. (the “**Borrower**”) and the entities listed on Schedule 1 hereto (each such entity together with the Borrower, a “**Grantor**”). With reference to (i) the 1.125 Lien Security Agreement and (ii) the 1.25 Lien Security Agreement, in each case, dated as of the date hereof (collectively, the “**Security Agreement**”) among the Borrower, the Grantors party thereto and Wilmington Trust, National Association, as collateral agent (in such capacity, the “**Agent**”) (terms defined in the Security Agreement being used herein as therein defined), each of the undersigned certifies to the Agent and each other Secured Party as follows:

1. *Names.* The exact legal name of each Grantor for which certificates or articles of incorporation, articles of organization, certificates of formation or similar organizational documents certified as of a recent date by the Secretary of State or similar governing body of the state of formation or incorporation of such Grantor (the “**Constituent Documents**”) were delivered to the Agent, as it appears in each respective Constituent Document, the type of organization and the jurisdiction of organization (or formation, as applicable) for such Grantor is set forth in Schedule 1 hereto.

2. *Grantors.* (a) Set forth on Schedule 2(a) is the name of each Grantor and the county in which each Grantor’s chief executive office is located, if such office is not located at 90 Matawan Road, Fifth Floor, Matawan, NJ 07747.

(b) Set forth in Schedule 2(b) hereto is each other entity name (including trade names or similar appellations) each Grantor has had in the last five years, together with the date of the relevant change.

(c) Except as set forth in Schedule 2(c) hereto, no Grantor has changed its identity or entity structure in any way within the past five years.

3. *UCC Filings.* In order to perfect the Liens granted by the Grantors, duly completed financing statements on Form UCC-1 with respect to each Grantor, with the collateral described as “All Personal Property” or “All Assets”, have been delivered to the Agent for filing in the Uniform Commercial Code filing office in each jurisdiction identified in paragraph 1 above, as applicable.

4. *Deposit Accounts and Securities Accounts.* Set forth as Schedule 4 hereto is a true and complete list of all Deposit Accounts and Securities Accounts maintained by each Grantor, including the name of each institution where each such account is held, the name of each Grantor that holds each account and whether such Deposit Account or Securities Account is currently subject to a control agreement as of the date hereof. Schedule 4 shall not include escrow accounts (in which funds are held for or of others by virtue of customary real estate practice or contractual or legal requirements).

5. *Intellectual Property.* (a) Set forth as Schedule 5(a) hereto is a true and complete list of all of each Grantor’s Patents, Patent Licenses, Trademarks and Trademark Licenses (each as defined in the Security Agreement) registered with the United States Patent and Trademark Office, and all other Patents, Patent Licenses, Trademarks and Trademark Licenses, including the name of the registered owner and the registration number of each Patent, Patent License, Trademark and Trademark License owned by such Grantor.

(b) Set forth as Schedule 5(b) hereto is a true and complete list of all of each Grantor’s United States Copyrights and Copyright Licenses (each as defined in the Security Agreement), and all Copyright Licenses, including the name of the registered owner and the registration number of each Copyright or Copyright License owned by such Grantor.

(c) In order to preserve, protect and perfect the security interests in the United States Trademarks, Trademark Licenses, Patents, Patent Licenses, Copyrights and Copyright Licenses set forth on Schedule 5(a) and Schedule 5(b), duly signed copies of the Intellectual Property Security Agreement by the applicable Grantor have been delivered to the Agent for filing with the United States Patent and Trademark Office and United States Copyright Office, as applicable.

6. *Investment Property.* Set forth as Schedule 6 hereto is a true and complete list of all Investment Property consisting of “certificated securities” (as defined in the New York UCC) owned by each Grantor.

7. *Receivables*. Set forth as Schedule 7 hereto is a true and complete list of all Instruments and Chattel Paper that individually evidence an amount payable to any Grantor in excess of \$2,000,000.00.

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

K. HOVNANIAN ENTERPRISES, INC.

Name:

Title:

Names

Grantors

Other Corporate Names of Grantors, if Applicable

Changes in Identity or Corporate Structure Within Past Five Years

Deposit Accounts and Securities Accounts

Securities Accounts

Intellectual Property

Investment Property

Receivables

1.25 LIEN PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT, dated as of October 5, 2023 (as restated, amended, modified or supplemented from time to time, this “Agreement”), is given by **K. HOVNANIAN ENTERPRISES, INC.**, a California corporation (the “Issuer”), **HOVNANIAN ENTERPRISES, INC.**, a Delaware corporation (“Hovnanian”), **EACH OF THE UNDERSIGNED PARTIES LISTED ON SCHEDULE A HERETO AND EACH OF THE OTHER PERSONS AND ENTITIES THAT BECOME BOUND HEREBY FROM TIME TO TIME BY JOINDER, ASSUMPTION OR OTHERWISE** (together with the Issuer and Hovnanian, 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, NATIONAL ASSOCIATION**, in its capacity as the collateral agent (in such capacity, the “1.25 Lien Collateral Agent”) for the benefit of itself and the Secured Parties (as defined below), and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, the Issuer, Hovnanian and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Indenture”) with Wilmington Trust, National Association, as trustee (in such capacity, the “Trustee”) and the 1.25 Lien Collateral Agent, pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 (including any additional notes from time to time issued under the Indenture, the “Secured Notes”) upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Collateral Agency Agreement”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.125 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “Joint First Lien Collateral Agent”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “Senior Credit Agreement”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “Senior Credit Agreement Administrative Agent”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “First Lien Intercreditor Agreement”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, in connection with the Indenture, the Pledgors are required to execute and deliver this Agreement to secure their obligations with respect to the Indenture and the Secured Notes; and

WHEREAS, each Pledgor owns the outstanding capital stock, shares, securities, member interests, partnership interests and other ownership interests of the Companies.

NOW, THEREFORE, in consideration of the premises and to induce the holders to purchase the Secured Notes, each Pledgor hereby agrees with the 1.25 Lien Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

1. Defined Terms.

(a) Except as otherwise expressly provided herein, capitalized terms used in this Agreement (including the recitals above) shall have the respective meanings assigned to them in the Indenture and any other applicable Noteholder Document or, if not defined herein or therein, in the First Lien 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 Indenture and any other applicable Noteholder Document or in the First Lien Intercreditor Agreement shall have the same meanings herein as set forth therein.

(b) “1.125 Lien Indenture” shall mean the Indenture, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, each of the other guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent, pursuant to which the Issuer is issuing the 8.00% Senior Secured 1.125 Lien Notes due 2028 upon the terms and conditions set forth therein.

(c) “1.125 Lien Security Agreement” shall mean the Security Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time), by and among the Issuer, Hovnanian, the Grantors party thereto in favor of the 1.125 Lien Collateral Agent (as defined therein), entered into in connection with the 1.125 Lien Indenture.

(d) “Company” shall mean individually each Restricted Subsidiary, and “Companies” shall mean, collectively, all Restricted Subsidiaries.

(e) “JV Holding Company” shall have the meaning specified for such term in the Indenture.

(f)“ 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.

(g)“ Margin Stock” shall have the meaning specified in Section 4(a).

(h)“ Noteholders” shall mean the collective reference to the “Holder” or “Holder of Notes” (as defined in the Indenture) of the Secured Notes.

(i)“ Noteholder Collateral Document” shall mean 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.

(j)“ Noteholder Documents” shall mean collectively (a) the Indenture, the Secured Notes and the Noteholder Collateral Documents and (b) any other related document or instrument executed and delivered pursuant to any 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.

(k)“ 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.

(l)“ Perfection Certificate” shall mean with respect to any Pledgor, a certificate substantially in the form of Exhibit C to the Security Agreement, completed and supplemented with the schedules contemplated thereby, and signed by an officer of such Pledgor.

(m)“ 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 and any JV Holding Company owned or held by any Pledgor at any time including those in any Company hereafter formed or acquired, (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; provided, however, that notwithstanding any of the other provisions set forth in this Agreement, this Agreement shall not constitute a grant of a security interest in, and the Pledged Collateral shall not include, (i) any property or assets constituting “Excluded Property” (as defined in the Indenture and any other applicable Noteholder Document) 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 governing such Investment Property, or Pledged Note 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). The 1.25 Lien Collateral Agent agrees that, at any Pledgor’s reasonable request and expense, it will provide such Pledgor confirmation that the assets described in this paragraph are in fact excluded from the Pledged Collateral during such limited period only upon receipt of an Officers’ Certificate or an Opinion of Counsel to that effect.

(n)“ Secured Obligations” shall mean all Indebtedness and other Obligations under, and as defined in, the Indenture, the Secured Notes, the Guarantees and the related Noteholder Documents, in each case, together with any extensions, renewals, replacements or refundings thereof and all costs and expenses of enforcement and collection, including reasonable attorney’s fees, expenses and disbursements.

(o)“ Secured Parties” shall mean the collective reference to the Joint First Lien Collateral Agent, the Trustee, the 1.25 Lien Collateral Agent and the Noteholders.

(p)“ Security Agreement” shall mean the 1.25 Lien Security Agreement dated as of the date hereof among the Issuer, Hovnanian and certain of their respective subsidiaries and the 1.25 Lien Collateral Agent, as amended, supplemented, amended and restated or otherwise modified from time to time, entered into in connection with the Indenture.

2. Grant of Security Interests.

(a) To secure on a first priority perfected basis the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all Secured Obligations, in full, each Pledgor hereby grants to the 1.25 Lien Collateral Agent a continuing first priority security interest under the Code in and hereby pledges to the 1.25 Lien Collateral Agent, in each case for its benefit and the ratable benefit of the Secured Parties, 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, subject only to Permitted Liens.

(b) Upon the execution and delivery of this Agreement, each Pledgor shall deliver to and deposit with the Joint First Lien Collateral Agent (or with a Person designated by the Joint First Lien Collateral Agent to hold the Pledged Collateral on behalf of the Joint First Lien Collateral 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 Joint First Lien Collateral 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, subject to the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement, each Pledgor (in its capacity as a Pledgor and in its capacity as a Company) shall execute and deliver to the 1.25 Lien Collateral Agent 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”) as may be required under applicable law to perfect and continue perfecting and to create and maintain the first priority status of the 1.25 Lien Collateral Agent’s security interest in the Pledged Collateral, subject only to Permitted Liens and to fully consummate the transactions contemplated under this Agreement. Each Pledgor shall 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 1.25 Lien Collateral Agent or Joint First Lien Collateral Agent (and any of the 1.25 Lien Collateral Agent’s or Joint First Lien Collateral Agent’s officers or employees or agents designated by the 1.25 Lien Collateral Agent or the Joint First Lien Collateral Agent, as applicable) 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, pursuant to applicable law, must be executed, filed, recorded or sent in order to perfect or continue perfecting the 1.25 Lien Collateral Agent’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 1.25 Lien Collateral Agent 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) The 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 Permitted Liens;

(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 valid, perfected and of first priority, subject to the Lien of no other Person (other than Permitted Liens);

(e) There are no restrictions upon the transfer of the Pledged Collateral (other than restrictions that have been waived pursuant to Section 24 hereof) 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 Permitted Liens) 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 1 to the Perfection Certificate;

(k) Such Pledgor’s chief executive office is as set forth on Schedule 2(a) to the Perfection Certificate; 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 (other than restrictions that have been waived pursuant to Section 24 hereof) 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.

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 1.25 Lien Collateral Agent or the Joint First Lien Collateral Agent;
- (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 1.25 Lien Collateral Agent's interest in, the Pledged Collateral or the proceeds thereof;
- (c) The books and records of each of the Pledgors and Companies, as applicable, shall disclose the 1.25 Lien Collateral Agent's security interest in the Pledged Collateral contemplated by this Agreement;
- (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 1.25 Lien Collateral Agent; 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 Joint First Lien Collateral 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 or as the Joint First Lien Collateral Agent may request related thereto;
- (e) Each Pledgor shall notify the 1.25 Lien Collateral Agent 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) 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 and 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 Joint First Lien Collateral Agent upon issuance, together with all evidence of such election and issuance and all Security Documents as set forth in Section 3 hereof.

6. Other Rights With Respect to Pledged Collateral.

In addition to the other rights with respect to the Pledged Collateral granted to the 1.25 Lien Collateral Agent hereunder, at any time and from time to time, after and during the continuation of an Event of Default, the 1.25 Lien Collateral Agent, at its option and at the expense of the Pledgors, may, subject to the First Lien Intercreditor Agreement, the Collateral Agency Agreement and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document: (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, and moneys, including cash dividends and income from any Pledged Collateral, now or hereafter in the hands of the 1.25 Lien Collateral Agent or the Joint First Lien Collateral Agent, or any Affiliate of the 1.25 Lien Collateral Agent or Joint First Lien Collateral Agent, on deposit or otherwise, belonging to any Pledgor, as the 1.25 Lien Collateral Agent in its sole discretion shall determine; and (d) do anything which any Pledgor is required but fails to do hereunder. The 1.25 Lien Collateral 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.

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 1.25 Lien Collateral Agent 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 Noteholder Documents, the following rights and remedies, in each case subject to the First Lien Intercreditor Agreement, the Collateral Agency Agreement and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document:

- (a) The 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent 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.
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(b) The proceeds of any collection, sale or other disposition of the Pledged Collateral, or any part thereof, shall be applied against the Secured Obligations, whether or not all the same be then due and payable, as provided in the First Lien Intercreditor Agreement. The 1.25 Lien Collateral Agent shall incur no liability as a result of the sale of the Pledged Collateral, or any part thereof, at any private sale pursuant to this Section 7 conducted in accordance with the requirements of applicable laws. Each Pledgor hereby waives any claims against the 1.25 Lien Collateral Agent and the other Secured Parties arising by reason of the fact that the price at which the Pledged Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the 1.25 Lien Collateral Agent accepts the first offer received and does not offer the Pledged Collateral to more than one offeree, provided that such private sale is conducted in accordance with applicable laws and this Agreement. Each Pledgor hereby agrees that in respect of any sale of any of the Pledged Collateral pursuant to the terms hereof, the 1.25 Lien Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable laws, or in order to obtain any required approval of the sale or of the purchaser by any governmental authority or official, nor shall the 1.25 Lien Collateral Agent be liable or accountable to any Pledgor for any discount allowed by reason of the fact that such Pledged Collateral is sold in compliance with any such limitation or restriction.

8. 1.25 Lien Collateral Agent's Duties.

The powers conferred on the 1.25 Lien Collateral Agent hereunder are solely to protect its interest (on behalf of itself and the Secured Parties) 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 1.25 Lien Collateral Agent 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 is required to become a Guarantor under the Indenture and applicable Noteholder Documents and 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 a Guarantor may become Pledgors hereunder and will be bound hereby simply by executing and delivering to the 1.25 Lien Collateral Agent a Supplemental Indenture (in the form of Exhibit B to the Indenture) and a Joinder Agreement in the form of Exhibit B to the 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 1.25 Lien Collateral Agent, 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 Noteholder Documents or by Law, rule or regulation and the 1.25 Lien Collateral Agent may enforce any one or more remedies hereunder successively or concurrently at its option. Each Pledgor waives any right to require the 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent'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 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 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 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 1.25 Lien Collateral Agent, the Trustee, the Joint First Lien Collateral Agent, the 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 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 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 any Secured Party (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 any Secured Party 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 1.25 Lien Collateral Agent 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.

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 13.3 of the Indenture and the related provisions of any other applicable Noteholder Document, and the Pledgors (in their capacity as Pledgors and in their capacity as Companies) shall simultaneously send to the 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent hereunder and under the other Noteholder Documents, because the 1.25 Lien Collateral Agent's remedies at law for failure of any Pledgor to comply with the provisions hereof relating to the 1.25 Lien Collateral Agent'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 1.25 Lien Collateral Agent its attorney-in-fact and (v) to enforce the 1.25 Lien Collateral 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, subject to the First Lien Intercreditor Agreement and the Collateral Agency Agreement.

17. Voting Rights in Respect of the Pledged Collateral.

So long as no Event of Default shall occur and be continuing under the Indenture or any other applicable Noteholder Document, 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 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 1.25 Lien Collateral Agent or any other Secured Party 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 First Lien Intercreditor Agreement, the Collateral Agency Agreement, and any other intercreditor agreement entered into in connection with Indebtedness permitted under the Indenture and any other applicable Noteholder Document, the 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent shall endeavor to provide the Issuer with notice at or about the time of the exercise by 1.25 Lien Collateral Agent 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 1.25 Lien Collateral Agent'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 permitted by the Indenture and any other applicable Noteholder Document; or (ii) enter into any agreement or undertaking restricting the right or ability of such Pledgor or the 1.25 Lien Collateral Agent to sell, assign or transfer any of the Pledged Collateral without the 1.25 Lien Collateral Agent's prior written consent, except as permitted by the Indenture and any other applicable Noteholder Document.

18. Consent to Jurisdiction.

Each Pledgor (as a Pledgor and as a Company) hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other 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 Pledgor at its address referred to in Section 8.02 of the Security Agreement or at such other address of which the 1.25 Lien Collateral 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.

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 1.25 LIEN COLLATERAL AGENT, ON BEHALF OF ITSELF, THE TRUSTEE AND THE JOINT FIRST LIEN COLLATERAL AGENT, 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; Amendments.

(a) This Agreement and the other Noteholder Documents constitute 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 1.25 Lien Collateral Agent in relation to the Secured Obligations.

(b) Except as expressly provided in (i) Section 9.1 of the Indenture with respect to the Secured Notes, (ii) Section 9 with respect to additional Pledgors, (iii) Section 21 with respect to the release of Pledgors and Companies, (iv) Section 11.4 of the Indenture and (v) Section 8.01 of the Security Agreement, this Agreement may not be amended or supplemented except by a writing signed by the 1.25 Lien Collateral Agent and the Pledgors.

21. Release of Related Collateral and Equity.

At any time after the initial execution and delivery of this Agreement to the 1.25 Lien Collateral Agent, the Pledgors and their respective Pledged Collateral, the Companies and JV Holding Companies may be released from this Agreement in accordance with and pursuant to Section 11.4 of the Indenture and the comparable provisions of any other applicable Noteholder Documents, or at the times and to the extent required by the First Lien Intercreditor Agreement and the Collateral Agency Agreement. No notice of such release of any Pledgor or such Pledgor's Pledged Collateral shall be required to be given to any other Pledgor and each Pledgor hereby consents thereto.

22. Counterparts; Electronic Transmission of 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 1.25 Lien Collateral Agent 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 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents apply to this Agreement.

24. Waiver of Restrictions.

Each Pledgor agrees that any restriction on transfer (if any) of the Pledged Collateral contained in the organizational documents to which such Pledgor is a party, is hereby waived, and further agrees that any such restriction does not apply to the grant of security interest made hereunder or to any transfer of the Pledged Collateral to a Secured Party or any third party in connection with an exercise of remedies hereunder.

25. First Lien Intercreditor Agreement and the Collateral Agency Agreement.

Notwithstanding anything herein to the contrary, the lien and security interest granted to the 1.25 Lien Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the 1.25 Lien Collateral Agent hereunder are subject to the provisions of the First Lien Intercreditor Agreement and the Collateral Agency Agreement. In the event of any conflict between the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement on the one hand, and this Agreement, on the other hand, the terms of the First Lien Intercreditor Agreement and the Collateral Agency Agreement shall govern.

26. 1.25 Lien Collateral Agent Privileges, Powers and Immunities.

In the performance of its obligations, powers and rights hereunder, the 1.25 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.25 Lien Collateral Agent under the Indenture, the applicable Noteholder Document and the Collateral Agency Agreement. The 1.25 Lien Collateral Agent shall take or refrain from taking any discretionary action or exercise any discretionary powers set forth in this Agreement in accordance with, and subject to, the Indenture and applicable Noteholder Document (it being understood and agreed that the actions and directions set forth in Section 9.1 of the Indenture are not discretionary) and the Collateral Agency Agreement. Notwithstanding anything to the contrary contained herein and notwithstanding anything contained in Section 9-207 of the New York UCC, the 1.25 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.25 Lien Collateral Agent hereunder shall not be construed as duties. The 1.25 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it with due care and shall not be liable for the negligence or misconduct of such appointees. The 1.25 Lien Collateral Agent shall be under no obligation to take any action toward the enforcement of this Agreement, whether on its own motion or on the request of any other Person, which in the opinion of the 1.25 Lien Collateral Agent may involve loss, liability or expense to it, unless the Company or one or more Secured Parties shall offer and furnish security or indemnity, reasonably satisfactory to the 1.25 Lien Collateral Agent, against such loss, liability and expense to the 1.25 Lien Collateral Agent.

[SIGNATURE PAGES FOLLOW]

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, NATIONAL ASSOCIATION, as 1.25 Lien Collateral Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Joint First Lien Collateral Agent

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Pledgors:

K. HOVNANIAN ENTERPRISES, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Senior Vice President, Chief Accounting Officer and Treasurer

HOVNANIAN ENTERPRISES, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Senior Vice President, Chief Accounting Officer and Treasurer

K. HOV IP, II, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Treasurer

**ON BEHALF OF EACH OTHER ENTITY NAMED
IN SCHEDULE A HERETO**

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Vice President / Authorized Representative

**SCHEDULE A
TO
PLEDGE AGREEMENT**

EASTERN NATIONAL TITLE AGENCY ARIZONA, LLC
GTIS-HOV AT SILVERSTONE LLC
GTIS-HOV POINTE 16 LLC
K. HOVNIANIAN ARIZONA NEW GC, LLC
K. HOVNIANIAN ARIZONA OPERATIONS, LLC
K. HOVNIANIAN AT 17 NORTH, LLC
K. HOVNIANIAN AT 23 NORTH, LLC
K. HOVNIANIAN AT 240 MISSOURI, LLC
K. HOVNIANIAN AT ACACIA PLACE, LLC
K. HOVNIANIAN AT AIRE ON MCDOWELL, LLC
K. HOVNIANIAN AT ALAMEDA POINT, LLC
K. HOVNIANIAN AT ALTO, LLC
K. HOVNIANIAN AT AMBRA, LLC
K. HOVNIANIAN AT ASTER RIDGE, LLC
K. HOVNIANIAN AT CATANIA, LLC
K. HOVNIANIAN AT EAGLE HEIGHTS, LLC
K. HOVNIANIAN AT GALLERY, LLC
K. HOVNIANIAN AT GALLOWAY RIDGE, LLC
K. HOVNIANIAN AT HONEYSUCKLE TRAIL, LLC
K. HOVNIANIAN AT LAWEEN SPRINGS, LLC
K. HOVNIANIAN AT LUKE LANDING, LLC
K. HOVNIANIAN AT MARYLAND RIDGE, LLC
K. HOVNIANIAN AT MCCARTNEY RANCH, LLC
K. HOVNIANIAN AT MONROE RANCH, LLC
K. HOVNIANIAN AT MONTANA VISTA DOBBINS, LLC
K. HOVNIANIAN AT MONTANA VISTA, LLC
K. HOVNIANIAN AT ORANGEWOOD RANCH, LLC
K. HOVNIANIAN AT PALERMO, LLC
K. HOVNIANIAN AT PALM VALLEY, L.L.C.
K. HOVNIANIAN AT PARK PASEO, LLC
K. HOVNIANIAN AT PINNACLE PEAK PATIO, LLC
K. HOVNIANIAN AT POINTE 16, LLC
K. HOVNIANIAN AT QUAIL CREEK, L.L.C.
K. HOVNIANIAN AT RANCHO CABRILLO, LLC
K. HOVNIANIAN AT RANCHO EL DORADO, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 17, LLC
K. HOVNIANIAN AT RANCHO MIRAGE PARCEL 23, LLC
K. HOVNIANIAN AT SANTA ROSA SPRINGS, LLC
K. HOVNIANIAN AT SANTANILLA, LLC
K. HOVNIANIAN AT SCOTTSDALE HEIGHTS, LLC
K. HOVNIANIAN AT SIENNA HILLS, LLC
K. HOVNIANIAN AT SILVERSTONE G, LLC
K. HOVNIANIAN AT SILVERSTONE, LLC

K. HOVNIANIAN AT SKYE ON MCDOWELL, LLC
K. HOVNIANIAN AT STERLING VISTAS, LLC
K. HOVNIANIAN AT SUN CITY WEST, LLC
K. HOVNIANIAN AT SUNRISE TRAIL II, LLC
K. HOVNIANIAN AT SUNRISE TRAIL III, LLC
K. HOVNIANIAN AT THE MEADOWS 9, LLC
K. HOVNIANIAN AT THE MEADOWS, LLC
K. HOVNIANIAN AT TORTOSA SOUTH, LLC
K. HOVNIANIAN AT UNION PARK, LLC
K. HOVNIANIAN AT VENTANA LAKES, LLC
K. HOVNIANIAN AT VERRADO CASCINA, LLC
K. HOVNIANIAN AT VERRADO MARKETSIDE, LLC
K. HOVNIANIAN AT VICTORY AT VERRADO, LLC
K. HOVNIANIAN AT VILLAGO, LLC
K. HOVNIANIAN COMPANIES OF ARIZONA, LLC
K. HOVNIANIAN GREAT WESTERN HOMES, LLC
K. HOVNIANIAN LEGACY AT VIA BELLA, LLC
K. HOVNIANIAN PHOENIX DIVISION, INC.
K. HOVNIANIAN WEST GROUP, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR II, LLC
K. HOVNIANIAN'S FOUR SEASONS AT THE MANOR, LLC
VISTAS AT SILVERSTONE LLC
2700 EMPIRE, LLC
GTIS-HOV RANCHO 79 LLC
K. HOV IP, II, INC.
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH M2, LLC
K. HOVNIANIAN ASPIRE AT BELLEVUE RANCH, LLC
K. HOVNIANIAN ASPIRE AT RIVER TERRACE, LLC
K. HOVNIANIAN ASPIRE AT SOLAIRE, LLC
K. HOVNIANIAN ASPIRE AT STONES THROW, LLC
K. HOVNIANIAN AT ANDALUSIA, LLC
K. HOVNIANIAN AT ASPIRE AT APRICOT GROVE PH2, LLC
K. HOVNIANIAN AT BAKERSFIELD 463, L.L.C.
K. HOVNIANIAN AT BEACON PARK AREA 129 II, LLC
K. HOVNIANIAN AT BEACON PARK AREA 129, LLC
K. HOVNIANIAN AT BEACON PARK AREA 137, LLC
K. HOVNIANIAN AT BENNETT RANCH, LLC
K. HOVNIANIAN AT BLACKSTONE, LLC
K. HOVNIANIAN AT CADENCE PARK, LLC
K. HOVNIANIAN AT CAPISTRANO, L.L.C.
K. HOVNIANIAN AT CARLSBAD, LLC
K. HOVNIANIAN AT CEDAR LANE, LLC
K. HOVNIANIAN AT CIELO, L.L.C.

K. HOVNIANIAN AT FIDDYMENT RANCH, LLC
K. HOVNIANIAN AT FIREFLY AT WINDING CREEK, LLC
K. HOVNIANIAN AT FRESNO, LLC
K. HOVNIANIAN AT GILROY 60, LLC
K. HOVNIANIAN AT GILROY, LLC
K. HOVNIANIAN AT HIDDEN LAKE, LLC
K. HOVNIANIAN AT JAEGER RANCH, LLC
K. HOVNIANIAN AT LA LAGUNA, L.L.C.
K. HOVNIANIAN AT LADD RANCH, LLC
K. HOVNIANIAN AT LUNA VISTA, LLC
K. HOVNIANIAN AT MELANIE MEADOWS, LLC
K. HOVNIANIAN AT MERIDIAN HILLS, LLC
K. HOVNIANIAN AT MUIRFIELD, LLC
K. HOVNIANIAN AT PARKSIDE, LLC
K. HOVNIANIAN AT PAVILION PARK, LLC
K. HOVNIANIAN AT POSITANO, LLC
K. HOVNIANIAN AT ROSEMARY LANTANA, L.L.C.
K. HOVNIANIAN AT SAGE II HARVEST AT LIMONEIRA, LLC
K. HOVNIANIAN AT SANTA NELLA, LLC
K. HOVNIANIAN AT SENDERO RANCH, LLC
K. HOVNIANIAN AT SIERRA VISTA, LLC
K. HOVNIANIAN AT SKYE ISLE, LLC
K. HOVNIANIAN AT SUNRIDGE PARK, LLC
K. HOVNIANIAN AT TRAIL RIDGE, LLC
K. HOVNIANIAN AT VALLE DEL SOL, LLC
K. HOVNIANIAN AT VERONA ESTATES, LLC
K. HOVNIANIAN AT VICTORVILLE, L.L.C.
K. HOVNIANIAN AT VILLAGE CENTER, LLC
K. HOVNIANIAN AT VINEYARD HEIGHTS, LLC
K. HOVNIANIAN AT WATERSTONE, LLC
K. HOVNIANIAN AT WEST VIEW ESTATES, L.L.C.
K. HOVNIANIAN AT WESTSHORE, LLC
K. HOVNIANIAN AT WHEELER RANCH, LLC
K. HOVNIANIAN AT WOODCREEK WEST, LLC
K. HOVNIANIAN CA LAND HOLDINGS, LLC
K. HOVNIANIAN CALIFORNIA OPERATIONS, INC.
K. HOVNIANIAN CALIFORNIA REGION, INC.
K. HOVNIANIAN COMMUNITIES, INC.
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.
K. HOVNIANIAN COMPANIES, LLC
K. HOVNIANIAN EAST GROUP, LLC
K. HOVNIANIAN ENTERPRISES, INC.
K. HOVNIANIAN FOUR SEASONS AT HOMESTEAD, LLC

K. HOVNIANIAN HOMES NORTHERN CALIFORNIA, INC.
K. HOVNIANIAN JV HOLDINGS, L.L.C.
K. HOVNIANIAN JV SERVICES COMPANY, L.L.C.
K. HOVNIANIAN MEADOW VIEW AT MOUNTAIN HOUSE, LLC
K. HOVNIANIAN NORTHEAST DIVISION, INC.
K. HOVNIANIAN NORTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN OPERATIONS COMPANY, INC.
K. HOVNIANIAN SOUTHERN CALIFORNIA DIVISION, LLC
K. HOVNIANIAN'S ASPIRE AT UNION VILLAGE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BEAUMONT, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LOS BANOS, LLC
K. HOVNIANIAN'S SONATA AT THE PRESERVE, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK II, LLC
K. HOVNIANIAN'S VERANDA AT RIVERPARK, LLC
STONEBROOK HOMES, INC.
K. HOVNIANIAN PARKVIEW AT STERLING MEADOWS, LLC
K. HOVNIANIAN DEVELOPMENTS OF D.C., INC.
K. HOVNIANIAN HOMES AT PARKSIDE, LLC
K. HOVNIANIAN HOMES OF D.C., L.L.C.
GTIS-HOV ARBORS AT MONROE PARENT LLC
GTIS-HOV FOUR PONDS PARENT LLC
GTIS-HOV HEATHERFIELD PARENT LLC
GTIS-HOV HILLTOP AT CEDAR GROVE PARENT LLC
GTIS-HOV HOLDINGS IX LLC
GTIS-HOV HOLDINGS LLC
GTIS-HOV HOLDINGS V LLC
GTIS-HOV HOLDINGS VI LLC
GTIS-HOV HOLDINGS VII LLC
GTIS-HOV HOLDINGS VIII LLC
GTIS-HOV LAKES OF CANE BAY PARENT LLC
GTIS-HOV PARKSIDE OF LIBERTYVILLE PARENT LLC
GTIS-HOV PENDER OAKS PARENT LLC
GTIS-HOV PINNACLE PEAK PATIO PARENT LLC
GTIS-HOV SAUGANASH GLEN PARENT LLC
HOMEBUYERS FINANCIAL USA, LLC
HOVNIANIAN ENTERPRISES, INC. (PARENT COMPANY)
HOVSITE CHURCHILL CLUB LLC
HOVSITE FIRENZE LLC
HOVSITE HUNT CLUB LLC
HOVSITE LIBERTY LAKES LLC
HOVSITE PROVIDENCE LLC
HOVSITE SOUTHAMPTON LLC

K. HOVNIANIAN ASPIRE AT LYNNBURY WOODS, LLC
K. HOVNIANIAN AT ADMIRAL'S LANDING, LLC
K. HOVNIANIAN AT ASHBY PLACE, LLC
K. HOVNIANIAN AT ASPIRE AT WEBBER FARM, LLC
K. HOVNIANIAN AT ASPIRE AT WICKERSHAM, LLC
K. HOVNIANIAN AT AUTUMN RIDGE, LLC
K. HOVNIANIAN AT BAY KNOLLS, LLC
K. HOVNIANIAN AT BRENFORD STATION, LLC
K. HOVNIANIAN AT CEDAR LANE ESTATES, LLC
K. HOVNIANIAN AT EGRET SHORES, LLC
K. HOVNIANIAN AT FORK LANDING, LLC
K. HOVNIANIAN AT HARBOR'S EDGE AT BAYSIDE, LLC
K. HOVNIANIAN AT HIDDEN BROOK, LLC
K. HOVNIANIAN AT LIBERTY WEST, LLC
K. HOVNIANIAN AT MIDDLETOWN RESERVE, LLC
K. HOVNIANIAN AT MONARCH GLEN, LLC
K. HOVNIANIAN AT NORTH BRUNSWICK VI, L.L.C.
K. HOVNIANIAN AT NOTTINGHAM MEADOWS, LLC
K. HOVNIANIAN AT OCEAN VIEW BEACH CLUB, LLC
K. HOVNIANIAN AT OYSTER COVE, LLC
K. HOVNIANIAN AT PATRIOTS BLUFF, LLC
K. HOVNIANIAN AT PLANTATION LAKES, L.L.C.
K. HOVNIANIAN AT PLEASANTON, LLC
K. HOVNIANIAN AT RED MILL POND, LLC
K. HOVNIANIAN AT RETREAT AT MILLSTONE, LLC
K. HOVNIANIAN AT SATTERFIELD, LLC
K. HOVNIANIAN AT SEABROOK, LLC
K. HOVNIANIAN AT TOWER HILL, LLC
K. HOVNIANIAN AT TOWNSEND FIELDS, LLC
K. HOVNIANIAN AT WOODFIELD, LLC
K. HOVNIANIAN CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN DELAWARE DIVISION, INC.
K. HOVNIANIAN DELAWARE OPERATIONS, LLC
K. HOVNIANIAN HOMES AT KNOLLAC ACRES, LLC
K. HOVNIANIAN HOMES AT SUMMIT POINTE, LLC
K. HOVNIANIAN HOMES OF DELAWARE I, LLC
K. HOVNIANIAN HOMES OF LONGACRE VILLAGE, L.L.C.
K. HOVNIANIAN NEW JERSEY OPERATIONS, LLC
K. HOVNIANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.
K. HOVNIANIAN NORTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN SOUTH JERSEY ACQUISITIONS, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT BAYMONT FARMS L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT HATTERAS HILLS, LLC

K. HOVNIANIAN'S FOUR SEASONS AT SILVER MAPLE FARM, L.L.C.
KHH SHELL HALL LOAN ACQUISITION, LLC
RIDGEMORE UTILITY OF DELAWARE, LLC
TRAVERSE PARTNERS, LLC
WASHINGTON HOMES, INC.
WTC VENTURES, L.L.C.
GTIS-HOV NICHOLSON PARENT LLC
EASTERN NATIONAL TITLE AGENCY FLORIDA, LLC
HOVNIANIAN DEVELOPMENTS OF FLORIDA, INC.
K. HOVNIANIAN AMBER GLEN, LLC
K. HOVNIANIAN ASPIRE AT BOATMAN HAMMOCK, LLC
K. HOVNIANIAN ASPIRE AT EAST LAKE, LLC
K. HOVNIANIAN ASPIRE AT HAWKS RIDGE, LLC
K. HOVNIANIAN ASPIRE AT MARION OAKS, LLC
K. HOVNIANIAN ASPIRE AT PALM BAY, LLC
K. HOVNIANIAN ASPIRE AT PALM COAST, LLC
K. HOVNIANIAN ASPIRE AT PORT ST. LUCIE, LLC
K. HOVNIANIAN ASPIRE AT VICTORIA PARC, LLC
K. HOVNIANIAN ASPIRE AT WATERSTONE, LLC
K. HOVNIANIAN AT ARMEN GROVES, LLC
K. HOVNIANIAN AT AVENIR II, LLC
K. HOVNIANIAN AT AVENIR, LLC
K. HOVNIANIAN AT BOCA DUNES, LLC
K. HOVNIANIAN AT CORAL LAGO, LLC
K. HOVNIANIAN AT HAMPTON COVE, LLC
K. HOVNIANIAN AT HERITAGE GROVE, LLC
K. HOVNIANIAN AT HILLTOP RESERVE II, LLC
K. HOVNIANIAN AT HILLTOP RESERVE, LLC
K. HOVNIANIAN AT LAKE BURDEN, LLC
K. HOVNIANIAN AT LAKE FLORENCE, LLC
K. HOVNIANIAN AT LAKE LECLARE, LLC
K. HOVNIANIAN AT PICKETT RESERVE, LLC
K. HOVNIANIAN AT REDTAIL, LLC
K. HOVNIANIAN AT SALERNO RESERVE, LLC
K. HOVNIANIAN AT SPRING ISLE, LLC
K. HOVNIANIAN AT SUMMERLAKE, LLC
K. HOVNIANIAN AT TERRA BELLA TWO, LLC
K. HOVNIANIAN AT THE HIGHLANDS AT SUMMERLAKE GROVE, LLC
K. HOVNIANIAN AT VALLETTA, LLC
K. HOVNIANIAN AT WALKERS GROVE, LLC
K. HOVNIANIAN BELMONT RESERVE, LLC
K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.
K. HOVNIANIAN COMPANIES OF FLORIDA, LLC

K. HOVNIANIAN CYPRESS CREEK, LLC
K. HOVNIANIAN CYPRESS KEY, LLC
K. HOVNIANIAN ESTATES AT WEKIVA, LLC
K. HOVNIANIAN FIRST HOMES, L.L.C.
K. HOVNIANIAN FLORIDA OPERATIONS, LLC
K. HOVNIANIAN FLORIDA REALTY, L.L.C.
K. HOVNIANIAN GRAND CYPRESS, LLC
K. HOVNIANIAN GRANDEFIELD, LLC
K. HOVNIANIAN HOMES OF FLORIDA I, LLC
K. HOVNIANIAN IVY TRAIL, LLC
K. HOVNIANIAN LAKE PARKER, LLC
K. HOVNIANIAN MAGNOLIA AT WESTSIDE, LLC
K. HOVNIANIAN MONTCLAIRE ESTATES, LLC
K. HOVNIANIAN OCOEE LANDINGS, LLC
K. HOVNIANIAN ORLANDO DIVISION, LLC
K. HOVNIANIAN PRESERVE AT AVONLEA, LLC
K. HOVNIANIAN PRESERVE AT TURTLE CREEK LLC
K. HOVNIANIAN REYNOLDS RANCH, LLC
K. HOVNIANIAN RIVERSIDE, LLC
K. HOVNIANIAN RIVINGTON, LLC
K. HOVNIANIAN SAN SEBASTIAN, LLC
K. HOVNIANIAN SERENO, LLC
K. HOVNIANIAN SOLA VISTA, LLC
K. HOVNIANIAN SOUTH FORK, LLC
K. HOVNIANIAN SOUTHEAST FLORIDA DIVISION, LLC
K. HOVNIANIAN STERLING RANCH, LLC
K. HOVNIANIAN T&C HOMES AT FLORIDA, L.L.C.
K. HOVNIANIAN TERRALARGO, LLC
K. HOVNIANIAN UNION PARK, LLC
K. HOVNIANIAN WINDING BAY PRESERVE, LLC
K. HOVNIANIAN WINDWARD HOMES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT WYLDER, LLC
KHOV WINDING BAY II, LLC
LINKS AT CALUSA SPRINGS, LLC
K. HOVNIANIAN AT THE COMMONS AT RICHMOND HILL, LLC
K. HOVNIANIAN AT WESTBROOK, LLC
K. HOVNIANIAN DEVELOPMENTS OF GEORGIA, INC.
K. HOVNIANIAN GEORGIA OPERATIONS, LLC
K. HOVNIANIAN HOMES AT CREEKSIDE, LLC
K. HOVNIANIAN'S ASPIRE AT NEW HAMPSTEAD, LLC
AMBER RIDGE, LLC
ARBOR TRAILS, LLC
EASTERN NATIONAL TITLE AGENCY ILLINOIS, LLC

GLENRISE GROVE, L.L.C.
GTIS-HOV PARKSIDE OF LIBERTYVILLE LLC
GTIS-HOV SAUGANASH GLEN LLC
K. HOVNIANIAN AT AMBERLEY WOODS, LLC
K. HOVNIANIAN AT ASHLEY POINTE LLC
K. HOVNIANIAN AT BRADWELL ESTATES, LLC
K. HOVNIANIAN AT CHRISTINA COURT, LLC
K. HOVNIANIAN AT CHURCHILL FARMS LLC
K. HOVNIANIAN AT DEER RIDGE, LLC
K. HOVNIANIAN AT ESTATES OF FOX CHASE, LLC
K. HOVNIANIAN AT FAIRFIELD RIDGE, LLC
K. HOVNIANIAN AT GRANDE PARK, LLC
K. HOVNIANIAN AT HANOVER ESTATES, LLC
K. HOVNIANIAN AT HEATHERFIELD, LLC
K. HOVNIANIAN AT ISLAND LAKE, LLC
K. HOVNIANIAN AT LINK CROSSING, LLC
K. HOVNIANIAN AT MAPLE HILL LLC
K. HOVNIANIAN AT MEADOWRIDGE VILLAS, LLC
K. HOVNIANIAN AT NORTH GROVE CROSSING, LLC
K. HOVNIANIAN AT NORTH POINTE ESTATES LLC
K. HOVNIANIAN AT NORTHRIDGE ESTATES, LLC
K. HOVNIANIAN AT ORCHARD MEADOWS, LLC
K. HOVNIANIAN AT PRAIRIE POINTE, LLC
K. HOVNIANIAN AT RANDALL HIGHLANDS, LLC
K. HOVNIANIAN AT RIVER HILLS, LLC
K. HOVNIANIAN AT SAGEBROOK, LLC
K. HOVNIANIAN AT SILVER LEAF, LLC
K. HOVNIANIAN AT SILVERWOOD GLEN, LLC
K. HOVNIANIAN AT SOMERSET, LLC
K. HOVNIANIAN AT TAMARACK SOUTH LLC
K. HOVNIANIAN AT TANGLEWOOD OAKS, LLC
K. HOVNIANIAN AT TRAFFORD PLACE, LLC
K. HOVNIANIAN AT TRAMORE LLC
K. HOVNIANIAN AT VILLAS AT THE COMMONS, LLC
K. HOVNIANIAN CHICAGO DIVISION, INC.
K. HOVNIANIAN ESTATES AT REGENCY, L.L.C.
K. HOVNIANIAN ILLINOIS OPERATIONS, LLC
K. HOVNIANIAN T&C HOMES AT ILLINOIS, L.L.C.
K. HOVNIANIAN AT NORTON LAKE LLC
EASTERN NATIONAL TITLE AGENCY MARYLAND, LLC
GTIS-HOV VILLAGES AT PEPPER MILL LLC
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 BRITTANY MANOR, LLC
K. HOVNIANIAN AT CATON'S RESERVE, LLC
K. HOVNIANIAN AT EDEN TERRACE, L.L.C.
K. HOVNIANIAN AT GRACE MEADOWS, LLC
K. HOVNIANIAN AT LOCKE LANDING, LLC
K. HOVNIANIAN AT SOUTHPOINTE, LLC
K. HOVNIANIAN AT WADE'S GRANT, L.L.C.
K. HOVNIANIAN BRITTANY MANOR BORROWER, LLC
K. HOVNIANIAN DEVELOPMENTS OF MARYLAND, INC.
K. HOVNIANIAN HOMES OF MARYLAND I, LLC
K. HOVNIANIAN HOMES OF MARYLAND II, LLC
K. HOVNIANIAN HOMES OF MARYLAND, L.L.C.
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.
RIDGEMORE UTILITY L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF MINNESOTA, INC.
K. HOVNIANIAN HOMES OF MINNESOTA AT ARBOR CREEK, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT AUTUMN MEADOWS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT BRYNWOOD, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT CEDAR HOLLOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT FOUNDER'S RIDGE, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT HARPERS STREET WOODS, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT OAKS OF OXBOW, LLC
K. HOVNIANIAN HOMES OF MINNESOTA AT REGENT'S POINT, LLC
K. HOVNIANIAN HOMES OF MINNESOTA, L.L.C.
K. HOVNIANIAN LIBERTY ON BLUFF CREEK, LLC
K. HOVNIANIAN TIMBRES AT ELM CREEK, LLC
K. HOVNIANIAN'S FOUR SEASONS AT RUSH CREEK II, LLC
K. HOVNIANIAN AT BURCH KOVE, LLC
K. HOVNIANIAN AT INDIAN WELLS, LLC
K. HOVNIANIAN AT LILY ORCHARD, LLC
K. HOVNIANIAN AT MAIN STREET SQUARE, LLC
K. HOVNIANIAN AT OAK POINTE, LLC
K. HOVNIANIAN AT THE PROMENADE AT BEAVER CREEK, LLC
K. HOVNIANIAN AT WHEELER WOODS, LLC
K. HOVNIANIAN DEVELOPMENTS OF NORTH CAROLINA, INC.
K. HOVNIANIAN HOMES AT BROOK MANOR, LLC
K. HOVNIANIAN HOMES OF NORTH CAROLINA, INC.
K. HOVNIANIAN SHERWOOD AT REGENCY, LLC
BUILDER SERVICES NJ, L.L.C.
EASTERN NATIONAL TITLE AGENCY, INC.
F&W MECHANICAL SERVICES, L.L.C.
GTIS-HOV ARBORS AT MONROE LLC

GTIS-HOV HOLDINGS XI LLC
HILLTOP AT CEDAR GROVE URBAN RENEWAL, LLC
K. HOVNIANIAN ACQUISITIONS, INC.
K. HOVNIANIAN AT ACADEMY HILL, LLC
K. HOVNIANIAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN AT CARRIAGES AT WALL, LLC
K. HOVNIANIAN AT CHARLESTON MEADOWS, LLC
K. HOVNIANIAN AT CHESTERFIELD, L.L.C.
K. HOVNIANIAN AT DUNELLEN URBAN RENEWAL, LLC
K. HOVNIANIAN AT EAST BRUNSWICK III, LLC
K. HOVNIANIAN AT EAST BRUNSWICK, LLC
K. HOVNIANIAN AT EAST WINDSOR, LLC
K. HOVNIANIAN AT FRANKLIN II, L.L.C.
K. HOVNIANIAN AT FRANKLIN, L.L.C.
K. HOVNIANIAN AT FREEHOLD TOWNSHIP III, LLC
K. HOVNIANIAN AT GLEN OAKS, LLC
K. HOVNIANIAN AT GREAT NOTCH, L.L.C.
K. HOVNIANIAN AT HILLDALE, LLC
K. HOVNIANIAN AT HILLSBOROUGH, LLC
K. HOVNIANIAN AT HOWELL FORT PLAINS, LLC
K. HOVNIANIAN AT HOWELL II, LLC
K. HOVNIANIAN AT HOWELL, LLC
K. HOVNIANIAN AT JACKSON I, L.L.C.
K. HOVNIANIAN AT JACKSON, L.L.C.
K. HOVNIANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C.
K. HOVNIANIAN AT MANALAPAN CROSSING, LLC
K. HOVNIANIAN AT MANALAPAN II, L.L.C.
K. HOVNIANIAN AT MANALAPAN IV, LLC
K. HOVNIANIAN AT MANALAPAN V, LLC
K. HOVNIANIAN AT MAPLE AVENUE, L.L.C.
K. HOVNIANIAN AT MARLBORO GROVE, LLC
K. HOVNIANIAN AT MIDDLETOWN III, LLC
K. HOVNIANIAN AT MIDDLETOWN IV, LLC
K. HOVNIANIAN AT MILLVILLE II, L.L.C.
K. HOVNIANIAN AT MONROE NJ II, LLC
K. HOVNIANIAN AT MONROE NJ III, LLC
K. HOVNIANIAN AT MONROE NJ, L.L.C.
K. HOVNIANIAN AT MONTGOMERY, LLC
K. HOVNIANIAN AT MONTVALE II, LLC
K. HOVNIANIAN AT MORRIS TWP, LLC
K. HOVNIANIAN AT MORRIS WOODS, LLC
K. HOVNIANIAN AT NORTH CALDWELL III, L.L.C.
K. HOVNIANIAN AT NORTH WILDWOOD, L.L.C.

K. HOVNIANIAN AT OAKLAND, LLC
K. HOVNIANIAN AT OLD BRIDGE II, LLC
K. HOVNIANIAN AT OLD BRIDGE, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.
K. HOVNIANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.
K. HOVNIANIAN AT PRESERVE AT FREEHOLD, LLC
K. HOVNIANIAN AT RANCOCAS CREEK, LLC
K. HOVNIANIAN AT RESERVOIR POINT, LLC
K. HOVNIANIAN AT RIDGEMONT, L.L.C.
K. HOVNIANIAN AT SANDPIPER PLACE, LLC
K. HOVNIANIAN AT SHREWSBURY, LLC
K. HOVNIANIAN AT SMITHVILLE, INC.
K. HOVNIANIAN AT SOUTH BRUNSWICK II, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK III, LLC
K. HOVNIANIAN AT SOUTH BRUNSWICK IV, LLC
K. HOVNIANIAN AT STATION SQUARE, L.L.C.
K. HOVNIANIAN AT THE MONARCH, L.L.C.
K. HOVNIANIAN AT TOWNES AT PARKVIEW, LLC
K. HOVNIANIAN AT TOWNES AT WEST LONG BRANCH, LLC
K. HOVNIANIAN AT VILLAGES AT COUNTRY VIEW, LLC
K. HOVNIANIAN AT WALL DONATO, LLC
K. HOVNIANIAN AT WALL QUAIL RIDGE, LLC
K. HOVNIANIAN AT WARREN TOWNSHIP II, LLC
K. HOVNIANIAN AT WASHINGTON RIDGE, LLC
K. HOVNIANIAN AT WILDWOOD BAYSIDE, L.L.C.
K. HOVNIANIAN AT WOOLWICH I, L.L.C.
K. HOVNIANIAN HOLDINGS NJ, L.L.C.
K. HOVNIANIAN MANALAPAN ACQUISITION, LLC
K. HOVNIANIAN NORTHEAST SERVICES, L.L.C.
K. HOVNIANIAN PROPERTIES OF RED BANK, LLC
K. HOVNIANIAN SERENITY WALK AT PLAINSBORO URBAN RENEWAL, LLC
K. HOVNIANIAN SOUTHERN NEW JERSEY, L.L.C.
K. HOVNIANIAN VILLAGES AT HAYS MILL CREEK, LLC
K. HOVNIANIAN'S AEGEAN AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S BALTIC AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S COVE AT ASBURY PARK URBAN RENEWAL, LLC
K. HOVNIANIAN'S DELTA AT ASBURY PARK, LLC
K. HOVNIANIAN'S ENCLAVE AT OLD TAPPAN, LLC
K. HOVNIANIAN'S FOUR SEASONS AT COLTS FARM, LLC
K. HOVNIANIAN'S THE TOWNES AT WEST WINDSOR, LLC
LANDARAMA, INC.
M & M AT MONROE WOODS, L.L.C.
M&M AT WEST ORANGE, L.L.C.

MATZEL & MUMFORD AT EGG HARBOR, L.L.C.
MCNJ, INC.
MM-BEACHFRONT NORTH I, LLC
ROUTE 1 AND ROUTE 522, L.L.C.
TERRAPIN REALTY, L.L.C.
THE MATZEL & MUMFORD ORGANIZATION, INC
K. HOVNIANIAN AT WALDWICK, LLC
K. HOVNIANIAN CLASSICS, L.L.C.
K. HOVNIANIAN COMPANIES OF NEW YORK, INC.
K. HOVNIANIAN DEVELOPMENTS OF NEW YORK, INC.
K. HOVNIANIAN NEW YORK OPERATIONS, LLC
K. HOVNIANIAN ABERDEEN, LLC
K. HOVNIANIAN AKRON SCATTERED SITE, LLC
K. HOVNIANIAN ASBURY POINTE, LLC
K. HOVNIANIAN ASPIRE AT AULD FARMS, LLC
K. HOVNIANIAN ASPIRE AT WESTON PLACE, LLC
K. HOVNIANIAN AT BOOTH FARM, LLC
K. HOVNIANIAN AT COOPER'S LANDING, LLC
K. HOVNIANIAN AT COUNTRY VIEW ESTATES, LLC
K. HOVNIANIAN AT CREEKSIDE CROSSING, LLC
K. HOVNIANIAN AT HAMPSHIRE FARMS, LLC
K. HOVNIANIAN AT HARVEST MEADOWS, LLC
K. HOVNIANIAN AT HAWK RIDGE, LLC
K. HOVNIANIAN AT HERITAGE PARK, LLC
K. HOVNIANIAN AT ORCHARD PARK, LLC
K. HOVNIANIAN AT RIVERFIELD RESERVE, LLC
K. HOVNIANIAN BELDEN POINTE, LLC
K. HOVNIANIAN BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN CLEVELAND DIVISION, LLC
K. HOVNIANIAN CORNERSTONE FARMS, LLC
K. HOVNIANIAN EDGEBROOK, LLC
K. HOVNIANIAN FALLS POINTE, LLC
K. HOVNIANIAN FOREST LAKES, LLC
K. HOVNIANIAN FOREST VALLEY, LLC
K. HOVNIANIAN FOUR SEASONS AT CHESTNUT RIDGE, LLC
K. HOVNIANIAN HIDDEN HOLLOW, LLC
K. HOVNIANIAN HIGHLAND RIDGE, LLC
K. HOVNIANIAN INDIAN TRAILS, LLC
K. HOVNIANIAN KINGSTON AT WESTERN RESERVE, LLC
K. HOVNIANIAN LADUE RESERVE, LLC
K. HOVNIANIAN LAKES OF GREEN, LLC
K. HOVNIANIAN LANDINGS 40S, LLC
K. HOVNIANIAN MEADOW LAKES, LLC

K. HOVNIANIAN MONARCH GROVE, LLC
K. HOVNIANIAN NORTHPOINTE 40S, LLC
K. HOVNIANIAN NORTHWEST OHIO, LLC
K. HOVNIANIAN NORTON PLACE, LLC
K. HOVNIANIAN OHIO REALTY, L.L.C.
K. HOVNIANIAN OHIO REGION, INC.
K. HOVNIANIAN REDFERN TRAILS, LLC
K. HOVNIANIAN RIVENDALE, LLC
K. HOVNIANIAN SCHADY RESERVE, LLC
K. HOVNIANIAN VILLAGE GLEN, LLC
K. HOVNIANIAN WATERBURY, LLC
K. HOVNIANIAN WHITE ROAD, LLC
K. HOVNIANIAN WOODLAND POINTE, LLC
K. HOVNIANIAN'S FOUR SEASONS AT ADDISON FARMS, LLC
K. HOVNIANIAN'S FOUR SEASONS AT SANDSTONE, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.
NEW HOME REALTY, LLC
K. HOVNIANIAN OHIO OPERATIONS, LLC
K. HOVNIANIAN WOODRIDGE PLACE, LLC
BUILDER SERVICES PA, L.L.C.
EASTERN NATIONAL ABSTRACT, INC.
GTIS-HOV WARMINSTER LLC
K. HOVNIANIAN AT DOYLESTOWN, LLC
K. HOVNIANIAN AT MIDDLETOWN, LLC
K. HOVNIANIAN AT NORTHAMPTON, L.L.C.
K. HOVNIANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN PA REAL ESTATE, INC.
K. HOVNIANIAN PENNSYLVANIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNIANIAN PENNSYLVANIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF PENNSYLVANIA, L.L.C.
K. HOVNIANIAN AT UPPER PROVIDENCE, LLC
K. HOVNIANIAN AT COOSAW POINT, LLC
K. HOVNIANIAN AT FOX PATH AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT HAMMOCK BREEZE, LLC
K. HOVNIANIAN AT HAMPTON LAKE, LLC
K. HOVNIANIAN AT LAKES AT NEW RIVERSIDE, LLC
K. HOVNIANIAN AT LIBERTY HILL FARM, LLC
K. HOVNIANIAN AT MAGNOLIA PLACE, LLC
K. HOVNIANIAN AT PINCKNEY FARM, LLC
K. HOVNIANIAN AT PINE CREST, LLC
K. HOVNIANIAN CRAFTBUILT HOMES OF SOUTH CAROLINA, L.L.C.
K. HOVNIANIAN HOMES AT SALT CREEK LANDING, LLC

K. HOVNIANIAN HOMES AT SANDY CREEK LANDING, LLC
K. HOVNIANIAN HOMES AT SHELL HALL, LLC
K. HOVNIANIAN HOMES AT THE ABBY, LLC
K. HOVNIANIAN HOMES AT THE PADDOCKS, LLC
K. HOVNIANIAN SOUTH CAROLINA OPERATIONS, LLC
K. HOVNIANIAN SOUTHEAST COASTAL DIVISION, INC.
K. HOVNIANIAN'S FOUR SEASONS AT CANE BAY EXPANSION, LLC
K. HOVNIANIAN'S FOUR SEASONS AT HILTON HEAD LAKES, LLC
K. HOVNIANIAN'S FOUR SEASONS AT LAKES OF CANE BAY LLC
K. HOVNIANIAN'S LAKES AT NEW RIVERSIDE EXPANSION, LLC
SHELL HALL CLUB AMENITY ACQUISITION, LLC
SHELL HALL LAND ACQUISITION, LLC
K. HOVNIANIAN DEVELOPMENTS OF TEXAS, INC.
K. HOVNIANIAN DFW AGAVE RANCH, LLC
K. HOVNIANIAN DFW ASCEND AT CREEKSHAW, LLC
K. HOVNIANIAN DFW ASCEND AT JUSTIN CROSSING, LLC
K. HOVNIANIAN DFW AUBURN FARMS, LLC
K. HOVNIANIAN DFW BAYSIDE, LLC
K. HOVNIANIAN DFW BELMONT, LLC
K. HOVNIANIAN DFW BERKSHIRE II, LLC
K. HOVNIANIAN DFW BERKSHIRE, LLC
K. HOVNIANIAN DFW BLUFF CREEK, LLC
K. HOVNIANIAN DFW CALDWELL LAKES, LLC
K. HOVNIANIAN DFW CALLOWAY TRAILS, LLC
K. HOVNIANIAN DFW CANYON FALLS, LLC
K. HOVNIANIAN DFW CARILLON, LLC
K. HOVNIANIAN DFW COMMODORE AT PRESTON, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES II, LLC
K. HOVNIANIAN DFW DIAMOND CREEK ESTATES, LLC
K. HOVNIANIAN DFW DIVISION, LLC
K. HOVNIANIAN DFW ELEVON, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS II, LLC
K. HOVNIANIAN DFW ENCORE OF LAS COLINAS, LLC
K. HOVNIANIAN DFW HARMON FARMS, LLC
K. HOVNIANIAN DFW HERITAGE CROSSING, LLC
K. HOVNIANIAN DFW HERITAGE RANCH, LLC
K. HOVNIANIAN DFW HERON POND, LLC
K. HOVNIANIAN DFW HIGH POINTE, LLC
K. HOVNIANIAN DFW HIGHTOWER, LLC
K. HOVNIANIAN DFW HOMESTEAD, LLC
K. HOVNIANIAN DFW INSPIRATION, LLC
K. HOVNIANIAN DFW KENSINGTON PLACE, LLC
K. HOVNIANIAN DFW LEXINGTON, LLC

K. HOVNIANIAN DFW LIBERTY CROSSING II, LLC
K. HOVNIANIAN DFW LIBERTY CROSSING, LLC
K. HOVNIANIAN DFW LIBERTY, LLC
K. HOVNIANIAN DFW LIGHT FARMS CYPRESS III, LLC
K. HOVNIANIAN DFW LIGHT FARMS II, LLC
K. HOVNIANIAN DFW LIGHT FARMS, LLC
K. HOVNIANIAN DFW LINCOLN POINTE, LLC
K. HOVNIANIAN DFW MIDTOWN PARK, LLC
K. HOVNIANIAN DFW MILRANY RANCH, LLC
K. HOVNIANIAN DFW MONTERRA, LLC
K. HOVNIANIAN DFW MUSTANG LAKES II, LLC
K. HOVNIANIAN DFW MUSTANG LAKES, LLC
K. HOVNIANIAN DFW NOBLE RIDGE, LLC
K. HOVNIANIAN DFW NORTH CREEK, LLC
K. HOVNIANIAN DFW OAKMONT PARK II, LLC
K. HOVNIANIAN DFW OAKMONT PARK, LLC
K. HOVNIANIAN DFW PALISADES, LLC
K. HOVNIANIAN DFW PARKSIDE, LLC
K. HOVNIANIAN DFW PARKVIEW, LLC
K. HOVNIANIAN DFW REUNION, LLC
K. HOVNIANIAN DFW RIDGEVIEW, LLC
K. HOVNIANIAN DFW ROLLING RIDGE, LLC
K. HOVNIANIAN DFW SANFORD PARK, LLC
K. HOVNIANIAN DFW SAPPHIRE BAY, LLC
K. HOVNIANIAN DFW SEVENTEEN LAKES, LLC
K. HOVNIANIAN DFW SOUTH POINTE, LLC
K. HOVNIANIAN DFW THE PARKS AT ROSEHILL, LLC
K. HOVNIANIAN DFW TIMBERBROOK, LLC
K. HOVNIANIAN DFW TRAILWOOD II, LLC
K. HOVNIANIAN DFW TRAILWOOD, LLC
K. HOVNIANIAN DFW VILLAS AT MUSTANG PARK, LLC
K. HOVNIANIAN DFW VILLAS AT THE STATION, LLC
K. HOVNIANIAN DFW WATSON CREEK, LLC
K. HOVNIANIAN DFW WELLINGTON ESTATES SOUTH, LLC
K. HOVNIANIAN DFW WELLINGTON VILLAS, LLC
K. HOVNIANIAN DFW WELLINGTON, LLC
K. HOVNIANIAN DFW WILDRIDGE, LLC
K. HOVNIANIAN DISTRIBUTION SERVICES, INC.
K. HOVNIANIAN HOMES - DFW II, L.L.C.
K. HOVNIANIAN HOMES - DFW, L.L.C.
K. HOVNIANIAN HOUSTON BALMORAL PARK LAKES EAST SECTION 8, LLC
K. HOVNIANIAN HOUSTON BALMORAL, LLC
K. HOVNIANIAN HOUSTON BAYOU OAKS AT WEST OREM, LLC

K. HOVNIANIAN HOUSTON CAMBRIDGE HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CITY HEIGHTS, LLC
K. HOVNIANIAN HOUSTON CREEK BEND, LLC
K. HOVNIANIAN HOUSTON DIVISION, LLC
K. HOVNIANIAN HOUSTON DRY CREEK VILLAGE, LLC
K. HOVNIANIAN HOUSTON ELDRIDGE PARK, LLC
K. HOVNIANIAN HOUSTON FAIRCHILD FARMS, LLC
K. HOVNIANIAN HOUSTON GREATWOOD LAKE, LLC
K. HOVNIANIAN HOUSTON KATY POINTE II, LLC
K. HOVNIANIAN HOUSTON KATY POINTE, LLC
K. HOVNIANIAN HOUSTON KINGDOM HEIGHTS, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST II, LLC
K. HOVNIANIAN HOUSTON LAKES OF BELLA TERRA WEST, LLC
K. HOVNIANIAN HOUSTON LAUREL GLEN, LLC
K. HOVNIANIAN HOUSTON MAGNOLIA CREEK, LLC
K. HOVNIANIAN HOUSTON MIDTOWN PARK I, LLC
K. HOVNIANIAN HOUSTON PARK LAKES EAST, LLC
K. HOVNIANIAN HOUSTON PARKWAY TRAILS, LLC
K. HOVNIANIAN HOUSTON RIVER FARMS, LLC
K. HOVNIANIAN HOUSTON SUNSET RANCH, LLC
K. HOVNIANIAN HOUSTON TERRA DEL SOL, LLC
K. HOVNIANIAN HOUSTON THUNDER BAY SUBDIVISION, LLC
K. HOVNIANIAN HOUSTON TRANQUILITY LAKE ESTATES, LLC
K. HOVNIANIAN HOUSTON WESTWOOD, LLC
K. HOVNIANIAN HOUSTON WILLOWPOINT, LLC
K. HOVNIANIAN HOUSTON WOODSHORE, LLC
K. HOVNIANIAN OF HOUSTON II, L.L.C.
K. HOVNIANIAN OF HOUSTON III, L.L.C.
K. HOVNIANIAN TEXAS OPERATIONS, LLC
PARK TITLE COMPANY, LLC
K. HOVNIANIAN DFW CREEKSIDE ESTATES, LLC
EASTERN NATIONAL TITLE AGENCY VIRGINIA, INC.
GTIS-HOV LEELAND STATION LLC
GTIS-HOV WILLOWSFORD WINDMILL LLC
K. HOVNIANIAN AT ALEXANDER LAKES, LLC
K. HOVNIANIAN AT BELLEWOOD, LLC
K. HOVNIANIAN AT BENSEN'S MILL ESTATES, LLC
K. HOVNIANIAN AT CANTER V, LLC
K. HOVNIANIAN AT DOMINION CROSSING, LLC
K. HOVNIANIAN AT EAST CHASE, LLC
K. HOVNIANIAN AT EMBREY MILL VILLAGE, LLC
K. HOVNIANIAN AT EMBREY MILL, LLC
K. HOVNIANIAN AT ESTATES AT WHEATLANDS, LLC

K. HOVNIANIAN AT ESTATES OF CHANCELLORSVILLE, LLC
K. HOVNIANIAN AT GALLERY PARK AT WESTFIELDS, LLC
K. HOVNIANIAN AT HAMPTON RUN, LLC
K. HOVNIANIAN AT HIGHLAND PARK, LLC
K. HOVNIANIAN AT HOLLY RIDGE, LLC
K. HOVNIANIAN AT HUNTER'S POND, LLC
K. HOVNIANIAN AT JACKS RUN, LLC
K. HOVNIANIAN AT JACKSON VILLAGE, LLC
K. HOVNIANIAN AT LAUREL HILLS CROSSING, LLC
K. HOVNIANIAN AT LENA WOODS, LLC
K. HOVNIANIAN AT LINCOLN PARK, LLC
K. HOVNIANIAN AT MADISON SQUARE, LLC
K. HOVNIANIAN AT MELODY FARM, LLC
K. HOVNIANIAN AT NEW POST, LLC
K. HOVNIANIAN AT NICHOLSON, LLC
K. HOVNIANIAN AT NORTH HILL, LLC
K. HOVNIANIAN AT NORTH RIDGE, LLC
K. HOVNIANIAN AT OLD CAROLINA, LLC
K. HOVNIANIAN AT POTOMAC TRACE, LLC
K. HOVNIANIAN AT RAYMOND FARM, LLC
K. HOVNIANIAN AT RESERVES AT WHEATLANDS, LLC
K. HOVNIANIAN AT RESIDENCE AT DISCOVERY SQUARE, LLC
K. HOVNIANIAN AT ROCKLAND VILLAGE GREEN, LLC
K. HOVNIANIAN AT ROCKY RUN VILLAGE, LLC
K. HOVNIANIAN AT SUMMIT CROSSING ESTATES, LLC
K. HOVNIANIAN AT TANAGER, LLC
K. HOVNIANIAN AT TOWNES AT COUNTY CENTER, LLC
K. HOVNIANIAN AT WAXPOOL CROSSING, LLC
K. HOVNIANIAN AT WELLSPRINGS, LLC
K. HOVNIANIAN AT WILLOWSFORD GREENS III, LLC
K. HOVNIANIAN AT WREN HOLLOW, LLC
K. HOVNIANIAN DEVELOPMENTS OF VIRGINIA, INC.
K. HOVNIANIAN HOMES AT BURKE JUNCTION, LLC
K. HOVNIANIAN HOMES AT LEIGH MILL, LLC
K. HOVNIANIAN HOMES AT PENDER OAKS, LLC
K. HOVNIANIAN HOMES AT THOMPSON'S GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANGE, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT II, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GRANT, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD GREENS, LLC
K. HOVNIANIAN HOMES AT WILLOWSFORD NEW, LLC
K. HOVNIANIAN MID-ATLANTIC DIVISION, LLC
K. HOVNIANIAN SUMMIT HOLDINGS, L.L.C.

K. HOVNANIAN VIRGINIA OPERATIONS, INC.
K. HOVNANIAN'S FOUR SEASONS AT CHARLOTTESVILLE II, LLC
K. HOVNANIAN'S FOUR SEASONS AT NEW KENT VINEYARDS, L.L.C.
K. HOVNANIAN'S FOUR SEASONS AT VIRGINIA CROSSING, LLC
K. HOVNANIAN AT DILLON FARM, LLC
K. HOVNANIAN AT HUNTFIELD, LLC
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.
K. HOVNANIAN HOMES AT LIBERTY RUN, LLC
K. HOVNANIAN HOMES AT SHENANDOAH SPRINGS, LLC
K. HOVNANIAN WEST VIRGINIA BUILD ON YOUR LOT DIVISION, LLC
K. HOVNANIAN WEST VIRGINIA OPERATIONS, LLC
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES OF WEST VIRGINIA, L.L.C.

SCHEDULE B

Actions to Perfect

1. With respect to each Pledgor organized under the laws of the state of Arizona as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Arizona Secretary of State.
2. With respect to each Pledgor organized under the laws of the state of California as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the California Secretary of State.
3. With respect to each Pledgor organized under the laws of the state of Delaware as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Delaware Secretary of State.
4. With respect to each Pledgor organized under the laws of the District of Columbia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the District of Columbia Recorder of Deeds.
5. With respect to each Pledgor organized under the laws of the state of Florida as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Florida Secured Transaction Registry.
6. With respect to each Pledgor organized under the laws of the state of Georgia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Office of the Clerk of Superior Court of any County of Georgia.
7. With respect to each Pledgor organized under the laws of the state of Illinois as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Illinois Secretary of State.
8. With respect to each Pledgor organized under the laws of the state of Maryland as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Maryland State Department of Assessments and Taxation.
9. With respect to each Pledgor organized under the laws of the state of Minnesota as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Minnesota Secretary of State.
10. With respect to each Pledgor organized under the laws of the state of New Jersey as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the New Jersey Division of Commercial Recording.
11. With respect to each Pledgor organized under the laws of the state of New York as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the New York Secretary of State.
12. With respect to each Pledgor organized under the laws of the state of North Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the North Carolina Secretary of State.
13. With respect to each Pledgor organized under the laws of the state of Ohio as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Ohio Secretary of State.
14. With respect to each Pledgor organized under the laws of the state of Pennsylvania as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Pennsylvania Secretary of the Commonwealth.
15. With respect to each Pledgor organized under the laws of the state of South Carolina as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the South Carolina Secretary of State.
16. With respect to each Pledgor organized under the laws of the state of Texas as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Texas Secretary of State.
17. With respect to each Pledgor organized under the laws of the state of Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the Virginia State Corporation Commission.
18. With respect to each Pledgor organized under the laws of the state of West Virginia as identified on Schedule 1 of the Perfection Certificate, the filing of a Uniform Commercial Code Financing Statement that identifies the Pledged Collateral with the West Virginia Secretary of State.
19. With respect to the Pledged Collateral (as defined in the Pledge Agreement (as defined in the Indenture)) constituting certificated securities, delivery of the certificates representing such Pledged Collateral to the Joint First Lien Collateral Agent pursuant to the Pledge Agreement 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.

TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.25 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.125 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.25 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.25 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.25 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Trademarks, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.25 Lien Collateral 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 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 any United States “intent-to-use” trademark or service mark applications 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, the Grantor acknowledges that such interest in such trademark or service mark applications will become part of the Collateral. The 1.25 Lien Collateral Agent agrees that, at the 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 upon receipt of an Officer’s Certificate or an Opinion of Counsel to that effect.

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.25 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.25 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.25 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.25 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.25 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.25 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.25 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.25 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.25 Lien Collateral Agent's rights hereunder.

6. All of 1.25 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.25 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. 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.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.25 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.25 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.25 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.25 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.25 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.25 Lien Collateral Agent hereunder shall not be construed as duties. The 1.25 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Trademark Security Agreement to be duly executed and delivered as of the date first above written.

1.25 Lien Collateral Agent:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By:
Name: Nedine P. Sutton
Title: Vice President

/s/ Nedine P. Sutton

Grantor:

K. HOV IP, II, INC.

By: /s/ Brad O'Connor
Name: Brad O'Connor
Title: Treasurer

United States Trademark Registrations and Applications

Federal Trademarks		
Owner	Trademark	Application No. / Registration No.
K. HOV IP, II, INC.	55 NEVER LOOKED SO GOOD	4035326
K. HOV IP, II, INC.	HOME DESIGN GALLERY	3017498
K. HOV IP, II, INC.	HOVNANIAN ENTERPRISES	3782845
K. HOV IP, II, INC.	IF YOU'RE NOT 55, YOU'LL WISH YOU WERE	3564614
K. HOV IP, II, INC.	K HOVNANIAN HOMES and Design	3493815
K. HOV IP, II, INC.	K HOVNANIAN HOMES and Design	5702299
K. HOV IP, II, INC.	K. HOVNANIAN	3579682
K. HOV IP, II, INC.	KHOV	2710008
K. HOV IP, II, INC.	KHOV.COM	2544720
K. HOV IP, II, INC.	LET'S BUILD IT TOGETHER	2965030
K. HOV IP, II, INC.	LIFE. STYLE. CHOICES.	2725754
K. HOV IP, II, INC.	THE FIRST NAME IN LASTING VALUE	1418620
K. HOV IP, II, INC.	THE NAME BEHIND THE DREAM	3832465
K. HOV IP, II, INC.	MISSION EXCELLENCE	5179939
K. HOV IP, II, INC.	LOOKS and Design	7176845
K. HOV IP, II, INC.	Design	7004503

COPYRIGHT SECURITY AGREEMENT

This Copyright Security Agreement (the “**Agreement**”), dated as of October 5, 2023 is made by K. HOV IP, II, INC., a California corporation (the “**Grantor**”) in favor of Wilmington Trust, National Association, as collateral agent (in such capacity, the “**1.25 Lien Collateral Agent**”) for the benefit of itself, the Secured Parties (as defined below) and Wilmington Trust, National Association, as Joint First Lien Collateral Agent (as defined below).

WHEREAS, K. Hovnanian Enterprises, Inc. (the “**Issuer**”), Hovnanian Enterprises, Inc. (“**Hovnanian**”) and each of the other guarantors party thereto are, concurrently herewith, entering into the Indenture dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Indenture**”) with Wilmington Trust, National Association, as trustee (in such capacity, the “**Trustee**”) and as collateral agent (in such capacity, the “**Collateral Agent**”), pursuant to which the Issuer is issuing the 11.75% Senior Secured 1.25 Lien Notes due 2029 (the “**Secured Notes**”), upon the terms and subject to the conditions set forth therein;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Collateral Agency Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Collateral Agency Agreement**”) pursuant to which Wilmington Trust, National Association will act as the joint collateral perfection agent and gratuitous bailee for the benefit of, and on behalf of the collateral agents party thereto and the holders of the Secured Notes, the Secured Notes (as defined in the 1.125 Lien Security Agreement), and certain other secured notes which may be issued from time to time in accordance with the Indenture and for the lenders and collateral agent under the Senior Credit Agreement (as defined below) (in such capacity, the “**Joint First Lien Collateral Agent**”) solely for the purpose of perfecting the Liens granted under the First Lien Collateral Documents (as defined in the First Lien Intercreditor Agreement (as defined below));

WHEREAS, the Issuer, Hovnanian and each of the other Guarantors party thereto have previously entered into the Credit Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Senior Credit Agreement**”), with Wilmington Trust, National Association, in its capacities as administrative agent and as collateral agent (in such capacities, the “**Senior Credit Agreement Administrative Agent**”) and the lenders from time to time party thereto;

WHEREAS, concurrently with the execution of the Indenture, the 1.25 Lien Collateral Agent is entering into a joinder, dated as of the date hereof, to the First Lien Intercreditor Agreement, dated as of October 31, 2019 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**First Lien Intercreditor Agreement**”) among the Issuer, Hovnanian, the other Grantors party thereto, each First Lien Collateral Agent referenced therein and the Joint First Lien Collateral Agent;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes Hovnanian, the Issuer’s parent company, and the Grantor;

WHEREAS, the Issuer and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the Secured Notes;

WHEREAS, pursuant to and under the Indenture and the Security Agreement dated as of the date hereof (the “**Security Agreement**”) among the Grantors party thereto (together with any other entity that may become a party thereto) and the 1.25 Lien Collateral Agent, the Grantor has agreed to enter into this Agreement in order to grant a security interest to the 1.25 Lien Collateral Agent in certain Intellectual Property as security for such loans and other obligations as more fully described herein; and

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Except as otherwise expressly provided herein, (i) capitalized terms used in this Agreement shall have the respective meanings assigned to them in the Security Agreement and (ii) the rules of construction set forth in Section 1.2 of the Indenture and the comparable provisions of any other applicable Noteholder Documents shall apply to this Agreement. Where applicable and except as otherwise expressly provided herein, 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**”).

2. To secure the full payment and performance of all Secured Obligations, the Grantor hereby grants to the 1.25 Lien Collateral Agent a security interest in the entire right, title and interest of such Grantor in and to all of its Copyrights, including those set forth on Schedule A; *provided, however*, that notwithstanding any of the other provisions set forth in this Section 2 (and notwithstanding any recording of the 1.25 Lien Collateral 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 Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC (or any successor provision or provisions).

3. The Grantor covenants and warrants that:

(a) To the knowledge of the Grantor, on the date hereof, all material Intellectual Property owned by the Grantor is valid, subsisting and unexpired, has not been abandoned and does not, to the knowledge of the Grantor, infringe the intellectual property rights of any other Person;

(b) The Grantor is the owner of each item of Intellectual Property listed on Schedule A, free and clear of any and all Liens or claims of others except for the Permitted Liens. 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 as permitted pursuant to this Agreement or as permitted by the Indenture and any other applicable Noteholder Documents;

4. The Grantor 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 the Grantor's obligations under this Agreement, without the 1.25 Lien Collateral Agent's prior written consent which shall not be unreasonably withheld except that the Grantor may license technology in the ordinary course of business without the 1.25 Lien Collateral Agent's consent to suppliers and customers to facilitate the manufacture and use of the Grantor's products.

5. The 1.25 Lien Collateral 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 Security Agreement and the Indenture and any other applicable Noteholder Documents, 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, the 1.25 Lien Collateral Agent may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Grantor, 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 1.25 Lien Collateral Agent shall designate by notice to the Grantor, the whole or from time to time any part of the Intellectual Property, or any interest which the Grantor 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 1.25 Lien Collateral Agent, in its sole discretion, shall determine. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to the Grantor. Notice of any sale or other disposition of the Intellectual Property shall be given to the Grantor 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 the Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the 1.25 Lien Collateral 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 the Grantor, which right is hereby waived and released. The 1.25 Lien Collateral Agent shall endeavor to provide the Grantor 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 1.25 Lien Collateral Agent's rights hereunder.

6. All of 1.25 Lien Collateral Agent's rights and remedies with respect to the Intellectual Property, whether established hereby, by the Security Agreement or by the Indenture or any other applicable Noteholder Documents 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 Security Agreement, the Security Agreement shall control.

7. 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.

8. 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 except as permitted by the Indenture and any other applicable Noteholder Documents, the Grantor 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.

9. 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.

10. The Grantor (i) hereby irrevocably submits to the nonexclusive general jurisdiction of the courts of the State of New York and the courts of the United States of America 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 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 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 13 hereof or at such other address of which the 1.25 Lien Collateral Agent shall have been notified pursuant thereto 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 the Grantor or any of any of the Grantor's assets or to serve process on the Grantor by any means authorized by Law.

11. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by teletype), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

12. THE GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY A JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER NOTEHOLDER DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13. All notices, requests and demands to or upon the 1.25 Lien Collateral Agent or the Grantor shall be effected in the manner provided for in Section 13.3 of the Indenture and the related provisions of any other applicable Noteholder Documents.

14. In the performance of its obligations, powers and rights hereunder, the 1.25 Lien Collateral Agent shall be entitled to the rights, benefits, privileges, powers and immunities afforded to it as 1.25 Lien Collateral Agent under the Indenture and the other applicable Noteholder Documents. The 1.25 Lien Collateral Agent shall be entitled to refuse to take or refrain from taking any discretionary action or exercise any discretionary powers set forth in

the Security Agreement unless it has received with respect thereto written direction of the Issuer or a majority of Noteholders in accordance with the Indenture and the other applicable Noteholder Documents. Notwithstanding anything to the contrary contained herein, the 1.25 Lien Collateral Agent shall have no responsibility for the creation, perfection, priority, sufficiency or protection of any liens securing Secured Obligations (including, but not limited to, no obligation to prepare, record, file, re-record or re-file any financing statement, continuation statement or other instrument in any public office). The permissive rights and authorizations of the 1.25 Lien Collateral Agent hereunder shall not be construed as duties. The 1.25 Lien Collateral Agent shall be entitled to exercise its powers and duties hereunder through designees, specialists, experts or other appointees selected by it in good faith.[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this Copyright Security Agreement to be duly executed and delivered as of the date first above written.

1.25 Lien Collateral Agent:

WILMINGTON TRUST, NATIONAL ASSOCIATION

By: /s/ Nedine P. Sutton
 Name: Nedine P. Sutton
 Title: Vice President

Grantor:

K. HOV IP, II, INC.

By: /s/ Brad O'Connor
 Name: Brad O'Connor
 Title: Treasurer

United States Copyright Registrations

Copyrights		
Owner	Registration Number	Copyright
K. HOV IP, II, INC.	VAu001460034	K. Hovnanian Diamond Design

JOINDER

JOINDER NO. 3 dated as of October 5, 2023 (this "Joinder") to (i) the FIRST LIEN INTERCREDITOR AGREEMENT dated as of October 31, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "First Lien Intercreditor Agreement") among HOVNANIAN ENTERPRISES, INC. ("Hovnanian"), K. HOVNANIAN ENTERPRISES, INC. (the "Company"), certain of their subsidiaries, WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacities as the First Lien Collateral Agents (as defined therein), the First Lien Representatives (as defined therein) and the Joint First Lien Collateral Agent (as defined therein) and (ii) the FIRST LIEN COLLATERAL AGENCY AGREEMENT dated as of October 31, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "First Lien Collateral Agency Agreement") and, together with the First Lien Intercreditor Agreement, the "Joined Agreements") among Hovnanian, the Company, certain of their subsidiaries, WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacities as the First Lien Collateral Agents and the Joint First Lien Collateral Agent (as defined therein).

A. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the First Lien Intercreditor Agreement.

B. As a condition to the ability of the Company, Hovnanian and their subsidiaries to incur Refinancing Indebtedness and to secure such Refinancing Indebtedness with the liens and security interests created by the documents governing such Refinancing Indebtedness, the trustee in respect thereof is required to become a First Lien Representative and the collateral agent in respect thereof is required to become a First Lien Collateral Agent and is required to become subject to and bound by, the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement. Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement each provides that such trustee may become a First Lien Representative and such collateral agent may become a First Lien Collateral Agent pursuant to the execution and delivery by the trustee and the collateral agent of this Joinder to each of the Joined Agreements in the form attached to each thereto as Exhibit 1 and the satisfaction of the other conditions set forth in Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement. The undersigned trustee (the "New Representative") and collateral agent (the "New Collateral Agent") are executing this Joinder in accordance with the requirements of the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement.

Accordingly, the New Representative and the New Collateral Agent agree as follows:

SECTION 1. In accordance with Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement, the New Representative and the New Collateral Agent by their signatures below (i) shall become a First Lien Representative and a First Lien Collateral Agent respectively, under, and the related Refinancing Indebtedness and First Lien Noteholder Claims become subject to and bound by, the Joined Agreements with the same force and effect as if the New Representative and New Collateral Agent had originally been named therein as a First Lien Representative and a First Lien Collateral Agent, respectively, and hereby agree to all the terms and provisions of the Joined Agreements applicable to them as First Lien Representative and First Lien Collateral Agent, respectively, become subject to and bound by, the Joined Agreements with the same force and effect as if the New Representative and New Collateral Agent had originally been named therein as a First Lien Representative and a First Lien Collateral Agent, respectively, and hereby agree to all the terms and provisions of the Joined Agreements applicable to them as a First Lien Representative and First Lien Collateral Agent, respectively.

SECTION 2 Each of the New Representative and New Collateral Agent represents and warrants to each other First Lien Collateral Agent, each other First Lien Representative, the Joint First Lien Collateral Agent and the other First Lien Claimholders, individually, that (i) it has full power and authority to enter into this Joinder, in its capacity as trustee and collateral agent, respectively, (ii) this Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability, and (iii) the First Lien Documents relating to the Refinancing Indebtedness provide that, upon the New Representative's and the New Collateral Agent's entry into this Joinder, the First Lien Noteholder Claims represented by them will be subject to and bound by the provisions of the First Lien Intercreditor Agreement.

SECTION 3. The Class of Refinancing Indebtedness shall be 8.0% Senior Secured 1.125 Lien Notes due 2028, which shall constitute Junior Lien Claims to the Senior Credit Agreement Claims and Senior Lien Claims to the 1.25 Lien Claims and the Class of Additional First Lien Indebtedness previously joined to the Joined Agreements pursuant to (x) that certain Joinder No. 1, dated as of December 10, 2019, by and among Wilmington Trust, National Association, in its capacity as Notes Trustee for the holders of the 1.75 Lien Notes Obligations, as New Representative, and the other institutions party thereto and (y) that certain Joinder No. 2, dated as of December 10, 2019, by and among Wilmington Trust, National Association, in its capacity as Administrative Agent for the holders of the 1.75 Lien Loan Obligations, as New Representative, and the other institutions party thereto.

SECTION 4. This Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Joinder shall become effective when the Joint First Lien Collateral Agent, each First Lien Collateral Agent and First Lien Representative shall have received a counterpart of this Joinder that bears the signatures of the New Representative and the New Collateral Agent. Delivery of an executed signature page to this Joinder by facsimile transmission or other electronic means shall be effective as delivery of a manually signed counterpart of this Joinder.

SECTION 5. Except as expressly supplemented hereby, each of the First Lien Intercreditor Agreement and the First Lien Collateral Agency Agreement shall remain in full force and effect.

SECTION 6. **THIS JOINDER, AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS JOINDER (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD RESULT IN THE APPLICATION OF A DIFFERENT GOVERNING LAW (OTHER THAN ANY MANDATORY PROVISIONS OF THE UCC RELATING TO THE LAW GOVERNING PERFECTION AND THE EFFECT OF PERFECTION OR PRIORITY OF THE SECURITY INTERESTS).**

SECTION 7. Any provision of this Joinder that 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 in the Joined Agreements, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 8.7 of the First Lien Intercreditor Agreement. All communications and notices hereunder to the New Representative and the New Collateral Agent shall be given to them at their respective addresses set forth below their signatures hereto.

SECTION 9. Sections 8.8 and 8.18 of the First Lien Intercreditor Agreement are hereby incorporated herein by reference as if fully set forth herein.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the New Representative and New Collateral Agent have duly executed this Joinder to the First Lien Intercreditor Agreement as of the day and year first above written.

New Representative

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity but solely in its capacity as trustee for the 1.125 Lien Noteholders

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Address for notices:

246 Goose Lane, Suite 105
Guilford, CT 06437
attention of: K. Hovnanian Notes Administrator
Telecopy: 203-543-1183

New Collateral Agent

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity but solely in its capacity as collateral agent for the 1.125 Lien Noteholders

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Address for notices:

246 Goose Lane, Suite 105
Guilford, CT 06437
attention of: K. Hovnanian Notes Administrator
Telecopy: 203-543-1183

Receipt acknowledged by:

Senior Credit Agreement Collateral Agent
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as Senior
Credit Agreement Collateral Agent and Senior Credit Agreement
Administrative Agent

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

1.25 Lien Trustee

WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.25 Lien
Trustee after giving effect to Joinder No. 3, dated as of the date
hereof, to the First Lien Intercreditor Agreement and the First Lien
Collateral Agency Agreement

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

1.25 Lien Collateral Agent

WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.25 Lien
Collateral Agent after giving effect to Joinder No. 3, dated as of the
date hereof, to the First Lien Intercreditor Agreement and the First
Lien Collateral Agency Agreement

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

1.75 Lien Trustee

WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.75 Lien
Trustee

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

1.75 Lien Collateral Agent

WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.75 Lien
Collateral Agent

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

Joint First Lien Collateral Agent

WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as Joint First
Lien Collateral Agent

By: /s/ Nedine P. Sutton

Name: Nedine P. Sutton

Title: Vice President

JOINDER

JOINDER NO. 4 dated as of October 5, 2023 (this “Joinder”) to (i) the FIRST LIEN INTERCREDITOR AGREEMENT dated as of October 31, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “First Lien Intercreditor Agreement”) among HOVNANIAN ENTERPRISES, INC. (“Hovnanian”), K. HOVNANIAN ENTERPRISES, INC. (the “Company”), certain of their subsidiaries, WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacities as the First Lien Collateral Agents (as defined therein), the First Lien Representatives (as defined therein) and the Joint First Lien Collateral Agent (as defined therein) and (ii) the FIRST LIEN COLLATERAL AGENCY AGREEMENT dated as of October 31, 2019 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “First Lien Collateral Agency Agreement”) and, together with the First Lien Intercreditor Agreement, the “Joined Agreements”) among Hovnanian, the Company, certain of their subsidiaries, WILMINGTON TRUST, NATIONAL ASSOCIATION, in its capacities as the First Lien Collateral Agents and the Joint First Lien Collateral Agent (as defined therein).

A. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the First Lien Intercreditor Agreement.

B. As a condition to the ability of the Company, Hovnanian and their subsidiaries to incur Refinancing Indebtedness and to secure such Refinancing Indebtedness with the liens and security interests created by the documents governing such Refinancing Indebtedness, the trustee in respect thereof is required to become a First Lien Representative and the collateral agent in respect thereof is required to become a First Lien Collateral Agent and is required to become subject to and bound by, the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement. Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement each provides that such trustee may become a First Lien Representative and such collateral agent may become a First Lien Collateral Agent pursuant to the execution and delivery by the trustee and the collateral agent of this Joinder to each of the Joined Agreements in the form attached to each thereto as Exhibit 1 and the satisfaction of the other conditions set forth in Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement. The undersigned trustee (the “New Representative”) and collateral agent (the “New Collateral Agent”) are executing this Joinder in accordance with the requirements of the First Lien Intercreditor Agreement and First Lien Collateral Agency Agreement.

Accordingly, the New Representative and the New Collateral Agent agree as follows:

SECTION 1. In accordance with Section 8.2(b) of the First Lien Intercreditor Agreement and Section 4.05(b) of the First Lien Collateral Agency Agreement, the New Representative and the New Collateral Agent by their signatures below (i) shall become a First Lien Representative and a First Lien Collateral Agent respectively, under, and the related Refinancing Indebtedness and First Lien Noteholder Claims become subject to and bound by, the Joined Agreements with the same force and effect as if the New Representative and New Collateral Agent had originally been named therein as a First Lien Representative and a First Lien Collateral Agent, respectively, and hereby agree to all the terms and provisions of the Joined Agreements applicable to them as First Lien Representative and First Lien Collateral Agent, respectively, become subject to and bound by, the Joined Agreements with the same force and effect as if the New Representative and New Collateral Agent had originally been named therein as a First Lien Representative and a First Lien Collateral Agent, respectively, and hereby agree to all the terms and provisions of the Joined Agreements applicable to them as a First Lien Representative and First Lien Collateral Agent, respectively.

SECTION 2 Each of the New Representative and New Collateral Agent represents and warrants to each other First Lien Collateral Agent, each other First Lien Representative, the Joint First Lien Collateral Agent and the other First Lien Claimholders, individually, that (i) it has full power and authority to enter into this Joinder, in its capacity as trustee and collateral agent, respectively, (ii) this Joinder has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability, and (iii) the First Lien Documents relating to the Refinancing Indebtedness provide that, upon the New Representative’s and the New Collateral Agent’s entry into this Joinder, the First Lien Noteholder Claims represented by them will be subject to and bound by the provisions of the First Lien Intercreditor Agreement.

SECTION 3. The Class of Refinancing Indebtedness shall be 11.75% Senior Secured 1.25 Lien Notes due 2029, which shall constitute Junior Lien Claims to the Senior Credit Agreement Claims and the 1.125 Lien Claims and Senior Lien Claims to the Class of Additional First Lien Indebtedness previously joined to the Joined Agreements pursuant to (x) that certain Joinder No. 1, dated as of December 10, 2019, by and among Wilmington Trust, National Association, in its capacity as Notes Trustee for the holders of the 1.75 Lien Notes Obligations, as New Representative, and the other institutions party thereto and (y) that certain Joinder No. 2, dated as of December 10, 2019, by and among Wilmington Trust, National Association, in its capacity as Administrative Agent for the holders of the 1.75 Lien Loan Obligations, as New Representative, and the other institutions party thereto.

SECTION 4. This Joinder may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Joinder shall become effective when the Joint First Lien Collateral Agent, each First Lien Collateral Agent and First Lien Representative shall have received a counterpart of this Joinder that bears the signatures of the New Representative and the New Collateral Agent. Delivery of an executed signature page to this Joinder by facsimile transmission or other electronic means shall be effective as delivery of a manually signed counterpart of this Joinder.

SECTION 5. Except as expressly supplemented hereby, each of the First Lien Intercreditor Agreement and the First Lien Collateral Agency Agreement shall remain in full force and effect.

SECTION 6. **THIS JOINDER, AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS JOINDER (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD RESULT IN THE APPLICATION OF A DIFFERENT GOVERNING LAW (OTHER THAN ANY MANDATORY PROVISIONS OF THE UCC RELATING TO THE LAW GOVERNING PERFECTION AND THE EFFECT OF PERFECTION OR PRIORITY OF THE SECURITY INTERESTS).**

SECTION 7. Any provision of this Joinder that 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 in the Joined Agreements, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace any invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to those of the invalid, illegal or unenforceable provisions.



SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 8.7 of the First Lien Intercreditor Agreement. All communications and notices hereunder to the New Representative and the New Collateral Agent shall be given to them at their respective addresses set forth below their signatures hereto.

SECTION 9. Sections 8.8 and 8.18 of the First Lien Intercreditor Agreement are hereby incorporated herein by reference as if fully set forth herein.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the New Representative and New Collateral Agent have duly executed this Joinder to the First Lien Intercreditor Agreement as of the day and year first above written.

New Representative

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity but solely in its capacity as trustee for the 1.25 Lien Noteholders

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Address for notices:

246 Goose Lane, Suite 105
Guilford, CT 06437
attention of: K. Hovnanian Notes Administrator
Telecopy: 203-543-1183

New Collateral Agent

WILMINGTON TRUST, NATIONAL ASSOCIATION, not in its individual capacity but solely in its capacity as collateral agent for the 1.25 Lien Noteholders

By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Address for notices:

246 Goose Lane, Suite 105
Guilford, CT 06437
attention of: K. Hovnanian Notes Administrator
Telecopy: 203-543-1183

Receipt acknowledged by:

Senior Credit Agreement Collateral Agent
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as Senior
Credit Agreement Collateral Agent and Senior Credit Agreement
Administrative Agent
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

1.125 Lien Trustee
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.125 Lien
Trustee after giving effect to Joinder No. 3, dated as of the date
hereof, to the First Lien Intercreditor Agreement and the First Lien
Collateral Agency Agreement
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

1.125 Lien Collateral Agent
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.125 Lien
Collateral Agent after giving effect to Joinder No. 3, dated as of the
date hereof, to the First Lien Intercreditor Agreement and the First
Lien Collateral Agency Agreement
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

1.75 Lien Trustee
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.75 Lien
Trustee
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

1.75 Lien Collateral Agent
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as 1.75 Lien
Collateral Agent
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Joint First Lien Collateral Agent
WILMINGTON TRUST, NATIONAL ASSOCIATION
not in its individual capacity but solely in its capacity as Joint First
Lien Collateral Agent
By: /s/ Nedine P. Sutton
Name: Nedine P. Sutton
Title: Vice President

Legal Entity Name	State of Formation
Eastern National Title Agency Arizona, LLC	AZ
GTIS-HOV AT SILVERSTONE LLC	AZ
GTIS-HOV Pointe 16 LLC	AZ
K. Hovnanian Arizona New GC, LLC	AZ
K. HOVNANIAN ARIZONA OPERATIONS, LLC	AZ
K. Hovnanian at 17 North, LLC	AZ
K. Hovnanian at 23 North, LLC	AZ
K. Hovnanian at 240 Missouri, LLC	AZ
K. Hovnanian at Acacia Place, LLC	AZ
K. Hovnanian at Aire on McDowell, LLC	AZ
K. Hovnanian at Alameda Point, LLC	AZ
K. Hovnanian at Alto, LLC	AZ
K. Hovnanian at Ambra, LLC	AZ
K. Hovnanian at Aster Ridge, LLC	AZ
K. Hovnanian at Catania, LLC	AZ
K. Hovnanian at Eagle Heights, LLC	AZ
K. Hovnanian at Edgewood, LLC	AZ
K. Hovnanian at Gallery, LLC	AZ
K. Hovnanian at Galloway Ridge, LLC	AZ
K. Hovnanian at Honeysuckle Trail, LLC	AZ
K. Hovnanian at Laveen Springs, LLC	AZ
K. Hovnanian at Luke Landing, LLC	AZ
K. Hovnanian at Maryland Ridge, LLC	AZ
K. Hovnanian at McCartney Ranch, LLC	AZ
K. Hovnanian at Monroe Ranch, LLC	AZ
K. Hovnanian at Montana Vista Dobbins, LLC	AZ
K. Hovnanian at Montana Vista, LLC	AZ
K. Hovnanian at Oranewood Ranch, LLC	AZ
K. Hovnanian at Palermo, LLC	AZ
K. Hovnanian at Palm Valley, L.L.C.	AZ
K. Hovnanian at Park Paseo, LLC	AZ
K. Hovnanian at Pinnacle Peak Patio, LLC	AZ
K. Hovnanian at Pointe 16, LLC	AZ
K. Hovnanian at Quail Creek, L.L.C.	AZ
K. Hovnanian at Rancho Cabrillo, LLC	AZ
K. Hovnanian at Rancho El Dorado, LLC	AZ
K. Hovnanian at Rancho Mirage Parcel 17, LLC	AZ

K. Hovnanian at Rancho Mirage Parcel 23, LLC	AZ
K. Hovnanian at Santa Rosa Springs, LLC	AZ
K. Hovnanian at Santanilla, LLC	AZ
K. Hovnanian at Scottsdale Heights, LLC	AZ
K. Hovnanian at Sienna Hills, LLC	AZ
K. Hovnanian at Silverstone G, LLC	AZ
K. Hovnanian at Silverstone, LLC	AZ
K. Hovnanian at Skye on McDowell, LLC	AZ
K. Hovnanian at Sterling Vistas, LLC	AZ
K. Hovnanian at Sun City West, LLC	AZ
K. Hovnanian at Sunrise Trail II, LLC	AZ
K. Hovnanian at Sunrise Trail III, LLC	AZ
K. Hovnanian at The Meadows 9, LLC	AZ
K. Hovnanian at The Meadows, LLC	AZ
K. Hovnanian at Tortosa South, LLC	AZ
K. Hovnanian at Union Park, LLC	AZ
K. Hovnanian at Ventana Lakes, LLC	AZ
K. Hovnanian at Verrado Cascina, LLC	AZ
K. Hovnanian at Verrado Marketside, LLC	AZ
K. Hovnanian at Victory at Verrado PH3C, LLC	AZ
K. Hovnanian at Victory at Verrado PH9, LLC	AZ
K. Hovnanian at Victory at Verrado, LLC	AZ
K. Hovnanian at Villago, LLC	AZ
K. Hovnanian at Viviendo, LLC	AZ
K. Hovnanian Companies of Arizona, LLC	AZ
K. HOVNANIAN GREAT WESTERN HOMES, LLC	AZ
K. Hovnanian Legacy at Via Bella, LLC	AZ
K. Hovnanian Phoenix Division, Inc.	AZ
K. Hovnanian West Group, LLC	AZ
K. Hovnanian's Four Seasons at The Manor II, LLC	AZ
K. Hovnanian's Four Seasons at The Manor, LLC	AZ
Vistas at Silverstone LLC	AZ
2700 Empire, LLC	CA
GTIS-HOV Rancho 79 LLC	CA
K. HOV IP, II, Inc.	CA
K. Hovnanian Aspire at Bellevue Ranch M2, LLC	CA
K. Hovnanian Aspire at Bellevue Ranch, LLC	CA
K. Hovnanian Aspire at River Terrace, LLC	CA

K. Hovnanian Aspire at Solaire, LLC	CA
K. Hovnanian Aspire at Stones Throw, LLC	CA
K. Hovnanian at Andalusia, LLC	CA
K. Hovnanian at Aspire at Apricot Grove PH2, LLC	CA
K. Hovnanian at Bakersfield 463, L.L.C.	CA
K. Hovnanian at Beacon Park Area 129 II, LLC	CA
K. Hovnanian at Beacon Park Area 129, LLC	CA
K. Hovnanian at Beacon Park Area 137, LLC	CA
K. Hovnanian at Bennett Ranch, LLC	CA
K. Hovnanian at Blackstone, LLC	CA
K. Hovnanian at Cadence Park, LLC	CA
K. HOVNANIAN AT CAPISTRANO, L.L.C.	CA
K. Hovnanian at Carlsbad, LLC	CA
K. Hovnanian at Cedar Lane, LLC	CA
K. Hovnanian at Cielo, L.L.C.	CA
K. Hovnanian at Fiddymont Ranch, LLC	CA
K. Hovnanian at Firefly at Winding Creek, LLC	CA
K. Hovnanian at Fresno, LLC	CA
K. Hovnanian at Gilroy 60, LLC	CA
K. Hovnanian at Gilroy, LLC	CA
K. Hovnanian at Hidden Lake, LLC	CA
K. Hovnanian at Jaeger Ranch, LLC	CA
K. Hovnanian at La Laguna, L.L.C.	CA
K. Hovnanian at Ladd Ranch, LLC	CA
K. Hovnanian at Luna Vista, LLC	CA
K. Hovnanian at Melanie Meadows, LLC	CA
K. Hovnanian at Meridian Hills, LLC	CA
K. Hovnanian at Muirfield, LLC	CA
K. Hovnanian at Parkside, LLC	CA
K. Hovnanian at Pavilion Park, LLC	CA
K. Hovnanian at Positano, LLC	CA
K. HOVNANIAN AT ROSEMARY LANTANA, L.L.C.	CA
K. Hovnanian at Sage II Harvest at Limoneira, LLC	CA
K. Hovnanian at Santa Nella, LLC	CA
K. Hovnanian at Sendero Ranch, LLC	CA
K. Hovnanian at Sierra Vista, LLC	CA
K. Hovnanian at Skye Isle, LLC	CA
K. Hovnanian at Sunridge Park, LLC	CA

K. Hovnanian at Trail Ridge, LLC	CA
K. Hovnanian at Valle Del Sol, LLC	CA
K. Hovnanian at Verona Estates, LLC	CA
K. Hovnanian at Victorville, L.L.C.	CA
K. Hovnanian at Village Center, LLC	CA
K. Hovnanian at Vineyard Heights, LLC	CA
K. Hovnanian at Waterstone, LLC	CA
K. Hovnanian at West View Estates, L.L.C.	CA
K. Hovnanian at Westshore, LLC	CA
K. Hovnanian at Wheeler Ranch, LLC	CA
K. Hovnanian at Woodcreek West, LLC	CA
K. Hovnanian CA Land Holdings, LLC	CA
K. Hovnanian California Operations, Inc.	CA
K. Hovnanian California Region, Inc.	CA
K. Hovnanian Communities, Inc.	CA
K. Hovnanian Companies of Southern California, Inc.	CA
K. Hovnanian Companies, LLC	CA
K. Hovnanian East Group, LLC	CA
K. Hovnanian Enterprises, Inc.	CA
K. Hovnanian Four Seasons at Homestead, LLC	CA
K. Hovnanian GT Investment, L.L.C.	CA
K. Hovnanian Homes Northern California, Inc.	CA
K. Hovnanian JV Holdings, L.L.C.	CA
K. Hovnanian JV Services Company, L.L.C.	CA
K. Hovnanian Meadow View at Mountain House, LLC	CA
K. Hovnanian Northeast Division, Inc.	CA
K. Hovnanian Northern California Division, LLC	CA
K. Hovnanian Operations Company, Inc.	CA
K. Hovnanian Sonterra, LLC	CA
K. Hovnanian Southern California Division, LLC	CA
K. Hovnanian Terra Lago Investment, LLC	CA
K. Hovnanian's Aspire at Union Village, LLC	CA
K. HOVNANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.	CA
K. Hovnanian's Four Seasons at Beaumont, LLC	CA
K. Hovnanian's Four Seasons at Los Banos, LLC	CA
K. Hovnanian's Sonata at The Preserve, LLC	CA
K. Hovnanian's Veranda at RiverPark II, LLC	CA

K. Hovnanian's Veranda at RiverPark, LLC	CA
STONEBROOK HOMES, INC.	CA
K. Hovnanian Parkview at Sterling Meadows, LLC	CA
K. Hovnanian Developments of D.C., Inc.	DC
K. Hovnanian Homes at Parkside, LLC	DC
K. Hovnanian Homes of D.C., L.L.C.	DC
GTIS-HOV Arbors at Monroe Parent LLC	DE
GTIS-HOV Four Ponds Parent LLC	DE
GTIS-HOV Heatherfield Parent LLC	DE
GTIS-HOV Hilltop at Cedar Grove Parent LLC	DE
GTIS-HOV Holdings IX LLC	DE
GTIS-HOV Holdings LLC	DE
GTIS-Hov Holdings V LLC	DE
GTIS-HOV Holdings VI LLC	DE
GTIS-HOV HOLDINGS VII LLC	DE
GTIS-HOV HOLDINGS VIII LLC	DE
GTIS-HOV Lakes of Cane Bay Parent LLC	DE
GTIS-HOV Parkside of Libertyville Parent LLC	DE
GTIS-HOV Pender Oaks Parent LLC	DE
GTIS-HOV Pinnacle Peak Patio Parent LLC	DE
GTIS-HOV Residences at Columbia Park Parent LLC	DE
GTIS-HOV Sauganash Glen Parent LLC	DE
Homebuyers Financial USA, LLC	DE
Hovnanian Enterprises, Inc. (PARENT COMPANY)	DE
HovSite Churchill Club LLC	DE
HovSite Firenze LLC	DE
HovSite Hunt Club LLC	DE
HovSite Liberty Lakes LLC	DE
HovSite Providence LLC	DE
HovSite Southampton LLC	DE
K. Hovnanian Agency Holdings, LLC	DE
K. Hovnanian Aspire at Lynnbury Woods, LLC	DE
K. Hovnanian at Admiral's Landing, LLC	DE
K. Hovnanian at Ashby Place, LLC	DE
K. Hovnanian at Aspire at Webber Farm, LLC	DE
K. Hovnanian at Aspire at Wickersham, LLC	DE
K. Hovnanian at Autumn Ridge, LLC	DE
K. Hovnanian at Bay Knolls, LLC	DE
K. Hovnanian at Brenford Station, LLC	DE

K. Hovnanian at Cedar Lane Estates, LLC	DE
K. Hovnanian at Egret Shores, LLC	DE
K. Hovnanian at Fork Landing, LLC	DE
K. Hovnanian at Harbor's Edge at Bayside, LLC	DE
K. Hovnanian at Hidden Brook, LLC	DE
K. Hovnanian at Liberty West, LLC	DE
K. Hovnanian at Middletown Reserve, LLC	DE
K. Hovnanian at Monarch Glen, LLC	DE
K. Hovnanian at North Brunswick VI, L.L.C.	DE
K. Hovnanian at Nottingham Meadows, LLC	DE
K. Hovnanian at Ocean View Beach Club, LLC	DE
K. Hovnanian at Oyster Cove, LLC	DE
K. Hovnanian at Patriots Bluff, LLC	DE
K. Hovnanian at Plantation Lakes, L.L.C.	DE
K. Hovnanian at Pleasanton, LLC	DE
K. Hovnanian at Red Mill Pond, LLC	DE
K. Hovnanian at Retreat at Millstone, LLC	DE
K. Hovnanian at Satterfield, LLC	DE
K. Hovnanian at Seabrook, LLC	DE
K. Hovnanian at Tower Hill, LLC	DE
K. Hovnanian at Townsend Fields, LLC	DE
K. Hovnanian at Woodfield, LLC	DE
K. Hovnanian Central Acquisitions, L.L.C.	DE
K. Hovnanian Delaware Division, Inc.	DE
K. Hovnanian Delaware Operations, LLC	DE
K. Hovnanian GT IX Investment, LLC	DE
K. Hovnanian GT V Investment, LLC	DE
K. Hovnanian GT VI Investment, LLC	DE
K. Hovnanian GT VII Investment, LLC	DE
K. Hovnanian GT VIII Investment, LLC	DE
K. Hovnanian GT X Investment, LLC	DE
K. Hovnanian GT XII Investment, LLC	DE
K. Hovnanian GT XIII Investment, LLC	DE
K. Hovnanian Homes at Knollac Acres, LLC	DE
K. Hovnanian Homes at Summit Pointe, LLC	DE
K. Hovnanian Homes of Delaware I, LLC	DE
K. Hovnanian Homes of Longacre Village, L.L.C.	DE
K. Hovnanian HovSite II Investment, LLC	DE

K. Hovnanian HovSite III Investment, LLC	DE
K. Hovnanian M.E. Investments, LLC	DE
K. Hovnanian New Jersey Operations, LLC	DE
K. Hovnanian North Central Acquisitions, L.L.C.	DE
K. Hovnanian North Jersey Acquisitions, L.L.C.	DE
K. Hovnanian South Jersey Acquisitions, L.L.C.	DE
K. Hovnanian's Four Seasons at Baymont Farms L.L.C.	DE
K. Hovnanian's Four Seasons at Belle Terre, LLC	DE
K. Hovnanian's Four Seasons at Hatteras Hills, LLC	DE
K. Hovnanian's Four Seasons at Scenic Manor, LLC	DE
K. Hovnanian's Four Seasons at Silver Maple Farm, L.L.C.	DE
KHH Shell Hall Loan Acquisition, LLC	DE
Ridgemore Utility of Delaware, LLC	DE
Traverse Partners, LLC	DE
Washington Homes, Inc.	DE
WTC Ventures, L.L.C.	DE
GTIS-HOV Nicholson Parent LLC	DE
Eastern National Title Agency Florida, LLC	FL
HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.	FL
HovSite II Casa Del Mar Leasehold LLC	FL
HovSite II Casa Del Mar LLC	FL
HovSite III at Parkland LLC	FL
K. Hovnanian Amber Glen, LLC	FL
K. Hovnanian Aspire at Boatman Hammock, LLC	FL
K. Hovnanian Aspire at East Lake, LLC	FL
K. Hovnanian Aspire at Hawks Ridge, LLC	FL
K. Hovnanian Aspire at Marion Oaks, LLC	FL
K. Hovnanian Aspire at Palm Bay, LLC	FL
K. Hovnanian Aspire at Palm Coast, LLC	FL
K. Hovnanian Aspire at Port St. Lucie, LLC	FL
K. Hovnanian Aspire at Victoria Parc, LLC	FL
K. HOVNANIAN ASPIRE AT WATERSTONE, LLC	FL
K. Hovnanian at Armen Groves, LLC	FL
K. Hovnanian at Avenir II, LLC	FL
K. HOVNANIAN AT AVENIR, LLC	FL
K. Hovnanian at Boca Dunes, LLC	FL
K. Hovnanian at Citrus Cove, LLC	FL
K. Hovnanian at Coral Lago, LLC	FL

K. Hovnanian at Delray Beach, L.L.C.	FL
K. Hovnanian at Hampton Cove, LLC	FL
K. Hovnanian at Heritage Grove, LLC	FL
K. Hovnanian at Hilltop Reserve II, LLC	FL
K. Hovnanian at Hilltop Reserve, LLC	FL
K. Hovnanian at Horizon Isle, LLC	FL
K. Hovnanian at Lake Burden, LLC	FL
K. Hovnanian at Lake Florence, LLC	FL
K. Hovnanian at Lake LeClare, LLC	FL
K. Hovnanian at Mystic Dunes, LLC	FL
K. Hovnanian at Northlake, LLC	FL
K. Hovnanian at Pickett Reserve, LLC	FL
K. Hovnanian at Redtail, LLC	FL
K. Hovnanian at Salerno Reserve, LLC	FL
K. Hovnanian at Spring Isle, LLC	FL
K. Hovnanian at Summerlake, LLC	FL
K. Hovnanian at Terra Bella Two, LLC	FL
K. Hovnanian at The Highlands at Summerlake Grove, LLC	FL
K. Hovnanian at Valletta, LLC	FL
K. Hovnanian at Vdara, LLC	FL
K. Hovnanian at Walkers Grove, LLC	FL
K. Hovnanian Belmont Reserve, LLC	FL
K. Hovnanian Cambridge Homes, L.L.C.	FL
K. Hovnanian Companies of Florida, LLC	FL
K. Hovnanian Cypress Creek, LLC	FL
K. Hovnanian Cypress Key, LLC	FL
K. Hovnanian Estates at Wekiva, LLC	FL
K. HOVNANIAN FIRST HOMES, L.L.C.	FL
K. Hovnanian Floresta Gardens, LLC	FL
K. HOVNANIAN FLORIDA OPERATIONS, LLC	FL
K. Hovnanian Florida Realty, L.L.C.	FL
K. Hovnanian Grand Cypress, LLC	FL
K. Hovnanian Grandefield, LLC	FL
K. Hovnanian Homes of Florida I, LLC	FL
K. Hovnanian Ivy Trail, LLC	FL
K. Hovnanian Lake Parker, LLC	FL
K. Hovnanian Magnolia at Westside, LLC	FL
K. Hovnanian Montclair Estates, LLC	FL

K. Hovnanian North Central Florida Division, LLC	FL
K. Hovnanian North Central Florida Holdings, LLC	FL
K. Hovnanian Ocoee Landings, LLC	FL
K. Hovnanian Orlando Division, LLC	FL
K. Hovnanian Osprey Ranch, LLC	FL
K. Hovnanian Preserve at Avonlea, LLC	FL
K. HOVNANIAN PRESERVE AT TURTLE CREEK LLC	FL
K. Hovnanian Reynolds Ranch, LLC	FL
K. Hovnanian Riverside, LLC	FL
K. Hovnanian Rivington, LLC	FL
K. Hovnanian San Sebastian, LLC	FL
K. Hovnanian Sereno, LLC	FL
K. Hovnanian Sola Vista, LLC	FL
K. Hovnanian South Fork, LLC	FL
K. Hovnanian Southeast Florida Division, LLC	FL
K. Hovnanian Sterling Ranch, LLC	FL
K. Hovnanian T&C Homes at Florida, L.L.C.	FL
K. Hovnanian TerraLargo, LLC	FL
K. Hovnanian Union Park, LLC	FL
K. Hovnanian Winding Bay Preserve, LLC	FL
K. HOVNANIAN WINDWARD HOMES, LLC	FL
K. Hovnanian's Four Seasons at Wylder, LLC	FL
KHOV WINDING BAY II, LLC	FL
LINKS AT CALUSA SPRINGS, LLC	FL
K. Hovnanian at The Commons at Richmond Hill, LLC	GA
K. Hovnanian at Westbrook, LLC	GA
K. Hovnanian Developments of Georgia, Inc.	GA
K. Hovnanian Georgia Operations, LLC	GA
K. HOVNANIAN HOMES AT CREEKSIDE, LLC	GA
K. Hovnanian's Aspire at New Hampstead, LLC	GA
Amber Ridge, LLC	IL
Arbor Trails, LLC	IL
EASTERN NATIONAL TITLE AGENCY ILLINOIS, LLC	IL
Glenrise Grove, L.L.C.	IL
GTIS-HOV Parkside of Libertyville LLC	IL
GTIS-HOV Sauganash Glen LLC	IL
K. Hovnanian at Amberley Woods, LLC	IL
K. Hovnanian at Ashley Pointe LLC	IL

K. Hovnanian at Bradwell Estates, LLC	IL
K. Hovnanian at Christina Court, LLC	IL
K. Hovnanian at Churchill Farms LLC	IL
K. Hovnanian at Deer Ridge, LLC	IL
K. Hovnanian at Estates of Fox Chase, LLC	IL
K. Hovnanian at Fairfield Ridge, LLC	IL
K. Hovnanian at Grande Park, LLC	IL
K. Hovnanian at Hanover Estates, LLC	IL
K. Hovnanian at Heatherfield, LLC	IL
K. Hovnanian at Island Lake, LLC	IL
K. Hovnanian at Link Crossing, LLC	IL
K. Hovnanian at Maple Hill LLC	IL
K. Hovnanian at Meadowridge Villas, LLC	IL
K. Hovnanian at North Grove Crossing, LLC	IL
K. Hovnanian at North Pointe Estates LLC	IL
K. Hovnanian at Northridge Estates, LLC	IL
K. Hovnanian at Orchard Meadows, LLC	IL
K. Hovnanian at Prairie Pointe, LLC	IL
K. Hovnanian at Randall Highlands, LLC	IL
K. Hovnanian at River Hills, LLC	IL
K. Hovnanian at Sagebrook, LLC	IL
K. HOVNANIAN AT SILVER LEAF, LLC	IL
K. Hovnanian at Silverwood Glen, LLC	IL
K. Hovnanian at Somerset, LLC	IL
K. HOVNANIAN AT TAMARACK SOUTH LLC	IL
K. Hovnanian at Tanglewood Oaks, LLC	IL
K. Hovnanian at Trafford Place, LLC	IL
K. Hovnanian at Tramore LLC	IL
K. HOVNANIAN AT VILLAS AT THE COMMONS, LLC	IL
K. Hovnanian Chicago Division, Inc.	IL
K. Hovnanian Estates at Regency, L.L.C.	IL
K. HOVNANIAN ILLINOIS OPERATIONS, LLC	IL
K. Hovnanian T&C Homes at Illinois, L.L.C.	IL
K. Hovnanian at Norton Lake LLC	IL
Eastern National Title Agency Maryland, LLC	MD
GTIS-HOV Villages at Pepper Mill LLC	MD
Homebuyers Financial Services, L.L.C.	MD
Hovnanian Land Investment Group of Maryland, L.L.C.	MD

Hovnanian Land Investment Group, L.L.C.	MD
K. Hovnanian at Brittany Manor, LLC	MD
K. Hovnanian at Caton's Reserve, LLC	MD
K. Hovnanian at Eden Terrace, L.L.C.	MD
K. Hovnanian at Fairway Estates, LLC	MD
K. Hovnanian at Gambrell Glenn, LLC	MD
K. Hovnanian at Grace Meadows, LLC	MD
K. Hovnanian at Locke Landing, LLC	MD
K. Hovnanian at Southpointe, LLC	MD
K. Hovnanian at Wade's Grant, L.L.C.	MD
K. Hovnanian Brittany Manor Borrower, LLC	MD
K. Hovnanian Developments of Maryland, Inc.	MD
K. Hovnanian Homes of Maryland I, LLC	MD
K. Hovnanian Homes of Maryland II, LLC	MD
K. Hovnanian Homes of Maryland, L.L.C.	MD
K. Hovnanian's Four Seasons at Kent Island II, LLC	MD
K. Hovnanian's Four Seasons at Kent Island III, LLC	MD
K. Hovnanian's Four Seasons at Kent Island, L.L.C.	MD
Ridgemore Utility L.L.C.	MD
K. Hovnanian Developments of Minnesota, Inc.	MN
K. Hovnanian Homes of Minnesota at Arbor Creek, LLC	MN
K. Hovnanian Homes of Minnesota at Autumn Meadows, LLC	MN
K. Hovnanian Homes of Minnesota at Brynwood, LLC	MN
K. Hovnanian Homes of Minnesota at Cedar Hollow, LLC	MN
K. Hovnanian Homes of Minnesota at Founder's Ridge, LLC	MN
K. Hovnanian Homes of Minnesota at Harpers Street Woods, LLC	MN
K. Hovnanian Homes of Minnesota at Oaks of Oxbow, LLC	MN
K. Hovnanian Homes of Minnesota at Regent's Point, LLC	MN
K. Hovnanian Homes of Minnesota, L.L.C.	MN
K. Hovnanian Liberty on Bluff Creek, LLC	MN
K. Hovnanian Timbres at Elm Creek, LLC	MN
K. Hovnanian's Four Seasons at Rush Creek II, LLC	MN
K. Hovnanian at Burch Kove, LLC	NC
K. Hovnanian at Indian Wells, LLC	NC
K. Hovnanian at Lily Orchard, LLC	NC
K. Hovnanian at Main Street Square, LLC	NC
K. Hovnanian at Oak Pointe, LLC	NC
K. Hovnanian at The Promenade at Beaver Creek, LLC	NC

K. Hovnanian at Wheeler Woods, LLC	NC
K. Hovnanian Developments of North Carolina, Inc.	NC
K. Hovnanian Homes at Brook Manor, LLC	NC
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.	NC
K. Hovnanian Sherwood at Regency, LLC	NC
Builder Services NJ, L.L.C.	NJ
Eastern National Title Agency, Inc.	NJ
F&W MECHANICAL SERVICES, L.L.C.	NJ
GTIS-HOV Arbors at Monroe LLC	NJ
GTIS-HOV Holdings XI LLC	NJ
GTIS-HOV Residences at Columbia Park LLC	NJ
Hilltop at Cedar Grove Urban Renewal, LLC	NJ
K. HOVNANIAN 77 HUDSON STREET INVESTMENTS, L.L.C.	NJ
K. Hovnanian Acquisitions, Inc.	NJ
K. Hovnanian American Mortgage, L.L.C.	NJ
K. Hovnanian at 77 Hudson Street Urban Renewal Company, L.L.C.	NJ
K. Hovnanian at Academy Hill, LLC	NJ
K. Hovnanian at Asbury Park Urban Renewal, LLC	NJ
K. Hovnanian at Carriages at Wall Urban Renewal, LLC	NJ
K. Hovnanian at Charleston Meadows, LLC	NJ
K. Hovnanian at Chesterfield, L.L.C.	NJ
K. Hovnanian at Dunellen Urban Renewal, LLC	NJ
K. Hovnanian at East Brunswick III, LLC	NJ
K. Hovnanian at East Brunswick, LLC	NJ
K. Hovnanian at East Windsor, LLC	NJ
K. Hovnanian at Franklin II, L.L.C.	NJ
K. Hovnanian at Franklin, L.L.C.	NJ
K. Hovnanian at Freehold Township III, LLC	NJ
K. HOVNANIAN AT GLEN OAKS, LLC	NJ
K. Hovnanian at Great Notch, L.L.C.	NJ
K. Hovnanian at Harvest Oaks, LLC	NJ
K. Hovnanian at Hillandale, LLC	NJ
K. Hovnanian at Hillsborough, LLC	NJ
K. Hovnanian at Howell Fort Plains, LLC	NJ
K. Hovnanian at Howell II, LLC	NJ
K. Hovnanian at Howell, LLC	NJ
K. Hovnanian at Jackson I, L.L.C.	NJ
K. Hovnanian at Jackson, L.L.C.	NJ
K. Hovnanian at Little Egg Harbor Township II, L.L.C.	NJ

K. Hovnanian at Manalapan Crossing, LLC	NJ
K. Hovnanian at Manalapan II, L.L.C.	NJ
K. Hovnanian at Manalapan IV, LLC	NJ
K. Hovnanian at Manalapan Landing, LLC	NJ
K. Hovnanian at Manalapan V, LLC	NJ
K. Hovnanian at Maple Avenue, L.L.C.	NJ
K. Hovnanian at Marlboro Grove, LLC	NJ
K. Hovnanian at Middletown III, LLC	NJ
K. Hovnanian at Middletown IV, LLC	NJ
K. Hovnanian at Millville II, L.L.C.	NJ
K. Hovnanian at Monroe NJ II, LLC	NJ
K. Hovnanian at Monroe NJ III, LLC	NJ
K. Hovnanian at Monroe NJ, L.L.C.	NJ
K. Hovnanian at Montgomery, LLC	NJ
K. Hovnanian at Montvale II, LLC	NJ
K. Hovnanian at Morris Twp, LLC	NJ
K. HOVNANIAN AT MORRIS WOODS, LLC	NJ
K. Hovnanian at North Caldwell III, L.L.C.	NJ
K. Hovnanian at North Wildwood, L.L.C.	NJ
K. Hovnanian at Oakland, LLC	NJ
K. Hovnanian at Old Bridge II, LLC	NJ
K. Hovnanian at Old Bridge, L.L.C.	NJ
K. Hovnanian at Port Imperial Investment, LLC	NJ
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL V, L.L.C.	NJ
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VI, L.L.C.	NJ
K. HOVNANIAN AT PORT IMPERIAL URBAN RENEWAL VIII, L.L.C.	NJ
K. Hovnanian at Preserve at Freehold, LLC	NJ
K. Hovnanian at Rancocas Creek, LLC	NJ
K. Hovnanian at Reservoir Point, LLC	NJ
K. Hovnanian at Ridgemont, L.L.C.	NJ
K. Hovnanian at Sandpiper Place, LLC	NJ
K. Hovnanian at Shrewsbury, LLC	NJ
K. Hovnanian at Smithville, Inc.	NJ
K. Hovnanian at South Brunswick II, LLC	NJ
K. Hovnanian at South Brunswick III, LLC	NJ
K. Hovnanian at South Brunswick IV, LLC	NJ
K. Hovnanian at Station Square, L.L.C.	NJ
K. Hovnanian at The Monarch, L.L.C.	NJ

K. HOVNIANIAN AT TOWNES AT PARKVIEW, LLC	NJ
K. Hovnanian at Townes at West Long Branch, LLC	NJ
K. Hovnanian at Trenton II, L.L.C.	NJ
K. Hovnanian at Trenton Urban Renewal, L.L.C.	NJ
K. Hovnanian at Views at Seaside, LLC	NJ
K. Hovnanian at Villages at Country View, LLC	NJ
K. Hovnanian at Wall Donato, LLC	NJ
K. Hovnanian at Wall Quail Ridge, LLC	NJ
K. Hovnanian at Warren Township II, LLC	NJ
K. Hovnanian at Washington Ridge, LLC	NJ
K. Hovnanian at Wildwood Bayside, L.L.C.	NJ
K. Hovnanian at Woolwich I, L.L.C.	NJ
K. Hovnanian GT XI Investment, LLC	NJ
K. Hovnanian Holdings NJ, L.L.C.	NJ
K. Hovnanian Manalapan Acquisition, LLC	NJ
K. Hovnanian Northeast Services, L.L.C.	NJ
K. Hovnanian Properties of Red Bank, LLC	NJ
K. Hovnanian Serenity Walk at Plainsboro Urban Renewal, LLC	NJ
K. Hovnanian Southern New Jersey, L.L.C.	NJ
K. Hovnanian Villages at Hays Mill Creek, LLC	NJ
K. Hovnanian's Aegean at Asbury Park Urban Renewal, LLC	NJ
K. Hovnanian's Baltic at Asbury Park Urban Renewal, LLC	NJ
K. Hovnanian's Cove at Asbury Park Urban Renewal, LLC	NJ
K. Hovnanian's Delta at Asbury Park, LLC	NJ
K. Hovnanian's Enclave at Old Tappan, LLC	NJ
K. HOVNIANIAN'S FOUR SEASONS AT COLTS FARM, LLC	NJ
K. Hovnanian's The Townes at West Windsor, LLC	NJ
LANDARAMA, INC.	NJ
M & M at Monroe Woods, L.L.C.	NJ
M&M at West Orange, L.L.C.	NJ
Matzel & Mumford at Egg Harbor, L.L.C.	NJ
MCNJ, Inc.	NJ
MM-Beachfront North I, LLC	NJ
Route 1 and Route 522, L.L.C.	NJ
Terrapin Realty, L.L.C.	NJ
The Matzel & Mumford Organization, Inc	NJ
K. Hovnanian at Waldwick, LLC	NJ
K. Hovnanian Classics, L.L.C.	NJ

K. HOVNIANIAN COMPANIES OF NEW YORK, INC.	NY
K. Hovnanian Developments of New York, Inc.	NY
K. Hovnanian New York Operations, LLC	NY
K. Hovnanian Aberdeen, LLC	OH
K. Hovnanian Akron Scattered Site, LLC	OH
K. Hovnanian Asbury Pointe, LLC	OH
K. Hovnanian Aspire at Auld Farms, LLC	OH
K. Hovnanian Aspire at Weston Place, LLC	OH
K. Hovnanian at Booth Farm, LLC	OH
K. Hovnanian at Cooper's Landing, LLC	OH
K. Hovnanian at Country View Estates, LLC	OH
K. Hovnanian at Creekside Crossing, LLC	OH
K. Hovnanian at Hampshire Farms, LLC	OH
K. Hovnanian at Harvest Meadows, LLC	OH
K. Hovnanian at Hawk Ridge, LLC	OH
K. Hovnanian at Heritage Park, LLC	OH
K. Hovnanian at Orchard Park, LLC	OH
K. Hovnanian at Riverfield Reserve, LLC	OH
K. Hovnanian at Toussaint Springs, LLC	OH
K. Hovnanian Belden Pointe, LLC	OH
K. Hovnanian Build on Your Lot Division, LLC	OH
K. Hovnanian Central Ohio, LLC	OH
K. Hovnanian Cleveland Division, LLC	OH
K. Hovnanian Cornerstone Farms, LLC	OH
K. Hovnanian Edgebrook, LLC	OH
K. Hovnanian Falls Pointe, LLC	OH
K. Hovnanian Forest Lakes, LLC	OH
K. Hovnanian Forest Valley, LLC	OH
K. Hovnanian Four Seasons at Chestnut Ridge, LLC	OH
K. Hovnanian Hidden Hollow, LLC	OH
K. Hovnanian Highland Ridge, LLC	OH
K. Hovnanian Indian Trails, LLC	OH
K. Hovnanian Kingston at Western Reserve, LLC	OH
K. Hovnanian LaDue Reserve, LLC	OH
K. Hovnanian Lakes of Green, LLC	OH
K. Hovnanian Landings 40s, LLC	OH
K. Hovnanian Meadow Lakes, LLC	OH
K. Hovnanian Monarch Grove, LLC	OH
K. Hovnanian Northpointe 40s, LLC	OH

K. Hovnanian Northwest Ohio, LLC	OH
K. Hovnanian Norton Place, LLC	OH
K. Hovnanian Ohio Realty, L.L.C.	OH
K. Hovnanian Ohio Region, Inc.	OH
K. Hovnanian Redfern Trails, LLC	OH
K. Hovnanian Rivendale, LLC	OH
K. Hovnanian Schady Reserve, LLC	OH
K. Hovnanian Village Glen, LLC	OH
K. Hovnanian Waterbury, LLC	OH
K. Hovnanian White Road, LLC	OH
K. Hovnanian Woodland Pointe, LLC	OH
K. Hovnanian's Four Seasons at Addison Farms, LLC	OH
K. Hovnanian's Four Seasons at Sandstone, LLC	OH
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C.	OH
New Home Realty, LLC	OH
K. HOVNANIAN OHIO OPERATIONS, LLC	OH
K. Hovnanian Woodridge Place, LLC	OH
Builder Services PA, L.L.C.	PA
Eastern National Abstract, Inc.	PA
GTIS-HOV Warminster LLC	PA
K. Hovnanian at Doylestown, LLC	PA
K. Hovnanian at Middletown, LLC	PA
K. Hovnanian at Northampton, L.L.C.	PA
K. Hovnanian Developments of Pennsylvania, Inc.	PA
K. HOVNANIAN HOMES OF PENNSYLVANIA, L.L.C.	PA
K. Hovnanian PA Real Estate, Inc.	PA
K. Hovnanian Pennsylvania Build on Your Lot Division, LLC	PA
K. Hovnanian Pennsylvania Operations, LLC	PA
Midwest Building Products & Contractor Services of Pennsylvania, L.L.C.	PA
K. Hovnanian at Upper Providence, LLC	PA
K. Hovnanian at Coosaw Point, LLC	SC
K. Hovnanian at Fox Path at Hampton Lake, LLC	SC
K. Hovnanian at Hammock Breeze, LLC	SC
K. Hovnanian at Hampton Lake, LLC	SC
K. Hovnanian at Haulover Creek, LLC	SC
K. Hovnanian at Lakes at New Riverside, LLC	SC
K. Hovnanian at Liberty Hill Farm, LLC	SC
K. Hovnanian at Magnolia Place, LLC	SC

K. Hovnanian at Pinckney Farm, LLC	SC
K. Hovnanian at Pine Crest, LLC	SC
K. Hovnanian at Sea Island Collective, LLC	SC
K. Hovnanian CraftBuilt Homes of South Carolina, L.L.C.	SC
K. Hovnanian Homes at Salt Creek Landing, LLC	SC
K. Hovnanian Homes at Sandy Creek Landing, LLC	SC
K. Hovnanian Homes at Shell Hall, LLC	SC
K. Hovnanian Homes at The Abby, LLC	SC
K. Hovnanian Homes at The Paddocks, LLC	SC
K. Hovnanian South Carolina Operations, LLC	SC
K. Hovnanian Southeast Coastal Division, Inc.	SC
K. Hovnanian's Four Seasons at Cane Bay Expansion, LLC	SC
K. Hovnanian's Four Seasons at Carolina Oaks, LLC	SC
K. Hovnanian's Four Seasons at Hilton Head Lakes, LLC	SC
K. Hovnanian's Four Seasons at Lakes of Cane Bay LLC	SC
K. Hovnanian's Lakes at New Riverside Expansion, LLC	SC
Shell Hall Club Amenity Acquisition, LLC	SC
Shell Hall Land Acquisition, LLC	SC
Eastern National Title Agency Texas, Inc.	TX
Hovnanian Insurance Agency, LLC	TX
K. Hovnanian Developments of Texas, Inc.	TX
K. Hovnanian DFW Agave Ranch, LLC	TX
K. Hovnanian DFW Ascend at Creekshaw, LLC	TX
K. Hovnanian DFW Ascend at Justin Crossing, LLC	TX
K. Hovnanian DFW Auburn Farms, LLC	TX
K. Hovnanian DFW Bayside, LLC	TX
K. Hovnanian DFW Belmont, LLC	TX
K. Hovnanian DFW Berkshire II, LLC	TX
K. Hovnanian DFW Berkshire, LLC	TX
K. Hovnanian DFW Bluff Creek, LLC	TX
K. Hovnanian DFW Caldwell Lakes, LLC	TX
K. Hovnanian DFW Calloway Trails, LLC	TX
K. Hovnanian DFW Canyon Falls, LLC	TX
K. Hovnanian DFW Carillon, LLC	TX
K. Hovnanian DFW Commodore at Preston, LLC	TX
K. Hovnanian DFW Creekside Estates II, LLC	TX
K. Hovnanian DFW Diamond Creek Estates, LLC	TX
K. Hovnanian DFW Division, LLC	TX
K. Hovnanian DFW Elevation, LLC	TX

K. Hovnanian DFW Encore of Las Colinas II, LLC	TX
K. Hovnanian DFW Encore of Las Colinas, LLC	TX
K. Hovnanian DFW Harmon Farms, LLC	TX
K. Hovnanian DFW Heritage Crossing, LLC	TX
K. Hovnanian DFW Heritage Ranch, LLC	TX
K. Hovnanian DFW Heron Pond, LLC	TX
K. Hovnanian DFW High Pointe, LLC	TX
K. Hovnanian DFW Hightower, LLC	TX
K. Hovnanian DFW Homestead, LLC	TX
K. Hovnanian DFW Inspiration, LLC	TX
K. Hovnanian DFW Kensington Place, LLC	TX
K. Hovnanian DFW Lexington, LLC	TX
K. Hovnanian DFW Liberty Crossing II, LLC	TX
K. Hovnanian DFW Liberty Crossing, LLC	TX
K. Hovnanian DFW Liberty, LLC	TX
K. Hovnanian DFW Light Farms Cypress III, LLC	TX
K. Hovnanian DFW Light Farms II, LLC	TX
K. Hovnanian DFW Light Farms, LLC	TX
K. Hovnanian DFW Lincoln Pointe, LLC	TX
K. Hovnanian DFW Midtown Park, LLC	TX
K. Hovnanian DFW Milrany Ranch, LLC	TX
K. Hovnanian DFW Monterra, LLC	TX
K. Hovnanian DFW Mustang Lakes II, LLC	TX
K. Hovnanian DFW Mustang Lakes, LLC	TX
K. Hovnanian DFW Noble Ridge, LLC	TX
K. Hovnanian DFW North Creek, LLC	TX
K. Hovnanian DFW Oakmont Park II, LLC	TX
K. Hovnanian DFW Oakmont Park, LLC	TX
K. Hovnanian DFW Palisades, LLC	TX
K. Hovnanian DFW Parkside, LLC	TX
K. Hovnanian DFW Parkview, LLC	TX
K. Hovnanian DFW Providence Commons, LLC	TX
K. Hovnanian DFW Reunion, LLC	TX
K. Hovnanian DFW Ridgeview, LLC	TX
K. Hovnanian DFW Rolling Ridge, LLC	TX
K. Hovnanian DFW Sanford Park, LLC	TX
K. Hovnanian DFW Sapphire Bay, LLC	TX
K. Hovnanian DFW Seventeen Lakes, LLC	TX

K. Hovnanian DFW South Pointe, LLC	TX
K. Hovnanian DFW Sterling Greene, LLC	TX
K. Hovnanian DFW The Parks at Rosehill, LLC	TX
K. Hovnanian DFW Timberbrook, LLC	TX
K. Hovnanian DFW Trailwood II, LLC	TX
K. Hovnanian DFW Trailwood, LLC	TX
K. Hovnanian DFW Villas at Mustang Park, LLC	TX
K. Hovnanian DFW Villas at The Station, LLC	TX
K. Hovnanian DFW Watson Creek, LLC	TX
K. Hovnanian DFW Wellington Estates South, LLC	TX
K. Hovnanian DFW Wellington Villas, LLC	TX
K. Hovnanian DFW Wellington, LLC	TX
K. Hovnanian DFW Wildridge, LLC	TX
K. Hovnanian Distribution Services, Inc.	TX
K. Hovnanian Homes - DFW II, L.L.C.	TX
K. Hovnanian Homes - DFW, L.L.C.	TX
K. Hovnanian Houston Balmoral Park Lakes East Section 8, LLC	TX
K. Hovnanian Houston Balmoral, LLC	TX
K. Hovnanian Houston Bayou Oaks at West Orem, LLC	TX
K. Hovnanian Houston Cambridge Heights, LLC	TX
K. Hovnanian Houston City Heights, LLC	TX
K. Hovnanian Houston Creek Bend, LLC	TX
K. Hovnanian Houston Division, LLC	TX
K. Hovnanian Houston Dry Creek Village, LLC	TX
K. Hovnanian Houston Eldridge Park, LLC	TX
K. Hovnanian Houston Fairchild Farms, LLC	TX
K. Hovnanian Houston Greatwood Lake, LLC	TX
K. Hovnanian Houston Katy Pointe II, LLC	TX
K. Hovnanian Houston Katy Pointe, LLC	TX
K. Hovnanian Houston Kingdom Heights, LLC	TX
K. Hovnanian Houston Lakes of Bella Terra West II, LLC	TX
K. Hovnanian Houston Lakes of Bella Terra West, LLC	TX
K. Hovnanian Houston Laurel Glen, LLC	TX
K. Hovnanian Houston Magnolia Creek, LLC	TX
K. Hovnanian Houston Marvida, LLC	TX
K. Hovnanian Houston Midtown Park I, LLC	TX
K. Hovnanian Houston Park Lakes East, LLC	TX
K. Hovnanian Houston Parkway Trails, LLC	TX

K. Hovnanian Houston River Farms, LLC	TX
K. Hovnanian Houston Sunset Ranch, LLC	TX
K. Hovnanian Houston Terra Del Sol, LLC	TX
K. Hovnanian Houston Thunder Bay Subdivision, LLC	TX
K. Hovnanian Houston Tranquility Lake Estates, LLC	TX
K. Hovnanian Houston Westwood, LLC	TX
K. Hovnanian Houston Willowpoint, LLC	TX
K. Hovnanian Houston Woodshore, LLC	TX
K. Hovnanian of Houston II, L.L.C.	TX
K. Hovnanian of Houston III, L.L.C.	TX
K. Hovnanian Texas Operations, LLC	TX
PARK TITLE COMPANY, LLC	TX
K. Hovnanian DFW Creekside Estates, LLC	TX
Eastern National Title Agency Virginia, Inc.	VA
GTIS-HOV Leeland Station LLC	VA
GTIS-HOV Willowsford Windmill LLC	VA
K. Hovnanian at Alexander Lakes, LLC	VA
K. Hovnanian at Bellewood, LLC	VA
K. Hovnanian at Bensen's Mill Estates, LLC	VA
K. Hovnanian at Canter V, LLC	VA
K. Hovnanian at Dominion Crossing, LLC	VA
K. Hovnanian at East Chase, LLC	VA
K. Hovnanian at Embrey Mill Village, LLC	VA
K. Hovnanian at Embrey Mill, LLC	VA
K. Hovnanian at Estates at Wheatlands, LLC	VA
K. Hovnanian at Estates of Chancellorsville, LLC	VA
K. Hovnanian at Hampton Run, LLC	VA
K. Hovnanian at Hazel Run Glen, L.L.C.	VA
K. Hovnanian at Highland Park, LLC	VA
K. Hovnanian at Holly Ridge, LLC	VA
K. Hovnanian at Hunter's Pond, LLC	VA
K. Hovnanian at Jacks Run, LLC	VA
K. Hovnanian at Jackson Village, LLC	VA
K. Hovnanian at Laurel Hills Crossing, LLC	VA
K. Hovnanian at Lenah Woods, LLC	VA
K. Hovnanian at Lincoln Park, LLC	VA
K. Hovnanian at Madison Square, LLC	VA
K. Hovnanian at Melody Farm, LLC	VA

K. Hovnanian at New Post, LLC	VA
K. Hovnanian at Nicholson, LLC	VA
K. Hovnanian at North Hill, LLC	VA
K. Hovnanian at North Ridge, LLC	VA
K. Hovnanian at Old Carolina, LLC	VA
K. Hovnanian at Potomac Trace, LLC	VA
K. Hovnanian at Raymond Farm, LLC	VA
K. Hovnanian at Reserves at Wheatlands, LLC	VA
K. Hovnanian at Residence at Discovery Square, LLC	VA
K. Hovnanian at Rockland Village Green, LLC	VA
K. Hovnanian at Rocky Run Village, LLC	VA
K. Hovnanian at Summit Crossing Estates, LLC	VA
K. Hovnanian at Tanager, LLC	VA
K. Hovnanian at The Boulevards at Westfields, LLC	VA
K. Hovnanian at Townes at County Center, LLC	VA
K. Hovnanian at Waxpool Crossing, LLC	VA
K. Hovnanian at Wellsprings, LLC	VA
K. Hovnanian at Willowsford Greens III, LLC	VA
K. Hovnanian at Wren Hollow, LLC	VA
K. Hovnanian Developments of Virginia, Inc.	VA
K. Hovnanian Homes at Burke Junction, LLC	VA
K. Hovnanian Homes at Leigh Mill, LLC	VA
K. Hovnanian Homes at Pender Oaks, LLC	VA
K. Hovnanian Homes at the Gallery Park at Westfields, LLC	VA
K. Hovnanian Homes at Thompson's Grant, LLC	VA
K. Hovnanian Homes at Willowsford Grange, LLC	VA
K. Hovnanian Homes at Willowsford Grant II, LLC	VA
K. Hovnanian Homes at Willowsford Grant, LLC	VA
K. Hovnanian Homes at Willowsford Greens, LLC	VA
K. Hovnanian Homes at Willowsford New, LLC	VA
K. Hovnanian Mid-Atlantic Division, LLC	VA
K. Hovnanian Summit Holdings, L.L.C.	VA
K. Hovnanian Virginia Operations, Inc.	VA
K. Hovnanian's Four Seasons at Charlottesville II, LLC	VA
K. Hovnanian's Four Seasons at New Kent Vineyards, L.L.C.	VA
K. Hovnanian's Four Seasons at Virginia Crossing, LLC	VA
K. Hovnanian at Dillon Farm, LLC	WV
K. Hovnanian at Huntfield, LLC	WV

K. Hovnanian Developments of West Virginia, Inc.	WV
K. Hovnanian Homes at Liberty Run, LLC	WV
K. Hovnanian Homes at Shenandoah Springs, LLC	WV
K. Hovnanian West Virginia Build on Your Lot Division, LLC	WV
K. Hovnanian West Virginia Operations, LLC	WV
Midwest Building Products & Contractor Services of West Virginia, L.L.C.	WV

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated December 18, 2023, relating to the consolidated financial statements of Hovnanian Enterprises, Inc. and subsidiaries (the “Company”), and the effectiveness of the Company’s internal control over financial reporting appearing in the Annual Report on Form 10-K of Hovnanian Enterprises, Inc. for the year ended October 31, 2023:

1. Registration Statements Nos. 333-113758, 333-106756, and 333-92977 on Form S-8 pertaining to the Amended and Restated 2008 Hovnanian Enterprises, Inc. Stock Incentive Plan (which superseded and replaced the Amended and Restated 1999 Hovnanian Enterprises, Inc. Stock Incentive Plan), and Hovnanian Enterprises, Inc. Senior Executive Short-Term Incentive Plan, as amended and restated;
2. Registration Statement No. 333-56972 on Form S-8 pertaining to the Hovnanian Enterprises, Inc. 1983 Stock Option Plan as amended and restated;
3. Registration Statement No. 333-56640 on Form S-8 pertaining to the Washington Homes Employee Stock Option Plan;
4. Registration Statement No. 333-180668 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Stock Incentive Plan;
5. Registration Statement Nos. 333-194542, 333-210218 and 333-230417 on Form S-8 pertaining to the 2012 Hovnanian Enterprises, Inc. Amended and Restated Stock Incentive Plan; and
6. Registration Statement Nos. 333-239045, 333-254853 and 333-265462 on Form S-8 pertaining to the Second Amended and Restated 2020 Hovnanian Enterprises, Inc. Stock Incentive Plan.

/s/Deloitte & Touche LLP

New York, New York

December 18, 2023

CERTIFICATIONS
Exhibit 31(a)

I, Ara K. Hovnanian, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended October 31, 2023 of Hovnanian Enterprises, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 18, 2023

/s/ARA K. HOVNANIAN

Ara K. Hovnanian

Chairman, President and Chief Executive Officer

CERTIFICATIONS
Exhibit 31(b)

I, Brad O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended October 31, 2023 of Hovnanian Enterprises, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 18, 2023

/s/BRAD O'CONNOR

Brad O'Connor

Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-K for the year ended October 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ara K. Hovnanian, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 18, 2023

/s/ARA K. HOVNANIAN

Ara K. Hovnanian

Chairman, President and Chief Executive Officer

Exhibit 32(b)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-K for the year ended October 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad O'Connor, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 18, 2023

/s/BRAD O'CONNOR

Brad O'Connor

Chief Financial Officer and Treasurer

HOVNANIAN ENTERPRISES, INC.

Incentive Compensation
Clawback Policy

(As Adopted on September 28, 2023 Pursuant to NYSE Rule 303A.14)

1. Overview. The Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Hovnanian Enterprises, Inc. (the “*Company*”) has adopted this Incentive Compensation Clawback Policy (the “*Policy*”) which requires the recoupment of certain incentive-based compensation in accordance with the terms herein and is intended to comply with Section 303A.14 of The New York Stock Exchange Listed Company Manual, as such section may be amended from time to time (the “*Listing Rules*”). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms under Section 12 of this Policy.

2. Interpretation and Administration. The Committee shall have full authority to interpret and enforce the Policy; provided, however, that the Policy shall be interpreted in a manner consistent with its intent to meet the requirements of the Listing Rules. As further set forth in Section 10 below, this Policy is intended to supplement any other clawback policies and procedures that the Company may have in place from time to time pursuant to other applicable law, plans, policies or agreements.

3. Covered Executives. The Policy applies to each current and former Executive Officer of the Company who serves or served as an Executive Officer at any time during a performance period in respect of which Incentive Compensation is Received, to the extent that any portion of such Incentive Compensation is (a) Received by the Executive Officer during the last three completed Fiscal Years or any applicable Transition Period preceding the date that the Company is required to prepare a Restatement (regardless of whether any such Restatement is actually filed) and (b) determined to have included Erroneously Awarded Compensation. For purposes of determining the relevant recovery period referenced in the preceding clause (a), the date that the Company is required to prepare a Restatement under the Policy is the earlier to occur of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Executive Officers subject to this Policy pursuant to this Section 3 are referred to herein as “*Covered Executives*.”

4. Recovery of Erroneously Awarded Compensation. If any Erroneously Awarded Compensation is Received by a Covered Executive, the Company shall reasonably promptly take steps to recover such Erroneously Awarded Compensation in a manner described under Section 5 of this Policy.

5. Forms of Recovery. The Committee shall determine, in its sole discretion and in a manner that effectuates the purpose of the Listing Rules, one or more methods for recovering any Erroneously Awarded Compensation hereunder in accordance with Section 4 above, which may include, without limitation: (a) requiring cash reimbursement; (b) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; or (e) taking any other remedial and recovery action permitted by law, as determined by the Committee. To the extent the Covered Executive refuses to pay to the Company an amount equal to the Erroneously Awarded Compensation, the Company shall have the right to sue for repayment and/or enforce the Covered Executive’s obligation to make payment through the reduction or cancellation of outstanding and future compensation. Any reduction, cancellation or forfeiture of compensation shall be done in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

6. No Indemnification. The Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation for which the Committee has determined to seek recoupment pursuant to this Policy.

7. Exceptions to the Recovery Requirement. Notwithstanding anything in this Policy to the contrary, Erroneously Awarded Compensation need not be recovered pursuant to this Policy if the Committee (or, if the Committee is not composed solely of Independent Directors, a majority of the Independent Directors serving on the Board) determines that recovery would be impracticable as a result of any of the following:

(a) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange; or

(b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

8. Committee Determination Final. Any determination by the Committee with respect to the Policy shall be final, conclusive and binding on all interested parties.

9. Amendment. The Policy may be amended by the Committee from time to time, to the extent permitted under the Listing Rules.

10. Non-Exclusivity. Nothing in the Policy shall be viewed as limiting the right of the Company or the Committee to pursue additional remedies or recoupment under or as required by any similar policy adopted by the Company or under the Company's compensation plans, award agreements, employment agreements or similar agreements or the applicable provisions of any law, rule or regulation which may require or permit recoupment to a greater degree or with respect to additional compensation as compared to this Policy (but without duplication as to any recoupment already made with respect to Erroneously Awarded Compensation pursuant to this Policy). This Policy shall be interpreted in all respects to comply with the Listing Rules.

11. Successors. The Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Defined Terms.

"Covered Executives" shall have the meaning set forth in Section 3 of this Policy.

"Erroneously Awarded Compensation" shall mean the amount of Incentive Compensation actually Received that exceeds the amount of Incentive Compensation that otherwise would have been Received had it been determined based on the restated amounts, and computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in a Restatement:

- (A) The calculation of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received; and
- (B) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

"Exchange" shall mean The New York Stock Exchange.

"Executive Officer" shall mean the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries shall be deemed executive officers of the Company if they perform such policy-making functions for the Company.

"Financial Reporting Measures" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including, without limitation, stock price and total shareholder return (in each case, regardless of whether such measures are presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission).

"Fiscal Year" shall mean the Company's fiscal year; provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

"Incentive Compensation" shall mean any compensation (whether cash or equity-based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long-term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered "Incentive Compensation" for purposes of the Policy unless such compensation is Received (1) while the Company has a class of securities listed on a national securities exchange or a national securities association and (2) on or after October 2, 2023, the effective date of the Listing Rules.

"Independent Director" shall mean a director who is determined by the Board to be "independent" for Board or Committee membership, as applicable, under the rules of the Exchange, as of any determination date.

"Listing Rules" shall have the meaning set forth in Section 1 of this Policy.

Incentive Compensation shall be deemed **"Received"** in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

"Restatement" shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the Company's previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Transition Period" shall mean any transition period that results from a change in the Company's Fiscal Year within or immediately following the three completed Fiscal Years immediately preceding the Company's requirement to prepare a Restatement.

Adopted on: September 28, 2023