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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM S-3 REGISTRATION STATEMENT Under THE SECURITIES ACT OF 1933

**HOVNANIAN  
ENTERPRISES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**K. HOVNANIAN  
ENTERPRISES, INC.**

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**California**

**22-1851059**

(I.R.S. Employer Identification Number)

**22-2423583**

**10 Highway 35**

**P.O. Box 500**

**Red Bank, New Jersey 07701**

**(732) 747-7800**

(Address, Including Zip Code, and Telephone Number, Including Area Code,  
of Registrant's Principal Executive Offices)

**10 Highway 35**

**P.O. Box 500**

**Red Bank, New Jersey 07701**

**(732) 747-7800**

### SEE TABLE OF ADDITIONAL REGISTRANTS

**J. Larry Sorsby**

**Hovnanian Enterprises, Inc.**

**10 Highway 35**

**P.O. Box 500**

**Red Bank, New Jersey 07701**

**(732) 747-7800**

(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent For Service)

**Copies to:**

**Vincent Pagano, Jr., Esq.**

**Simpson Thacher & Bartlett LLP**

**425 Lexington Avenue**

**New York, New York 10017-3954**

**(212) 455-2000**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Debt Securities, Class A Common Stock, Preferred Stock, Depositary Shares, Warrants, Stock Purchase Contracts and Stock Purchase Units(1)	\$338,000,000	100%(2)	\$338,000,000(2)	\$39,783
Guarantees of Hovnanian Enterprises, Inc. of Debt Securities and Warrants of K. Hovnanian Enterprises, Inc. and Guarantees of Subsidiary Guarantors of Debt Securities and Warrants of Hovnanian Enterprises, Inc. and K. Hovnanian Enterprises, Inc.	(3)	(3)	(3)	None
<b>Total</b>	<b>\$338,000,000(2)</b>	<b>100%(2)</b>	<b>\$338,000,000(2)</b>	<b>\$39,783</b>

(1) The Debt Securities registered hereby include such additional amount as may be necessary so that, if Debt Securities are issued with an original issue discount, the aggregate initial offering prices of all Debt Securities will equal no more than \$338,000,000. There are also being registered hereunder an indeterminate number of shares of Class A Common Stock and Preferred Stock as shall be issuable upon conversion or redemption of Preferred Stock or Debt Securities or in connection with Depositary Shares registered hereby.

(2) Estimated solely for the purpose of calculating the registration fee.

(3) No separate consideration will be received for the Guarantees. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.

Pursuant to Rule 429 under the Securities Act of 1933, as amended, the Prospectus herein also relates to the remaining \$162,000,000 of Debt Securities (and any guarantees thereof as described therein), Warrants (and any guarantees thereof as described therein), Preferred Stock, Class A Common Stock, Stock Purchase Contracts and Stock Purchase Units registered on Form S-3 (Registration No. 333-106761), Form S-3 (Registration No. 333-68528), Form S-3 (Registration No. 333-75939) and Form S-3 (Registration No. 333-51991) of Hovnanian Enterprises, Inc. and K. Hovnanian Enterprises, Inc., \$162,000,000 of Depositary Shares added hereby, and 15,286,624 allocated shares of Class A Common Stock of Hovnanian Enterprises, Inc. (as adjusted in accordance with Rule 416 under the Securities Act of 1933 for the 2-for-1 stock split on the Class A Common Stock which was distributed on March 26, 2004) registered on Form S-3 (Registration No. 333-51991) of Hovnanian Enterprises, Inc. and K. Hovnanian Enterprises, Inc. This Registration Statement also constitutes Post-Effective Amendment No. 1 to Registration Statement No. 333-106761, Post-Effective Amendment No. 2 to Registration Statement No. 333-68528, Post-Effective Amendment No. 3 to Registration Statement No. 333-75939 and Post-Effective Amendment No. 4 to Registration Statement No. 333-51991 and upon the effectiveness of such Post-Effective Amendments, this Registration Statement and Registration Statements No. 333-106761, No. 333-68528, No. 333-75939 and No. 333-51991 will add \$162,000,000 of Depositary Shares to such Registration Statements and will relate to an aggregate of \$500,000,000 of Class A Common Stock, Preferred Stock, Depositary Shares, Debt Securities (and any guarantees thereof as described herein), Warrants (and any guarantees thereof as described herein) and Stock Purchase Contracts and Stock Purchase Units, and 15,286,624 shares of Class A Common Stock of Hovnanian Enterprises, Inc., which may be offered and sold by the selling shareholders.

All share information in this Registration Statement reflects the 2-for-1 stock split in the form of a 100% stock dividend of Class A Common Stock and Class B Common Stock which was distributed on March 26, 2004.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

**TABLE OF ADDITIONAL REGISTRANTS**

Exact Name of Registrant As Specified in Its Charter	State or Other Jurisdiction of Incorporation or Organization	IRS Employer Identification Number	Address Including Zip Code, and Telephone Number Including Area Code, of Registrant's Principal Executive Offices
Arrow Properties, Inc.	NJ	22-1945442	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Developments of Florida, Inc.	FL	22-2416624	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 747-7800
K. Hov International, Inc.	NJ	22-3188610	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hov IP, II, Inc.	CA	57-1135061	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hov IP, Inc.	CA	95-4892009	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Acquisitions, Inc.	NJ	22-3406671	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Ballantrae, Inc.	FL	22-3309139	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Bernards IV, Inc.	NJ	22-3292171	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Branchburg III, Inc.	NJ	22-2961099	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Bridgeport, Inc.	CA	22-3547807	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Bridgewater VI, Inc.	NJ	22-3243298	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Burlington III, Inc.	NJ	22-3412130	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Burlington, Inc.	NJ	22-2949611	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Calabria, Inc.	CA	22-3324654	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Carmel Del Mar, Inc.	CA	22-3320550	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Castile, Inc.	CA	22-3356308	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Chaparral, Inc.	CA	22-3565730	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Clarkstown, Inc.	NJ	22-2618176	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Crestline, Inc.	CA	22-3493450	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Dominguez Hills, Inc.	CA	22-3602177	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at East Whiteland I, Inc.	PA	22-3483220	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Freehold Township I, Inc.	NJ	22-2459186	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hackettstown, Inc.	NJ	22-2765936	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hershey's Mill, Inc.	PA	22-3445102	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Highland Vineyards, Inc.	CA	22-3309241	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hopewell IV, Inc.	NJ	22-3345622	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hopewell VI, Inc.	NJ	22-3465709	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Howell Township, Inc.	NJ	22-2859308	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Kings Grant I, Inc.	NJ	22-2601064	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Klockner Farms, Inc.	NJ	22-2572442	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at La Terraza, Inc.	CA	22-3303807	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at La Trovata, Inc.	CA	22-3369099	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lakewood, Inc.	NJ	22-2618178	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lower Saucon, Inc.	PA	22-2961090	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mahwah II, Inc.	NJ	22-2859315	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mahwah V, Inc.	NJ	22-2868663	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Mahwah VI, Inc.	NJ	22-3188612	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mahwah VII, Inc.	NJ	22-2592139	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Manalapan, Inc.	NJ	22-2442998	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro II, Inc.	NJ	22-2748659	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro Township IV, Inc.	NJ	22-3301196	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Metro DC South, Inc.	VA	22-3583847	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Monroe II, Inc.	NY	22-2718071	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Montclair NJ, Inc.	NJ	22-2759221	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Montgomery I, Inc.	PA	22-3165601	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Northern Westchester, Inc.	NJ	22-2814372	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Northlake, Inc.	CA	22-3336696	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Ocean Township, Inc.	NJ	22-3094742	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Ocean Walk, Inc.	CA	22-3565732	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Perkiomen I, Inc.	PA	22-3094743	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Perkiomen II, Inc.	PA	22-3301197	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Plainsboro III, Inc.	NJ	22-3027955	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Princeton, Inc.	NJ	22-3322125	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Rancho Cristianitos, Inc.	CA	22-3369102	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800



K. Hovnanian at Reservoir Ridge, Inc.	NJ	22-2510587	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at San Sevaime, Inc.	CA	22-3493454	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Saratoga, Inc.	CA	22-3547806	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Sawmill, Inc.	PA	22-3602924	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Scotch Plains, Inc.	NJ	22-3464496	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Scotch Plains II, Inc.	NJ	22-3464496	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Skye Isle, Inc.	CA	31-1820095	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Smithville, Inc.	NJ	22-1732674	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at South Brunswick III, Inc.	NJ	22-2652530	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at South Brunswick V, Inc.	NJ	22-2937570	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Stone Canyon, Inc.	CA	22-3512641	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Stony Point, Inc.	NJ	22-2758195	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Sycamore, Inc.	CA	22-3493456	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Tannery Hill, Inc.	NJ	22-3396608	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at The Bluff, Inc.	NJ	22-1841019	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at The Cedars, Inc.	NJ	22-3406664	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Thornbury, Inc.	PA	22-3462983	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Tierrasanta, Inc.	CA	22-3351875	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Tuxedo, Inc.	NJ	22-3516266	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Union Township I, Inc.	NJ	22-3027952	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Freehold Township I, Inc.	NJ	22-3415873	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Makefield I, Inc.	PA	22-3302321	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Vail Ranch, Inc.	CA	22-3320537	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wall Township VI, Inc.	NJ	22-2859303	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wall Township VIII, Inc.	NJ	22-3434643	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Washingtonville, Inc.	NY	22-2717887	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wayne III, Inc.	NJ	22-2607669	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Wayne V, Inc.	NJ	22-2790299	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wildrose, Inc.	CA	22-3312525	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies Northeast, Inc.	NJ	22-2445216	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of California, Inc.	CA	22-3301757	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of Maryland, Inc.	MD	22-3331050	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of Metro Washington, Inc.	VA	22-3169584	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of New York, Inc.	NY	22-2618171	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of North Carolina, Inc.	NC	22-2765939	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of Pennsylvania, Inc.	PA	22-2390174	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Companies of Southern California, Inc.	CA	22-3493449	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Construction II, Inc.	NJ	22-2246316	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Construction III, Inc.	NJ	22-1945444	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Construction Management, Inc.	NJ	22-3406668	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Arizona, Inc.	AZ	31-1825442	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of California, Inc.	CA	22-3303806	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of D.C., Inc.	DC	20-2377106	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Delaware, Inc.	DE	20-1528466	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Illinois, Inc.	IL	20-24221053	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Developments of Maryland, Inc.	MD	22-3331045	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Metro Washington, Inc.	VA	22-3188615	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Michigan, Inc.	MI	31-1826348	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Minnesota, Inc.	MN	20-1073868	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of New Jersey II, Inc.	CA	59-3762294	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of New Jersey, Inc.	CA	22-2664563	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of New York, Inc.	NY	22-2626492	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Ohio, Inc.	OH	32-0069376	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Pennsylvania, Inc.	PA	22-1097670	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Developments of South Carolina, Inc.	SC	58-2659968	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of Texas, Inc.	TX	22-3685786	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Developments of West Virginia, Inc.	WV	31-1826831	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Equities, Inc.	NJ	21-0736206	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Forecast Homes, Inc.	CA	95-4892007	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of North Carolina, Inc.	NC	56-1458833	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of Virginia, Inc.	VA	52-0898765	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Investment Properties of New Jersey, Inc.	NJ	22-2541361	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian PA Real Estate, Inc.	PA	22-3188608	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Port Imperial Urban Renewal, Inc.	NJ	22-3027956	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Properties of Newark Urban Renewal Corporation, Inc.	NJ	22-3017267	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Properties of North Brunswick V, Inc.	NJ	22-2057907	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Properties of Wall, Inc.	NJ	22-3244134	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
KHC Acquisition, Inc.	CA	22-3303802	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Landarama, Inc.	NJ	22-1978612	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Long Branch, Inc.	NJ	22-3359254	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford of Delaware, Inc.	DE	22-3686728	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
MCNJ, Inc.	NJ	22-2722906	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800



Pine Brook Company, Inc.	NJ	22-1762833	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Reflections of You Interiors, Inc.	TX	75-1967894	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Seabrook Accumulation Corporation	CA	33-0989615	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Stonebrook Homes, Inc.	CA	33-0553884	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
The Matzel & Mumford Organization, Inc.	NJ	22-3670677	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Washington Homes, Inc.	DE	22-3774737	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Westminster Homes of Tennessee, Inc.	TN	52-1973363	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Westminster Homes, Inc.	NC	52-1874680	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
WH Land I, Inc.	MD	52-2073468	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

WH Properties, Inc.	MD	52-1662973	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Dulles Coppermine, L.L.C.	VA	31-1820770	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Edison Contract Services, L.L.C.	NJ	20-1131408	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group, L.L.C.	MD	20-0581911	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group of California, L.L.C.	CA	20-1471139	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group of Florida, L.L.C.	FL	20-1379037	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group of Maryland, L.L.C.	MD	20-1446859	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group of North Carolina, L.L.C.	NC	20-1309025	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Hovnanian Land Investment Group of Texas, L.L.C.	TX	20-1442111	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

Hovnanian Land Investment Group of Virginia, L.L.C.	VA	20-1020023	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at 4S II, L.L.C.	CA	20-1618392	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at 4S, L.L.C.	CA	73-1638455	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Acqua Vista, L.L.C.	CA	20-0464161	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Aliso, L.L.C.	CA	20-1218567	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Arbor Heights, LLC	CA	33-0890775	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Barnegat I, L.L.C.	NJ	22-3804316	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Bella Lago, L.L.C.	CA	20-1218576	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Berkeley, L.L.C.	NJ	22-3644632	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Bernards V, L.L.C.	DE	22-3618587	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Blue Heron Pines, L.L.C.	NJ	22-3630449	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Bridgewater I, L.L.C.	NJ	31-1820703	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Bridlewood, L.L.C.	CA	20-1454077	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Camden I, L.L.C.	NJ	22-3845575	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Capistrano, L.L.C.	CA	20-1618465	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Carmel Village, L.L.C.	CA	52-2147831	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Cedar Grove III, L.L.C.	NJ	22-3818491	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Cedar Grove IV, L.L.C.	NJ	20-1185029	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Chester I, L.L.C.	DE	22-3618347	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Chesterfield, L.L.C.	NJ	20-0916310	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at City in the Hills, L.L.C.	CA	20-1786974	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Clifton II, L.L.C.	NJ	22-3862906	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Clifton, L.L.C.	NJ	22-3655976	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Cortez Hill, L.L.C.	CA	31-1822959	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Cranbury, L.L.C.	NJ	22-3814347	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Curries Woods, L.L.C.	NJ	22-3776466	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Denville, L.L.C.	NJ	03-0436512	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Deptford Township, L.L.C.	NJ	20-1254802	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Eastlake, LLC	CA	31-1820096	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Edgewater II, L.L.C.	NJ	20-0374534	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Edgewater, L.L.C.	NJ	31-1825623	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Egg Harbor Township, L.L.C.	NJ	31-1826606	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Encinitas Ranch, L.L.C.	CA	33-0890770	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Florence I, L.L.C.	NJ	20-0982613	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Florence II, L.L.C.	NJ	20-0982631	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Forest Meadows, L.L.C.	NJ	16-1639755	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Franklin, L.L.C.	NJ	20-1822595	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Freehold Township, L.L.C.	NJ	22-2500651	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Gaslamp Square, L.L.C.	CA	20-1454058	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Great Notch, L.L.C.	NJ	22-3330582	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Guttenberg, L.L.C.	NJ	22-3653007	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hackettstown II, L.L.C.	NJ	20-0412492	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hamburg Contractors, L.L.C.	NJ	22-3814175	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hamburg, L.L.C.	NJ	22-3795544	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Hawthorne, L.L.C.	NJ	20-0946954	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Highland Shores, L.L.C.	MN	20-2705991	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Highwater, L.L.C.	CA	20-1454037	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Jackson I, L.L.C.	NJ	56-2290802	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Jackson, L.L.C.	NJ	22-3630450	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Jersey City IV, L.L.C.	NJ	22-3655974	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Jersey City V Urban Renewal Company, L.L.C.	NJ	31-1818646	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at King Farm, L.L.C.	MD	22-3647924	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at La Costa, L.L.C.	CA	31-1820094	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at La Habra Knolls, LLC	CA	31-1819908	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800



K. Hovnanian at Lafayette Estates, L.L.C.	NJ	22-3658926	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lake Ridge Crossing, L.L.C.	VA	22-3778537	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lake Terrapin, L.L.C.	VA	22-3647920	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lawrence V, L.L.C.	NJ	22-3638073	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Linwood, L.L.C.	NJ	22-3663731	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Little Egg Harbor Township II, L.L.C.	NJ	20-2689884	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Little Egg Harbor Contractors, L.L.C.	NJ	22-3832077	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Little Egg Harbor, L.L.C.	NJ	22-3795535	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Long Branch I, L.L.C.	NJ	56-2308030	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Lower Macungie Township I, L.L.C.	PA	51-0427582	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lower Macungie Township II, L.L.C.	PA	65-1161803	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lower Makefield Township I, L.L.C.	PA	22-3887471	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lower Moreland I, L.L.C.	PA	22-3785544	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Lower Moreland II, L.L.C.	PA	22-3785539	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Manalapan III, L.L.C.	NJ	22-3337896	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mansfield I, LLC	NJ	22-3556345	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mansfield II, LLC	NJ	22-3556346	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mansfield III, L.L.C.	NJ	22-3683839	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Marlboro Township IX, L.L.C.	NJ	20-1005879	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro Township V, L.L.C.	NJ	22-2741139	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro Township VIII, L.L.C.	NJ	22-3802594	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro VI, L.L.C.	NJ	22-3791976	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Marlboro VII, L.L.C.	NJ	22-3791977	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mendham Township, L.L.C.	NJ	20-2033800	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Menifee, L.L.C.	CA	52-2147832	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Menifee Valley Condominiums, L.L.C.	CA	20-1618446	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Middle Township, L.L.C.	NJ	03-0473330	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Middletown II, L.L.C.	NJ	04-3695371	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Middletown, L.L.C.	NJ	22-3630452	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Millville I, L.L.C.	NJ	20-1562308	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Millville II, L.L.C.	NJ	20-2221380	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Monroe III, L.L.C.	NJ	20-0876393	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Monroe IV, L.L.C.	NJ	20-2364423	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Montvale, L.L.C.	NJ	20-1584680	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mosaic, LLC	CA	55-0820915	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Mt. Olive Township, L.L.C.	NJ	22-3813043	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at North Bergen II, L.L.C.	NJ	34-1997435	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Bergen, L.L.C.	NJ	22-2935352	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Brunswick VI, L.L.C.	NJ	22-3627814	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Caldwell II, L.L.C.	NJ	20-1185057	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Caldwell, L.L.C.	NJ	20-0412508	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Haledon, L.L.C.	NJ	22-3770598	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at North Wildwood, L.L.C.	NJ	5-3769684	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Northampton. L.L.C.	PA	22-3785527	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Northfield, L.L.C.	NJ	22-3665826	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Old Bridge, L.L.C.	NJ	55-0787042	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Olde Orchard, LLC	CA	51-0453906	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Pacific Bluffs, L.L.C.	CA	33-0890774	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Paramus, L.L.C.	NJ	22-3687884	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Park Lane, L.L.C.	CA	33-0896285	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Parsippany-Troy Hills, L.L.C.	NJ	20-2769490	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Pittsgrove, L.L.C.	NJ	20-1562254	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Rancho Santa Margarita, L.L.C.	CA	33-0890773	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Randolph I, L.L.C.	NJ	01-0712196	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Rapho, L.L.C.	PA	20-2293515	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Readington II, L.L.C.	NJ	22-3085521	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Red Bank, L.L.C.	NJ	20-2489028	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Riverbend II, L.L.C.	CA	65-1161801	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Riverbend, L.L.C.	CA	33-0890777	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Roderuck. L.L.C.	MD	22-3756336	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Rowland Heights, L.L.C.	CA	22-2147833	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Sayreville, L.L.C.	NJ	22-3815459	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Scotch Plains, L.L.C.	NJ	20-1149329	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Shelf Company, L.L.C.	CA	20-1906844	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Smithville III, L.L.C.	NJ	22-2776387	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Somers Point, LLC	NJ	16-1639761	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at South Brunswick, L.L.C.	NJ	01-0618098	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Springco, L.L.C.	NJ	Applied for	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Springfield, L.L.C.	NJ	20-2892866	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Sunsets, L.L.C.	CA	33-0890768	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Teaneck, L.L.C.	NJ	20-1584240	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at the Crosby, L.L.C.	CA	20-0936364	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800



K. Hovnanian at the Gables, L.L.C.	CA	33-0890769	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at The Preserve, L.L.C.	CA	20-1337079	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Thompson Ranch, L.L.C.	CA	20-1599518	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Trail Ridge, L.L.C.	CA	33-0990615	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Union Township II, L.L.C.	NJ	Applied for	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Freehold Township II, L.L.C.	NJ	22-3655975	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Freehold Township III, L.L.C.	NJ	22-3666680	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Uwchlan II, L.L.C.	PA	31-1820731	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Upper Uwchlan, L.L.C.	PA	59-3763798	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Wanaque, L.L.C.	NJ	22-3626037	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Warren Township, L.L.C.	NJ	20-2594932	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Washington, L.L.C.	NJ	22-3743403	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wayne IX, L.L.C.	NJ	22-3828775	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Wayne VIII, L.L.C.	NJ	22-3618348	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at West Bradford, L.L.C.	PA	20-2560211	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at West Milford, L.L.C.	NJ	22-3740951	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at West Windsor, L.L.C.	NJ	22-3618242	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Willow Brook, L.L.C.	MD	22-3709105	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian at Winchester, L.L.C.	CA	52-2147836	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Woodhill Estates, L.L.C.	NJ	01-0550781	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Woolwich I, L.L.C.	NJ	22-3828777	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Yonkers I, L.L.C.	NY	20-1399287	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Yonkers II, L.L.C.	NY	20-1399310	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian at Yonkers III, L.L.C.	NY	20-1399330	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Cambridge Homes, L.L.C.	FL	20-2387077	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Central Acquisitions, L.L.C.	DE	22-3556343	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Companies of Metro D.C. North, L.L.C.	MD	22-3683159	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Companies, LLC	CA	59-3762298	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Eastern Pennsylvania, L.L.C.	PA	04-3630089	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Four Seasons at Historic Virginia, L.L.C.	VA	22-3647925	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Four Seasons at Gold Hill, L.L.C.	SC	31-1820161	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Great Western Building Company, L.L.C.	AZ	31-1825443	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Great Western Homes, L.L.C.	AZ	31-1825441	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Holdings NJ, L.L.C.	NJ	02-0651173	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Cameron Station, L.L.C.	VA	20-1169628	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Camp Springs, L.L.C.	MD	20-0812020	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Homes at Fairwood, L.L.C.	MD	47-0880125	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Forest Run, L.L.C.	MD	20-0812109	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Laurel Highlands, L.L.C.	VA	20-1034880	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Maxwell Place, L.L.C.	MD	37-1493190	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Renaissance Plaza, L.L.C.	MD	20-0364144	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Russett, L.L.C.	MD	20-1526150	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of D.C., L.L.C.	DC	20-2377153	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of Delaware, L.L.C.	DE	20-1528482	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of Maryland, L.L.C.	MD	01-0737098	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Homes of Minnesota, L.L.C.	MN	20-1200484	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of Pennsylvania, L.L.C.	PA	20-0310776	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of South Carolina, L.L.C.	SC	20-1906844	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes of West Virginia, L.L.C.	WV	20-2828654	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Investments, L.L.C.	NJ	20-0412455	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian North Central Acquisitions, L.L.C.	DE	22-3554986	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian North Jersey Acquisitions, L.L.C.	DE	22-3556344	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Northeast Services, L.L.C.	NJ	16-1639452	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Ohio Realty, L.L.C.	OH	32-0069376	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian Pennsylvania Acquisitions, L.L.C.	PA	54-2064618	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Shore Acquisitions, L.L.C.	DE	22-3556342	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian South Jersey Acquisitions, L.L.C.	DE	22-3556341	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Southern New Jersey, L.L.C.	NJ	01-0648280	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Summit Holdings, L.L.C.	VA	31-1818027	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Summit Homes of Michigan, L.L.C.	MI	31-1826351	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Summit Homes of Pennsylvania, L.L.C.	PA	20-0310776	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Summit Homes of West Virginia, L.L.C.	WV	31-1826832	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Summit Homes, L.L.C.	OH	32-0069379	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

K. Hovnanian T & C Investment, L.L.C.	NJ	20-2364394	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian T & C Management Co., L.L.C.	CA	20-2393546	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Windward Homes, L.L.C.	FL	20-0301995	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Ashburn Village, L.L.C.	VA	20-0385213	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Bakersfield, L.L.C.	CA	20-1454116	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Dulles Discovery Condominium, L.L.C.	VA	20-1442155	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Dulles Discovery, L.L.C.	VA	20-1169675	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Hemet, L.L.C.	CA	47-0884181	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Kent Island, L.L.C.	MD	22-3668315	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800



K. Hovnanian's Four Seasons at Kent Island Condominiums, L.L.C.	MD	20-1727101	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Menifee Valley, L.L.C.	CA	20-1454143	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Palm Springs, L.L.C.	CA	57-1145579	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at St. Margarets Landing, L.L.C.	MD	22-3688864	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons at Vint Hill, L.L.C.	VA	31-1828049	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Four Seasons, L.L.C.	CA	52-2147837	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian's Private Home Portfolio, L.L.C.	NJ	22-3766856	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
KHIP, LLC	NJ	01-0752776	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Kings Court at Montgomery, L.L.C.	NJ	22-3825046	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

M&M at Apple Ridge, L.L.C.	NJ	22-3824654	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Brookhill, L.L.C.	NJ	22-3824652	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Chesterfield, LLC	NJ	56-2290506	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at East Mill, L.L.C.	NJ	80-0036068	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Heritage Woods, L.L.C.	NJ	22-3824650	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Kensington Woods, LLC	NJ	31-1819907	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Morristown, L.L.C.	NJ	22-3834775	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Robert Morris, L.L.C.	NJ	22-0514216	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Sheridan, L.L.C.	NJ	22-3825357	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

M&M at Sparta, L.L.C.	NJ	22-3825057	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Spinnaker Pointe, L.L.C.	NJ	22-3825041	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Spruce Hollow, L.L.C.	NJ	22-3825064	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Spruce Meadows, L.L.C.	NJ	22-3825036	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Spruce Run, L.L.C.	NJ	22-3825037	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Tamarack Hollow, L.L.C.	NJ	20-2033836	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at The Highlands, L.L.C.	NJ	22-3824649	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at West Orange, L.L.C.	NJ	55-0820919	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M at Wheatena Urban Renewal, L.L.C.	NJ	20-1516521	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

Matzel & Mumford at Cranbury Knoll, L.L.C.	NJ	22-3569945	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Egg Harbor, L.L.C.	NJ	20-1706817	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Freehold, L.L.C.	NJ	22-3468991	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Heritage Landing, L.L.C.	NJ	22-3575932	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Montgomery, L.L.C.	NJ	22-3500542	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Phillipsburg, L.L.C.	NJ	22-3619267	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at South Bound Brook Urban Renewal, L.L.C.	NJ	20-0489677	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at South Brunswick, L.L.C.	NJ	22-3445834	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Matzel & Mumford at Woodland Crest, L.L.C.	NJ	22-3575934	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

Midwest Building Products & Contractor Services, L.L.C	OH	Applied for	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
MMIP, L.L.C.	NJ	02-0651174	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
North Manatee, L.L.C.	FL	20-2751668	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Paddocks, L.L.C.	MD	20-0027663	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Pine Ayr, L.L.C.	MD	20-2229495	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Ridgemore Utility, L.L.C.	MD	31-1820672	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian Homes at Maxwell Place, L.L.C.	MD	37-1493190	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
The Landings at Spinnaker Pointe, L.L.C.	NJ	22-3825040	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Washington Homes at Columbia Town Center, LLC	MD	22-3757772	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

Westminster Homes of Alabama, L.L.C.	MD	63-1222540	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Westminster Homes of Mississippi, L.L.C.	MD	64-0907820	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Woodland Lakes Condos at Bowie Newtown, L.L.C.	MD	06-1643401	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
Goodman Family of Builders, L.P.	TX	75-2653675	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian of Houston II, L.P.	TX	01-0750780	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
K. Hovnanian of Houston, L.P.	TX	01-0750780	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800
M&M Investments, L.P.	NJ	22-3685183	10 Highway 35 P.O. Box 500 Red Bank, New Jersey 07701 732-747-7800

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

**Subject to completion, dated June 10, 2005**

**PROSPECTUS**



**\$500,000,000**

**Hovnanian Enterprises, Inc.**

**Preferred Stock  
Class A Common Stock  
Depositary Shares  
Warrants to Purchase Preferred Stock  
Warrants to Purchase Class A Common Stock  
Warrants to Purchase Depositary Shares  
Debt Securities  
Warrants to Purchase Debt Securities  
Stock Purchase Contracts  
Stock Purchase Units**

**K. Hovnanian Enterprises, Inc.**

**Guaranteed Debt Securities  
Guaranteed Warrants to Purchase Debt Securities**

**Selling Shareholders**

**15,286,624 Shares  
Hovnanian Enterprises, Inc.  
Class A Common Stock**

We, Hovnanian Enterprises, Inc., may offer and sell from time to time, in one or more series:

- our Preferred Stock,
- our Class A Common Stock,
- our Depositary Shares,
- our unsecured debt securities consisting of notes, debentures or other evidences of indebtedness which may be our senior debt securities, senior subordinated debt securities or subordinated debt securities,
- warrants to purchase our Preferred Stock, our Class A Common Stock, our Depositary Shares or our debt securities,
- our Stock Purchase Contracts, and
- our Stock Purchase Units,

or any combination of the these securities.

Our wholly-owned subsidiary, K. Hovnanian Enterprises, Inc., may offer and sell from time to time, in one or more series:

- its unsecured senior debt securities, senior subordinated debt securities or subordinated debt securities, which in each case will be fully and unconditionally guaranteed by us, and
- warrants to purchase K. Hovnanian debt securities, which will be fully and unconditionally guaranteed by us,

or any combination of these securities.

Our debt securities or warrants or the debt securities or warrants issued by K. Hovnanian Enterprises may be guaranteed by substantially all of our wholly-owned subsidiaries.

Certain of our shareholders may offer and sell from time to time an aggregate of 15,286,624 shares of Class A Common Stock.

The Preferred Stock, Class A Common Stock, other than any sold by any selling shareholders, Depositary Shares, stock purchase contracts, stock purchase units, debt securities and warrants of Hovnanian or K. Hovnanian, as applicable, may be offered at an aggregate initial offering price not to exceed \$500,000,000 at prices and on terms to be determined at or prior to the time of sale.

We will provide more specific information about the terms of an offering of any of these securities in supplements to this prospectus. The securities may be sold directly by us, K. Hovnanian or selling shareholders to investors, through agents designated from time to time or to or through underwriters or dealers. If any agents of Hovnanian, K. Hovnanian or selling shareholders or any underwriters are involved in the sale of any securities, the names of such agents or underwriters and any applicable commissions or discounts will be described in a supplement to this prospectus.

This investment involves risk. See "Risk Factors" beginning on page 6.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor have those organizations determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.





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### **FORWARD-LOOKING STATEMENTS**

This prospectus includes "forward-looking statements" including, in particular, the statements about our plans, strategies and prospects. 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. 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. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic and business conditions, (2) weather conditions, (3) changes in market conditions, (4) changes in home prices and sales activities in the markets where we build homes, (5) government regulation, including regulations concerning development of land, the homebuilding process and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in and price fluctuations of raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) geopolitical risks, terrorist acts and other acts of war and (13) other factors described in detail in Hovnanian's Form 10-K for the year ended October 31, 2004. All forward-looking statements attributable to the Company or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements and risk factors contained throughout this prospectus.

### **AVAILABLE INFORMATION**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). We have also filed a registration statement on Form S-3 with the Commission. This prospectus, which forms part of the registration statement, does not have all the information contained in the registration statement. You may read, free of charge, and copy, at the prescribed rates, any reports, proxy statements and other information, including the registration statement, at the Commission's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The Commission also maintains a website that contains reports, proxy statements and other information, including the registration statement. The website address is: <http://www.sec.gov>. Hovnanian's Class A Common Stock is listed on the New York Stock Exchange, and reports, proxy statements and other information also can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus is part of a registration statement filed with the Commission. The Commission allows us to "incorporate by reference" selected documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information in the documents incorporated by reference is considered to be part of this prospectus, and information in documents that we file later with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below filed under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act.

Hovnanian has filed the following documents with the Commission and these documents are incorporated herein by reference:

- *Annual Report on Form 10-K for the fiscal year ended October 31, 2004, Registration File No. 1-8551 (including information specifically incorporated by reference into the Annual Report on Form 10-K from Hovnanian's definitive proxy statement filed on February 7, 2004, Registration File No. 1-8551);*
- *Quarterly Report on Form 10-Q, as amended, for the quarter ended January 31, 2005, and Quarterly Report on Form 10-Q for the quarter ended April 30, 2005, Registration File Nos. 1-8551;*
- *Current Report on Form 8-K filed on January 19, 2005, Registration File No. 1-8551; and*
- *The description of the Company's Class A Common Stock, which is contained in the Registration Statement on Form 8-A filed on November 24, 1992, Registration File No. 1-8551.*

All documents filed by Hovnanian pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this prospectus and prior to the termination of the offerings made by this prospectus are to be incorporated herein by reference. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Hovnanian will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus is delivered, upon the written or oral request of such person, a copy of any or all of the information incorporated by reference in this prospectus, other than exhibits to such information (unless such exhibits are specifically incorporated by reference into the information that this prospectus incorporates). Requests for such copies should be directed to Paul W. Buchanan, Senior Vice President--Corporate Controller, Hovnanian Enterprises, Inc., 10 Highway 35, P.O. Box 500, Red Bank, New Jersey 07701 (telephone: (732) 747-7800).

## THE COMPANY

We design, construct, market and sell single-family detached homes, attached townhomes and condominiums, mid-rise and high-rise condominiums, urban infill and active adult homes in planned residential developments and are one of the nation's largest builders of residential homes. Originally founded in 1959 by Kevork Hovnanian, Hovnanian Enterprises, Inc. was incorporated in New Jersey in 1967 and reincorporated in Delaware in 1983. Since the incorporation of our predecessor company, we have delivered in excess of 185,000 homes, including 14,586 homes in fiscal 2004. The Company consists of two operating groups: homebuilding and financial services. Our financial services group provides mortgage loans and title services to our homebuilding customers.

We are currently offering homes for sale in 308 communities in 33 markets in 17 states throughout the United States. We primarily market and build homes for first-time buyers, first-time and second-time move-up buyers, luxury buyers, active adult buyers and empty nesters. We offer a variety of home styles at base prices ranging from \$46,000 to \$1,350,000 with an average sales price, including options, of \$280,000 in fiscal 2004.

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—In November 2003, we entered the greater Tampa, Florida market through the acquisition of Windward Homes, and in March 2004, we started a new division in the Minneapolis/St. Paul, Minnesota market.

Hovnanian markets and builds homes that are constructed on-site in four regions which include 23 of the nation's top 50 housing markets. These four regions are the Northeast, Southeast, Southwest, and West.

Our geographic breakdown of markets by region is:

Northeast: New Jersey, Southern New York, Pennsylvania, Ohio, Michigan, Illinois and Minnesota

Southeast: Delaware, Maryland, North Carolina, South Carolina, Virginia, Washington D.C., West Virginia and Florida

Southwest: Arizona and Texas

West: California

We employed approximately 3,837 full-time associates as of October 31, 2004.

Our Corporate offices are located at 10 Highway 35, P. O. Box 500, Red Bank, New Jersey 07701, our telephone number is (732)747-7800, and our Internet website address is [www.khov.com](http://www.khov.com). We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports as soon as reasonably practicable after they are filed with the Commission. 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.

### Recent Developments

On March 1, 2005, we announced the purchase of Cambridge Homes, a privately held Orlando homebuilder and provider of related financial services, headquartered in Altamonte Springs, Florida. On March 2, 2005, we announced the acquisition of the operations of Town & Country Homes, a privately held homebuilder and land developer headquartered in Lombard, Illinois, which occurred concurrently with our entering into a joint venture to own and develop Town & Country's existing residential communities. Cambridge Homes operates in Florida and Town & Country operates in Illinois, Minnesota and Florida.

### RISK FACTORS

In addition to the other matters described in this prospectus, you should carefully consider the following risk factors.

**Leverage places burdens on our ability to comply with the terms of our indebtedness, may restrict our ability to operate, may prevent us from fulfilling our obligations and may adversely affect our financial condition.**

We have a significant amount of debt:

- our debt, as of April 30, 2005, including the debt of the guarantors, was \$1,368.5 million (\$1,366.2 million net of discount);
- as of April 30, 2005, we had \$522.4 million of borrowings available under our \$900.0 million revolving credit facility (net of \$272.5 million in letters of credit outstanding under the facility), subject to borrowing conditions, including a borrowing base;
- our debt service payments for the 12-month period ended April 30, 2005, which include interest incurred and mandatory principal payments on our corporate debt under the terms of our indentures (but which do not include principal and interest on non-recourse secured debt and debt of our financial subsidiaries), were \$87.8 million; and
- an increase of 1.0% in short-term interest rates (one-month LIBOR) would have increased our annual debt service at April 30, 2005 by approximately \$0.9 million.

Our amount of debt could have important consequences to you. 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 on our debt and reduce our ability to use our cash flow for other purposes;

- 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; and
- make us more vulnerable in the event of a downturn in our business or in 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 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 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, because borrowings under our revolving credit facilities bear interest at floating rates. A higher interest rate on our debt service obligations could result in lower earnings.

Our business may not generate sufficient cash flow from operations and borrowings may not be available to us under our revolving credit facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity, which we may not be able to do on favorable terms or at all.

The indentures governing the debt securities offered hereby, and our other outstanding debt and our revolving credit facility impose restrictions on our operations and activities. The most significant restrictions relate to debt incurrence, sales of assets and cash distributions by us and require us to comply with certain financial covenants listed in those indentures and our revolving credit facility. If we fail to comply with any of these restrictions or covenants, the trustees or the banks, as appropriate, could cause our debt to become due and payable prior to maturity.

**The terms of our indentures allow us to incur additional indebtedness.**

Under the terms of our indebtedness under our existing indentures, we have the ability, subject to our debt covenants, to incur additional amounts of debt. Additional indebtedness issued under the indentures governing the debt securities offered hereby can be issued in more than one series, and some series may have characteristics that provide that series with rights that are superior to those of our outstanding debt securities or to those that may be issued under the indentures governing the securities offered hereby. Additionally, the incurrence of additional indebtedness could magnify the risks described above.

**The homebuilding industry is significantly affected by changes in general and local economic conditions, real estate markets and weather conditions, 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 and could result in cancellation of sales contracts.**

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:

- employment levels and job growth;
- availability of financing for home buyers;
- interest rates;
- consumer confidence; and
- housing demand.

An oversupply of alternatives to new homes, such as rental properties and used homes, could depress prices and reduce margins for the sale of new homes. We have substantially increased our

inventory in 2003, 2004 and 2005, which requires significant cash outlays and could increase our exposure to this risk as the cycle turns.

Weather conditions, such as the recent severe wet weather in California, and natural disasters such as hurricanes, tornadoes, earthquakes, floods and fires can harm the local homebuilding business.

The difficulties described above could cause us to take longer and incur more costs to build our homes. We may not be able to recapture increased costs by raising prices in many cases because we fix our prices up to twelve months in advance of delivery by signing home sales contracts. In addition, some home buyers may cancel or not honor their home sales contracts altogether.

**Our success depends on the availability of suitable undeveloped land and improved lots at acceptable prices.**

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 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 over-bidding on land on lots and restrictive governmental regulation. Should suitable land opportunities become less available, the number of homes we may be able to build and sell would be reduced, which would reduce revenue and profits.

**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 has from time to time experienced raw material and labor 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. In addition, we contract with subcontractors to construct our homes. Therefore, the timing and quality of our construction depends on the availability, skill and cost of our subcontractors. Delays or cost increases caused by shortages and price fluctuations could harm our operating results, the impact of which may be further affected by our ability to raise sales prices.

**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. 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. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market.

**Home prices and sales activities in the California, New Jersey, Texas, North Carolina, Virginia, Maryland, Florida and Illinois markets have a large impact on our profitability because we conduct a significant portion of our business in these markets.**

We conduct a significant portion of our business in the California, New Jersey, Texas, North Carolina, Virginia, Maryland, Florida and Illinois markets. Home prices and sales activities in these markets, including in some of the markets in which we operate, have declined from time to time, particularly as a result of slow economic growth. Furthermore, precarious economic and budget situations at the state government level, such as that presently existing in California, may adversely affect the market for our homes in those affected areas. 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 profits may be reduced.

**Because almost all of our customers require mortgage financing, increases in interest rates or the availability of mortgage financing could 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 our customers finance their acquisitions through lenders providing mortgage financing. Increases in interest rates or decreases in availability of mortgage financing could lower demand for new homes because of the increased monthly mortgage costs 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 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.

In addition, we believe that the availability of FNMA, FHLMC, FHA and VA mortgage financing is an important factor in marketing many of our homes. Any limitations or restrictions on the availability of those types of financing could reduce our sales.

**Homebuilders are subject to a number of federal, local, state and foreign laws and regulations concerning the development of land, the homebuilding process and 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 regulations that affect the development and homebuilding process, including zoning, density and building standards. These regulations often provide broad discretion to the administering governmental authorities. This can delay or increase the cost of development or homebuilding.

We also are subject to a variety of local, state, federal and foreign laws and regulations concerning protection of health and the environment. 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. 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 certain environmentally sensitive regions or areas.

It can be anticipated that increasingly stringent requirements will be imposed on developers and homebuilders in the future. Although we cannot predict the effect of these requirements, 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, 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.

**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.

The competitive conditions in the homebuilding industry could result in:



- difficulty in acquiring suitable land at acceptable prices;
- increased selling incentives;
- lower sales; or
- delays in construction.

Any of these problems could increase costs and/or lower profit margins.

**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 will be required to seek additional capital, whether from sales of equity or borrowing more money, for the future growth and development of our business. The terms or availability of additional capital is uncertain. Moreover, the indentures governing the debt securities offered hereby and the indentures for our outstanding debt contain provisions that may restrict the debt we may incur in the future. If we are not successful in obtaining sufficient capital, it could reduce our sales and may hinder our future growth and results of operations.

**Our future growth may include additional acquisitions that may not be successfully integrated and may not achieve expected benefits.**

Acquisitions have contributed to our growth and are a component of our growth strategy. In March 2005, we announced the Cambridge Homes and Town & Country Homes acquisitions. Consistent with this strategy, we continue to engage in discussions with and evaluate potential acquisition targets, some of which may be significant, although we currently have no binding definitive agreements for any significant acquisitions. In the future, we may acquire other businesses. As a result of these acquisitions, we may need to seek additional financing and integrate product lines, dispersed operations and distinct corporate cultures. These integration efforts may not succeed or may distract our management from operating our existing business. Additionally, we may not be able to enhance our earnings as a result of acquisitions. Our failure to successfully manage future acquisitions could harm our operating results.

**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/outages and utility rate fluctuations continue. Furthermore, power shortages and outages, such as the blackout that occurred in 2003 in the Northeast, 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, the Northeast or in our other markets.

**Geopolitical risks and market disruption could adversely affect our operating results and financial condition.**

Geopolitical events, such as the aftermath of the war with Iraq and the continuing involvement in Iraq, may have a substantial impact on the economy and the housing market. Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 had an impact on our business and the occurrence of similar events in the future cannot be ruled out. The war and continuing involvement, terrorism and related geopolitical risks have created many economic and political uncertainties, some of which may have additional material adverse effects on the U.S. economy, our customers and, in turn, our results of operations and financial condition.

**An active trading market may not develop for the securities offered hereby.**

The securities offered hereby, other than the Class A Common Stock which is already traded on the New York Stock Exchange, will be a new issue of securities and when offered, there may not be an active public trading market for them. Unless otherwise specified in a prospectus supplement, we do not intend to apply for listing of any of the other securities offered hereby on a securities exchange. The liquidity of the trading market in the securities offered hereby, and the market prices quoted for these securities, may be adversely affected by changes in the overall market for these types of securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a consequence, when issued, an active trading market may not develop for the securities offered hereby, other than the Class A Common Stock, you might not be able to sell your securities, other than the Class A Common Stock, or, even if you can sell your securities, you might not be able to sell them at an acceptable price.

**Federal and state laws allow courts, under specific circumstances, to void guarantees and to require you to return payments received from guarantors.**

The debt securities of Hovnanian and K. Hovnanian offered hereby may be guaranteed by the subsidiaries of Hovnanian. Although you may be direct creditors of any guarantors by virtue of any guarantee, existing or future creditors of any guarantor could avoid or subordinate that guarantor's guarantee under the fraudulent conveyance laws if they were successful in establishing that:

- the guarantee was incurred with fraudulent intent; or
- the guarantor did not receive fair consideration or reasonably equivalent value for issuing its guarantee and
  - was insolvent at the time of the guarantee;
  - was rendered insolvent by reason of the guarantee;
  - was engaged in a business or transaction for which its assets constituted unreasonably small capital to carry on its business; or
  - intended to incur, or believed that it would incur, debt beyond its ability to pay such debt as it matured.

The measures of insolvency for purposes of determining whether a fraudulent conveyance occurred vary depending upon the laws of the relevant jurisdiction and upon the valuation assumptions and methodology applied by the court. Generally, however, a company would be considered insolvent for purposes of the above if:

- the sum of the company's debts, including contingent, unliquidated and unmatured liabilities, is greater than all of that company's property at a fair valuation, or
- if the present fair saleable value of the company's assets is less than the amount that will be required to pay the probable liability on its existing debts as they become absolute and matured.

We cannot assure you as to what standard a court would apply in order to determine whether a guarantor was "insolvent" as of the date its guarantee was issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that any guarantors were insolvent on that date.

**RATIOS OF EARNINGS TO FIXED CHARGES AND  
EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

For purposes of computing the ratios of earnings to fixed charges and the ratios of earnings to combined fixed charges and preferred stock dividends, earnings consist of earnings from continuing operations before income taxes, plus fixed charges, less interest capitalized. Fixed charges consist of all interest incurred plus the amortization of debt issuance costs and bond discount. Combined fixed charges and preferred stock dividends consist of fixed charges and preferred stock dividends.

The following table sets forth the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends for Hovnanian for each of the periods indicated.

	Six Months Ended April 30, 2005	Year Ended October 31,				
		2004	2003	2002	2001	2000
Ratio of earnings to fixed charges	7.3	6.3	6.7	4.7	3.1	2.1
Ratio of earnings to combined fixed charges and preferred stock dividends	7.3	6.3	6.7	4.7	3.1	2.1

**USE OF PROCEEDS**

Unless otherwise provided in the applicable prospectus supplement, the net proceeds from the sale of the securities offered by this prospectus and each prospectus supplement, the "offered securities", will be used for general corporate purposes, which may include working capital needs, the refinancing of existing indebtedness, expansion of the business and acquisitions. If any of the net proceeds from the offered securities will be used for acquisitions, we will identify the acquisition in the applicable prospectus supplement. Hovnanian will not receive any net proceeds from the sale of any shares of Class A Common Stock offered by the Selling Shareholders.

**SELLING SHAREHOLDERS**

Some or all of the shares of Class A Common Stock of Hovnanian being offered pursuant to this prospectus may be offered by selling shareholders. Identification of any selling shareholders will be made in the applicable prospectus supplement. The potential selling shareholders include Kevork S. Hovnanian, Chairman of the Board and Director of Hovnanian and, until July 1997, Chief Executive Officer of Hovnanian, Ara K. Hovnanian, President and Director of Hovnanian and, since July 1997, Chief Executive Officer of Hovnanian, Geaton A. DeCesaris, Jr., until January 2001, Chairman of the Board of Directors, President and Chief Executive Officer of Washington Homes, Inc., a corporation that merged with and into a wholly owned subsidiary of Hovnanian in January 2001, and until July 2003, Director of Hovnanian and Chief Operating Officer and President of Homebuilding Operations of K. Hovnanian, and since July 2003, Director of Hovnanian and President of the Hovnanian Land Investment Group, Geaton A. DeCesaris, Sr., until January 2001 Director and Chairman Emeritus of the Board of Directors of Washington Homes, and Anthony Hugo DeCesaris, until January 2001, Vice President and Maryland Division President for Washington Homes and, since January 2001, Vice President and Maryland Division President of Hovnanian.

The following table sets forth (1) as of June 1, 2005, the Class A Common Stock and Class B Common Stock of Hovnanian beneficially owned by each potential selling shareholder and (2) the number of shares of Class A Common Stock to be offered by each potential selling shareholder and

the amount and percentage of Class A Common Stock and Class B Common Stock to be owned after completion of the offering by such potential selling shareholder.

	Class A Common Stock		Class B Common Stock		Class A Common Stock			Class B Common Stock	
	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class(3)	Amount and Nature of Beneficial Ownership(1)(2)	Percent of Class(3)	Number of Shares to be Offered	Number of Shares Owned After Offering	Percent of Class After Offering	Number of Shares Owned After Offering of Class A Common Stock	Percent of Class After Offering of Class A Common Stock
Kevork S. Hovnanian(4)(6)	7,620,424	16.19%	11,687,674	79.61%	9,163,892(11)	0	0%	10,144,206	69.09%
Ara K. Hovnanian(5)	4,787,200	9.97%	2,106,688	14.35%	5,065,416(12)	0	0%	1,828,472	12.45%
Geaton A. DeCesaris, Jr.(7)(8)(9)	841,248	1.78%	—	—	841,248	0	0%	—	—
Geaton A. DeCesaris, Sr.(10)	60,000	0.13%	—	—	60,000	0	0%	—	—
A. Hugo DeCesaris(7)	156,068	0.33%	—	—	156,068	0	0%	—	—
Total	13,464,940	27.95%	13,794,362	93.96%	15,286,624	0	0%	11,972,678	81.54%

- (1) Beneficial ownership is determined in accordance with the rules of the Commission and generally attributes ownership to persons who have voting or investment power with respect to the relevant securities. Shares of Common Stock subject to options either currently exercisable or exercisable within 60 days are deemed outstanding for computing the percentage of the person holding such options but are not deemed outstanding for computing the percentage of any other person. Except as indicated by these footnotes, and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all Class A Common Stock shown as beneficially owned by them.
- (2) The figures in the table in respect of Class A Common Stock do not include the shares of Class B Common Stock beneficially owned by the specified persons, which shares of Class B Common Stock are convertible at any time on a share for a share basis to Class A Common Stock. The figures in the table represent beneficial ownership (including ownership of options, currently exercisable or exercisable within 60 days) and sole voting power and sole investment power except as noted in notes (4) through (10) below.
- (3) Based upon the number of shares outstanding plus options for such shareholder.
- (4) Includes 190,000 shares of Class A Common Stock and 529,124 shares of Class B Common Stock as to which Kevork S. Hovnanian has shared voting power and shared investment power.
- (5) Includes 2,000,000 shares of Class A Common Stock held in a grantor retained annuity trust for Kevork S. Hovnanian (the "GRAT") for which Ara K. Hovnanian is trustee and has a potential remainder interest, and 320,434 shares of Class A Common Stock and 442,534 shares of Class B Common Stock held in family related accounts as to which Ara K. Hovnanian has shared voting power and shared investment power.
- (6) Includes 5,658,826 shares of Class B Common Stock held by the Kevork S. Hovnanian Family Limited Partnership, a Connecticut limited partnership (the "Limited Partnership"), beneficial ownership of which is disclaimed by Kevork S. Hovnanian. Kevork S. Hovnanian's wife, Sirwart Hovnanian, as trustee of the Sirwart Hovnanian 1994 Marital Trust, is the Managing General Partner of the Limited Partnership and as such has the sole power to vote and dispose of the Shares of Class B Common Stock held by the Limited Partnership. Also includes 529,124 shares of Class B Common Stock held in trust for Mr. Hovnanian's daughter over which Sirwart Hovnanian, as trustee, shares with her daughter the power to dispose of and vote. In addition, includes 190,000 shares of Class A Common Stock held in the name of Sirwart Hovnanian over which she has sole power to dispose of and vote. Mr. Hovnanian disclaims beneficial ownership of the shares described in the preceding two sentences.
- (7) Includes shares held jointly with their respective spouses, in part as follows: Geaton A. DeCesaris, Jr. and Josephine A. DeCesaris 841,248; A. Hugo DeCesaris and Julie P. DeCesaris 156,068.
- (8) Includes 200,000 shares of Class A Common Stock held by the DeCesaris Family LLC #1, beneficial ownership of which is disclaimed by Geaton A. DeCesaris, Jr. except to the extent of his pecuniary interest therein.
- (9) Includes 105,740 shares held by The Geaton and Josephine DeCesaris Family Trust, 21,458 shares held by Five Queens, Inc., a subchapter S corporation owned by Geaton A. DeCesaris, Jr.'s children and of which he is the President and 20,000 shares held by the Geaton A. DeCesaris Charitable Remainder Unitrust of which he is the trustee and beneficiary, beneficial ownership of which is disclaimed by Geaton A. DeCesaris, Jr. except to the extent of his pecuniary interest therein.
- (10) Includes 60,000 shares held by The DeCesaris Family GRAT trust.
- (11) Assumes conversion of 1,543,468 shares of Class B Common Stock. Shares of Class B Common Stock are convertible at any time on a share for share basis to Class A Common Stock.
- (12) Assumes conversion of 278,216 shares of Class B Common Stock. Shares of Class B Common Stock are convertible at any time on a share for share basis to Class A Common Stock.

## DESCRIPTION OF DEBT SECURITIES

The K. Hovnanian debt securities will be unsecured senior, senior subordinated or subordinated debt of K. Hovnanian, will be guaranteed by Hovnanian, may be guaranteed by other subsidiaries of Hovnanian and will be issued:

- in the case of K. Hovnanian Senior Debt Securities, under a Senior Indenture, the "K. Hovnanian Senior Debt Indenture", among K. Hovnanian, Hovnanian and any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement;
- in the case of K. Hovnanian Senior Subordinated Debt Securities, under a Senior Subordinated Indenture, the "K. Hovnanian Senior Subordinated Debt Indenture", among K. Hovnanian, Hovnanian and any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement; and
- in the case of K. Hovnanian Subordinated Debt Securities, under a Subordinated Indenture, the "K. Hovnanian Subordinated Debt Indenture", among K. Hovnanian, Hovnanian and any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement.

The K. Hovnanian Senior Debt Indenture, the K. Hovnanian Senior Subordinated Debt Indenture and the K. Hovnanian Subordinated Debt Indenture are sometimes referred to in this description individually as a "K. Hovnanian Indenture" and collectively as the "K. Hovnanian Indentures".

The Hovnanian debt securities may be issued either separately, or together with, upon conversion of or in exchange for other securities. The Hovnanian debt securities will be unsecured senior, senior subordinated or subordinated debt of Hovnanian, may be guaranteed by subsidiaries of Hovnanian and will be issued:

- in the case of Hovnanian Senior Debt Securities, under a Senior Indenture, the "Hovnanian Senior Debt Indenture", among Hovnanian, any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement;
- in the case of Hovnanian Senior Subordinated Debt Securities, under a Senior Subordinated Indenture, the "Hovnanian Senior Subordinated Debt Indenture", among Hovnanian, any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement; and
- in the case of Hovnanian Subordinated Debt Securities, under a Subordinated Indenture, the "Hovnanian Subordinated Debt Indenture", among Hovnanian, any subsidiaries of Hovnanian, as guarantors, and the trustee specified in the applicable prospectus supplement.

The Hovnanian Senior Debt Indenture, The Hovnanian Senior Subordinated Debt Indenture and the Hovnanian Subordinated Debt Indenture are sometimes referred to in this document individually as a "Hovnanian Indenture" and collectively as the "Hovnanian Indentures".

The K. Hovnanian Senior Indenture and the Hovnanian Senior Indenture are sometimes referred to individually as a "Senior Debt Indenture" and collectively as the "Senior Debt Indentures". The K. Hovnanian Senior Subordinated Debt Indenture and the Hovnanian Senior Subordinated Debt Indenture are sometimes referred to individually as a "Senior Subordinated Debt Indenture" and collectively as the "Senior Subordinated Debt Indentures". The K. Hovnanian Subordinated Debt Indenture and the Hovnanian Subordinated Debt Indenture are sometimes referred to individually as a "Subordinated Debt Indenture" and collectively as the "Subordinated Debt Indentures". The K. Hovnanian Indentures and the Hovnanian Indentures are sometimes referred to individually as an "Indenture" and collectively as the "Indentures".

None of the Indentures limits the amount of debt securities that may be issued thereunder, and the Indentures provide that the debt securities may be issued from time to time in one or more series. The Indentures permit the appointment of a different trustee for each series of debt securities. The Indentures are filed as exhibits to the registration statement, of which this prospectus is a part. The following summaries of selected provisions of the Indentures and the debt securities do not purport to be complete, and, while Hovnanian and K. Hovnanian believe the descriptions of the material provisions of the Indentures and debt securities contained in this prospectus are accurate summaries of those material provisions, these summaries are subject to the detailed provisions of the applicable Indenture to which we refer for a full description of those provisions, including the definition of some terms. Section references in parentheses below are to sections in each Indenture unless otherwise indicated. Wherever particular sections or defined terms of the applicable Indenture are referred to, those sections or defined terms are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by the reference. The Indentures are substantially identical, except for provisions relating to Hovnanian's guarantee and to subordination. For purposes of the summaries set forth below, "issuer" shall refer to K. Hovnanian in the case of the K. Hovnanian Debt Securities and the K. Hovnanian Indentures and to Hovnanian in the case of the Hovnanian Debt Securities and the Hovnanian Indentures. "Obligors" refers to Hovnanian and any subsidiaries of Hovnanian, as guarantors, the "guarantors", in the case of the Hovnanian Debt Securities and the Hovnanian Indentures, and K. Hovnanian and Hovnanian and any subsidiaries of Hovnanian, as guarantors, the "guarantors", in the case of the K. Hovnanian Debt Securities and the K. Hovnanian Indentures.

### **Provisions Applicable to Senior, Senior Subordinated and Subordinated Debt Securities**

*General.* Hovnanian debt securities will be unsecured senior, senior subordinated or subordinated obligations of Hovnanian and K. Hovnanian debt securities will be unsecured senior, senior subordinated or subordinated obligations of K. Hovnanian, except that, under specified circumstances, K. Hovnanian may be released from these obligations. See "Condition for Release of K. Hovnanian". Except as described in the applicable prospectus supplement, none of the Indentures limits the payment of dividends by or the acquisition of stock of Hovnanian or K. Hovnanian. Except to the extent described in any prospectus supplement, the Indentures do not, and the debt securities will not, contain any covenants or other provisions that are intended to afford holders of the debt securities special protection in the event of either a change of control of Hovnanian or a highly leveraged transaction by Hovnanian.

We refer to the prospectus supplement for the following terms of and information relating to the debt securities being offered, the "Offered Debt Securities", to the extent these terms are applicable to Offered Debt Securities:

- the title of the Offered Debt Securities;
- classification as K. Hovnanian Senior Debt Securities, K. Hovnanian Senior Subordinated Debt Securities, K. Hovnanian Subordinated Debt Securities, Hovnanian Senior Debt Securities, Hovnanian Senior Subordinated Debt Securities or Hovnanian Subordinated Debt Securities, aggregate principal amount, purchase price and denomination, and whether the Offered Debt Securities will be guaranteed by the subsidiary guarantors of Hovnanian as described under "Description of Guarantees" below;
- the date or dates on which the Offered Debt Securities will mature;
- the method by which amounts payable in respect of principal, premium, if any, or interest, if any, on or upon the redemption of the Offered Debt Securities may be calculated;

- the interest rate or rates, or the method by which it will be determined, and the date or dates from which the interest, if any, will accrue;
- the date or dates on which the interest, if any, will be payable;
- the place or places where and the manner in which the principal of, premium, if any, and interest, if any, on the Offered Debt Securities will be payable and the place or places where the Offered Debt Securities may be presented for transfer;
- the right, if any, or obligation, if any, of Hovnanian or K. Hovnanian to redeem, repay or purchase the Offered Debt Securities pursuant to any sinking fund or analogous provisions or at the option of a holder thereof, and the period or periods within which, the price or prices or the method by which such price or prices will be determined, or both at which, the form or method of payment therefor if other than in cash and the terms and conditions upon which the Offered Debt Securities will be redeemed, repaid or purchased pursuant to the obligation;
- the terms for conversion or exchange, if any, of the Offered Debt Securities;
- any provision relating to the issuance of the Offered Debt Securities at an original issue discount;
- if the amounts of payments of principal of, premium, if any, and interest, if any, on the Offered Debt Securities are to be determined with reference to an index, the manner in which those amounts will be determined;
- any applicable United States federal income tax consequences;
- the currency or currencies for which the Offered Debt Securities may be purchased and the currency or currencies in which principal, premium, if any, and interest, if any, may be payable;
- the trustee with respect to the series of Offered Debt Securities; and
- any other specific terms of the Offered Debt Securities, including any deleted, modified or additional Events of Default or remedies or additional covenants provided with respect to the Offered Debt Securities, and any terms that may be required by or advisable under applicable laws or regulations.

Unless otherwise specified in any prospectus supplement, the debt securities will be issuable in registered form and in denominations of \$1,000 and any integral multiple thereof, see Section 2.7. No service charge will be made for any transfer or exchange of any debt securities but the issuer may require payment of a sum sufficient to cover any tax or other governmental charge, payable in connection therewith, see Section 2.8.

Debt securities may bear interest at a fixed rate or a floating rate. Debt securities bearing no interest or interest at a rate that at the time of issuance is below the prevailing market rate may be sold at a discount below their stated principal amount. Special United States federal income tax considerations applicable to discounted debt securities or to some debt securities issued at par that are treated as having been issued at a discount for United States federal income tax purposes will be described in the applicable prospectus supplement.

In determining whether the holders of the requisite aggregate principal amount of outstanding debt securities of any series have given any request, demand, authorization, direction, notice, consent or waiver under the Indentures, the principal amount of any series of debt securities originally issued at a discount from their stated principal amount that will be deemed to be outstanding for such purposes will be the amount of the principal thereof that would be due and payable as of the date of the determination upon a declaration of acceleration of the maturity thereof.

*Description of Guarantees.* Hovnanian will fully and unconditionally guarantee, pursuant to the K. Hovnanian Indentures, the due and prompt payment of the principal of and premium, if any, and interest on the K. Hovnanian Debt Securities when and as the same shall become due and payable, whether at the stated maturity, by declaration of acceleration, call for redemption or otherwise. Debt securities of Hovnanian may be guaranteed by, and debt securities of K. Hovnanian may be further guaranteed by, the subsidiaries of Hovnanian, the "subsidiary guarantees", that also guaranty Hovnanian's revolving credit agreement at the time of issuance of the debt securities, the "subsidiary guarantors". Under the terms of Hovnanian's amended and restated revolving credit agreement, dated June 18, 2004, the subsidiary guarantors consist of all of Hovnanian's significant subsidiaries other than Hovnanian's mortgage lending and title subsidiaries and joint ventures. If debt securities are guaranteed by subsidiary guarantors, that guarantee will be set forth in a supplemental indenture.

Payments with respect to the guarantee by Hovnanian of the K. Hovnanian Senior Subordinated Debt Securities and K. Hovnanian Subordinated Debt Securities will be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of Hovnanian to the same extent and manner that payments with respect to the K. Hovnanian Senior Subordinated Debt Securities and K. Hovnanian Subordinated Debt Securities are subordinated in right of payment to the prior payment in full of all Senior Indebtedness of K. Hovnanian as described under "Provisions Applicable Solely to Senior Subordinated Debt Securities and Subordinated Debt Securities" below. Likewise, payments with respect to subsidiary guarantees of Senior Subordinated Debt Securities and Subordinated Debt Securities will be subordinated in right of payment to the prior payment in full of all Senior Indebtedness of each such subsidiary guarantor to the same extent and manner that payments with respect to the Senior Subordinated Debt Securities and Subordinated Debt Securities are subordinated in right of payment to the prior payment in full of all Senior Indebtedness of the issuer of such debt securities as described under "Provisions Applicable Solely to Senior Subordinated Debt Securities and Subordinated Debt Securities" below.

*Global Securities.* The debt securities of a series may be issued in whole or in part in the form of one or more global securities, the "global securities", that will be deposited with or on behalf of a depository, "the depository", identified in the prospectus supplement relating to such series. Global securities may be issued only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global security:

- may not be transferred except as a whole; and
- may only be transferred
  - by the depository for the global security to its nominee,
  - by a nominee of the depository to the depository or another nominee of the depository; or
  - by the depository or any nominee to a successor depository or nominee of the successor depository, see Section 2.8.

The specific terms of the depository arrangement with respect to a series of debt securities will be described in the prospectus supplement relating to such series. Hovnanian and K. Hovnanian anticipate that the following provisions generally will apply to all depository arrangements.

Upon the issuance of a global security, the depository for that global security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the individual debt securities represented by that global security to the accounts of persons that have accounts with such depository. Those accounts will be designated by the dealers, underwriters or agents with respect to those debt securities or by the issuer if the debt securities are offered and sold directly by the issuer. Ownership of beneficial interests in a global security will be limited to persons that have



accounts with the applicable depository, participants, or persons that may hold interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable depository or its nominee, with respect to interests of participants, and the records of participants, with respect to interests of persons other than participants. The laws of some states require that certain purchasers of securities take physical delivery of these securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security.

As long as the depository for a global security or its nominee is the registered owner of the global security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the debt securities of the series represented by that global security for all purposes under the Indenture governing those debt securities. Except as provided below, owners of beneficial interests in a global security will not be entitled to have any of the individual debt securities of the series represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of any of those debt securities in definitive form and will not be considered the owners or holders thereof under the Indenture governing those debt securities.

Payment of principal of, premium, if any, and interest, if any, on individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global security representing the debt securities. Hovnanian and K. Hovnanian expect that the depository for a series of debt securities or its nominee, upon receipt of any payment of principal, premium, if any, and interest, if any, in respect of a global security representing any of those debt securities, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security for those securities as shown on the records of such depository or its nominee. Hovnanian and K. Hovnanian also expect that payments by participants to owners of beneficial interests in the global security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name." These payments will be the responsibility of the participants. Neither Hovnanian, K. Hovnanian, the trustee for such debt securities, any paying agent nor the registrar for the debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security for the debt securities or for maintaining, supervising or reviewing any records relating to beneficial ownership interests.

If the depository for a series of debt securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the issuer within 90 days, the issuer will issue individual debt securities of the applicable series in exchange for the global security representing the applicable series of debt securities. In addition, an issuer may at any time and in its sole discretion, subject to any limitations described in the prospectus supplement relating to such debt securities, determine not to have any debt securities of a series represented by a global security and, in such event, will issue individual debt securities of the applicable series in exchange for the global security representing the applicable series of debt securities. Further, if an issuer so specifies with respect to the debt securities of a series, an owner of a beneficial interest in a global security representing debt securities of that series may, on terms acceptable to the issuer, the trustee and the depository for the global security, receive individual debt securities of the applicable series in exchange for beneficial interests, subject to any limitations described in the prospectus supplement relating to the debt securities. In this instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities of the series represented by the applicable global security equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Individual debt securities of the series so issued will be issued in registered form and in

denominations, unless otherwise specified in the applicable prospectus supplement relating to that series of debt securities, of \$1,000 and integral multiples thereof.

*Events of Default.* Unless otherwise specified in the applicable prospectus supplement, an Event of Default is defined under each Indenture with respect to the debt securities of any series issued under the applicable Indenture as being:

- default in the payment of principal or premium, if any, with respect to debt securities of the applicable series when due;
- default in the payment of any installment of interest on any of the debt securities of that series when due, continued for 30 days;
- default in the payment or satisfaction of any sinking fund or other purchase obligation with respect to debt securities of that series when due;
- default in the performance of any other covenant of any of the obligors' applicable to debt securities of that series, continued for 90 days after written notice to the obligors by the trustee or to the obligors and the trustee, by the holders of at least 25% in aggregate principal amount of the debt securities of that series then outstanding requiring the same to be remedied; and
- specified events of bankruptcy, insolvency or reorganization of the issuer, see Section 5.1.

If any Event of Default shall occur and be continuing, the trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of that series then outstanding, by notice in writing to Hovnanian or K. Hovnanian, as applicable, and to the trustee, if given by the holders, may declare the principal, or, in the case of any series of debt securities originally issued at a discount from their stated principal amount, the portion of the principal amount as may be specified in the terms of that series, of all of the debt securities of that series and the interest, if any, accrued thereon to be due and payable immediately. The declaration described in the preceding sentence may be rescinded by notice in writing to Hovnanian or K. Hovnanian, as applicable, and the trustee by holders of a majority in aggregate principal amount of the debt securities of the series then outstanding. This rescission will rescind and annul any declaration made pursuant to the first sentence of this paragraph and its consequences if all defaults under such Indenture are cured or waived, see Section 5.1.

Each Indenture provides that no holder of any series of debt securities then outstanding may institute any suit, action or proceeding with respect to, or otherwise attempt to enforce, that Indenture, unless

- the holder previously gave the trustee written notice of default and of the continuance thereof;
- the holders of not less than 25% in aggregate principal amount of the applicable series of debt securities then outstanding made written request to the trustee to institute the suit, action or proceeding and offered to the trustee reasonable indemnity as it may require with respect thereto; and
- the trustee, for 60 days after its receipt of the notice, request and offer of indemnity, neglected or refused to institute any action, suit or proceeding;

Subject to the subordination provisions applicable to the Senior Subordinated Debt Securities and the Subordinated Debt Securities, the right, described in the above bullet points, of any holder of any debt security to receive payment of the principal of, premium, if any, or interest, if any, on that debt security, on or after the respective due dates, or to institute suit for the enforcement of any payment shall not be impaired or affected without the consent of the holder, see Section 5.4.

The holders of a majority in aggregate principal amount of the debt securities of the series then outstanding may direct the time, method and place of conducting any proceeding for any remedy

available to the trustee or exercising any trust or power conferred on the trustee with respect to the debt securities of that series, provided that the trustee may decline to follow that direction if the trustee determines that the action or proceeding is unlawful or would involve the trustee in personal liability, see Section 5.7.

Hovnanian and/or K. Hovnanian, as applicable, are required to furnish annually to the trustee a certificate as to compliance by Hovnanian and/or K. Hovnanian, as applicable, with all conditions and covenants under each Indenture, see Section 4.3.

*Discharge and Defeasance.* Unless otherwise specified in the applicable prospectus supplement, Hovnanian and/or K. Hovnanian, as applicable, can discharge or defease their respective obligations with respect to any series of debt securities as described below, see Article Ten.

Hovnanian or K. Hovnanian, as applicable, may discharge all of its obligations, except those described below, to holders of any series of debt securities issued under any Indenture that have not already been delivered to the trustee for cancellation and that have either become due and payable, or are by their terms due and payable within one year or scheduled for redemption within one year, by irrevocably depositing with the trustee cash or U.S. Government Obligations, as defined in the Indenture, or a combination thereof, as trust funds in an amount certified to be sufficient to pay when due the principal of, premium, if any, and interest, if any, on all outstanding debt securities of that series and to make any mandatory sinking fund payments, if any, thereon when due.

Unless otherwise provided in the applicable prospectus supplement, Hovnanian or K. Hovnanian, as applicable, may also elect at any time to defease and be discharged from all of its obligations, except those described below, to holders of any series of debt securities issued under each Indenture, "defeasance", or be released from all of their obligations with respect to specified covenants applicable to any series of debt securities issued under each Indenture, "covenant defeasance", if, among other things:

- Hovnanian or K. Hovnanian, as applicable, irrevocably deposit with the trustee cash or U.S. Government Obligations, or a combination thereof, as trust funds in an amount certified to be sufficient to pay when due the principal of, premium, if any, and interest, if any, on all outstanding debt securities of the applicable series and to make any mandatory sinking fund payments, if any, thereon when due and those funds have been so deposited for 91 days;
- the deposit will not result in a breach or violation of, or cause a default under, any agreement or instrument to which either Hovnanian or K. Hovnanian, as applicable, is a party or by which it is bound; and
- Hovnanian or K. Hovnanian, as applicable, deliver to the trustee an opinion of counsel to the effect that the holders of the applicable series of debt securities will not recognize income, gain or loss for United States federal income tax purposes as a result of the defeasance or covenant defeasance and that defeasance or covenant defeasance will not otherwise alter the United States federal income tax treatment of the holders' principal of and interest payments, if any, on that series of debt securities.

In the case of defeasance, the opinion must be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law occurring after the date of the Indenture relating to the debt securities of such series, because this result would not occur under current tax law, see Section 10.1.

Notwithstanding the foregoing, no discharge, defeasance or covenant defeasance described above will affect the following obligations to, or rights of, the holders of any series of debt securities:

- rights of registration of transfer and exchange of debt securities of the applicable series;

- rights of substitution of mutilated, defaced, destroyed, lost or stolen debt securities of the applicable series;
- rights of holders of debt securities of the applicable series to receive payments of principal thereof, premium, if any, and interest, if any, thereon, upon the original due dates therefore, but not upon acceleration, and to receive mandatory sinking fund payments thereon when due, if any;
- rights, obligations, duties and immunities of the trustee;
- rights of holders of debt securities of a series as beneficiaries with respect to property so deposited with the trustee payable to all or any of them; and
- obligations of Hovnanian or K. Hovnanian, as applicable, to maintain an office or agency in respect of debt securities of the series, see Section 10.1.

Hovnanian or K. Hovnanian, as applicable, may exercise the defeasance option with respect to any series of debt securities notwithstanding the prior exercise of the covenant defeasance option with respect to any series of debt securities. If Hovnanian or K. Hovnanian, as applicable, exercise the defeasance option with respect to any series of debt securities, payment of that series of debt securities may not be accelerated because of an Event of Default with respect to that series of debt securities. If Hovnanian or K. Hovnanian, as applicable, exercise the covenant defeasance option with respect to any series of debt securities, payment of that series of debt securities may not be accelerated by reason of an Event of Default with respect to the covenants to which such covenant defeasance is applicable. However, if acceleration were to occur by reason of another Event of Default, the realizable value at the acceleration date of the cash and U.S. Government Obligations in the defeasance trust could be less than the principal of, premium, if any, and interest, if any, and any mandatory sinking fund payments, if any, then due on the series of debt securities, in that the required deposit in the defeasance trust is based upon scheduled cash flow rather than market value, which will vary depending upon interest rates and other factors.

*Modification of the Indenture.* Each Indenture provides that the obligors and the trustee may enter into supplemental indentures without the consent of the holders of the debt securities to:

- evidence the assumption by a successor entity of the obligations of any of the obligors under that Indenture,
- add covenants or new events of default for the protection of the holders of the debt securities,
- cure any ambiguity or defect or correct any inconsistency in the Indenture;
- establish the form and terms of debt securities of any series;
- evidence the acceptance of appointment by a successor trustee;
- in the case of Senior Debt Securities, secure those debt securities;
- designate a bank or trust company other than the trustee specified in the applicable prospectus supplement to act as trustee for a series of debt securities;
- subject to the following paragraph, modify the existing covenants and events of default solely in respect of, or add new covenants and events of default that apply solely to, debt securities not yet issued and outstanding on the date of the supplemental indenture;
- provide for the issuance of debt securities of any series in coupon form and exchangeability of those debt securities for fully registered debt securities;

- modify, eliminate or add to the provisions of the Indenture as necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939 and to add provisions expressly permitted by that Act; and
- modify the provisions to provide for the denomination of debt securities in foreign currencies that will not adversely affect the interests of the holders of the debt securities in any material respect, see Section 8.1.

Each Indenture also contains provisions permitting the obligors and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of debt securities of each series then outstanding and affected, to add any provisions to, or change in any manner or eliminate any of the provisions of, the applicable Indenture or any supplemental indenture or modify in any manner the rights of the holders of the debt securities of that series; provided that the obligors and the trustee may not, without the consent of the holder of each outstanding debt security affected thereby:

- extend the stated final maturity of any debt security, reduce the principal amount thereof, reduce the rate or extend the time of payment of interest, if any, thereon, reduce or alter the method of computation of any amount payable on redemption, repayment or purchase by the issuer, change the coin or currency in which principal, premium, if any, and interest, if any, are payable, reduce the amount of the principal of any original issue discount security payable upon acceleration or provable in bankruptcy, impair or affect the right to institute suit for the enforcement of any payment or repayment thereof or, if applicable, adversely affect any right of prepayment at the option of the holder or make any change adverse to the interests of the holders in the terms and conditions of the guarantee by Hovnanian or the subsidiary guarantees; or
- reduce the stated percentage in aggregate principal amount of debt securities of any series issued under the Indenture, see Section 8.2.

*Consolidation, Merger, Sale or Conveyance.* Except as otherwise provided in the applicable prospectus supplement, the K. Hovnanian Indentures provide that K. Hovnanian or Hovnanian may, and the Hovnanian Indentures provide that Hovnanian may, without the consent of the holders of debt securities, consolidate with, merge into or transfer, exchange or dispose of all of its properties to, any other corporation or partnership organized under the laws of the United States, provided that:

- the successor corporation or partnership assumes all obligations of K. Hovnanian or Hovnanian, as the case may be, by supplemental indenture satisfactory in form to the applicable trustee executed and delivered to that trustee, under the Indentures and the debt securities,
- immediately after giving effect to the consolidation, merger, exchange or other disposition, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, will have occurred and be continuing; and
- certain other conditions are met, see Section 9.1.

*Condition for Release of K. Hovnanian.* Except as otherwise provided in a prospectus supplement, each K. Hovnanian Indenture provides that K. Hovnanian may be released from its obligations under the K. Hovnanian Indenture and the K. Hovnanian debt securities, without the consent of the holders of the K. Hovnanian debt securities of any series, if Hovnanian or any successor to Hovnanian has assumed the obligations of K. Hovnanian under those K. Hovnanian Debt Securities. In the event of the release, a taxable sale or exchange of a debt security for a new debt security will be deemed to occur. As a result, a holder of a debt security may recognize gain or loss on the sale or exchange and may be required to include in income different amounts during the remaining term of the debt security than would have been included absent the release.

*Certain Definitions.* Except as otherwise provided in a prospectus supplement, the definitions listed below are applicable to the discussions of the Indentures, see Article One.

"Consolidated Net Tangible Assets" means the aggregate amount of assets included on the most recent consolidated balance sheet of Hovnanian or K. Hovnanian, as applicable, and its Restricted Subsidiaries, less applicable reserves and other properly deductible items and after deducting therefrom all current liabilities and all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all in accordance with generally accepted accounting principles consistently applied.

"Indebtedness," with respect to any person, means, without duplication:

- the principal of and premium, if any, and interest, if any, on indebtedness for money borrowed of that person, indebtedness of that person evidenced by bonds, notes, debentures or similar obligations, and any guaranty by that person of any indebtedness for money borrowed or indebtedness evidenced by bonds, notes, debentures or similar obligations of any other person, whether the indebtedness or guaranty is outstanding on the date of the Indenture or is thereafter created, assumed or incurred;
- obligations of that person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction;
- the principal of and premium, if any, and interest, if any, on indebtedness incurred, assumed or guaranteed by that person in connection with the acquisition by it or any of its subsidiaries of any other businesses, properties or other assets;
- lease obligations of that person capitalized in accordance with Statement of Financial Accounting Standards No. 13 promulgated by the Financial Accounting Standards Board or other generally accepted accounting principles as may be from time to time in effect;
- any indebtedness of that person representing the balance deferred and unpaid of the purchase price of any property or interest therein, except any balance that constitutes an accrued expense or trade payable and any guaranty, endorsement or other contingent obligation of that person in respect of any indebtedness of another that is outstanding on the date of the Indenture or is thereafter created, assumed or incurred by, that person;
- obligations of that person under interest rate, commodity or currency swaps, caps, collars, options and similar arrangements; and
- any amendments, modifications, refundings, renewals or extensions of any indebtedness or obligation described as Indebtedness in the above bullet points.

"Restricted Subsidiary" means any Subsidiary of Hovnanian or K. Hovnanian, as applicable, other than an Unrestricted Subsidiary, and any Subsidiary of Hovnanian or K. Hovnanian, as applicable, that was an Unrestricted Subsidiary but which, subsequent to the date of the Indentures, is designated by the board of directors of Hovnanian or K. Hovnanian, as applicable, to be a Restricted Subsidiary; provided, however, that Hovnanian or K. Hovnanian, as applicable, may not designate any Subsidiary to be a Restricted Subsidiary if Hovnanian would thereby breach any covenant or agreement contained in the Indentures, on the assumptions that any outstanding Indebtedness of the Subsidiary was incurred at the time of the designation.

"Subsidiary" of any specified Person means any corporation of which that Person, or that Person and one or more Subsidiaries of that Person, or any one or more Subsidiaries of that Person, directly or indirectly own voting securities entitling any one or more of that Person and its Subsidiaries to elect a majority of the directors, either at all times, or, so long as there is no default or contingency which

permits the holders of any other class or classes of securities to vote for the election of one or more directors.

"Unrestricted Subsidiary" means:

- any Subsidiary of Hovnanian acquired or organized after the date of the Indentures, provided, however, that this Subsidiary shall not be a successor, directly or indirectly, to any Restricted Subsidiary; and
- any Subsidiary of Hovnanian substantially all the assets of which consist of stock or other securities of a Subsidiary or Subsidiaries of the character described in clause the above bullet point, unless and until that Subsidiary is designated to be a Restricted Subsidiary pursuant to the definition of "Restricted Subsidiary" above.

### **Provisions Applicable Solely to Senior Debt Securities**

*General.* Senior Debt Securities will be issued under a Senior Debt Indenture and will rank pari passu with all other unsecured and unsubordinated debt of the issuer of such Senior Debt Securities. At April 30, 2005, Hovnanian had an aggregate of \$505.1 of Indebtedness outstanding, which would be subordinated to Senior Debt Securities.

*Limitations on Liens.* The Senior Debt Indentures provide that, so long as any Senior Debt Securities are outstanding, Hovnanian will not, and will not permit any Restricted Subsidiary to, pledge, mortgage, hypothecate or grant a security interest in, or permit any mortgage, pledge, security interest or other lien upon, any property or assets owned by Hovnanian or any Restricted Subsidiary to secure any Indebtedness, without making effective provision whereby outstanding Senior Debt Securities will be equally and ratably secured.

Under the terms of the Senior Debt Indentures, the limitation described above does not apply to:

- any mortgage, pledge, security interest, lien or encumbrance upon any property or assets created at the time of the acquisition of such property or assets by Hovnanian or any Restricted Subsidiary or within one year after that time to secure all or a portion of the purchase price for the property or assets;
- any mortgage, pledge, security interest, lien or encumbrance upon any property or assets existing thereon at the time of the acquisition thereof by Hovnanian or any Restricted Subsidiary, whether or not the obligations secured thereby are assumed by Hovnanian or any Restricted Subsidiary;
- any mortgage, pledge, security interest, lien or encumbrance upon any property or assets, whenever acquired, of any corporation or other entity that becomes a Restricted Subsidiary after the date of the Senior Debt Indenture, provided that
  - 1) the instrument creating the mortgage, pledge, security interest, lien or encumbrance was in effect prior to the time the corporation or other entity becomes a Restricted Subsidiary, and
  - 2) the mortgage, pledge, security interest, lien or encumbrance will only apply to properties or assets owned by the corporation or other entity at the time it becomes a Restricted Subsidiary or thereafter acquired by it from sources other than Hovnanian or another Restricted Subsidiary;
- any mortgage, pledge, security interest, lien or encumbrance in favor of Hovnanian or any wholly-owned Subsidiary of Hovnanian;

- any mortgage, pledge, security interest, lien or encumbrance created or assumed by Hovnanian or a Restricted Subsidiary in connection with the issuance of debt securities the interest on which is excludable from gross income of the holder of the security pursuant to the Internal Revenue Code of 1986, as amended, for the purpose of financing, in whole or in part, the acquisition or construction of property or assets to be used by Hovnanian or a Subsidiary;
- any extension, renewal or refunding of any mortgage, pledge, security interest, lien or encumbrance described in the bullet points above on substantially the same property or assets theretofore subject thereto;
- any mortgage, pledge, security interest, lien or encumbrance securing any Indebtedness in an amount which, together with all other Indebtedness secured by a mortgage, pledge, security interest, lien or encumbrance that is not otherwise permitted by the foregoing provisions, does not at the time of the incurrence of the Indebtedness so secured exceed 20% of Consolidated Net Tangible Assets;
- deposits or pledges to secure the payment of workmen's compensation, unemployment insurance or other social security benefits or obligations, or to secure the performance of trade contracts, leases, public or statutory obligations, surety or appeal bonds or other obligations of a like general nature incurred in the ordinary course of business;
- mechanics', materialmen's, warehousemen's, carriers' or other like liens arising in the ordinary course of business securing obligations that are not overdue for a period longer than 30 days or that are being contested in good faith by appropriate proceedings;
- liens for taxes, assessments or other governmental charges not yet payable or being contested in good faith and as to which adequate reserves will have been established in accordance with generally accepted accounting principles;
- non-recourse mortgages on Income Producing Properties securing Indebtedness;
- liens on assets of a Mortgage Subsidiary to secure only a Warehouse Line of Credit provided to that Subsidiary;
- easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business; or
- liens in connection with capital leases or sale leaseback transactions not securing any other indebtedness.

For the purpose of this "Limitations on Liens" provision, "security interest" will include the interest of the lessor under a lease with a term of three years or more that should be, in accordance with generally accepted accounting principles, recorded as a capital lease and any lease of property or assets not acquired from Hovnanian or any Restricted Subsidiary in contemplation of that lease will be treated as though the lessee had purchased the property or assets from the lessor, see Section 3.6 of the Senior Debt Indentures.

**Provisions Applicable Solely to Senior Subordinated Debt Securities and Subordinated Debt Securities**

*Subordination.* The Subordinated Debt Securities will be subordinate and junior in right of payment, to the extent described in the Subordinated Debt Indentures, to all Senior Indebtedness. The Senior Subordinated Debt Securities will be subordinate and junior in right of payment, to the extent described in the Senior Subordinated Debt Indentures, to all Senior Indebtedness of the obligors. The Senior Subordinated Debt Securities will rank senior to all existing and future Indebtedness of the obligors that is neither Senior Indebtedness of the obligors nor Senior Subordinated Indebtedness and only Indebtedness of the obligors that is Senior Indebtedness of the obligors will rank senior to the



"Senior Indebtedness" of the obligors is defined in the Subordinated Debt Indentures and the Senior Subordinated Debt Indentures as Indebtedness of the obligors outstanding at any time, other than the Indebtedness evidenced by the debt securities of any series, except:

- any Indebtedness as to which, by the terms of the instrument creating or evidencing the same, it is provided that the Indebtedness is not senior or prior in right of payment to the debt securities or is pari passu or subordinate by its terms in right of payment to the debt securities;
- renewals, extensions and modifications of any such Indebtedness;
- any Indebtedness of the obligors to a wholly-owned Subsidiary of the obligors;
- interest accruing after the filing of a petition initiating certain events of bankruptcy or insolvency unless that interest is an allowed claim enforceable against the Obligor in a proceeding under federal or state bankruptcy laws; and
- trade payables.

"Senior Subordinated Indebtedness" is defined in the Hovnanian Senior Subordinated Debt Indenture as the Hovnanian Senior Subordinated Debt Securities and any other Indebtedness of Hovnanian that ranks pari passu with the Hovnanian Senior Subordinated Debt Securities. Any Indebtedness of Hovnanian that is subordinate or junior by its terms in right of payment to any other Indebtedness of Hovnanian will be subordinate to Senior Subordinated Indebtedness of Hovnanian unless the instrument creating or evidencing the same or pursuant to which the same is outstanding specifically provides that this Indebtedness is to rank pari passu with other Senior Subordinated Indebtedness of Hovnanian and is not subordinated by its terms to any Indebtedness of Hovnanian that is not Senior Indebtedness of Hovnanian.

"Senior Subordinated Indebtedness" is defined in the K. Hovnanian Senior Subordinated Debt Indenture as the K. Hovnanian Senior Subordinated Debt Securities, the guarantee of Hovnanian and any other Indebtedness of K. Hovnanian or Hovnanian that ranks pari passu with the K. Hovnanian Senior Subordinated Debt Securities. Any Indebtedness of K. Hovnanian or Hovnanian that is subordinate or junior by its terms in right of payment to any other Indebtedness of K. Hovnanian or Hovnanian will be subordinate to Senior Subordinated Indebtedness unless the instrument creating or evidencing the same or pursuant to which the same is outstanding specifically provides that such Indebtedness will rank pari passu with other Senior Subordinated Indebtedness and is not subordinated by its terms to any Indebtedness of K. Hovnanian or Hovnanian, which is not Senior Indebtedness of K. Hovnanian or Senior Indebtedness of Hovnanian.

"Subordinated Indebtedness" of the obligors means the Senior Subordinated Debt Securities, the subsidiary guarantees, any other Senior Subordinated Indebtedness of the obligors and any other Indebtedness that is subordinate or junior in right of payment to Senior Indebtedness of the obligors.

If:

- Hovnanian or K. Hovnanian, as applicable, should default in the payment of any principal of, premium, if any, or interest, if any, on any Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration of acceleration or otherwise, or
- any other default with respect to Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, occurs and the maturity of the Senior Indebtedness has been accelerated in accordance with its terms, then, upon written notice of the default to Hovnanian or K. Hovnanian, as applicable, by the holders of the Senior Indebtedness or any trustee therefor,

unless and until the default is cured or waived or has ceased to exist or the acceleration has been rescinded, no direct or indirect payment, in cash, property or securities, by set-off or otherwise, will be made or agreed to be made for principal of, premium, if any, or interest, if any, on any of the Senior Subordinated Debt Securities or the Subordinated Debt Securities, or in respect of any redemption, retirement, purchase or other acquisition of the Senior Subordinated Debt Securities or the Subordinated Debt Securities other than those made in capital stock of Hovnanian, or cash in lieu of fractional shares thereof, see Sections 13.1 and 13.4 of the Senior Subordinated Debt Indentures and Sections 13.1 and 13.4 of the Subordinated Debt Indentures.

If any default, other than a default described in the bullet points directly above, occurs under the Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, pursuant to which the maturity thereof may be accelerated immediately or the expiration of any applicable grace periods occurs, a "Senior Nonmonetary Default", then, upon the receipt by Hovnanian or K. Hovnanian, as applicable, and the trustee of written notice thereof, a "payment notice", from or on behalf of holders of 25% or more of the aggregate principal amount of Senior Indebtedness specifying an election to prohibit the payment and other action by Hovnanian or K. Hovnanian, as applicable, in accordance with the following provisions of this paragraph Hovnanian or K. Hovnanian, as applicable, may not make any payment or take any other action that would be prohibited by the bullet points directly above during the period, the "payment blockage period" commencing on the date of receipt of the payment notice and ending on the earlier of

- the date, if any, on which the holders of such Senior Indebtedness or their representative notify the trustee that the Senior Nonmonetary Default is cured, waived or ceases to exist or the Senior Indebtedness to which the Senior Nonmonetary Default relates is discharged, or
- the 179th day after the date of receipt of the payment notice.

Notwithstanding the provisions described in the immediately preceding bullet points, Hovnanian or K. Hovnanian, as applicable, may resume payments on the Senior Subordinated Debt Securities and the Subordinated Debt Securities after the payment blockage period.

If

- without the consent of Hovnanian or K. Hovnanian, as applicable, a receiver, conservator, liquidator or trustee of Hovnanian or K. Hovnanian, as applicable, or of any of its property is appointed by the order or decree of any court or agency or supervisory authority having jurisdiction, and the decree or order remains in effect for more than 60 days, Hovnanian or K. Hovnanian, as applicable, is adjudicated bankrupt or insolvent, any of its property is sequestered by court order and that order remains in effect for more than 60 days, or a petition is filed against Hovnanian or K. Hovnanian, as applicable, under any state or federal bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or receivership law of any jurisdiction whether now or hereafter in effect, and is not dismissed within 60 days after such filing;
- Hovnanian or K. Hovnanian, as applicable:
  - commences a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or other relief with respect to itself or its debt or other liabilities under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property;
  - consents to any such relief or to the appointment of or taking possession by any of the above officials in an involuntary case or other proceeding commenced against it;

- fails generally to, or cannot, pay its debts generally as they become due;
  - takes any corporate action to authorize or effect any of the foregoing; or
- any Subsidiary of the obligor takes, suffers or permits to exist any of the events or conditions referred to in any of the above bullet points,

then all Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, including any interest thereon accruing after the commencement of any proceedings, will first be paid in full before any payment or distribution, whether in cash, securities or other property, is made by the obligor to any holder of Senior Subordinated Debt Securities or Subordinated Debt Securities on account of the principal of, premium, if any, or interest, if any, on the Senior Subordinated Debt Securities or Subordinated Debt Securities, as the case may be.

Any payment or distribution, whether in cash, securities or other property, other than securities of Hovnanian or K. Hovnanian, as applicable, or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in the subordination provisions with respect to the indebtedness evidenced by the Senior Subordinated Debt Securities or the Subordinated Debt Securities, to the payment of all Senior Indebtedness of the obligor then outstanding and to any securities issued in respect thereof under a plan of reorganization or readjustment, that would otherwise, but for the subordination provisions, be payable or deliverable in respect of the Senior Subordinated Debt Securities or the Subordinated Debt Securities of any series will be paid or delivered directly to the holders of Senior Indebtedness of the obligor in accordance with the priorities then existing among such holders until all Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, including any interest thereon accruing after the commencement of proceedings, has been paid in full. In the event of any proceeding, after payment in full of all sums owing with respect to Senior Indebtedness of the obligor, the holders of Senior Subordinated Debt Securities, together with the holders of any obligations of the obligor ranking on a parity with the Senior Subordinated Debt Securities, will be entitled to be repaid from the remaining assets of Hovnanian or K. Hovnanian, as applicable, the amounts at that time due and owing on account of unpaid principal of, premium, if any, or interest, if any, on the Senior Subordinated Debt Securities and such other obligations before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or obligations of the obligor ranking junior to the Senior Subordinated Debt Securities, including the Subordinated Debt Securities, and such other obligations, see Section 13.1 of the Senior Subordinated Debt Indentures and Section 13.1 of the Subordinated Debt Indentures.

If any payment or distribution of any character, whether in cash, securities or other property, other than securities of Hovnanian or K. Hovnanian, as applicable, or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in the subordination provisions with respect to the Senior Subordinated Debt Securities or the Subordinated Debt Securities, to the payment of all Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, then outstanding and to any securities issued in respect thereof under the plan of reorganization or readjustment, will be received by the trustee, or any holder of any Senior Subordinated Debt Securities or Subordinated Debt Securities in contravention of any of the terms of the Senior Subordinated Debt Indenture or the Subordinated Debt Indenture, as the case may be, such payment or distribution of securities will be received in trust for the benefit of, and will be paid over or delivered and transferred to, the holders of the Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, then outstanding in accordance with the priorities then existing among the holders for application to the payment of all Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, remaining unpaid to the extent necessary to pay all the Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, in full, see Section 13.1 of the Senior Subordinated Debt Indentures and Section 13.1 of the Subordinated Debt Indentures.

By reason of the subordination, in the event of the insolvency of Hovnanian or K. Hovnanian, as applicable, holders of Senior Indebtedness of Hovnanian or K. Hovnanian, as applicable, may receive more, ratably, than holders of the Senior Subordinated Debt Securities or Subordinated Debt Securities of Hovnanian or K. Hovnanian, as applicable. Subordination will not prevent the occurrence of any Event of Default, as defined in the Indentures, or limit the right of acceleration in respect of the Senior Subordinated Debt Securities or Subordinated Debt Securities.

### **Concerning the Trustee**

Information concerning the trustee for a series of debt securities will be set forth in the prospectus supplement relating to that series of debt securities. Hovnanian, K. Hovnanian and certain of Hovnanian's other subsidiaries may maintain bank accounts, borrow money and have other commercial banking, investment banking and other business relationships with the trustee under an Indenture and its affiliates in the ordinary course of business. The trustee under an Indenture or its affiliates may participate as underwriters, agents or dealers in any offering of K. Hovnanian debt securities and/or Hovnanian debt securities.

## **DESCRIPTION OF CAPITAL STOCK**

The authorized capital stock of Hovnanian is 230,100,000 shares consisting of 200,000,000 shares of Class A Common Stock, par value \$.01 per share, the "Class A Common Stock", 30,000,000 shares of Class B Common Stock, par value \$.01 per share, the "Class B Common Stock", and 100,000 shares of Preferred Stock, par value \$.01 per share, the "Preferred Stock", in the series and with the voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as may be fixed from time to time by the board of directors for each series. The following summary description of certain provisions of Hovnanian's Amended Certificate of Incorporation, the "Certificate of Incorporation", and Restated By-laws does not purport to be complete and is qualified in its entirety by reference to those provisions.

### **Common Stock**

As of June 1, 2005, 47,076,426 shares of Class A Common Stock and 14,681,657 shares of Class B Common Stock were issued and outstanding. The Class A Common Stock is traded on the New York Stock Exchange. 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. Any offering of common stock made hereby will consist only of Class A Common Stock. The outstanding Class A Common Stock is, and any Class A Common Stock offered pursuant to this prospectus and any prospectus supplement when issued and paid for will be, fully paid and non-assessable.

*Dividends.* Dividends on the Class A Common Stock will be paid if, when and as determined by the board of directors of Hovnanian out of funds legally available for this purpose. Some debt instruments to which Hovnanian is a party contain restrictions on the payment of cash dividends. Under the terms of Hovnanian's amended and restated revolving credit facility, dated June 18, 2004, and other outstanding indebtedness, approximately \$426.5 million of retained earnings would have been free of restrictions on the payment of cash dividends at April 30, 2005. 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. Hovnanian has never paid cash dividends nor does it currently intend to pay cash dividends.

*Voting Rights.* Holders of Class A Common Stock are entitled to one vote for each share held by them on all matters presented to shareholders. Holders of Class B Common Stock are entitled to ten votes per share.

*Liquidation Rights.* After satisfaction of the preferential liquidation rights of any Preferred Stock, the holders of the Class A Common Stock and Class B Common Stock are entitled to share ratably as a single class in the distribution of all remaining net assets.

*Preemptive and Other Rights.* The holders of Class A Common Stock do not have preemptive rights as to additional issues of common stock or conversion rights. The shares of Class A 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. The rights, preferences and privileges of holders of Class A 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 in the future.

## **Preferred Stock**

The 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 with the voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as may be fixed from time to time by the board of directors for each series. There are currently no shares of Preferred Stock issued and outstanding. The Preferred Stock may be used by Hovnanian's board of directors without further action by Hovnanian's stockholders as an anti-takeover device.

The applicable prospectus supplement will describe the terms of any preferred stock that may be offered, including the number of shares, dividend rate and dividend period, liquidation value, voting rights, dividend and liquidation preferences, redemption terms, whether depositary shares representing fractional interests will be offered, and any other rights, privileges and limitations thereof.

## **DESCRIPTION OF DEPOSITARY SHARES**

The following briefly summarizes the material provisions of the deposit agreement, the depositary shares and the depositary receipts. You should read the particular terms of any depositary shares and any depositary receipts that are offered by Hovnanian and any deposit agreement relating to a particular series of preferred stock which will be described in more detail in a prospectus supplement or supplements.

The form of deposit agreement, including the form of depositary receipt, is filed as an exhibit to the registration statement of which this prospectus forms a part.

## **General**

Hovnanian may, at its option, elect to offer fractional shares of preferred stock, rather than full shares of preferred stock. In such event, Hovnanian will issue receipts for depositary shares, each of which will represent a fraction of a share of a particular series of preferred stock.

The shares of any series of preferred stock represented by depositary shares will be deposited under a deposit agreement between Hovnanian and a bank or trust company selected by Hovnanian having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000, as preferred stock depositary. Each owner of a depositary share will be entitled to all the rights and preferences of the underlying preferred stock, including dividend, voting, redemption, conversion and liquidation rights, in proportion to the applicable fraction of a share of preferred stock represented by such depositary share.

The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to the registered holder purchasing the fractional shares of preferred stock in accordance with the terms of the applicable prospectus supplement.

Shares of preferred stock represented by depositary shares may be withdrawn from the depositary arrangement upon surrender of depositary receipts at the principal office of the preferred stock depositary 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 preferred stock and any money or property represented by such depositary shares. Only whole shares of preferred stock may be withdrawn; if a holder holds an amount of depositary shares in excess of whole shares of preferred stock, the preferred stock depositary will deliver along with the withdrawn shares of 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 preferred stock will not be entitled to redeposit such shares or to receive depositary shares.

#### **Dividends and Other Distributions**

The preferred stock depositary will distribute all cash dividends or other cash distributions received in respect of the deposited preferred stock to the record holders of depositary shares relating to such preferred stock in proportion to the number of such depositary shares owned by such holders.

The preferred stock depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled thereto. If the preferred stock depositary determines that it is not feasible to make such distribution, it may, with Hovnanian's approval, sell such property and distribute the net proceeds from such sale to such holders.

If Hovnanian offers to the holders of a series of preferred stock represented by the depositary shares any rights, preferences or privileges to subscribe for or to purchase any securities or of any other nature, the preferred stock depositary will make such rights, preferences or privileges available to the record holders of depositary shares either by the issue of warrants representing such rights, preferences or privileges or by such other method as approved by the preferred stock depositary and Hovnanian. If the preferred stock depositary determines that this is not lawful or feasible or if it is instructed by a holder that such holder does not want to exercise such rights, preferences or privileges, it may, with Hovnanian's approval, sell such rights, preferences or privileges and distribute the net proceeds from such sale to the holders of depositary shares entitled thereto.

#### **Redemption of Preferred Stock**

If a series of preferred stock represented by depositary shares is to be redeemed, the depositary shares will be redeemed from the proceeds received by the preferred stock depositary resulting from the redemption, in whole or in part, of such series of preferred stock. The depositary shares will be redeemed by the preferred stock depositary at a price per depositary share equal to the applicable fraction of the redemption price per share payable in respect of the shares of preferred stock so redeemed.

Whenever Hovnanian redeems shares of preferred stock held by the preferred stock depositary, the preferred stock depositary will redeem as of the same date the number of depositary shares representing shares of preferred stock so redeemed. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by the preferred stock depositary by lot or ratably or by such other equitable method as the preferred stock depositary may decide.

#### **Voting Deposited Preferred Stock**

Upon receipt of notice of any meeting at which the holders of any series of deposited preferred stock are entitled to vote, the preferred stock depositary will mail the information contained in such notice of meeting to the record holders of the depositary shares relating to such series of preferred stock. Each record holder of such depositary shares on the record date will be entitled to instruct the

preferred stock depositary to vote the amount of the preferred stock represented by such holder's depositary shares. The preferred stock depositary will endeavor, as practicable, to vote the amount of such series of preferred stock represented by such depositary shares in accordance with such instructions.

Hovnanian will agree to take all actions that the preferred stock depositary may deem necessary to enable the preferred stock depositary to vote as instructed. The preferred stock depositary will abstain from voting shares of any series of preferred stock held by it for which it does not receive specific instructions from the holders of depositary shares representing such shares.

### **Changes Affecting Preferred Stock**

Upon any change in par or stated value, split-up, combination or any other reclassification of the series of preferred stock represented by the depositary shares, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting Hovnanian or to which it is a party, the preferred stock depositary may in its discretion, with the approval and instructions of Hovnanian, and in such manner as the preferred stock depositary may deem equitable, treat any securities which shall be received by the preferred stock depositary in exchange for or upon conversion of or in respect of such preferred stock as new deposited securities received in exchange for or upon conversion or in respect of such preferred stock and make such adjustments in:

- the fraction of an interest represented by one depositary share in one share of such preferred stock; and
- the ratio of the redemption price per depositary share to the redemption price of a share of such preferred stock,

in each case as may be necessary to fully reflect the effects of such change.

With the approval of Hovnanian, the preferred stock depositary may execute and deliver additional depositary receipts, or may call for the surrender of all outstanding depositary receipts to be exchanged for new depositary receipts specifically describing such new deposited securities.

### **Amendment and Termination of the Deposit Agreement**

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between Hovnanian and the preferred stock depositary. However, any amendment that materially and adversely alters any existing right of the holders of depositary shares will not be effective unless such amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. Every holder of an outstanding depositary receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such depositary receipt, to consent and agree to such amendment and to be bound by the deposit agreement, which has been amended thereby. The deposit agreement may be terminated only if

- all outstanding depositary shares have been redeemed; or
- a final distribution in respect of the preferred stock has been made to the holders of depositary shares in connection with any liquidation, dissolution or winding up of Hovnanian.

### **Charges of Preferred Stock Depositary; Taxes and Other Governmental Charges**

Hovnanian will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. Hovnanian also will pay charges of the depositary in connection with the deposit of preferred stock and any redemption of preferred stock. The amount paid as dividends or otherwise distributable by the preferred stock depositary with respect to the depositary shares or the underlying preferred stock will be reduced by any amounts required to be

withheld by Hovnanian or the preferred stock depositary on account of taxes or other governmental charges. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and such other charges, including a fee for the withdrawal of shares of preferred stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts. The preferred stock depositary may refuse to make any payment or distribution, or any transfer, exchange or withdrawal of any depositary shares or shares of preferred stock, until such taxes or other governmental charges are paid.

#### **Transfer, Surrender and Exchange**

Depositary receipts may be transferred, surrendered or exchanged in accordance with the deposit agreement. The preferred stock depositary, its agents or Hovnanian may require a holder, among other things, to furnish appropriate endorsements and transfer documents. The preferred stock depositary is not required to accept deposits of preferred stock or to register transfers, surrenders or exchanges of depositary shares during any period when the register of stockholders of Hovnanian is closed or in order to comply with any requirement of law, government or governmental body, commission or the deposit agreement.

#### **Resignation and Removal of Depositary**

The preferred stock depositary may resign at any time by delivering to Hovnanian notice of its intent to do so, and Hovnanian may at any time remove the preferred stock depositary, any such resignation or removal to take effect upon the appointment of a successor preferred stock depositary and its acceptance of such appointment. Such successor preferred stock depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

#### **Miscellaneous**

The preferred stock depositary will forward all reports and communications from Hovnanian which are delivered to the preferred stock depositary and which Hovnanian is required to furnish to the holders of the deposited preferred stock.

Neither the preferred stock depositary nor Hovnanian will be liable if it or Hovnanian are prevented or delayed by law or any circumstances beyond its or Hovnanian's control in performing its or Hovnanian's obligations under the deposit agreement. Hovnanian's obligations and the obligations of the preferred stock depositary under the deposit agreement will be limited to performance in good faith of Hovnanian's and their duties thereunder, and neither Hovnanian nor they will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares, depositary receipts or shares of preferred stock unless satisfactory indemnity is furnished. Hovnanian and the preferred stock depositary may rely upon written advice of counsel or accountants, or upon information provided by holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine.

#### **Concerning the Preferred Stock Depositary**

Information concerning the preferred stock depositary for a series of preferred stock represented by depositary shares will be set forth in the prospectus supplement relating to that series of preferred stock. Hovnanian and certain of its subsidiaries may maintain bank accounts, borrow money and have other commercial banking, investment banking and other business relationships with the preferred stock depositary and its affiliates in the ordinary course of business. The preferred stock depositary or its affiliates may participate as underwriters, agents or dealers in any offering of depositary shares.



## DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

Hovnanian may issue Stock Purchase Contracts representing contracts obligating holders to purchase from Hovnanian and Hovnanian to sell to the holders a specified number of shares of Class A Common Stock, Preferred Stock or depositary shares at a future date or dates. The price per share of Class A Common Stock, Preferred Stock or depositary shares may be fixed at the time the Stock Purchase Contracts are issued or may be determined by reference to a specific formula set forth in the Stock Purchase Contracts.

The Stock Purchase Contracts may be issued separately or as a part of units, often known as Stock Purchase Units, consisting of a Stock Purchase Contract and either

- debt securities, or
- debt obligations of third parties, including U.S. Treasury securities,

securing the holder's obligations to purchase the Class A Common Stock, Preferred Stock or depositary shares under the Stock Purchase Contracts. The Stock Purchase Contracts may require us to make periodic payments to the holders of the Stock Purchase Units or vice versa, and such payments may be unsecured or prefunded on some basis. The Stock Purchase Contracts may require holders to secure their obligations in a specified manner and in certain circumstances we may deliver newly issued prepaid Stock Purchase Contracts, often known as prepaid securities, upon release to a holder of any collateral securing each holder's obligations under the original Stock Purchase Contract.

The applicable prospectus supplement will describe the terms of any Stock Purchase Contracts or Stock Purchase Units and, if applicable, prepaid securities. The description in the prospectus supplement will not contain all of the information that you may find useful. For more information, you should review the Stock Purchase Contracts, the collateral arrangements and depositary arrangements, if applicable, relating to such Stock Purchase Contracts or Stock Purchase Units and, if applicable, the prepaid securities and the document pursuant to which the prepaid securities will be issued, which will be filed with the Commission promptly after the offering of such Stock Purchase Contracts or Stock Purchase Units and, if applicable, prepaid securities.

## DESCRIPTION OF WARRANTS

Hovnanian may issue warrants, including warrants to purchase Class A Common Stock, Preferred Stock or Depositary Shares and warrants to purchase Hovnanian debt securities. K. Hovnanian may issue warrants to purchase K. Hovnanian Debt Securities. All obligations of K. Hovnanian under the K. Hovnanian warrants will be fully and unconditionally guaranteed by Hovnanian. Warrants may be issued independently of or together with any other securities and may be attached to or separate from such securities. Obligations of Hovnanian and K. Hovnanian under the warrants may be guaranteed by the subsidiary guarantors. Each series of warrants will be issued under a separate warrant agreement, each a "warrant agreement" to be entered into among Hovnanian and/or K. Hovnanian and any subsidiary guarantors and a warrant agent, the "warrant agent". The warrant agent will act solely as an agent of Hovnanian and/or K. Hovnanian in connection with the warrants of that series and will not assume any obligation or relationship of agency or trust for or with holders or beneficial owners of warrants. The following describes some general terms and provisions of the warrants offered hereby. Further terms of the warrants and the applicable warrant agreement will be described in the applicable prospectus supplement.

The applicable prospectus supplement will describe the following terms, where applicable, of the warrants in respect of which this prospectus is being delivered:

- the title of the warrants;
- the aggregate number of the warrants;
- the price or prices at which the warrants will be issued;
- the designation, aggregate principal amount and terms of the securities purchasable upon exercise of the warrants;
- the designation and terms of the securities with which the warrants are issued and the number of the warrants issued with each such security;
- if applicable, the date on and after which the warrants and the related securities will be separately transferable;
- the price at which the securities purchasable upon exercise of the warrants may be purchased;
- the date on which the right to exercise the warrants will commence and the date on which the right will expire;
- the minimum or maximum amount of the warrants that may be exercised at any one time;
- information with respect to book-entry procedures, if any;
- a discussion of certain United States Federal income tax considerations; and
- any other terms of the warrants, including terms, procedures and limitations relating to the exercise of the warrants.

#### **PLAN OF DISTRIBUTION**

Hovnanian, K. Hovnanian and the selling shareholders may sell the securities to or through underwriters or dealers, and also may sell the offered securities directly to one or more other purchasers or through agents. The applicable prospectus supplement will list the names of any underwriters or agents involved in the sale of the offered securities and any applicable commissions or discounts.

Underwriters, dealers or agents may offer and sell the offered securities at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to the prevailing market prices or at negotiated prices. In connection with the sale of the securities, underwriters or agents may be deemed to have received compensation from Hovnanian, K. Hovnanian or the selling shareholders in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agent. Underwriters or agents may sell the securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agent.

The Preferred Stock, depositary shares, debt securities, stock purchase contracts, stock purchase units and warrants, when first issued, will have no established trading market. Any underwriters or agents to or through whom offered securities are sold by Hovnanian or K. Hovnanian for public offering and sale may make a market in such offered securities, but the underwriters or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any offered securities.

Any underwriters, dealers or agents participating in the distribution of the offered securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit

realized by them on resale of the offered securities may be deemed to be underwriting discounts and commissions under the Securities Act. Underwriters, dealers or agents may be entitled, under agreements entered into with Hovnanian, K. Hovnanian or the selling shareholders, to indemnification against or contribution toward certain civil liabilities, including liabilities under the Securities Act.

If so indicated in the prospectus supplement, Hovnanian, K. Hovnanian or the selling shareholders will authorize underwriters or other persons acting as its or their agents to solicit offers by certain institutions to purchase securities from it or them pursuant to contracts providing for payment and delivery on a future date. Institutions with which contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases will be subject to the condition that the purchase of the securities will not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and agents will not have any responsibility in respect of the validity or performance of such contracts.

#### **LEGAL MATTERS**

Certain legal matters with respect to the validity of the offered securities will be passed upon for Hovnanian and K. Hovnanian by Simpson Thacher & Bartlett LLP, New York, New York. Simpson Thacher & Bartlett LLP will rely, as to matters of California and New Jersey law, on the opinion of Peter S. Reinhart, Esq., Senior Vice-President and General Counsel for Hovnanian and K. Hovnanian. Certain legal matters in connection with the offered securities may also be passed upon for any agents or underwriters by counsel specified in the prospectus supplement.

#### **EXPERTS**

The consolidated financial statements of Hovnanian Enterprises, Inc. appearing in Hovnanian Enterprises, Inc.'s Annual Report (Form 10-K) for the year ended October 31, 2004, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 14. Other Expenses of Issuance and Distribution.**

The estimated expenses payable by us in connection with the offering of the securities being registered hereby are as follows:

	<b>Total(a)</b>
Registration Fee	\$ 39,783
Legal fees and expenses	200,000
Blue Sky fees and expenses	15,000
Accounting fees and expenses	15,000
Printing and duplicating expenses	300,000
Miscellaneous expenses	30,217
<b>Total</b>	<b>\$ 600,000</b>

(a) All figures, except the registration fee, are estimates.

**Item 15. Indemnification of Directors and Officers.**

Hovnanian is a Delaware corporation. Section 145 of the General Corporation Law of the State of Delaware grants each corporation organized thereunder the power to indemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of being or having been in any such capacity, if he acted in good faith in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 102(b)(7) of the General Corporation Law of the State of Delaware enables a corporation in its certificate of incorporation or an amendment thereto validly approved by stockholders to limit or eliminate the personal liability of the members of its board of directors for violations of the directors' fiduciary duty of care.

Article EIGHTH of Hovnanian's Amended Certificate of Incorporation contains the following provisions with respect to indemnification:

No director of the Company shall be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. This Article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the date on which this Article becomes effective. Any repeal or modification of this Article Eighth shall not adversely affect any right or protection of a director of the Company existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification.

K. Hovnanian is a California corporation. Section 317 of the California Corporations Code provides that a corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any proceeding, other than in an action by or on behalf of the corporation to obtain a favorable judgment for itself, because such person is or was an agent of the corporation, against expenses actually and reasonably incurred in connection with the proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in the best interests of the corporation and, in the case of criminal proceedings, had no reasonable cause to believe that the conduct was unlawful. In the case of suits by or on behalf of a corporation to obtain a judgment in its favor, a corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to such proceeding because such person is or was the corporation's agent, against expenses actually and reasonably incurred, if the person acted in good faith in a manner the person believed to be in the best interests of the corporation and its shareholders, except that no such indemnification may be made for claims as to which the person shall have been adjudged to be liable to the corporation in the performance of that person's duty to the corporation, unless and then only to the extent a court determines otherwise.

Article FIFTH of K. Hovnanian's Articles of Incorporation contains the following provisions with respect to indemnification:

The Corporation is authorized, to the fullest extent permissible under California law, to indemnify its agents (as defined by Section 317 of the California Corporations Code) whether by bylaw, agreement or otherwise, for breach of duty to the Corporation and its shareholders in excess of that expressly permitted by California Code Section 317, and to advance defense expenses to its agents in connection with such matters as those expenses are incurred; provided, indemnification shall not be provided for any acts or omissions or transactions from which pursuant to applicable statute(s) a director may not be relieved of liability nor under circumstances in which indemnity is expressly prohibited by the statute covering the indemnification of agents.

Hovnanian maintains a liability insurance policy providing coverage for its directors and officers, the directors and officers of K. Hovnanian and the directors and officers of certain of its other subsidiaries in an amount up to \$50,000,000.

**Item 16. Exhibits.**

See Index to Exhibits.

**Item 17. Undertakings.**

The undersigned Registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the from of prospectus filed with the Commission pursuant to Rule 462(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate

offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrants pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrants hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of Hovnanian's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrants pursuant to the provisions set forth in response to Item 15, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrants hereby undertake to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, Hovnanian Enterprises, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Red Bank, State of New Jersey, on June 10, 2005.

HOVNANIAN ENTERPRISES, INC.

By: /s/ J. LARRY SORSBY

J. Larry Sorsby  
*Executive Vice President and Chief Financial Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints J. Larry Sorsby and Paul W. Buchanan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitutional and resubstitution, for and in the name, place and stead of undersigned, in any and all capacities, sign any and all amendments (including post-effective amendments) to this Registration Statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on June 10, 2005.

**Signature**

**Title**

/s/ KEVORK S. HOVNANIAN

Kevork S. Hovnanian

Chairman of the Board and Director

/s/ ARA K. HOVNANIAN

Ara K. Hovnanian

President, Chief Executive Officer and Director

/s/ PAUL W. BUCHANAN

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Paul W. Buchanan

Senior Vice-President and Corporate Controller

/s/ GEATON A. DECESARIS, JR.

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Geaton A. DeCesaris, Jr.

President of the Hovnanian Land Investment Group and Director

/s/ ARTHUR M. GREENBAUM

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Arthur M. Greenbaum

Director

/s/ DESMOND P. MCDONALD

---

Desmond P. McDonald

Director

Edward A. Kangas

Director

/s/ JOHN J. ROBBINS

---

John J. Robbins

Director

/s/ J. LARRY SORSBY

---

J. Larry Sorsby

Executive Vice-President, Chief Financial Officer  
and Director

/s/ STEPHEN D. WEINROTH

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Stephen D. Weinroth

Director



**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, K. Hovnanian Enterprises, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Red Bank, State of New Jersey, on June 10, 2005.

K. HOVNANIAN ENTERPRISES, INC.

By: /s/ J. LARRY SORSBY

J. Larry Sorsby  
*Executive Vice President and Chief Financial Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints J. Larry Sorsby and Paul W. Buchanan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitutional and resubstitution, for and in the name, place and stead of undersigned, in any and all capacities, sign any and all amendments (including post-effective amendments) to this Registration Statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on June 10, 2005.

Signature	Title
/s/ ARA K. HOVNANIAN Ara K. Hovnanian	President, Chief Executive Officer and Director
/s/ PAUL W. BUCHANAN Paul W. Buchanan	Senior Vice-President, Corporate Controller and Director
/s/ NICK PAPPAS Nick Pappas	Senior Vice-President and Director
/s/ J. LARRY SORSBY J. Larry Sorsby	Executive Vice-President, Chief Financial Officer and Director
/s/ JEROLD WALSH Jerold Walsh	Assistant Secretary and Director

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, each of the Registrants, as listed on the attached Schedule of Subsidiary Registrants, has duly caused this Registration Statement to be signed on its behalf by the undersigned, in his capacity as set forth on the attached Schedule of Subsidiary Registrants, thereunto duly authorized, in the City of Red Bank, State of New Jersey, on June 10, 2005.

REGISTRANTS (as listed on the attached Schedule of Subsidiary Registrants)

By: /s/ J. LARRY SORSBY

J. Larry Sorsby  
*Executive Vice President and Chief Financial Officer*

**POWER OF ATTORNEY**

Each person whose signature appears below hereby constitutes and appoints J. Larry Sorsby and Paul W. Buchanan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitutional and resubstitution, for and in the name, place and stead of undersigned, in any and all capacities, sign any and all amendments (including post-effective amendments) to this Registration Statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed for each of the Subsidiary Registrants by the following person on the date and in the capacities indicated on June 10, 2005.

Signature	Title
/s/ KEVORK S. HOVNANIAN	
Kevork S. Hovnanian	Chairman of the Board and Director
/s/ ARA K. HOVNANIAN	
Ara K. Hovnanian	Chief Executive Officer, Vice-Chairman of the Board and Director
/s/ PAUL W. BUCHANAN	
Paul W. Buchanan	Senior Vice-President, Corporate Controller and Director

/s/ PETER S. REINHART

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Peter S. Reinhart

Senior Vice-President, General Counsel, Secretary and Director

/s/ J. LARRY SORSBY

---

J. Larry Sorsby

Executive Vice-President, Chief Financial Officer and Director

SCHEDULE OF SUBSIDIARY REGISTRANTS

Exact Name of Registrant As Specified in Its Charter

ARROW PROPERTIES, INC.  
HOVNANIAN DEVELOPMENTS OF FLORIDA, INC.  
K. HOV INTERNATIONAL, INC.  
K. HOV IP, II, INC.  
K. HOV IP, INC.  
K. HOVNANIAN ACQUISITIONS, INC.  
K. HOVNANIAN AT BALLANTRAE, INC.  
K. HOVNANIAN AT BERNARDS IV, INC.  
K. HOVNANIAN AT BRANCHBURG III, INC.  
K. HOVNANIAN AT BRIDGEPORT, INC.  
K. HOVNANIAN AT BRIDGEWATER VI, INC.  
K. HOVNANIAN AT BURLINGTON III, INC.  
K. HOVNANIAN AT BURLINGTON, INC.  
K. HOVNANIAN AT CALABRIA, INC.  
K. HOVNANIAN AT CARMEL DEL MAR, INC.  
K. HOVNANIAN AT CASTILE, INC.  
K. HOVNANIAN AT CHAPARRAL, INC.  
K. HOVNANIAN AT CLARKSTOWN, INC.  
K. HOVNANIAN AT CRESTLINE, INC.  
K. HOVNANIAN AT DOMINGUEZ HILLS, INC.  
K. HOVNANIAN AT EAST WHITELAND I, INC.  
K. HOVNANIAN AT FREEHOLD TOWNSHIP I, INC.  
K. HOVNANIAN AT HACKETTSTOWN, INC.  
K. HOVNANIAN AT HERSHEY'S MILL, INC.  
K. HOVNANIAN AT HIGHLAND VINEYARDS, INC.  
K. HOVNANIAN AT HOPEWELL IV, INC.  
K. HOVNANIAN AT HOPEWELL VI, INC.  
K. HOVNANIAN AT HOWELL TOWNSHIP, INC.  
K. HOVNANIAN AT KINGS GRANT I, INC.  
K. HOVNANIAN AT KLOCKNER FARMS, INC.  
K. HOVNANIAN AT LA TERRAZA, INC.  
K. HOVNANIAN AT LA TROVATA, INC.  
K. HOVNANIAN AT LAKEWOOD, INC.  
K. HOVNANIAN AT LOWER SAUCON, INC.  
K. HOVNANIAN AT MAHWAH II, INC.  
K. HOVNANIAN AT MAHWAH V, INC.  
K. HOVNANIAN AT MAHWAH VI, INC.  
K. HOVNANIAN AT MAHWAH VII, INC.  
K. HOVNANIAN AT MANALAPAN, INC.  
K. HOVNANIAN AT MARLBORO II, INC.  
K. HOVNANIAN AT MARLBORO TOWNSHIP IV, INC.  
K. HOVNANIAN AT METRO DC SOUTH, INC.  
K. HOVNANIAN AT MONROE II, INC.  
K. HOVNANIAN AT MONTCLAIR NJ, INC.  
K. HOVNANIAN AT MONTGOMERY I, INC.  
K. HOVNANIAN AT NORTHERN WESTCHESTER, INC.

K. HOVNIANIAN AT NORTHLAKE, INC.  
K. HOVNIANIAN AT OCEAN TOWNSHIP, INC.  
K. HOVNIANIAN AT OCEAN WALK, INC.  
K. HOVNIANIAN AT PERKIOMEN I, INC.  
K. HOVNIANIAN AT PERKIOMEN II, INC.  
K. HOVNIANIAN AT PLAINSBORO III, INC.  
K. HOVNIANIAN AT PRINCETON, INC.  
K. HOVNIANIAN AT RANCHO CHRISTIANITOS, INC.  
K. HOVNIANIAN AT RESERVOIR RIDGE, INC.  
K. HOVNIANIAN AT SAN SEVAINE, INC.  
K. HOVNIANIAN AT SARATOGA, INC.  
K. HOVNIANIAN AT SAWMILL, INC.  
K. HOVNIANIAN AT SCOTCH PLAINS II, INC.  
K. HOVNIANIAN AT SCOTCH PLAINS, INC.  
K. HOVNIANIAN AT SKYE ISLE, INC.  
K. HOVNIANIAN AT SMITHVILLE, INC.  
K. HOVNIANIAN AT SOUTH BRUNSWICK III, INC.  
K. HOVNIANIAN AT SOUTH BRUNSWICK V, INC.  
K. HOVNIANIAN AT STONE CANYON, INC.  
K. HOVNIANIAN AT STONY POINT, INC.  
K. HOVNIANIAN AT SYCAMORE, INC.  
K. HOVNIANIAN AT TANNERY HILL, INC.  
K. HOVNIANIAN AT THE BLUFF, INC.  
K. HOVNIANIAN AT THE CEDARS, INC.  
K. HOVNIANIAN AT THORNBURY, INC.  
K. HOVNIANIAN AT TIERRASANTA, INC.  
K. HOVNIANIAN AT TUXEDO, INC.  
K. HOVNIANIAN AT UNION TOWNSHIP I, INC.  
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP I, INC.  
K. HOVNIANIAN AT UPPER MAKEFIELD I, INC.  
K. HOVNIANIAN AT VAIL RANCH, INC.  
K. HOVNIANIAN AT WALL TOWNSHIP VI, INC.  
K. HOVNIANIAN AT WALL TOWNSHIP VIII, INC.  
K. HOVNIANIAN AT WASHINGTONVILLE, INC.  
K. HOVNIANIAN AT WAYNE III, INC.  
K. HOVNIANIAN AT WAYNE V, INC.  
K. HOVNIANIAN AT WILDROSE, INC.  
K. HOVNIANIAN COMPANIES NORTHEAST, INC.  
K. HOVNIANIAN COMPANIES OF CALIFORNIA, INC.  
K. HOVNIANIAN COMPANIES OF MARYLAND, INC.  
K. HOVNIANIAN COMPANIES OF METRO WASHINGTON, INC.  
K. HOVNIANIAN COMPANIES OF NEW YORK, INC.  
K. HOVNIANIAN COMPANIES OF NORTH CAROLINA, INC.  
K. HOVNIANIAN COMPANIES OF PENNSYLVANIA, INC.  
K. HOVNIANIAN COMPANIES OF SOUTHERN CALIFORNIA, INC.  
K. HOVNIANIAN CONSTRUCTION II, INC.  
K. HOVNIANIAN CONSTRUCTION III, INC.

K. HOVNANIAN CONSTRUCTION MANAGEMENT, INC.  
K. HOVNANIAN DEVELOPMENTS OF ARIZONA, INC.  
K. HOVNANIAN DEVELOPMENTS OF CALIFORNIA, INC.  
K. HOVNANIAN DEVELOPMENTS OF D.C., INC.  
K. HOVNANIAN DEVELOPMENTS OF DELAWARE, INC.  
K. HOVNANIAN DEVELOPMENTS OF ILLINOIS, INC.  
K. HOVNANIAN DEVELOPMENTS OF MARYLAND, INC.  
K. HOVNANIAN DEVELOPMENTS OF METRO WASHINGTON, INC.  
K. HOVNANIAN DEVELOPMENTS OF MICHIGAN, INC.  
K. HOVNANIAN DEVELOPMENTS OF MINNESOTA, INC.  
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY II, INC.  
K. HOVNANIAN DEVELOPMENTS OF NEW JERSEY, INC.  
K. HOVNANIAN DEVELOPMENTS OF NEW YORK, INC.  
K. HOVNANIAN DEVELOPMENTS OF OHIO, INC.  
K. HOVNANIAN DEVELOPMENTS OF PENNSYLVANIA, INC.  
K. HOVNANIAN DEVELOPMENTS OF SOUTH CAROLINA, INC.  
K. HOVNANIAN DEVELOPMENTS OF TEXAS, INC.  
K. HOVNANIAN DEVELOPMENTS OF WEST VIRGINIA, INC.  
K. HOVNANIAN EQUITIES, INC.  
K. HOVNANIAN FORECAST HOMES, INC.  
K. HOVNANIAN HOMES OF NORTH CAROLINA, INC.  
K. HOVNANIAN HOMES OF VIRGINIA, INC.  
K. HOVNANIAN INVESTMENT PROPERTIES OF NEW JERSEY, INC.  
K. HOVNANIAN PA REAL ESTATE, INC.  
K. HOVNANIAN PORT IMPERIAL URBAN RENEWAL, INC.  
K. HOVNANIAN PROPERTIES OF NEWARK URBAN RENEWAL CORPORATION, INC.  
K. HOVNANIAN PROPERTIES OF NORTH BRUNSWICK V, INC.  
K. HOVNANIAN PROPERTIES OF WALL, INC.  
KHC ACQUISITION, INC.  
LANDARAMA, INC.  
M&M AT LONG BRANCH, INC.  
MATZEL & MUMFORD OF DELAWARE, INC.  
MCNJ, INC.  
PINE BROOK COMPANY, INC.  
REFLECTIONS OF YOU INTERIORS, INC.  
SEABROOK ACCUMULATION CORPORATION  
STONEBROOK HOMES, INC.  
THE MATZEL & MUMFORD ORGANIZATION, INC.  
WASHINGTON HOMES, INC.  
WESTMINSTER HOMES OF TENNESSEE, INC.  
WESTMINSTER HOMES, INC.  
WH LAND I, INC  
WH PROPERTIES, INC.  
DULLES COPPERMINE, L.L.C.

EDISON CONTRACT SERVICES, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF CALIFORNIA, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF FLORIDA, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF MARYLAND, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF NORTH CAROLINA, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF TEXAS, L.L.C.  
HOVNANIAN LAND INVESTMENT GROUP OF VIRGINIA, L.L.C.  
K. HOVNANIAN AT 4S II, L.L.C.  
K. HOVNANIAN AT 4S, L.L.C.  
K. HOVNANIAN AT ACQUA VISTA, L.L.C.  
K. HOVNANIAN AT ALISO, L.L.C.  
K. HOVNANIAN AT ARBOR HEIGHTS, L.L.C.  
K. HOVNANIAN AT BARNEGAT I, L.L.C.  
K. HOVNANIAN AT BELLA LAGO, L.L.C.  
K. HOVNANIAN AT BERKELEY, L.L.C.  
K. HOVNANIAN AT BERNARDS V, L.L.C.  
K. HOVNANIAN AT BLUE HERON PINES, L.L.C.  
K. HOVNANIAN AT BRIDGEWATER I, L.L.C.  
K. HOVNANIAN AT BRIDLEWOOD, L.L.C.  
K. HOVNANIAN AT CAMDEN I, L.L.C.  
K. HOVNANIAN AT CAPISTRANO, L.L.C.  
K. HOVNANIAN AT CARMEL VILLAGE, L.L.C.  
K. HOVNANIAN AT CEDAR GROVE III, L.L.C.  
K. HOVNANIAN AT CEDAR GROVE IV, L.L.C.  
K. HOVNANIAN AT CHESTER I, L.L.C.  
K. HOVNANIAN AT CHESTERFIELD, L.L.C.  
K. HOVNANIAN AT CITY IN THE HILLS, L.L.C.  
K. HOVNANIAN AT CLIFTON, L.L.C.  
K. HOVNANIAN AT CLIFTON II, L.L.C.  
K. HOVNANIAN AT CORTEZ HILL, L.L.C.  
K. HOVNANIAN AT CRANBURY, L.L.C.  
K. HOVNANIAN AT CURRIES WOODS, L.L.C.  
K. HOVNANIAN AT DENVILLE, L.L.C.  
K. HOVNANIAN AT DEPTFORD TOWNSHIP, L.L.C.  
K. HOVNANIAN AT EASTLAKE, L.L.C.  
K. HOVNANIAN AT EDGEWATER II, L.L.C.  
K. HOVNANIAN AT EDGEWATER, L.L.C.  
K. HOVNANIAN AT EGG HARBOR TOWNSHIP, L.L.C.  
K. HOVNANIAN AT ENCINITAS RANCH, L.L.C.  
K. HOVNANIAN AT FLORENCE I, L.L.C.  
K. HOVNANIAN AT FLORENCE II, L.L.C.  
K. HOVNANIAN AT FOREST MEADOWS, L.L.C.  
K. HOVNANIAN AT FRANKLIN, L.L.C.  
K. HOVNANIAN AT FREEHOLD TOWNSHIP, L.L.C.  
K. HOVNANIAN AT GASLAMP SQUARE, L.L.C.

K. HOVNANIAN AT GREAT NOTCH, L.L.C.  
K. HOVNANIAN AT GUTTENBERG, L.L.C.  
K. HOVNANIAN AT HACKETTSTOWN II, L.L.C.  
K. HOVNANIAN AT HAMBURG, L.L.C.  
K. HOVNANIAN AT HAMBURG CONTRACTORS, L.L.C.  
K. HOVNANIAN AT HAWTHORNE, L.L.C.  
K. HOVNANIAN AT HIGHLAND SHORES, L.L.C  
K. HOVNANIAN AT HIGHWATER, L.L.C.  
K. HOVNANIAN AT JACKSON I, L.L.C.  
K. HOVNANIAN AT JACKSON, L.L.C.  
K. HOVNANIAN AT JERSEY CITY IV, L.L.C.  
K. HOVNANIAN AT JERSEY CITY V URBAN RENEWAL CO., L.L.C.  
K. HOVNANIAN AT KING FARM, L.L.C.  
K. HOVNANIAN AT LA COSTA, L.L.C.  
K. HOVNANIAN AT LA HABRA KNOLLS, L.L.C.  
K. HOVNANIAN AT LAFAYETTE ESTATES, L.L.C.  
K. HOVNANIAN AT LAKE RIDGE CROSSING, L.L.C.  
K. HOVNANIAN AT LAKE TERRAPIN, L.L.C.  
K. HOVNANIAN AT LAWRENCE V, L.L.C.  
K. HOVNANIAN AT LINWOOD, L.L.C.  
K. HOVNANIAN AT LITTLE EGG HARBOR TOWNSHIP II, L.L.C  
K. HOVNANIAN AT LITTLE EGG HARBOR CONTRACTORS, L.L.C.  
K. HOVNANIAN AT LITTLE EGG HARBOR, L.L.C.  
K. HOVNANIAN AT LONG BRANCH I, L.L.C.  
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP I, L.L.C.  
K. HOVNANIAN AT LOWER MACUNGIE TOWNSHIP II, L.L.C.  
K. HOVNANIAN AT LOWER MAKEFIELD TOWNSHIP I, L.L.C.  
K. HOVNANIAN AT LOWER MORELAND I, L.L.C.  
K. HOVNANIAN AT LOWER MORELAND II, L.L.C.  
K. HOVNANIAN AT MANALAPAN III, L.L.C.  
K. HOVNANIAN AT MANSFIELD I, LLC  
K. HOVNANIAN AT MANSFIELD II, LLC  
K. HOVNANIAN AT MANSFIELD III, L.L.C.  
K. HOVNANIAN AT MARLBORO TOWNSHIP IX, L.L.C.  
K. HOVNANIAN AT MARLBORO TOWNSHIP V, L.L.C.  
K. HOVNANIAN AT MARLBORO TOWNSHIP VIII, L.L.C.  
K. HOVNANIAN AT MARLBORO VI, L.L.C.  
K. HOVNANIAN AT MARLBORO VII, L.L.C.  
K. HOVNANIAN AT MENDHAM TOWNSHIP, L.L.C.  
K. HOVNANIAN AT MENIFEE, L.L.C.  
K. HOVNANIAN AT MENIFEE VALLEY CONDUMINIUMS, L.L.C.  
K. HOVNANIAN AT MIDDLE TOWNSHIP, L.L.C.  
K. HOVNANIAN AT MIDDLETOWN II, L.L.C.  
K. HOVNANIAN AT MIDDLETOWN, L.L.C.  
K. HOVNANIAN AT MILLVILLE I, L.L.C.  
K. HOVNANIAN AT MILLVILLE II, L.L.C.  
K. HOVNANIAN AT MONROE III, L.L.C.  
K. HOVNANIAN AT MONROE IV, L.L.C.  
K. HOVNANIAN AT MONTVALE, L.L.C.



K. HOVNIANIAN AT MOSAIC, L.L.C.  
K. HOVNIANIAN AT MT. OLIVE TOWNSHIP, L.L.C.  
K. HOVNIANIAN AT NORTH BERGEN II, L.L.C.  
K. HOVNIANIAN AT NORTH BERGEN, L.L.C.  
K. HOVNIANIAN AT NORTH BRUNSWICK VI, L.L.C.  
K. HOVNIANIAN AT NORTH CALDWELL II, L.L.C.  
K. HOVNIANIAN AT NORTH CALDWELL, L.L.C.  
K. HOVNIANIAN AT NORTH HALEDON, L.L.C.  
K. HOVNIANIAN AT NORTH WILDWOOD, L.L.C.  
K. HOVNIANIAN AT NORTHAMPTON, L.L.C.  
K. HOVNIANIAN AT NORTHFIELD, L.L.C.  
K. HOVNIANIAN AT OLD BRIDGE, L.L.C.  
K. HOVNIANIAN AT OLDE ORCHARD, L.L.C.  
K. HOVNIANIAN AT PACIFIC BLUFFS, L.L.C.  
K. HOVNIANIAN AT PARAMUS, L.L.C.  
K. HOVNIANIAN AT PARK LANE, L.L.C.  
K. HOVNIANIAN AT PARSIPPANY-TROY HILLS, L.L.C.  
K. HOVNIANIAN AT PITTSBORO, L.L.C.  
K. HOVNIANIAN AT RANCHO SANTA MARGARITA, L.L.C.  
K. HOVNIANIAN AT RANDOLPH I, L.L.C.  
K. HOVNIANIAN AT RAPHO, L.L.C.  
K. HOVNIANIAN AT READINGTON II, L.L.C.  
K. HOVNIANIAN AT RED BANK, L.L.C.  
K. HOVNIANIAN AT RIVERBEND II, L.L.C.  
K. HOVNIANIAN AT RIVERBEND, L.L.C.  
K. HOVNIANIAN AT RODERUCK, L.L.C.  
K. HOVNIANIAN AT ROWLAND HEIGHTS, L.L.C.  
K. HOVNIANIAN AT SAYREVILLE, L.L.C.  
K. HOVNIANIAN AT SCOTCH PLAINS, L.L.C.  
K. HOVNIANIAN AT SHELF COMPANY, L.L.C.  
K. HOVNIANIAN AT SMITHVILLE III, L.L.C.  
K. HOVNIANIAN AT SOMERS POINT, L.L.C.  
K. HOVNIANIAN AT SOUTH BRUNSWICK, L.L.C.  
K. HOVNIANIAN AT SPRINGCO, L.L.C.  
K. HOVNIANIAN AT SPRINGFIELD, L.L.C.  
K. HOVNIANIAN AT SUNSETS, L.L.C.  
K. HOVNIANIAN AT TEANECK, L.L.C.  
K. HOVNIANIAN AT THE CROSBY, L.L.C.  
K. HOVNIANIAN AT THE GABLES, L.L.C.  
K. HOVNIANIAN AT THE PRESERVE, L.L.C.  
K. HOVNIANIAN AT THE THOMPSON RANCH, L.L.C.  
K. HOVNIANIAN AT TRAIL RIDGE, L.L.C.  
K. HOVNIANIAN AT UNION TOWNSHIP II, L.L.C.  
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP II, L.L.C.  
K. HOVNIANIAN AT UPPER FREEHOLD TOWNSHIP III, L.L.C.  
K. HOVNIANIAN AT UPPER UWCHLAN, L.L.C.  
K. HOVNIANIAN AT UPPER UWCHLAN II, L.L.C.  
K. HOVNIANIAN AT WANAQUE, L.L.C.

K. HOVNIANIAN AT WARREN TOWNSHIP, L.L.C.  
K. HOVNIANIAN AT WASHINGTON, L.L.C.  
K. HOVNIANIAN AT WAYNE VIII, L.L.C.  
K. HOVNIANIAN AT WAYNE IX, L.L.C.  
K. HOVNIANIAN AT WEST BRADFORD, L.L.C.  
K. HOVNIANIAN AT WEST MILFORD, L.L.C.  
K. HOVNIANIAN AT WEST WINDSOR, L.L.C.  
K. HOVNIANIAN AT WILLOW BROOK, L.L.C.  
K. HOVNIANIAN AT WINCHESTER, L.L.C.  
K. HOVNIANIAN AT WOODHILL ESTATES, L.L.C.  
K. HOVNIANIAN AT WOOLWICH I, L.L.C.  
K. HOVNIANIAN AT YONKERS I, L.L.C.  
K. HOVNIANIAN AT YONKERS II, L.L.C.  
K. HOVNIANIAN AT YONKERS III, L.L.C.  
K. HOVNIANIAN CAMBRIDGE HOMES, L.L.C.  
K. HOVNIANIAN CENTRAL ACQUISITIONS, L.L.C.  
K. HOVNIANIAN COMPANIES OF METRO D.C. NORTH, L.L.C.  
K. HOVNIANIAN COMPANIES, L.L.C.  
K. HOVNIANIAN EASTERN PENNSYLVANIA, L.L.C.  
K. HOVNIANIAN FOUR SEASONS AT GOLD HILL, L.L.C.  
K. HOVNIANIAN FOUR SEASONS AT HISTORIC VIRGINIA, L.L.C.  
K. HOVNIANIAN GREAT WESTERN BUILDING COMPANY, L.L.C.  
K. HOVNIANIAN GREAT WESTERN HOMES, L.L.C.  
K. HOVNIANIAN HOLDINGS NJ, L.L.C.  
K. HOVNIANIAN HOMES AT CAMERON STATION, L.L.C.  
K. HOVNIANIAN HOMES AT CAMP SPRINGS, L.L.C.  
K. HOVNIANIAN HOMES AT FAIRWOOD, L.L.C.  
K. HOVNIANIAN HOMES AT FOREST RUN, L.L.C.  
K. HOVNIANIAN HOMES AT LAUREL HIGHLANDS, L.L.C.  
K. HOVNIANIAN HOMES AT MAXWELL PLACE, L.L.C.  
K. HOVNIANIAN HOMES AT RENAISSANCE PLAZA, L.L.C.  
K. HOVNIANIAN HOMES AT RUSSET, L.L.C.  
K. HOVNIANIAN HOMES OF D.C., L.L.C.  
K. HOVNIANIAN HOMES OF DELAWARE, L.L.C.  
K. HOVNIANIAN HOMES OF MARYLAND, L.L.C.  
K. HOVNIANIAN HOMES OF MINNESOTA, L.L.C.  
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.  
K. HOVNIANIAN HOMES OF SOUTH CAROLINA, L.L.C.  
K. HOVNIANIAN HOMES OF WEST VIRGINIA, L.L.C.  
K. HOVNIANIAN INVESTMENTS, L.L.C.  
K. HOVNIANIAN NORTH CENTRAL ACQUISITIONS, L.L.C.  
K. HOVNIANIAN NORTH JERSEY ACQUISITIONS, L.L.C.  
K. HOVNIANIAN NORTHEAST SERVICES, L.L.C.  
K. HOVNIANIAN OHIO REALTY, L.L.C.  
K. HOVNIANIAN PENNSYLVANIA ACQUISITIONS, L.L.C.  
K. HOVNIANIAN SHORE ACQUISITIONS, L.L.C.  
K. HOVNIANIAN SOUTH JERSEY ACQUISITION, L.L.C.  
K. HOVNIANIAN SOUTHERN NEW JERSEY, L.L.C.

K. HOVNIANIAN SUMMIT HOLDINGS, L.L.C.  
K. HOVNIANIAN SUMMIT HOMES, L.L.C.  
K. HOVNIANIAN SUMMIT HOMES OF MICHIGAN, L.L.C.  
K. HOVNIANIAN HOMES OF PENNSYLVANIA, L.L.C.  
K. HOVNIANIAN SUMMIT HOMES OF WEST VIRGINIA, L.L.C.  
K. HOVNIANIAN T&C INVESTMENT, L.L.C.  
K. HOVNIANIAN T&C MANAGEMENT CO., L.L.C.  
K. HOVNIANIAN WINDWARD HOMES, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT ASHBURN VILLAGE, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT BAKERSFIELD, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT DULLES DISCOVERY CONDOMINIUM, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT DULLES DISCOVERY, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT HEMET, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT KENT ISLAND CONDOMINIUMS, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT MENIFEE VALLE, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT PALM SPRINGS, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT ST. MARGARETS LANDING, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS AT VINT HILL, L.L.C.  
K. HOVNIANIAN'S FOUR SEASONS, L.L.C.  
K. HOVNIANIAN'S PRIVATE HOME PORTFOLIO, L.L.C.  
KHIP, LLC  
KINGS COURT AT MONTGOMERY, L.L.C.  
M&M AT APPLE RIDGE, L.L.C.  
M&M AT BROOKHILL, L.L.C.  
M&M AT CHESTERFIELD, L.L.C.  
M&M AT EAST MILL, L.L.C.  
M&M AT HERITAGE WOODS, L.L.C.  
M&M AT KENSINGTON WOODS, L.L.C.  
M&M AT MORRISTOWN, L.L.C.  
M&M AT ROBERT MORRIS, L.L.C.  
M&M AT SHERIDAN, L.L.C.  
M&M AT SPARTA, L.L.C.  
M&M AT SPINNAKER POINTE, L.L.C.  
M&M AT SPRUCE HOLLOW, L.L.C.  
M&M AT SPRUCE MEADOWS, L.L.C.  
M&M AT SPRUCE RUN, L.L.C.  
M&M AT TAMARACK HOLLOW, L.L.C.  
M&M AT THE HIGHLANDS, L.L.C.  
M&M AT WEST ORANGE, L.L.C.  
M&M AT WHEATON URBAN RENEWAL, L.L.C.  
MATZEL & MUMFORD AT CRANBURY KNOLL, L.L.C.  
MATZEL & MUMFORD AT EGG HARBOR, L.L.C.  
MATZEL & MUMFORD AT FREEHOLD, L.L.C.  
MATZEL & MUMFORD AT HERITAGE LANDING, L.L.C.  
MATZEL & MUMFORD AT MONTGOMERY, L.L.C.  
MATZEL & MUMFORD AT PHILLIPSBURG, L.L.C.  
MATZEL & MUMFORD AT SOUTH BOUND BROOK URBAN RENEWAL, L.L.C.  
MATZEL & MUMFORD AT SOUTH BRUNSWICK, L.L.C.

MATZEL & MUMFORD AT WOODLAND CREST, L.L.C.  
MIDWEST BUILDING PRODUCTS & CONTRACTOR SERVICES, L.L.C  
MMIP, L.L.C.  
NORTH MANATEE, L.L.C.  
PADDOCKS, L.L.C.  
PINE AYR, L.L.C.  
RIDGEMORE UTILITY, L.L.C.  
K. HOVNANIAN HOMES AT MAXWELL PLACE, L.L.C.  
THE LANDINGS AT SPINNAKER POINTE, L.L.C.  
WASHINGTON HOMES AT COLUMBIA TOWN CENTER, L.L.C.  
WESTMINSTER HOMES OF ALABAMA, L.L.C.  
WESTMINSTER HOMES OF MISSISSIPPI, L.L.C.  
WOODLAND LAKES CONDOS AT BOWIE NEWTOWN, LLC  
GOODMAN FAMILY OF BUILDERS, L.P.  
K. HOVNANIAN OF HOUSTON II, L.P.  
K. HOVNANIAN OF HOUSTON, L.P.  
M & M INVESTMENTS, L.P.

## INDEX TO EXHIBITS

Exhibit Number	Description of Exhibits
1.1	— Underwriting Agreement (Hovnanian Debt Securities and Warrants to Purchase Hovnanian Debt Securities).(2)
1.2	— Underwriting Agreement (K. Hovnanian Debt Securities and Warrants to Purchase K. Hovnanian Debt Securities).(2)
1.3	— Underwriting Agreement (Equity Securities, Depository Shares and Warrants to Purchase Equity Securities and Depository Shares).(2)
1.4	— Underwriting Agreement (Stock Purchase Contracts).(2)
1.5	— Underwriting Agreement (Stock Purchase Units).(2)
3.1	— Articles of Incorporation of K. Hovnanian Enterprises, Inc.(6)
3.2	— By-Laws of K. Hovnanian Enterprises, Inc. (filed herewith).
3.3	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in New Jersey.(6)
3.4	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in New York.(6)
3.5	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Pennsylvania.(6)
3.6	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in North Carolina.(6)
3.7	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in South Carolina.(6)
3.8	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Virginia.(6)
3.9	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Maryland.(6)
3.10	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Delaware.(6)
3.11	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in California.(6)
3.12	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Texas.(6)
3.13	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Arizona.(6)
3.14	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Ohio.(6)
3.15	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in West Virginia.(6)
3.16	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Florida.(6)
3.17	— Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Michigan.(6)
3.18	— Form of Articles of Organization for Subsidiary Registrant limited liability companies.(6)
3.19	— Form of Certificate of Limited Partnership for Subsidiary Registrant limited partnerships.(6)

3.20	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in New Jersey.(6)
3.21	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in New York.(6)
3.22	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in Pennsylvania.(6)
3.23	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in North Carolina.(6)
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3.25	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in Maryland.(6)
3.26	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in Virginia.(6)
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3.28	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in California.(6)
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3.32	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in West Virginia.(6)
3.33	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in Florida.(6)
3.34	—	Form of By-Laws for Subsidiary Registrant corporations incorporated in Michigan.(6)
3.35	—	Form of Limited Liability Company Agreement for Subsidiary Registrant limited liability companies.(6)
3.36	—	Form of Limited Partnership Agreement for Subsidiary Registrant limited partnerships.(6)
3.37	—	Form of Articles of Incorporation for Subsidiary Registrant corporations incorporated in Tennessee.(6)
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4.4	—	Restated By-Laws of Hovnanian Enterprises, Inc.(5)
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4.6	—	Form of K. Hovnanian Debt Securities.(1)
4.7	—	Form of Hovnanian Senior Debt Indenture.(3)
4.8	—	Form of Hovnanian Senior Subordinated Debt Indenture.(3)
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4.10	—	K. Hovnanian Senior Debt Indenture.(9)
4.11	—	Form of K. Hovnanian Senior Subordinated Debt Indenture.(3)
4.12	—	Form of K. Hovnanian Subordinated Debt Indenture.(3)
4.13	—	Form of Warrant Agreement for Preferred Stock, Depositary Shares and Common Stock (including Form of Warrant Certificate) (filed herewith).
4.14	—	Form of Warrant Agreement for Hovnanian Debt Securities (including form of Warrant Certificate).(1)

4.15	—	Form of Warrant Agreement for K. Hovnanian Debt Securities (including form of Warrant Certificate).(1)
4.16	—	Form of Purchase Contract Agreement (including form of Purchase Contact Unit).(3)
4.17	—	Certificate(s) of Designations with respect to the Preferred Stock.(2)
4.18	—	Form of Deposit Agreement with respect to the Depositary Shares (including the form of depositary receipt to be issued thereunder) (filed herewith).
5.1	—	Opinion of Simpson Thacher & Bartlett LLP (filed herewith).
5.2	—	Opinion of Peter S. Reinhart, Senior Vice-President and General Counsel of Hovnanian and K. Hovnanian (filed herewith).
12.1	—	Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends (filed herewith).
23.1	—	Consent of Ernst & Young LLP (filed herewith).
23.2	—	Consent of Simpson Thacher & Bartlett LLP (included in Exhibit 5.1).
23.3	—	Consent of Peter S. Reinhart, Senior Vice-President and General Counsel of Hovnanian and K. Hovnanian (included in Exhibit 5.2).
24.1	—	Powers of Attorney of the Board of Directors of Hovnanian Enterprises, Inc. (included on signature).
24.2	—	Powers of Attorney of the Board of Directors of K. Hovnanian Enterprises, Inc. (included on signature page).
24.3	—	Powers of Attorney of the Board of Directors of Subsidiary Registrants (included on signature page).
25.1	—	Statement of Eligibility of Trustee under the Hovnanian Indentures (filed herewith).
25.2	—	Statement of Eligibility of Trustee under the K. Hovnanian Indentures (filed herewith).

- 
- (1) Incorporated by reference to Exhibits to Registration Statement (No. 333-51991) on Form S-3 of Hovnanian Enterprises, Inc.
  - (2) To be incorporated by reference, as necessary, as an Exhibit to one or more Current Reports on Form 8-K.
  - (3) Incorporated by reference to Exhibits to Registration Statement (No. 333-68528) on Form S-3 of Hovnanian Enterprises, Inc.
  - (4) Incorporated by reference to Exhibits to Registration Statement (No. 2-85198) on Form S-1 of Hovnanian Enterprises, Inc.
  - (5) Incorporated by reference to Exhibit 3.2 to Registration Statement (No. 1-8551) on Form 8-A of Hovnanian Enterprises, Inc.
  - (6) Incorporated by reference to Exhibits to Registration Statement (No. 333-106761) on Form S-3 of Hovnanian Enterprises, Inc.
  - (7) Incorporated by reference to Exhibits to the Quarterly Report on Form 10-Q of Hovnanian Enterprises, Inc. for the quarter ended January 31, 2004.
  - (8) Incorporated by reference to Exhibits to Registration Statement (No. 333-122175) on Form S-4 of Hovnanian Enterprises, Inc.
  - (9) Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Hovnanian Enterprises, Inc. filed on November 7, 2003.

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## BYLAWS

Of

K. Hovnanian Enterprises, Inc.

(hereinafter, the "Corporation")

## ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Ontario, County of Riverside State of California.

Section 2. Other Offices. The Corporation also may have offices at such other places both within and without the State of California as the Board of Directors may from time to time determine.

## ARTICLE II

MEETING OF SHAREHOLDERS

Section 1. Place of Meetings. Meetings of the shareholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of California, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The Annual Meeting of Shareholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meeting the shareholders shall elect a Board of Directors by a plurality vote, and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special Meetings of Shareholders, for any purpose or purposes, may be called by the President, Secretary or Treasurer, and shall be called by any such officer at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting.

Section 4. Notice of Meetings. Written notice of an Annual Meeting or Special Meeting stating the place, date, and hour of the meeting and in the case of a Special Meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote at such meeting.

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Section 5. Quorum. Except as otherwise provided by law or by the Articles of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 6. Voting. Any questions brought before any meeting of shareholders shall be decided by a majority vote of the number of shares entitled to vote, present in person or represented by proxy. Such votes may be cast in person or by proxy, but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period.

Section 7. Action by Consent. Any action required to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

## ARTICLE III

DIRECTORS

Section 1. Number and Election of Directors. The number of directors that shall constitute the Board of Directors shall be not less than one nor more than fifteen. The first Board of Directors shall consist of one director. Thereafter, within the limits specified above, the number of directors shall be determined by the Board of Directors or by the shareholders. Except as provided in Section 2 of this Article, directors shall be elected by a plurality of the votes cast at Annual Meetings of Shareholders, and each director so elected shall hold office until the next Annual Meeting and until his successor is duly elected and qualified, or until his earlier resignation or removal.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority vote of all directors then in office, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier resignation or removal.

Section 3. Committees. The Board of Directors may designate one or more committees, which committees shall, to the extent provided in the resolution of the Board of Directors establishing such a committee, have all authority and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation to the extent lawful under the General Corporation Law of the State of California.

Section 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 5. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of California. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the president or any one director with one day's notice to each director, either personally or by mail, telephone or facsimile transmission. Meetings may be held with all or some of the Directors present by telephone or video conference, provided that all Directors can hear all the other Directors present.

Section 6. Quorum; Board Action. Except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the act of a majority of the entire Board of Directors shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Actions of Board. Unless otherwise provided by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 8. Compensation. The Corporation shall reimburse the reasonable expenses incurred by members of the Board of Directors in connection with attendance at meetings of the Board of Directors and of any committee on which such member serves; provided, that the foregoing shall not preclude any director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 9. Removal. Unless otherwise restricted by the Articles of Incorporation or by law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

#### ARTICLE IV

##### OFFICERS

The officers of the Corporation shall consist of a President, a Secretary, a Treasurer and such other additional officers with such titles as the Board of Directors shall determine, all of whom shall be chosen by and shall serve at the pleasure of the Board of Directors. Such officers

shall have the usual powers and shall perform all the usual duties incident to the respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Corporation may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause.

#### ARTICLE V

##### NOTICES

Section 1. Notices. Whenever written notice is required by law, the Articles of Incorporation or these Bylaws, to be given to any director, member of a committee or shareholder, such notice may be given by mail, addressed to such director, member of a committee or shareholder, at his address as it appears on the records of the Corporation, with postage prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by telegram, telex, cable or facsimile transmission.

Section 2. Waiver of Notice. Whenever any notice is required by law, the Articles of Incorporation or these Bylaws, to be given to any director, member of a committee or shareholder, a waiver thereof in writing, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

#### ARTICLE VI

##### GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, California". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

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ARTICLE VII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings Other than by or in the Right of the Corporation. Subject to Section 4 of this Article VII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, wither civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 4 of this Article VII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Costs; Charges and Expenses. Notwithstanding the other provisions of this Article VII, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise, including without limitation, the dismissal of an action without prejudice, in the defense of any action, suit or proceeding referred to in Sections 1 and 2 above, or in the defense of any claim, issue or matter therein, that person shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by that person or on that person's behalf in connection therewith.

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Section 4. Authorization of Indemnification. Any indemnification under this Article VII (unless ordered by a court) shall be made by the Corporation unless a determination is made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the shareholders, that indemnification of the director, officer, employee or agent is not proper because that person has not met the applicable standards of conduct set forth in Sections 1 and 2 above.

Section 5. Good Faith Defined. For purposes of any determination under this Article VII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of this Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or record given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 5 shall mean any other corporation or any partnership, joint venture, trust or other enterprise of which such person is or was serving at the request of the Corporation as a Director, officer, employee or agent. The provisions of this Section 5 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 and 2 of this Article VII, as the case may be.

Section 6. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 4 of this Article VII, and notwithstanding the absence of any determination thereunder, any director, officer, employee or agent may apply to any court of competent jurisdiction in the State of California for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standards of conduct set forth in Sections 1 and 2 of this Article VII, as the case may be. Notice of any application for indemnification pursuant to this Section 6 shall be given to the Corporation promptly upon the filing of such application.

Section 7. Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys' fees) incurred by a person referred to in Sections 1 and 2 above in defending a civil or criminal action, suit or proceeding (including investigations by any government agency and all costs, charges and expenses incurred in preparing for any threatened action, suit or proceeding) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by a director or officer in that person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so

advanced in the event that it shall ultimately be determined as provided elsewhere in this Article VII that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article VII. No security shall be required for such undertaking and such undertaking shall be accepted without reference to the recipient's financial ability to make repayment. The repayment of such charges and expenses incurred by other employees and agents of the Corporation which are paid by the Corporation in advance of the final disposition of such action, suit or proceeding as permitted by this Section 7 may be required upon such terms and conditions, if any, as the board of Directors deems appropriate. The Board of Directors may, in the manner set forth above, and subject to the approval of such director, officer, employee or agent of the Corporation, authorize the Corporation's counsel to represent such person in any action, suit or proceeding, whether or not the Corporation is party to such action, suit or proceeding.

**Section 8. Procedure for Indemnification.** Any indemnification under Sections 1, 2 or 3 or advance of costs, charges and expenses under Section 7 of this Article VII shall be made promptly, and in any event, within sixty (60) days, upon the written request of the director, officer, employee or agent directed to the Secretary of the Corporation. The right to indemnification or advances granted in this Article VII shall be enforceable by the director, officer, employee or agent in any court of competent jurisdiction if the Corporation denies such request, in whole or part, or if no disposition thereof is made within sixty (60) days. Such person's costs and expenses incurred in connection with successfully establishing that person's right to indemnification or advances, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for advance costs, charges and expenses under Section 7 of this Article VII where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in Sections 1 or 2 of this Article VII, but the burden of proving such standard of conduct has not been met shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel and its shareholders) to have made such a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article VII, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel and its shareholders) that the claimant has not met such applicable standard, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

**Section 9. Non-Exclusivity of Indemnification and Advancement of Expenses.** The indemnification and advancement of expenses provided by or granted pursuant to this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, contract, vote of shareholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VII shall be made to the fullest extent permitted by law. The provisions of this Article VII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VII

but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of California, or otherwise.

**Section 10. Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VII.

**Section 11. Meaning of "Corporation" for Purposes of Article VII.** For purposes of this Article VII, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request for such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

**Section 12. Survival of Indemnification and Advancement of Expenses.** The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

## ARTICLE VIII

### AMENDMENT

**Section 1. Amending and Repealing.** These Bylaws may be altered, amended or repealed, in whole or in part, or new Bylaws may be adopted by the majority vote of the entire Board of Directors.

**Section 2. Entire Board of Directors.** As used in this Article VIII and in these Bylaws generally, the term "entire Board of Directors" means the total number of the directors which the Corporation would have if there were no vacancies.

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HOVNANIAN ENTERPRISES, INC.

and

[WARRANT AGENT]  
As Warrant Agent

Warrant Agreement — [Common Stock]  
[Preferred Stock] [Depository Shares](1)

Dated as of

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(1) Options represented by bracketed or blank sections herein shall be determined in conformity with the applicable prospectus supplement or supplements.

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**HOVNANIAN ENTERPRISES, INC.  
Form of [Common Stock] [Preferred Stock] [Depositary Shares]  
Warrant Agreement**

THIS WARRANT AGREEMENT dated as of \_\_\_\_\_ between Hovnanian Enterprises, Inc., a Delaware corporation (the "Company"), and [Warrant Agent], as Warrant Agent (herein called the "Warrant Agent").

WHEREAS, the Company proposes to sell [if Warrants are sold with Debt Securities or Depositary Shares or Preferred Stock — [title of Debt Securities or Depositary Shares or Preferred Stock being offered] (the "Offered Securities") with] warrant certificates evidencing one or more warrants (the "Warrants" or individually a "Warrant") representing the right to purchase [ ] shares of the Company's Class A common stock, par value \$.01 per share (the "Common Stock"), [ ] shares of the Company's depositary shares, each representing one \_\_\_\_\_ of a share of Preferred Stock (as defined below) (the "Depositary Shares"), [ ] shares of the Company's preferred stock, par value \$.01 per share (the "Preferred Stock," collectively with the Common Stock and the Depositary Shares, the "Warrant Securities"), such warrant certificates and other warrant certificates issued pursuant to this Agreement being herein called the "Warrant Certificates"; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company in connection with the issuance, exchange, exercise and replacement of the Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Warrant Certificates and the terms and conditions on which they may be issued, exchanged, exercised and replaced;

NOW THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

## ARTICLE I.

### ISSUANCE OF WARRANTS AND EXECUTION AND DELIVERY OF WARRANT CERTIFICATES

SECTION 1.1. Issuance of Warrants. [If Warrants alone — Upon issuance, each Warrant Certificate shall evidence one or more Warrants.] [If Offered Securities and Warrants — Warrants shall be [initially] issued in connection with the issuance of the Offered Securities [but shall be separately transferable on and after (the “Detachable Date”)] [and shall not be separately transferable] and each Warrant Certificate shall evidence one or more Warrants.] Each Warrant evidenced thereby shall represent the right, subject to the provisions contained herein and therein, to purchase Warrant Securities. [If Offered Securities and Warrants — Warrant Certificates shall be initially issued in units with the Offered Securities and each Warrant Certificate included in such a unit shall evidence Warrants for each shares of Offered Securities included in such unit.]

SECTION 1.2. Execution and Delivery of Warrant Certificates. Each Warrant Certificate, whenever issued, shall be in registered form substantially in the form set forth in Exhibit A hereto, shall be dated and may have such letters, numbers, or other marks

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of identification or designation and such legends or endorsements printed, lithographed or engraved thereon as the officers of the Company executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Warrants may be listed, or to conform to usage. The Warrant Certificates shall be executed on behalf of the Company by [its Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President and by the Secretary or any Assistant Secretary]. Such signatures may be manual or facsimile signatures of such authorized officers and may be imprinted or otherwise reproduced in the Warrant Certificates.

No Warrant Certificates shall be valid for any purpose, and no Warrant evidenced thereby shall be exercisable, until such Warrant Certificate has been countersigned by the manual signature of the Warrant Agent. Such signature by the Warrant Agent upon any Warrant Certificate executed by the Company shall be conclusive evidence that the Warrant Certificate so countersigned has been duly issued hereunder.

In case any officer of the Company who shall have signed any of the Warrant Certificates either manually or by facsimile signature shall cease to be such officer before the Warrant Certificates so signed shall have been countersigned and delivered by the Warrant Agent, such Warrant Certificates may be countersigned and delivered notwithstanding that the person who signed such Warrant Certificates ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Warrant Certificate, shall be the proper officers of the Company, although at the date of the execution of this Agreement any such person was not such officer.

The term “holder” or “holder of a Warrant Certificate” as used herein shall mean any person in whose name at the time any Warrant Certificate shall be registered upon the books to be maintained by the Warrant Agent for that purpose [If Offered Securities and Warrants are not immediately detachable — or upon the register of the Offered Securities prior to the Detachable Date. Prior to the Detachable Date, the Company will, or will cause the registrar of the Offered Securities to, make available at all times to the Warrant Agent such information as to holders of the Offered Securities with Warrants as may be necessary to keep the Warrant Agent’s records up to date].

SECTION 1.3. Issuance of Warrant Certificates. Warrant Certificates evidencing the right to purchase an aggregate total number not exceeding Warrant Securities (except as provided in Sections 1.4, 3.1 and 4.2) may be executed by the Company and delivered to the Warrant Agent upon the execution of this Warrant Agreement or from time to time thereafter. The Warrant Agent shall, upon receipt of Warrant Certificates duly executed on behalf of the Company, countersign Warrant Certificates evidencing Warrants representing the right to purchase up to Warrant Securities and shall deliver such Warrant Certificates to or upon the order of the Company. Subsequent to such issuance of the Warrant Certificates, the Warrant Agent shall countersign a Warrant Certificate only if the Warrant Certificate is issued in

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exchange or substitution for one or more previously countersigned Warrant Certificates or in connection with their transfer, as hereinafter provided or as provided in Section 2.3(c).

SECTION 1.4. Temporary Warrant Certificate. Pending the preparation of definitive Warrant Certificates, the Company may execute, and upon the order of the Company, the Warrant Agent shall authenticate and deliver, temporary Warrant Certificates which are printed, lithographed, typewritten, mimeographed or otherwise produced substantially of the tenor of the definitive Warrant Certificate in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Warrant Certificates may determine, as evidenced by their execution of such Warrant Certificates.

If temporary Warrant Certificates are issued, the Company will cause definitive Warrant Certificates to be prepared without unreasonable delay. After the preparation of definitive Warrant Certificates, the temporary Warrant Certificates shall be exchangeable for definitive Warrant Certificates upon surrender of the temporary Warrant Certificates at the corporate trust office of the Warrant Agent [or ], without charge to the Holder. Upon surrender for cancellation of any one or more temporary Warrant Certificates the Company shall execute and the Warrant Agent shall authenticate and deliver in exchange therefor definitive Warrant Certificates representing the same aggregate number of Warrants. Until so exchanged, the temporary Warrant Certificates shall in all respects be entitled to the same benefits under this Agreement as definitive Warrant Certificates.

## ARTICLE II.

### WARRANT PRICE, DURATION AND EXERCISE OF WARRANTS

SECTION 2.1. Warrant Price. (a) During the period from \_\_\_\_\_, through and including \_\_\_\_\_, the exercise price of each Warrant will be \_\_\_\_\_. During the period from \_\_\_\_\_, through and including \_\_\_\_\_, the exercise price of each Warrant will be \_\_\_\_\_. Such purchase price of Warrant Securities is referred to in this Warrant Agreement as the "Warrant Price." No adjustment shall be made for any dividends on any Warrant Securities issuable upon exercise of any Warrants.

(b) Warrants may be exercised by the holders thereof at any time, at the Warrant Price then in effect, when the Warrant Securities are registered pursuant to an effective registration statement under the Securities Act. Warrants shall in no event be exercisable for the purchase of Warrant Securities at any time when such Warrant Securities are not registered pursuant to an effective registration statement under the Securities Act.

The Company shall be required to register the Warrant Securities only as provided in Section 8.6, and holders will have such other rights only as provided herein.

The Company shall promptly give all holders notice of the effectiveness of a registration statement in respect of Warrant Securities and of any subsequent lapses in the effectiveness of such registration statement.

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SECTION 2.2. Duration and Exercise of Warrants. (a) The registered holder of any Warrant Certificate may exercise the Warrants evidenced thereby in whole or in part at any time after \_\_\_\_\_, upon surrender of the Warrant Certificate with the form of election to purchase on the reverse side thereof duly executed, to the Warrant Agent at the principal office of the Warrant Agent [in the Borough of Manhattan, City and State of New York,] together with payment of the Warrant Price for each share of [Common Stock] [Preferred Stock] [Depository Shares] as to which the Warrants are exercised, at or prior to 5:00 P.M. ([New York time]) on [the earliest of (i), (the "Scheduled Share Conversion Date"), (ii) the Accelerated Share Conversion Date as defined in Section 7.2 hereof, or (iii) the business day immediately preceding the Redemption Date as defined in Section 7.1 hereof] [ \_\_\_\_\_ [or such later date as the Company may designate, by notice to the Warrant Agent and the holders of the Warrant Certificates mailed to their addresses as set forth in the record books of the Warrant Agent] (the "Expiration Date"). Each Warrant not exercised at or before 5:00 P.M. [New York City time], on the Expiration Date shall become void, and all rights of the holder of the Warrant Certificate evidencing such Warrant under this Agreement shall cease].

(b) The Warrant Price for each share of [Common Stock] [Preferred Stock] [Depository Shares] pursuant to the exercise of a Warrant shall initially be \_\_\_\_\_, shall be subject to adjustment as provided in Article III and Article VII hereof, and shall be payable in lawful money of the United States of America.

(c) Upon receipt of a Warrant Certificate, with the form of election to purchase on the reverse side thereof, duly executed, accompanied by payment of the Warrant Price for the shares to be purchased and an amount equal to any applicable transfer tax in cash, or by check, bank draft or postal or express money order payable to the order of the Company, the Warrant Agent shall thereupon promptly (i) requisition from any transfer agent of the [Common Stock] [Preferred Stock] [Depository Shares] of the Company certificates for the number of whole shares of [Common Stock] [Preferred Stock] [Depository Shares] to be purchased and, when appropriate, for the number of fractional shares to be sold by the Warrant Agent, and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares or Warrants, and (iii) promptly after receipt of such certificates cause the same to be delivered to or upon the order of the registered holder of such Warrant Certificate, registered in such name or names as may be designated by such holder, and, when appropriate, after receipt promptly deliver such cash to or upon the order of the registered holder of such Warrant Certificate.

(d) In case the registered holder of any Warrant Certificate shall exercise less than all the Warrants evidenced thereby, a new Warrant Certificate evidencing Warrants equivalent to the Warrants remaining unexercised shall be issued by the Warrant Agent to the registered holder of such Warrant Certificate or to his duly authorized assigns, subject to the provisions of Section 2.3 hereof.

(e) The Warrant Agent shall account promptly to the Company with respect to Warrants exercised and concurrently pay to the Company all monies received for the purchase of shares of [Common Stock] [Preferred Stock] [Depository Shares] through the exercise of Warrants.

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SECTION 2.3. No Fractional Shares to Be Issued. (a) Notwithstanding anything to the contrary contained in this Agreement, if the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] purchasable on the exercise of each Warrant is not a whole number, the Company shall not be required to issue any fraction of a share of [Common Stock] [Preferred Stock] [Depository Shares] or to distribute stock certificates that evidence fractional shares of [Common Stock] [Preferred Stock] [Depository Shares] or to issue a Warrant Certificate representing a fractional Warrant upon exercise of any Warrants. If Warrant Certificates evidencing more than one Warrant shall be surrendered for exercise at one time by the same holder, the number of full shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Warrants so surrendered. [If any fraction of a share of [Common Stock] [Preferred Stock] [Depository Shares] would, except for the provisions of this Section 2.3, be issuable on the exercise of any Warrant or Warrants, the Company shall purchase such fraction for an amount in cash equal to such fraction of the then current market price of a share of [Common Stock] [Preferred Stock] [Depository Shares]. The Warrant holders, by their acceptance of the Warrant Certificates, expressly waive their right to receive any fraction of a share of [Common Stock] [Preferred Stock] [Depository Shares] or a stock certificate representing a fraction of a share of [Common Stock] [Preferred Stock] [Depository Shares].

(b) If the number of shares purchasable upon the exercise of each Warrant is adjusted pursuant to Section 3.1(l), the Company shall nonetheless not be required to issue fractions of shares upon exercise of the Warrants or to distribute share certificates which evidence fractional shares, nor shall the Company be required to make any cash adjustment in respect of a fractional interest in a share, but the fractional interest to which any person is entitled shall be sold in the manner set forth in subsection (c) of this Section 2.3 by the Warrant Agent, acting as agent for the person entitled to such fractional interest, except as otherwise provided in such subsection.

(c) The Warrant Agent shall remit to such person the proceeds of the sale of any such fractional interest sold by it as such agent. Fractional interests shall be non-transferable except by or to the Warrant Agent acting as herein authorized. The Warrant Agent may sell fractional interests on the basis of market prices of the Warrants or shares of [Common Stock] [Preferred Stock] [Depository Shares] as determined by the Warrant Agent in its sole discretion. In lieu of making an actual sale of a fractional interest, the Company may authorize the Warrant Agent to value fractional interests without



actual sale on the basis of the current market price of the Warrants or shares of [Common Stock] [Preferred Stock] [Depository Shares] as determined by the Warrant Agent in its sole discretion.

SECTION 2.4. Covenant to Reserve Shares for Issuance on Exercise. The Company covenants that it will at all times reserve and keep available out of its authorized but unissued Warrant Securities or its authorized and issued Warrant Securities held in its Treasury, solely for the purpose of issue upon exercise of Warrants, the full number of Warrant Securities, if any, then issuable if all outstanding Warrants then exercisable were to be exercised. The Company covenants that, subject to payment of the Warrant Price, all shares of [Common Stock] [Preferred Stock] [Depository Shares] which shall be so issuable shall be duly and validly issued and fully paid and nonassessable.

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[The Company hereby authorizes and directs its current and future transfer agents for the shares of [Common Stock] [Preferred Stock] [Depository Shares] and for any shares of the Company's capital stock issuable upon the exercise of any of the Warrants at all times to reserve such number of authorized shares as shall be requisite for such purpose. The Company will supply such transfer agents with duly executed stock certificates for such purposes and will provide or otherwise make available any cash which may be payable as provided in this Article II.]

The Company covenants that if any shares of [Common Stock] [Preferred Stock] [Depository Shares] required to be reserved for purposes of exercise of Warrants require, under any federal or state law or rule or regulation of any national securities exchange, registration with or approval of any governmental authority, or listing on any national securities exchange before such shares may be issued upon exercise, the Company will in good faith and as expeditiously as possible endeavor to cause such shares to be duly registered, approved or listed on the relevant national securities exchange, as the case may be; provided, however, that in no event shall such shares of [Common Stock] [Preferred Stock] [Depository Shares] be issued, and the Company is hereby authorized to suspend the exercise of all Warrants, for the period during which such registration, approval or listing is required but not in effect.

The Company further covenants and agrees that it will pay when due and payable any and all Federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Warrant Certificates or of any shares of [Common Stock] [Preferred Stock] [Depository Shares] upon the exercise or conversion of Warrants. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer involved in the transfer or delivery of Warrant Certificates or the issuance or conversion or delivery of Certificates for shares of [Common Stock] [Preferred Stock] [Depository Shares] in a name other than that of the registered holder of the Warrant Certificate evidencing Warrants surrendered for exercise or to issue or deliver any certificates for shares of [Common Stock] [Preferred Stock] [Depository Shares] upon the exercise or conversion of any Warrants until any such tax shall have been paid (any such tax being payable by the holder of such Warrant Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

SECTION 2.5. Share Record Date. Each person in whose name any certificate for shares of [Common Stock] [Preferred Stock] [Depository Shares] is issued upon the exercise of Warrants shall for all purposes be deemed to have become the holder of record of the shares of [Common Stock] [Preferred Stock] [Depository Shares] represented thereby on, and such certificate shall be dated, the date upon which the Warrant Certificate evidencing such Warrants was duly surrendered and payment of the Warrant Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the [Common Stock] [Preferred Stock] [Depository Shares] transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding business day on which the [Common Stock] [Preferred Stock] [Depository Shares] transfer books of the Company are open. Prior to the exercise of the Warrants evidenced thereby, the holder of a [Common Stock] [Preferred Stock] [Depository Shares] Warrant Certificate shall not be entitled to any rights of a shareholder of the Company with respect to shares for which the Warrants shall be exercisable, including, without

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limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

SECTION 2.6. Rights Upon Dissolution or Liquidation. Notwithstanding any other provision of this Agreement relating to the rights of holders of Warrant Certificates, in the event that, at any time after the date hereof, there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company, then the Company shall give notice by first-class mail to each holder of an outstanding Warrant at such holder's address as it appears on the Warrant Register at the earliest practicable time (and, in any event, not less than twenty days before any date set for definitive action), of the date on which such dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of record of [Common Stock] [Preferred Stock] [Depository Shares] or other securities, if any, underlying the Warrants shall be entitled to exchange their shares for securities, money or other property deliverable upon such dissolution, liquidation or winding up, as the case may be, on which date each holder of outstanding Warrants shall receive cash or other property (taking into account the Warrant Price then in effect) which it would have been entitled to receive had the Warrants been exercisable and exercised immediately prior to such dissolution, liquidation or winding up and the rights to exercise the Warrants shall terminate.

### ARTICLE III.

#### ADJUSTMENT OF WARRANT PRICE AND SHARES OF [COMMON STOCK] [PREFERRED STOCK] [DEPOSITARY SHARES] PURCHASABLE

SECTION 3.1. Adjustment of Warrant Price. The Warrant Price specified in Section 2.1 shall be subject to adjustment from time to time as follows:

(a) In case the Company shall (i) pay a dividend or make a distribution on the Warrant Securities in shares of its [Common Stock] [Preferred Stock] [Depository Shares], (ii) subdivide the outstanding Warrant Securities into a greater number of shares, (iii) combine the outstanding Warrant Securities into a smaller number of shares or (iv) issue any shares of its capital stock in a reclassification of the shares of [Common Stock] [Preferred Stock] [Depository Shares] (including any such reclassification in connection with a consolidation, merger or share exchange in which the Company is the continuing corporation), the Warrant Price in effect at such time shall be adjusted so that the holder of any Warrant thereafter surrendered for exercise shall be

entitled to receive the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] which he would have owned or have been entitled to receive after the happening of any of the events described above had such Warrant been exercised immediately prior to the record date in the case of a dividend or the effective date in the case of a subdivision or combination. An adjustment made pursuant to this subparagraph (a) shall become effective immediately after the record date in the case of a dividend, except as provided in subparagraph (h) below, and shall become effective immediately after the effective date in the case of a subdivision or combination.

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(b) In case the Company shall issue rights or warrants to all holders of [Common Stock] [Preferred Stock] [Depository Shares] entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of [Common Stock] [Preferred Stock] [Depository Shares] at a price per share less than the current market price per share of [Common Stock] [Preferred Stock] [Depository Shares] (as defined for purposes of this subparagraph (b) in subparagraph (e) below), at the record date for the determination of stockholders entitled to receive such rights or warrants, the Warrant Price in effect after such record date shall be determined by multiplying such Warrant Price by a fraction, the numerator of which shall be the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] outstanding at the close of business on the record date for issuance of such rights or warrants plus the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] which the aggregate offering price of the total number of shares of [Common Stock] [Preferred Stock] [Depository Shares] so offered would purchase at such current market price, and the denominator of which shall be the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] outstanding at the close of business on the record date for issuance of such rights or warrants plus the number of additional shares of [Common Stock] [Preferred Stock] [Depository Shares] receivable upon exercise of such rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately, except as provided in subparagraph (h) below, after such record date. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a statement filed with the Warrant Agent. Shares of [Common Stock] [Preferred Stock] [Depository Shares] owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights or warrants are not so issued, the Warrant Price shall again be adjusted to be the Warrant Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall distribute to all holders of shares of [Common Stock] [Preferred Stock] [Depository Shares] (including any such distribution made in connection with a consolidation, merger or share exchange in which the Company is the continuing corporation) any shares of capital stock of the Company (other than shares of [Common Stock] [Preferred Stock] [Depository Shares]) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings of the Company or from any surplus legally available for dividends under the laws of the state of incorporation of the Company and dividends payable in shares of [Common Stock] [Preferred Stock] [Depository Shares]) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights or warrants referred to in subparagraph (b) above) (any of the foregoing being hereinafter in this subparagraph (c) called the "Securities"), then, in each such case, unless the Company elects to reserve such Securities (or, at the option of the Company, pay cash as provided below) for distribution to the holders of the Warrants upon the exercise of the Warrants so that any such holder exercising Warrants will receive such exercise, in addition to the Shares of [Common Stock] [Preferred Stock] [Depository Shares] to which such holder is entitled, the amount and kind of such Securities which such holder would have received if such holder had, immediately prior to the record date for the distribution of the Securities, exercised its Warrants into Warrant Securities (or, at the option of the Company, a sum equal to the value thereof at the time of

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distribution as determined by the Company's Board of Directors in its sole discretion), the Warrant Price shall be adjusted so that the same shall equal the price determined by multiplying the Warrant Price in effect immediately prior to the date of such distribution by a fraction the numerator of which shall be the current market price per share (as defined for purposes of this subparagraph (c) in subparagraph (e) below) of the shares of [Common Stock] [Preferred Stock] [Depository Shares] on the record date mentioned above less the then fair market value (as determined by the Board of Directors of the Company, whose determination shall be conclusive) of the portion of the Securities so distributed allocable to one share of [Common Stock] [Preferred Stock] [Depository Shares], and the denominator of which shall be the current market price per share (determined as provided in subparagraph (e) below) of the shares of [Common Stock] [Preferred Stock] [Depository Shares]. Such adjustment shall become effective immediately prior to the opening of business on the day following the record date for the determination of shareholders entitled to receive such distribution. In the event that such distribution is not so made, the Warrant Price shall again be adjusted to be the Warrant Price which would then be in effect if such date fixed for the determination of shareholders entitled to receive such distribution had not been fixed.

(d) If, pursuant to subparagraph (b) or (c) above, the number of shares of Warrant Securities into which a Warrant is convertible shall have been adjusted because the Company has declared a dividend, or made a distribution, on the outstanding shares of Warrant Securities in the form of any right or warrant to purchase securities of the Company, or the Company has issued any such right or warrant, then, upon the expiration of any such unexercised right or unexercised warrant, the Warrant Price shall forthwith be adjusted to equal the Warrant Price that would have applied had such right or warrant never been declared, distributed or issued.

(e) For the purposes of any computation under subparagraph (b) above, the current market price per share of [Common Stock] [Preferred Stock] [Depository Shares] or of any other security (herein collectively referred to as a "security") at the date herein specified shall be deemed to be the average of the reported last sales prices for the [thirty consecutive Trading Days (as defined below) commencing forty-five Trading Days (as defined below) before the date in question] [ten consecutive Trading Days (as defined below) selected by the Company commencing not less than twenty nor more than thirty days before the date in question]. For the purpose of any computation under subparagraph (c) above, the current market price per security on any date shall be deemed to be the average of the reported last sales prices for the ten consecutive Trading Days before the date in question. The reported last sales price for each day (whether for purposes of subparagraph (b) or subparagraph (c)) shall be the reported last sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange at such time, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if such security is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the security on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for

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such date as furnished by any New York Stock Exchange member firm regularly making a market in such security selected for such purpose by the Board of Directors of the Company or a committee thereof or, if no such quotations are available, the fair market value of such security as determined by a New York Stock Exchange member firm regularly making a market in the shares of [Common Stock] [Preferred Stock] [Depository Shares] selected for such purpose by the Board of Directors of the Company or a committee thereof. As used herein, the term "Trading Day" with respect to a security means (x) if such security is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange is open for business or (y) if such security is quoted on the National Market System of the NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(f) No adjustment in the Warrant Price shall be required unless such adjustment would require an increase or decrease of at least [1%] in such Warrant Price; provided, however, that any adjustments which by reason of this paragraph (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article III shall be made to the nearest cent or to the nearest .01 of a share, as the case may be, with one-half cent and .005 of a share, respectively, being rounded upward. Anything in this Article III to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Warrant Price, in addition to those required by this paragraph (f), as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision of shares, distribution of rights or warrants to purchase stock or securities, or distribution of other assets (other than cash dividends) hereafter made by the Company to its stockholders shall not be taxable.

(g) Whenever the Warrant Price is adjusted as herein provided, the Company shall file with the transfer agent a certificate, signed by [the Chairman of the Board, the President, any Executive or Senior Vice President, or any Vice President] of the Company, setting forth the Warrant Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment; provided, however, that the failure of the Company to file such officers' certificate shall not invalidate any corporate action by the Company.

(h) In any case in which this Article III provides that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (y) issuing to the holder of any Warrant converted after such record date and before the occurrence of such event the additional shares of Warrant Securities or other assets issuable upon such exercise by reason of the adjustment required by such event over and above the Warrant Securities or other assets issuable upon such exercise before giving effect to such adjustment and (z) paying to such holder any amount of cash in lieu of any fractional share; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

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(i) Whenever the Warrant Price is adjusted as provided in Article III, the Company shall cause to be mailed to each holder of Warrants at its then registered address by first-class mail, postage prepaid, a notice of such adjustment of the Warrant Price setting forth such adjusted Exercise Price and the effective date of such adjusted Exercise Price; provided, however, that the failure of the Company to give such notice shall not invalidate any corporate action by the Company.

(j) In the event that at any time, as a result of an adjustment made pursuant to Section 3.1, the holder of any Warrant thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than shares of [Common Stock] [Preferred Stock] [Depository Shares], thereafter the number of such other shares so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 3.1(a) through (c), inclusive, and the provisions of Sections 2.3, 2.4 and 2.5 with respect to the shares of [Common Stock] [Preferred Stock] [Depository Shares] shall apply on like terms to any such other shares.

(k) All Warrants originally issued by the Company subsequent to any adjustment made to the Warrant Price hereunder shall evidence the right to purchase, at the adjusted Warrant Price, the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] purchasable from time to time hereunder upon exercise of the Warrants, all subject to further adjustment as provided herein.

(l) Unless the Company shall have exercised its election as provided in Section 3.1(m), upon each adjustment of the Warrant Price as a result of the calculations made in Section 3.1(a), (b) or (c), each Warrant outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Warrant Price, that number of shares (calculated to the nearest hundredth) obtained by (i) multiplying the number of shares covered by a Warrant immediately prior to this adjustment of the number of shares by the Warrant Price in effect immediately prior to such adjustment of the Warrant Price and (ii) dividing the product so obtained by the Warrant Price in effect immediately after such adjustment of the Warrant Price.

(m) The Company may elect on or after the date of any adjustment of the Warrant Price to adjust the number of Warrants, in substitution for any adjustment in the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] purchasable upon the exercise of a Warrant as provided in Section 3.2. Each of the Warrants outstanding after such adjustment of the number of Warrants shall be exercisable for one share of [Common Stock] [Preferred Stock] [Depository Shares]. Each Warrant held of record prior to such adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest hundredth) obtained by dividing the Warrant Price in effect prior to adjustment of the Warrant Price by the Warrant Price in effect after adjustment of the Warrant Price. The Company shall make a public announcement of its election to adjust the number of Warrants, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Warrant Price is adjusted or any day thereafter, but shall be at least 10 days later than the date of the public announcement. Upon each adjustment of the number of Warrants pursuant to this subsection (l) the Company shall, as

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promptly as practicable, cause to be distributed to holders of record of Warrant Certificates on such record date Warrant Certificates evidencing, subject to Section 2.3, the additional Warrants to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be

distributed to such holders of record in substitution and replacement for the Warrant Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Warrant Certificates evidencing all the Warrants to which such holders shall be entitled after such adjustment. Warrant Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Warrant Price) and shall be registered in the names of the holders of record of Warrant Certificates on the record date specified in the public announcement.

(n) Irrespective of any adjustment or change in the Warrant Price or the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] issuable upon the exercise of the Warrants, the Warrant Certificates theretofore and thereafter issued may continue to express the Warrant Price per share and the number of shares which were expressed upon the initial Warrant Certificates issued hereunder.

(o) Anything in this Article III to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Warrant Price, in addition to those adjustments required by this Article III, as it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the shares of [Common Stock] [Preferred Stock] [Depository Shares], issuance wholly for cash of any shares of [Common Stock] [Preferred Stock] [Depository Shares] at less than the current market price, issuance wholly for cash of shares of [Common Stock] [Preferred Stock] [Depository Shares] or securities which by their terms are convertible into or exchangeable for Common Stock, stock dividend, issuance of rights, options or warrants referred to hereinabove in this Article III, or other event referred to hereinabove in this Article III treated for Federal income tax purposes as a dividend of stock or stock rights, hereinafter made by the Company to its common shareholders, shall not be taxable to the recipients.

SECTION 3.2. [Adjustment of shares of [Common Stock],[Preferred Stock],[Depository Shares] Purchasable Upon Exercise of Warrants]. The number of Warrant Securities that may be purchased upon exercise of a Warrant shall be determined by multiplying the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] which would otherwise (but for the provisions of this Section 3.2) be issuable upon such exercise by a fraction of which (a) the numerator is \_\_\_\_\_ and (b) the denominator is \$ \_\_\_\_\_ minus deductions made from (and/or plus additions to) the Warrant Price pursuant to Sections 3.1(a) or (c) hereof. The Warrant Price per share of [Common Stock] [Preferred Stock] [Depository Shares] shall be adjusted and readjusted from time to time as provided in this Article III and, as so adjusted or readjusted, shall remain in effect until a further adjustment or readjustment thereof is required by this Article III.]

SECTION 3.3. Statements on Warrants. The form of Warrant Certificate need not be changed because of any adjustment made pursuant to this Article III, and Warrant Certificates issued after such adjustment may state the same Warrant Price and the same number of shares of [Common Stock] [Preferred Stock] [Depository Shares] as are stated in the Warrant

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Certificates initially issued pursuant to this Agreement. The Company, however, may at any time in its sole discretion (which shall be conclusive) make any change in the form of Warrant Certificate that it may deem appropriate and that does not affect the substance thereof, and any Warrant Certificate thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

#### ARTICLE IV.

##### OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT CERTIFICATES

SECTION 4.1. No Rights as Warrant Securityholder Conferred by Warrants or Warrant Certificates. No Warrant Certificates or Warrant evidenced thereby shall entitle the holder thereof to any of the rights of a holder of Warrant Securities, including, without limitation, the right to vote at, or to receive notice of, any meeting of shareholders of the Company; the consent of action or proceeding of the Company; no such holder, by reason of the ownership or possession of a Warrant or the Warrant Certificate representing the same, either at, before or after exercising such Warrant, shall have any right to receive any cash dividends, stock dividends, allotments or rights, or other distributions (except as specifically provided herein), paid, allotted or distributed or distributable to the stockholders of the Company prior to the date of the exercise of such Warrant; and no such holder shall have any right not expressly conferred by the Warrant or Warrant Certificate that such holder holds.

SECTION 4.2. Lost, Stolen, Mutilated or Destroyed Warrant Certificates. Upon receipt by the Warrant Agent of evidence reasonably satisfactory to it and the Company of the ownership of and the loss, theft, destruction or mutilation of any Warrant Certificate and of indemnity reasonably satisfactory to the Warrant Agent and the Company, and, in the case of mutilation, upon surrender thereof to the Warrant Agent for cancellation, then, in the absence of notice to the Company or the Warrant Agent that such Warrant Certificate has been acquired by a bona fide purchaser, the Company shall execute, and an authorized officer of the Warrant Agent shall manually countersign and deliver, in exchange for or in lieu of the lost, stolen, destroyed or mutilated Warrant Certificate, a new Warrant Certificate of the same tenor and evidencing a like number of Warrants. Upon the issuance of any new Warrant Certificate under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Warrant Agent) in connection therewith. Every substitute Warrant Certificate executed and delivered pursuant to this Section in lieu of any lost, stolen or destroyed Warrant Certificate shall represent an additional contractual obligation of the Company, whether or not the lost, stolen or destroyed Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to the benefits of this Agreement equally and proportionately with any and all other Warrant Certificates duly executed and delivered hereunder. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of mutilated, lost, stolen or destroyed Warrant Certificates.

SECTION 4.3. Holder of Warrant Certificate May Enforce Rights. Notwithstanding any of the provisions of this Agreement, any holder of a Warrant Certificate, without the consent of the Warrant Agent, the Trustee, the holder of any Warrant Securities or

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the holder of any other Warrant Certificate, may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, or otherwise in respect of, his right to exercise the Warrants evidenced by his Warrant Certificate in the manner provided in his Warrant Certificate and in this Agreement.

SECTION 4.4. Reclassification, Consolidation, Merger, Share Exchange, Sale or Conveyance. In case any of the following shall occur while any Warrants are outstanding: [(a) any reclassification or change of the outstanding shares of Warrant Securities (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination of the Warrant Securities);] or (b) any consolidation, merger, share exchange or combination of the Company with or into another corporation (other than a merger or consolidation of the Company in which the Company is the continuing corporation and which does not result in any reclassification or change of outstanding shares of [Common Stock] [Preferred Stock] [Depository Shares]) as a result of which holders of Warrant Securities shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Warrant Securities; or (c) any sale or conveyance of the property or assets of the Company as, or substantially as, an entirety to any other entity as a result of which holders of Warrant Securities shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Warrant Securities; then the Company, or such successor or purchasing corporation, as the case may be, shall make appropriate provision by amendment of this Agreement or otherwise so that the holders of the Warrants then outstanding shall have the right at any time thereafter, upon exercise of such Warrants, to receive the kind and amount of shares of stock and other securities and property or assets receivable upon such reclassification, change, consolidation, merger, share exchange, combination, sale or conveyance [(or at the option of the Company, a sum equal to the value thereof at the time of the distribution as determined by the Board of Directors in its sole discretion)] as would be received by a holder of the number of shares of Warrant Securities issuable upon exercise of such Warrant immediately prior to such reclassification, change, consolidation, share exchange, merger, sale or conveyance, and, in the case of a consolidation, merger, share exchange, sale or conveyance the Company shall thereupon be relieved of any further obligation hereunder or under the Warrants, and the Company as the predecessor corporation may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor or assuming corporation thereupon may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Warrants issuable hereunder which theretofore shall not have been signed by the Company, and may execute and deliver Warrant Securities in its own name, in fulfillment of its obligations to deliver Warrant Securities upon exercise of the Warrants. All the Warrants so issued shall in all respects have the same legal rank and benefit under this Agreement as the Warrants theretofore or thereafter issued in accordance with the terms of this Agreement as though all of such Warrants had been issued at the date of the execution hereof. In any case of any such reclassification, change, consolidation, merger, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in the Warrants thereafter to be issued as may be appropriate.

The Warrant Agent may receive a written opinion of legal counsel as conclusive evidence that any such reclassification, change, merger, share exchange, consolidation, sale or conveyance complies with the provisions of this Section 4.4.

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## ARTICLE V.

### EXCHANGE AND TRANSFER OF WARRANT CERTIFICATES

SECTION 5.1. Exchange and Transfer of Warrant Certificates. [If Offered Securities with Warrants which are immediately detachable — Upon] [If Offered Securities with Warrants which are not immediately detachable — Prior to the Detachable Date a Warrant Certificate may be exchanged or transferred only together with the Offered Security to which the Warrant Certificate was initially attached, and only for the purpose of effecting or in conjunction with an exchange or transfer of such Offered Security. Prior to any Detachable Date, each transfer of the Offered Security on the register of the Offered Securities shall operate also to transfer the related Warrant Certificates. After the Detachable Date, upon] surrender at the corporate trust office of the Warrant Agent [or ], Warrant Certificates evidencing Warrants may be exchanged for Warrant Certificates in other denominations evidencing such Warrants or the transfer thereof may be registered in whole or in part; provided that such other Warrant Certificates evidence the same aggregate number of Warrants as the Warrant Certificates so surrendered. The Warrant Agent shall keep, at its corporate trust office [and at ], books in which, subject to such reasonable regulations as it may prescribe, it shall register Warrant Certificates and exchanges and transfers of outstanding Warrant Certificates, upon surrender of the Warrant Certificates to the Warrant Agent at its corporate trust office [or ] for exchange or registration of transfer, properly endorsed or accompanied by appropriate instruments of registration of transfer and written instructions for transfer, all in form satisfactory to the Company and the Warrant Agent. No service charge shall be made for any exchange or registration of transfer of Warrant Certificates, but the Company may require payment of a sum sufficient to cover any stamp or other tax or other governmental charge that may be imposed in connection with any such exchange or registration of transfer. Whenever any Warrant Certificates are so surrendered for exchange or registration of transfer, an authorized officer of the Warrant Agent shall manually countersign and deliver to the person or persons entitled thereto a Warrant Certificate or Warrant Certificates duly authorized and executed by the Company, as so requested. The Warrant Agent shall not be required to effect any exchange or registration of transfer which will result in the issuance of a Warrant Certificate evidencing a fraction of a Warrant or a number of full Warrants and a fraction of a Warrant. All Warrant Certificates issued upon any exchange or registration of transfer of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrant Certificate surrendered for such exchange or registration of transfer.

SECTION 5.2. Treatment of Holders of Warrant Certificates. [If Offered Securities and Warrants are not immediately detachable — Prior to the Detachable Date, the Company, the Warrant Agent and all other persons may treat the owner of the Offered Security as the owner of the Warrant Certificates initially attached thereto for any purpose or as the person entitled to exercise the rights represented by the Warrants evidenced by such Warrant Certificates, any notice to the contrary notwithstanding. After the Detachable Date, and] [P]rior to due presentment of a Warrant Certificate for registration of transfer, the Company, the Warrant Agent and all other persons may treat the holder of a Warrant Certificate as the owner

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thereof for any purpose and as the person entitled to exercise the rights represented by the Warrants evidenced thereby, any notice to the contrary notwithstanding.

SECTION 5.3. Cancellation of Warrant Certificates. Any Warrant Certificates surrendered for exchange, registration of transfer or exercise of the Warrants evidenced thereby shall, if surrendered to the Company, be delivered to the Warrant Agent and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly canceled by the Warrant Agent and shall not be reissued and, except as expressly permitted by this Agreement, no Warrant Certificate shall be issued hereunder in exchange or in lieu thereof. The Warrant Agent shall deliver to the Company from time to time or otherwise dispose of canceled Warrant Certificates in a manner satisfactory to the Company.

## CONCERNING THE WARRANT AGENT

SECTION 6.1. Warrant Agent. The Company hereby appoints [Warrant Agent] as Warrant Agent of the Company in respect of the Warrants and the Warrant Certificates upon the terms and subject to the conditions herein set forth; and [Warrant Agent] hereby accepts such appointment. The Warrant Agent shall have the powers and authority granted to and conferred upon it in the Warrant Certificates and hereby and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it. All of the terms and provisions with respect to such powers and authority contained in the Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 6.2. Conditions of Warrant Agent's Obligations. The Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof, including the following to all of which the Company agrees and to all of which the rights hereunder of the holders from time to time of the Warrant Certificates shall be subject:

(a) *Compensation and Indemnification*. The Company agrees promptly to pay the Warrant Agent the compensation to be agreed upon with the Company for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable out-of-pocket expenses (including counsel fees) incurred by the Warrant Agent in connection with the services rendered hereunder by the Warrant Agent. The Company also agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Warrant Agent, arising out of or in connection with its acting as Warrant Agent hereunder, as well as the costs and expenses of defending against any claim of such liability.

(b) *Agent for the Company*. In acting under this Warrant Agreement and in connection with the Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligations or relationship of agency or trust for or with any of the holders of Warrant Certificates or beneficial owners of Warrants.

(c) *Counsel*. The Warrant Agent may consult with counsel satisfactory to it, and the written advice of such counsel shall be full and complete authorization and protection in respect

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of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice of such counsel.

(d) *Documents*. The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(e) *Certain Transactions*. The Warrant Agent and its officers, directors and employees may become the owner of, or acquire any interest in, Warrants, with the same rights that it or they would have if it were not the Warrant Agent hereunder, and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depository, trustee or agent for, any committee or body of holders of Warrant Securities or other obligations of the Company as freely as if it were not the Warrant Agent hereunder. Nothing in the Warrant Agreement shall be deemed to prevent the Warrant Agent from acting as Trustee under any of the Indentures.

(f) *No Liability for Interest*. Unless otherwise agreed with the Company, the Warrant Agent shall have no liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(g) *No Liability for Invalidity*. The Warrant Agent shall have no liability with respect to any invalidity of this Agreement or any of the Warrant Certificates (except as to the Warrant Agent's countersignature thereon).

(h) *No Responsibility for Representations*. The Warrant Agent shall not be responsible for any of the recitals or representations herein or in the Warrant Certificates (except as to the Warrant Agent's counter-signature thereon), all of which are made solely by the Company.

(i) *No Implied Obligations*. The Warrant Agent shall be obligated to perform only such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Warrant Certificates authenticated by the Warrant Agent and delivered by it to the Company pursuant to this Agreement or for the application by the Company of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained herein or in the Warrant Certificates or in the case of the receipt of any written demand from a holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 7.2 hereof, to make any demand upon the Company.

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SECTION 6.3. Resignation and Appointment of Successor. (a) The Company agrees, for the benefit of the holders from time to time of the Warrant Certificates, that there shall at all times be a Warrant Agent hereunder until all the Warrants have been exercised or are no longer exercisable.

(b) The Warrant Agent may at any time resign as such agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided that such date shall not be less than three months after the date on which such notice is given unless the Company otherwise agrees. The Warrant Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed by or on behalf of the Company and specifying such removal and the date when it shall become effective. Such resignation or removal shall take effect upon the appointment by the Company, as hereinafter provided, of a successor Warrant Agent (which shall be a bank or trust company authorized under the laws of the jurisdiction of its organization to exercise corporate trust powers) and the acceptance of such appointment by such successor Warrant

Agent. The obligation of the Company under Section 6.2(a) shall continue to the extent set forth therein notwithstanding the resignation or removal of the Warrant Agent.

(c) In case at any time the Warrant Agent shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or shall commence a voluntary case under the Federal bankruptcy laws, as now or hereafter constituted, or under any other applicable Federal or State bankruptcy, insolvency or similar law, or shall consent to the appointment of or taking possession by a receiver, custodian, liquidator, assignee, trustee, sequestrator (or other similar official) of the Warrant Agent or its property or affairs, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall take corporate action in furtherance of any such action, or a decree or order for relief by a court having jurisdiction in the premises shall have been entered in respect of the Warrant Agent in an involuntary case under the Federal bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or similar law, or a decree or order by a court having jurisdiction in the premises shall have been entered for the appointment of a receiver, custodian, liquidator, assignee, trustee, sequestrator (or similar official) of the Warrant Agent or of its property or affairs, or any public officer shall take charge or control of the Warrant Agent or of its property or affairs for the purpose of rehabilitation, conservation, winding up or liquidation, a successor Warrant Agent, qualified as aforesaid, shall be appointed by the Company by an instrument in writing, filed with the successor Warrant Agent. Upon the appointment as aforesaid of a successor Warrant Agent and acceptance by the successor Warrant Agent of such appointment, the Warrant Agent shall cease to be Warrant Agent hereunder.

(d) Any successor Warrant Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Company an instrument accepting such appointment hereunder, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named Warrant Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such

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successor Warrant Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor, as Warrant Agent hereunder.

(e) Any corporation into which the Warrant Agent hereunder may be merged or converted or any corporation with which the Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party, or any corporation to which substantially all the assets and business of the Warrant Agent have been transferred, provided that it shall be qualified as aforesaid, shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

## ARTICLE VII.

### [REDEMPTION;] [ACCELERATED SHARE CONVERSION DATE AND] [CONVERSION OF WARRANTS INTO SHARES]

SECTION 7.1. Redemption. The Company may, at its option, at any time from and after , and at or prior to 5:00 p.m., [New York time], on the earlier of the Scheduled Share Conversion Date or the Accelerated Share Conversion Date (as defined in Section 7.2, redeem all but not less than all of the then outstanding Warrants at a redemption price of \$ per Warrant, subject to adjustment pursuant to the provisions of Section 7.3(b). Such price, as the same may be from time to time adjusted, is hereinafter referred to as the "Redemption Price." If the Company should desire to exercise such right to redeem all of the then outstanding Warrants, it will give notice of such redemption to the holders thereof as follows:

Notice of such redemption to holders of Warrants shall be mailed to all such holders not less than 30 nor more than 90 days prior to the date fixed for redemption to their last addresses as they appear upon the registry books of the Warrant Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will specify the date fixed for redemption ("Redemption Date") and the Redemption Price. The notice will state that payment of the Redemption Price will be made at the office or agency of the Warrant Agent or at the option of the Company at a specified office of the Company in the City of Red Bank, State of New Jersey, upon presentation and surrender of such Warrants, and will also state that the right to exercise the Warrants will terminate at the close of business on the business day immediately preceding the Redemption Date.

On or before the Redemption Date, the Company shall deposit with the Warrant Agent funds in form satisfactory to the Warrant Agent sufficient to redeem the then outstanding Warrants at the Redemption Price.]

SECTION 7.2. Accelerated Share Conversion Date. If the price of a share of [Common Stock] [Preferred Stock] [Depository Shares] (as determined pursuant to the second sentence of Section 3.1(e)) for each of 10 consecutive trading days is at least \$ , subject to adjustment pursuant to the provisions of Section 7.3(b) (such price, as the same may from time to time be adjusted, is hereinafter referred to as the "Acceleration Price"), then the

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Company may, at its option, accelerate the date on which the Warrants shall be converted into shares of [Common Stock] [Preferred Stock] [Depository Shares] and cease to be exercisable. If the Company shall so accelerate such date, it shall give notice of such acceleration within 30 days after the end of any such 10 consecutive trading day period to the holders of Warrants as follows:

Notice of such acceleration shall be mailed to all holders of Warrants not less than 30 nor more than 90 days prior to the date specified in such notice as the date on which the Warrants shall be converted into shares of [Common Stock] [Preferred Stock] [Depository Shares] and cease to be exercisable (the "Accelerated Share Conversion Date") to their last addresses as they appear upon the registry books of the Warrant Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of acceleration will specify the Accelerated Share Conversion Date and the Acceleration Price.]

SECTION 7.3. Conversion of Warrants into Shares. (a) To the extent that any Warrant Certificates remain outstanding at the expiration of the period during which the Warrants are exercisable, as set forth in Section 2.2(a) hereof, the unexercised Warrants represented thereby shall be converted automatically into shares of [Common Stock] [Preferred Stock] [Depository Shares] at the rate of [ ] share [s] of [Common Stock] [Preferred Stock] [Depository Shares] for each [ ] Warrants. The registered holders of such Warrant Certificates shall be deemed to have become holders of record of such share or shares of [Common Stock] [Preferred Stock] [Depository Shares] as of the date of such conversion. If the number of shares of [Common Stock] [Preferred Stock] [Depository Shares] purchasable upon the exercise of each Warrant is adjusted pursuant to Section 3.2, the rate at which shares of [Common Stock] [Preferred Stock] [Depository Shares] are issued upon such conversion of unexercised Warrants at the expiration of the period during which the Warrants are exercisable shall be adjusted in order that the total number of shares of [Common Stock] [Preferred Stock] [Depository Shares] issued for each [ ] unexercised Warrants at such expiration equals the number of such shares purchasable upon the exercise of each Warrant after such adjustment. Notwithstanding the foregoing provisions of this Section 7.3, no fractional shares of [Common Stock] [Preferred Stock] [Depository Shares] shall be issuable upon such conversion. In lieu of fractional shares, there shall be paid to the registered holders of Warrant Certificates at the time such Warrant Certificates are so converted an amount in cash equal to the same fraction of the current market value of a share of [Common Stock] [Preferred Stock] [Depository Shares]. For the purposes of this Section 7.3, the current market value of a share of [Common Stock] [Preferred Stock] [Depository Shares] shall be the closing price of a share of [Common Stock] [Preferred Stock] [Depository Shares] (as determined pursuant to the second sentence of Section 3.1(e)) for the trading day immediately prior to the date of such conversion. After such conversion of outstanding and unexercised Warrants into shares of [Common Stock] [Preferred Stock] [Depository Shares], the holder of any Warrant Certificate representing such Warrants shall surrender the same to the Warrant Agent (or, if this Agreement shall have been terminated, to the transfer agent for shares of [Common Stock] [Preferred Stock] [Depository Shares]) and such holder shall be entitled, upon such surrender, to receive in exchange therefor a certificate or certificates representing the number of whole shares of [Common Stock] [Preferred Stock] [Depository Shares] into which such Warrants shall have been converted as aforesaid and payments as aforesaid for any fractional share represented thereby (without interest). Unless and

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until so surrendered, such Warrant Certificates shall be deemed for all purposes (subject to the further provisions of this paragraph) to evidence the ownership of the whole number of shares of [Common Stock] [Preferred Stock] [Depository Shares] into which the Warrants evidenced thereby have been so converted. Unless and until any such Warrant Certificate shall be so surrendered, dividends or distributions payable to holders of record of shares of [Common Stock] [Preferred Stock] [Depository Shares] shall not be paid to the holder of any such Warrant Certificate not surrendered, but there shall be paid to the record holder of such Warrant Certificate, with respect to the shares of [Common Stock] [Preferred Stock] [Depository Shares] issued upon such conversion therefor, (i) upon such surrender the amount of the dividends or distributions which shall theretofore have become payable thereon, but without interest, and (ii) after such surrender, the amount of any dividend or distribution with a record date prior to surrender and the payment date of which shall be subsequent to surrender, such amount to be paid on such payment date.

(b) Upon each adjustment of the Warrant Price of the Warrants, the Redemption Price and the Acceleration Price in effect immediately prior to the adjustment shall be adjusted to be a price equal to the product of the Redemption Price or the Acceleration Price, as the case may be, in effect immediately prior to the adjustment of the Warrant Price multiplied by a fraction the numerator of which is the Warrant Price which was in effect immediately after the adjustment of the Warrant Price and the denominator of which is the Warrant Price immediately prior to such adjustment.]

SECTION 7.4. Notice of Proposed Actions. In case the Company shall propose (a) to pay any dividend payable in stock of any class to the holders of its Common [or Preferred] Stock or to make any other distribution to the holders of its Common [or Preferred] Stock (other than a cash dividend), or (b) to offer to the holders of its Common Stock rights or warrants to subscribe for or to purchase any additional Common Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of its Common [or Preferred] Stock (other than a reclassification involving only the subdivision or combination of outstanding Common [or Preferred] Stock), or (d) to effect any consolidation, merger, share exchange or sale, transfer or other disposition of all or substantially all of the property, assets or business of the Company, or (e) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Warrant, in accordance with Section 8.2, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, distribution or rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, disposition, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of Common Stock [, Preferred Stock] [or Depository Shares], if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (a) or (b) above at least ten days prior to the record date for determining holders of the Common Stock [or Preferred Stock] for purposes of such action, and in the case of any such action, at least ten days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock [, Preferred Stock] [or Depository Shares], whichever shall be the earlier. The failure to give notice required by this Section 7.4 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

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## ARTICLE VIII.

### MISCELLANEOUS

SECTION 8.1. Amendment. (a) This Agreement and the Warrant Certificates may be amended by the Company and the Warrant Agent, without the consent of the registered holders of the Warrant Certificates or the Warrant holders, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained herein or therein, for the purpose of appointing a successor Warrant Agent in accordance with Section 6.3 or in any other manner which the Company may deem to be necessary or desirable and which will not materially and adversely affect the interests of the Warrant holders.

(b) The Company and the Warrant Agent may modify or amend this Agreement and the Warrant Certificates, with the consent of the holders of not fewer than a majority in number of the then outstanding unexercised Warrants affected by such modification or amendment, for any purpose; provided, however, that no such modification or amendment that decreases or increases the Warrant Price, shortens the period of time during which the Warrants may be exercised, or otherwise materially and adversely affects the exercise rights of the holders or reduces the percentage of outstanding Warrants the consent of the holders of which is required for modification or amendment of this Agreement or the Warrant Certificates, may be made without the consent of each Warrant holder affected thereby.



SECTION 8.2. Notices and Demands to the Company and Warrant Agent. If the Warrant Agent shall receive any notice or demand addressed to the Company by the holder of a Warrant Certificate pursuant to the provisions of the Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 8.3. Addresses. Any communication from the Company to the Warrant Agent with respect to this Agreement shall be addressed to [Warrant Agent], \_\_\_\_\_, Attention: \_\_\_\_\_, and any communication from the Warrant Agent to the Company with respect to this Agreement shall be addressed to Hovnanian Enterprises, Inc., 10 Highway 35, P.O. Box 500, Red Bank, New Jersey 07701, Attention: J. Larry Sorsby (or such other address as shall be specified in writing by the Warrant Agent or by the Company).

SECTION 8.4. Applicable Law. The validity, interpretation and performance of this Agreement and each Warrant Certificate issued hereunder and of the respective terms and provisions thereof shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.5. Delivery of Prospectus. The Company will furnish to the Warrant Agent sufficient copies of a prospectus relating to the Warrant Securities deliverable upon exercise of the Warrants (the "Prospectus"), and the Warrant Agent agrees that upon the exercise of any Warrant, the Warrant Agent will deliver to the holder of the Warrant Certificate evidencing such Warrant, prior to or concurrently with the delivery of the Warrant Securities

issued upon such exercise, a Prospectus. The Warrant Agent shall not, by reason of any such delivery, assume any responsibility for the accuracy or adequacy of such Prospectus.

SECTION 8.6. Obtaining of Governmental Approvals. The Company will from time to time take all action which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities and securities acts filings under United States Federal and State laws (including, without limitation, a registration statement in respect of the Warrants and Warrant Securities under the Securities Act of 1933), which may be or become requisite in connection with the issuance, sale, transfer and delivery of the Warrant Securities issued upon exercise of the Warrant Certificates, the exercise of the Warrants, the issuance, sale, transfer and delivery of the Warrants or upon the expiration of the period during which the Warrants are exercisable.

SECTION 8.7. Persons Having Rights under Warrant Agreement. Nothing in this Agreement shall give to any person other than the Company, the Warrant Agent and the holders of the Warrant Certificates any legal or equitable right, remedy or claim under or by reason of this Agreement.

SECTION 8.8. Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 8.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which as so executed shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 8.10. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times at the principal corporate trust office of the Warrant Agent for inspection by the holder of any Warrant Certificate. The Warrant Agent may require such holder to submit his Warrant Certificate for inspection by it.

IN WITNESS WHEREOF, Hovnanian Enterprises, Inc. and [Warrant Agent] have caused this Agreement to be signed by their respective duly authorized officers, all as of the date first above written.

HOVNANIAN ENTERPRISES, INC.

By \_\_\_\_\_  
Title:

[WARRANT AGENT]

By \_\_\_\_\_  
Title:

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[Form of Legend if Warrants are not immediately exercisable.

Prior to \_\_\_\_\_, Warrants evidenced by this Warrant Certificate cannot be exercised.]

EXERCISABLE ONLY IF COUNTERSIGNED BY THE WARRANT  
AGENT AS PROVIDED HEREIN

HOVNANIAN ENTERPRISES, INC.  
WARRANTS TO PURCHASE  
[Title of Warrant Securities]

VOID AFTER 5:00 P.M., [NEW YORK CITY] TIME, ON  
ACCELERATION IS GIVEN

OR EARLIER IF NOTICE OF REDEMPTION OR

No.

Warrants

This certifies that [the bearer is the] [ \_\_\_\_\_ ] or registered assigns is the registered owner of the above indicated number of Warrants, each Warrant entitling such owner [if Offered Securities with Warrants which are not immediately detachable —, subject to the registered owner qualifying as a “holder” of this Warrant Certificate, as hereinafter defined] to purchase, at any time [after 5:00 P.M., [New York City] time, on \_\_\_\_\_ and] on or before [the earliest of (i) 5:00 P.M. [New York City] time on \_\_\_\_\_, \_\_\_\_\_, (ii) the Accelerated Share Conversion Date as defined in the Warrant Agreement (referred to herein) or (iii) the business day immediately prior to the Redemption Date as defined in the Warrant Agreement,] [Common Stock, par value \$.01 per share] [Preferred Stock, par value \$.01 per share] [Depository Shares, each representing one \_\_\_\_\_ of a share of Preferred Stock] (the “Warrant Securities”), of Hovnanian Enterprises, Inc. (the “Company”), issued and to be issued under the Warrant Agreement (as hereinafter defined), on the following basis: during the period from \_\_\_\_\_, through and including \_\_\_\_\_, the exercise price of each Warrant will be \$ \_\_\_\_\_ per share; during the period from \_\_\_\_\_, through and including \_\_\_\_\_, the exercise price of each Warrant will be \$ \_\_\_\_\_ per share (the “Warrant Price”). No adjustment shall be made for any dividends on any Warrant Securities issuable upon exercise of any Warrant.

(1) Complete or modify the provisions of this Form as appropriate to reflect the terms of the Warrants, Warrant Securities and Offered Securities.

The holder may exercise the Warrants evidenced hereby by providing certain information set forth on the back hereof, including any applicable certifications if the Warrant Securities are issuable in bearer form, and by paying in full in lawful money of the United States of America [in cash or by certified check or official bank check or by bank wire transfer, in each case,] [by bank wire transfer] in immediately available funds, the Warrant Price for each Warrant exercised to the Warrant Agent (as hereinafter defined) and by surrendering this Warrant Certificate, with the purchase form on the back hereof duly executed, at the corporate trust office of [Warrant Agent], or its successor as warrant agent (the “Warrant Agent”), [or \_\_\_\_\_] currently at the address specified on the reverse hereof, and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement (as hereinafter defined).

The term “holder” as used herein shall mean [if Offered Securities with Warrants which are not immediately detachable —, prior to \_\_\_\_\_ (the “Detachable Date”), the registered owner of the Company’s [title of Offered Securities] to which this Warrant Certificate is initially attached, and after such Detachable Date,] the person in whose name at the time this Warrant Certificate shall be registered upon the books to be maintained by the Warrant Agent for that purpose pursuant to Section 5.1 of the Warrant Agreement.

Any whole number of Warrants evidenced by this Warrant Certificate may be exercised to purchase Warrant Securities in registered form in denominations of \_\_\_\_\_ and any integral multiples thereof. Upon any exercise of fewer than all of the Warrants evidenced by this Warrant Certificate, there shall be issued to the holder hereof a new Warrant Certificate evidencing the number of Warrants remaining unexercised.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement dated as of \_\_\_\_\_ (the “Warrant Agreement”) between the Company and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the holder of this Warrant Certificate consents by acceptance hereof. Copies of the Warrant Agreement are on file at the above-mentioned office of the Warrant Agent [and at \_\_\_\_\_].

[If Offered Securities with Warrants which are not immediately detachable — Prior to \_\_\_\_\_, this Warrant Certificate may be exchanged or transferred only together with the [Title of Offered Securities] (“Offered Securities”) to which this Warrant Certificate was initially attached, and only for the purpose of effecting, or in conjunction with, an exchange or transfer of such Offered Security. After such date, this] [if Offered Securities with Warrants which are immediately detachable — Transfer of this] Warrant Certificate may be registered when this Warrant Certificate is surrendered at the corporate trust office of the Warrant Agent [or \_\_\_\_\_] by the registered owner or his assigns, in person or by an attorney duly authorized in writing, in the manner and subject to the limitations provided in the Warrant Agreement.]

[If Offered Securities with Warrants which are not immediately detachable — Except as provided in the immediately preceding paragraph, after] [If Offered Securities with Warrants which are immediately detachable or Warrants alone — After] countersignature by the Warrant Agent and prior to the expiration of this Warrant Certificate, this Warrant Certificate

may be exchanged at the corporate trust office of the Warrant Agent [or \_\_\_\_\_] for Warrant Certificates representing the same aggregate number of Warrants.

The Warrants evidenced by this Certificate may be redeemed by the Company at its option at any time from and after [ \_\_\_\_\_ ] but before they are converted into [Common Stock] [Preferred Stock] [Depository Shares], at a redemption price of [ \_\_\_\_\_ ] per Warrant subject to adjustment, in accordance with the terms of the Warrant Agreement.

If the price of a share of [Common Stock] [Preferred Stock] [Depository Shares] (determined in accordance with the Warrant Agreement) for each of 10 consecutive trading days is at least [ ] (subject to adjustment as provided in the Warrant Agreement), the Company may, at its option, accelerate the date on which the Warrants shall be converted into [Common Stock] [Preferred Stock] [Depository Shares] and cease to be exercisable.

If the Warrants evidenced by this Warrant Certificate remain outstanding at the expiration of the period during which Warrants are exercisable, as set forth in the first paragraph of this Warrant Certificate, such Warrants shall thereupon be converted into [ ] shares of [Common Stock] [Preferred Stock] [Depository Shares] for each [ ] unexercised Warrants hereunder (subject to adjustments as provided in the Warrant Agreement). After such conversion of outstanding Warrants represented by this Warrant Certificate into shares of [Common Stock] [Preferred Stock] [Depository Shares], the holder of this Warrant Certificate shall surrender the same to the Warrant Agent (or, if the Warrant Agreement shall have been terminated, to the transfer agent for [Common Stock] [Preferred Stock] [Depository Shares]) and the holder shall be entitled, upon such surrender, to receive in exchange therefor a certificate or certificates representing the number of whole shares of [Common Stock] [Preferred Stock] [Depository Shares] into which such Warrants shall have been converted as aforesaid. Unless and until so surrendered, this Warrant Certificate shall be deemed for all purposes (subject to the further provisions of this paragraph) to evidence the ownership of the whole number of shares of [Common Stock] [Preferred Stock] [Depository Shares] into which the Warrants evidenced thereby have been so converted. Unless and until this Warrant Certificate shall be so surrendered, dividends or distributions payable to holders of record of Common Stock shall not be paid to the holder of this Warrant Certificate, but there shall be paid to the record holder of this Warrant Certificate, with respect to the [Common Stock] [Preferred Stock] [Depository Shares] issued upon such conversion therefor, (i) upon such surrender, the amount of the dividends or distributions which shall theretofore have become payable thereon, but without interest, and (ii) after such surrender, the amount of any dividend or distribution with a record date prior to surrender and the payment date of which shall be subsequent to surrender, such amount to be paid on such payment date.

No holder of this Warrant Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of [Common Stock] [Preferred Stock] [Depository Shares] or of any other securities of the Company which may at any time be issuable on the exercise or conversion thereof, nor shall anything contained in the Warrant Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue of stock, reclassification of stock, change of par value, consolidation, share exchange, merger,

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conveyance, or otherwise) or, except as provided in the Warrant Agreement, to receive notice of meetings, or to receive dividends or subscription rights or otherwise, until the Warrant or Warrants evidenced by this Warrant Certificate shall have been exercised or converted as provided in the Warrant Agreement.

This Warrant Certificate shall not be valid or obligatory for any purpose until countersigned by the Warrant Agent.

Dated as of

HOVNANIAN ENTERPRISES, INC.

By: \_\_\_\_\_

Attest:

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Countersigned:

[WARRANT AGENT],  
As Warrant Agent

By: \_\_\_\_\_  
Authorized Signature

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[Reverse of Warrant Certificate]  
Instructions for Exercise of Warrant

To exercise the Warrants evidenced hereby, the holder must pay in [U.S.] Dollars [in cash or by certified check or official bank check or by bank wire transfer] [by bank wire transfer] [in immediately available funds] the Warrant Price in full for Warrants exercised to [Warrant Agent], [corporate trust department] [insert address of Warrant Agent], Attn. [or ], which [payment] [wire transfer] must specify the name of the holder and the number of Warrants exercised by such holder. In addition, the holder must complete the information required below, including any applicable certifications if the Warrant Securities are issuable in bearer form, and present this Warrant Certificate in person or by mail (certified or registered mail is recommended) to the Warrant Agent at the appropriate address set forth below. This Warrant Certificate, completed and duly executed, must be received by the Warrant Agent within five business days of the [payment] [wire transfer].

To Be Executed Upon Exercise of Warrant

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ Warrants, evidenced by this Warrant Certificate, to purchase [Title of Warrant Securities] (the "Warrant Securities") and represents that he has tendered payment for such Warrant Securities in [U.S.] Dollars [in cash or by certified check or official bank check or by bank wire transfer, in each case] [by bank wire transfer] in immediately available funds to the order of Hovnanian Enterprises, Inc., c/o [insert name and address of Warrant Agent], in the amount of \_\_\_\_\_ in accordance with the terms hereof. The

undersigned requests that said principal amount of Warrant Securities be in fully registered form in the authorized denominations, registered in such names and delivered all as specified in accordance with the instructions set forth below.

If the number of Warrants exercised is less than all of the Warrants evidenced hereby, the undersigned requests that a new Warrant Certificate representing the remaining Warrants evidenced hereby be issued and delivered to the undersigned unless otherwise specified in the instructions below.

Dated: \_\_\_\_\_

Name \_\_\_\_\_  
Address \_\_\_\_\_

(Insert Social Security or Other Identifying Number of Holder)

Signature Guaranteed

Signature \_\_\_\_\_

(Signature must conform in all respects to name of holder as specified on face of this Warrant Certificate and must bear a signature guarantee by an "Eligible Guarantor Institution" meeting the requirements of the Warrant Agent, all in accordance with the Securities Exchange Act of 1934, as amended)

The Warrants evidenced hereby may be exercised at the following addresses:

By hand at \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By mail at \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Instructions as to form and delivery of Warrant Securities and, if applicable, Warrant Certificates evidencing unexercised Warrants — complete as appropriate.]

Assignment

[Form of Assignment To Be Executed If Holder Desires To Transfer Warrants Evidenced Hereby]

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

\_\_\_\_\_  
(Please print name)

\_\_\_\_\_  
(Please insert social security or other identifying number)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, including zip code)

the Warrants represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint  
Certificate on the Books of the Warrant Agent with full power of substitution in the premises.

Attorney, to transfer said Warrant

Dated:

\_\_\_\_\_  
Signature

(Signature must conform in all respects to name of holder as specified on the face of this Warrant Certificate and must bear a signature guarantee by an "Eligible Guarantor Institution" meeting the requirements of the Warrant Agent, all in accordance with the Securities Exchange Act of 1934, as amended)

Signature Guaranteed

\_\_\_\_\_

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HOVNANIAN ENTERPRISES, INC.,  
 , As Depositary  
AND  
THE HOLDERS FROM TIME TO TIME OF  
THE DEPOSITARY RECEIPTS DESCRIBED HEREIN

\_\_\_\_\_  
Deposit Agreement  
[Insert designation of preferred stock](1)  
\_\_\_\_\_

Dated

(1) Options represented by bracketed or blank sections herein shall be determined in conformity with the applicable prospectus supplement or supplements.

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DEPOSIT AGREEMENT dated as of \_\_\_\_\_, among HOVNANIAN ENTERPRISES, INC., a Delaware corporation, \_\_\_\_\_, a corporation, and the holders from time to time of the Receipts described herein.

WHEREAS it is desired to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of shares of [insert designation of preferred stock], par value \$.01 per share, of HOVNANIAN ENTERPRISES, INC. with the Depository for the purposes set forth in this Deposit Agreement and for the issuance hereunder of Receipts evidencing Depository Shares in respect of the Stock so deposited; and

WHEREAS the Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

## **ARTICLE I**

### **Definitions**

The following definitions shall for all purposes, unless otherwise indicated, apply to the respective capitalized terms used in this Deposit Agreement:

“Certificate” shall mean the Certificate of Designations filed with the Secretary of State of Delaware establishing the Stock as a series of preferred stock of the Company.

“Company” shall mean Hovnanian Enterprises, Inc., a Delaware corporation, and its successors.

“Deposit Agreement” shall mean this Deposit Agreement, as amended or supplemented from time to time in accordance with the terms hereof.

“Depository” shall mean \_\_\_\_\_, and any successor as Depository hereunder.

“Depository Shares” shall mean Depository Shares, each representing one \_\_\_\_\_ of a share of Stock and evidenced by a Receipt.

“Depository's Agent” shall mean an agent appointed by the Depository pursuant to Section 7.05.

“Depository's Office” shall mean the principal office of the Depository in [New York City], at which at any particular time its depositary receipt business shall be administered.

“Receipt” shall mean one of the Depository Receipts issued hereunder, whether in definitive or temporary form.

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“record holder” as applied to a Receipt shall mean the person in whose name a Receipt is registered on the books of the Depository maintained for such purpose.

“Registrar” shall mean any bank or trust company which shall be appointed pursuant to Section 7.05 to register ownership and transfers of Receipts as herein provided.

“Stock” shall mean shares of the Company’s [insert designation of preferred stock], par value \$.01 per share.

“Transfer Agent” shall be as defined in Section 7.05.

## ARTICLE II

### Form of Receipts, Deposit of Stock, Execution and Delivery, Transfer, Surrender and Redemption of Receipts

**SECTION 2.01. Form and Transfer of Receipts.** Definitive Receipts shall be [engraved or printed or lithographed on steel-engraved borders and shall] be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. [Pending the preparation of definitive Receipts, the Depository, upon the written order of the Company or any holder of Stock, as the case may be, delivered in compliance with Section 2.02, shall execute and deliver temporary Receipts which are printed, lithographed, typewritten, mimeographed or otherwise substantially of the tenor of the definitive Receipts in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the persons executing such Receipts may determine, as evidenced by their execution of such Receipts. If temporary Receipts are issued, the Company and the Depository will cause definitive Receipts to be prepared without unreasonable delay. After the preparation of definitive Receipts, the temporary Receipts shall be exchangeable for definitive Receipts upon surrender of the temporary Receipts at any office described in the third paragraph of Section 2.02, without charge to the holder. Upon surrender for cancellation of any one or more temporary Receipts, the Depository shall execute and deliver in exchange therefor definitive Receipts representing the same number of Depository Shares as represented by the surrendered temporary Receipt or Receipts. Such exchange shall be made at the Company’s expense and without any charge therefor. Until so exchanged, the temporary Receipts shall in all respects be entitled to the same benefits under this Agreement, and with respect to the Stock, as definitive Receipts.]

Receipts shall be executed by the Depository by the manual signature of a duly authorized officer of the Depository; provided, that such signature may be a facsimile if a Registrar for the Receipts (other than the Depository) shall have been appointed and such Receipts are countersigned by manual signature of a duly authorized officer of the Registrar. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose unless it shall have been executed manually by a duly authorized officer of the Depository or, if a Registrar for the Receipts (other than the Depository) shall have been appointed, by manual or facsimile signature of a duly authorized officer of the Depository and countersigned manually by a duly authorized officer of such Registrar. The Depository shall record on its books each Receipt so signed and delivered as hereinafter provided.

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Receipts shall be in denominations of any number of whole Depository Shares.

Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Deposit Agreement as may be required by the Depository or required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange upon which the Stock, the Depository Shares or the Receipts may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject.

Title to Depository Shares evidenced by a Receipt which is properly endorsed, or accompanied by a properly executed instrument of transfer, shall be transferable by delivery with the same effect as in the case of a negotiable instrument; provided, however, that until transfer of a Receipt shall be registered on the books of the Depository as provided in Section 2.04, the Depository may, notwithstanding any notice to the contrary, treat the record holder thereof at such time as the absolute owner thereof for the purpose of determining the person entitled to distributions of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes.

**SECTION 2.02. Deposit of Stock; Execution and Delivery of Receipts in Respect Thereof.** Subject to the terms and conditions of this Deposit Agreement, the Company or any holder of Stock may from time to time deposit shares of Stock by delivery to the Depository of a certificate or certificates representing the Stock to be deposited, properly endorsed or accompanied, if required by the Depository, by a duly executed instrument of transfer or endorsement, in form satisfactory to the Depository, together with all such certifications as may be required by the Depository in accordance with the provisions of this Deposit Agreement, and together with a written order of the Company or such holder, as the case may be, directing the Depository to execute and deliver to, or upon the written order of, the person or persons stated in such order a Receipt or Receipts for the number of Depository Shares representing such deposited Stock. Deposited Stock shall be held by the Depository at the Depository’s Office or at such other place or places as the Depository shall determine.

Upon receipt by the Depository of a certificate or certificates representing the Stock to be deposited in accordance with the provisions of this Section, together with the other documents required as above specified, and upon recordation of such Stock on the books of the registrar for the Stock in the name of the Depository or its nominee, the Depository, subject to the terms and conditions of this Deposit Agreement, shall execute and deliver, to or upon the order of the person or persons named in the written order delivered to the Depository referred to in the first paragraph of this Section, a Receipt or Receipts for the number of Depository Shares representing the Stock so deposited and registered in such name or names as may be requested by such person or persons.

The Depository shall execute and deliver such Receipt or Receipts at the Depository’s Office or such other offices, if any, as the Depository may designate. Delivery at other offices shall be at the risk and expense of the person requesting such delivery.

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**[SECTION 2.03. Redemption of Stock.** Whenever the Company shall elect to redeem shares of Stock in accordance with the provisions of the Certificate, it shall (unless otherwise agreed in writing with the Depositary) give the Depositary not less than 40 nor more than 70 days' notice of the date of such proposed redemption of Stock, which notice shall be accompanied by a certificate from the Company stating that such redemption of Stock is in accordance with the provisions of the Certificate. Such notice, if given more than 60 days prior to the redemption date, shall be in addition to the notice required to be given for redemption pursuant to the Certificate. On the date of such redemption, provided that the Company shall then have paid in full to the Depositary the redemption price of the Stock held by the Depositary to be redeemed, plus any accrued and unpaid dividends thereon, the Depositary shall redeem the number of Depositary Shares representing such Stock. The Depositary shall mail notice of such redemption and the proposed simultaneous redemption of the number of Depositary Shares representing the Stock to be redeemed, first-class postage prepaid, not less than 30 and not more than 60 days prior to the date fixed for redemption of such Stock and Depositary Shares (the "Redemption Date"), to the record holders of the Receipts evidencing the Depositary Shares to be so redeemed, at the addresses of such holders as they appear on the records of the Depositary; but neither failure to mail any such notice to one or more such holders nor any defect in any notice to one or more such holders shall affect the sufficiency of the proceedings for redemption as to other holders. Each such notice shall state: (i) the Redemption Date; (ii) the number of Depositary Shares to be redeemed and, if less than all the Depositary Shares held by any such holder are to be redeemed, the number of such Depositary Shares held by such holder to be so redeemed; (iii) the redemption price; (iv) the place or places where Receipts evidencing Depositary Shares are to be surrendered for payment of the redemption price; and (v) that dividends in respect of the Stock represented by the Depositary Shares to be redeemed will cease to accumulate on such Redemption Date. In case less than all the outstanding Depositary Shares are to be redeemed, the Depositary Shares to be so redeemed shall be selected by lot or pro rata (subject to rounding to avoid fractions of the Depositary Shares) as may be determined by the Depositary to be equitable.

Notice having been mailed by the Depositary as aforesaid, from and after the Redemption Date (unless the Company shall have failed to redeem the shares of Stock to be redeemed by it as set forth in the Company's notice provided for in the preceding paragraph) all dividends, if any, in respect of the shares of Stock so called for redemption shall cease to accumulate, the Depositary Shares being redeemed from such proceeds shall be deemed no longer to be outstanding, all rights of the holders of Receipts evidencing such Depositary Shares (except the right to receive the redemption price, including any accrued and unpaid dividends thereon) shall, to the extent of such Depositary Shares, cease and terminate and, upon surrender of the Receipts evidencing any such Depositary Shares (properly endorsed or assigned for transfer, if the Depositary shall so require) in accordance with such notice, such Depositary Shares shall be redeemed by the Depositary at a redemption price per Depositary Share equal to one \_\_\_\_\_ of the redemption price per share paid in respect of the shares of Stock, plus accrued and unpaid dividends on such one \_\_\_\_\_ of a share to the date fixed for redemption.

If less than all the Depositary Shares evidenced by a Receipt are called for redemption, the Depositary will deliver to the holder of such Receipt upon its surrender to the Depositary, together with the redemption payment, a new Receipt evidencing the Depositary Shares evidenced by such prior Receipt and not called for redemption.]

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**SECTION 2.04. Registration of Transfer of Receipts.** Subject to the terms and conditions of this Deposit Agreement, the Depositary shall register on its books from time to time transfers of Receipts upon any surrender thereof by the holder in person or by duly authorized attorney, properly endorsed or accompanied by a properly executed instrument of transfer. Thereupon the Depositary and the Registrar shall execute a new Receipt or Receipts evidencing the same aggregate number of Depositary Shares as those evidenced by the Receipt or Receipts surrendered and deliver such new Receipt or Receipts to or upon the order of the person entitled thereto.

**SECTION 2.05. Split-ups and Combinations of Receipts; Surrender of Receipts and Withdrawal of Stock.** Upon surrender of a Receipt or Receipts at the Depositary's Office or at such other offices as it may designate for the purpose of effecting a split-up or combination of such Receipt or Receipts, and subject to the terms and conditions of this Deposit Agreement, the Depositary shall execute and deliver a new Receipt or Receipts in the authorized denomination or denominations requested, evidencing the aggregate number of Depositary Shares evidenced by the Receipt or Receipts surrendered.

Any holder of a Receipt or Receipts representing any number of whole shares of Stock may withdraw the Stock by surrendering such Receipt or Receipts, at the Depositary's Office or at such other offices as the Depositary may designate for such withdrawals. Thereafter, without unreasonable delay, the Depositary shall deliver to such holder, or to the person or persons designated by such holder as hereinafter provided, the number of whole shares of Stock represented by the Receipt or Receipts so surrendered for withdrawal, but holders of such whole shares of Stock will not thereafter be entitled to deposit such Stock hereunder or to receive Depositary Shares therefor; provided, however, that a record holder who withdraws Stock in order to demand appraisal rights available under Delaware General Corporation Law ("DGCL"), will, subject to certain conditions described below, be entitled to redeposit such Stock with the Depositary and to receive Receipts evidencing Depositary Shares therefor in the event (i) such record holder subsequently withdraws such demand for appraisal pursuant to Section 262(e) of the DGCL, (ii) appraisal rights are not available for such Stock pursuant to Section 262 of the DGCL or (iii) such record holder loses or otherwise fails to perfect his rights to appraisal. In order to redeposit Stock with the Depositary, such a record holder must deliver the certificates for such Stock, properly endorsed or accompanied, if required by the Depositary, by a duly executed instrument of transfer or endorsement, in form satisfactory to the Depositary, together with instructions that such Stock be so deposited, to the Depositary's office or to such other offices as the Depositary may designate by not later than the 30th day after the earlier of (i) the withdrawal of such demand for appraisal by such record holder, (ii) notice by the Company that appraisal rights are not available for such Stock or (iii) the date on which such record holder loses or otherwise fails to perfect his rights to appraisal. The Company will notify any record holder of Receipts who so withdraws Stock in the event appraisal rights in respect of Stock are not available. Any shares so redeposited must be free and clear of any lien, security interest or pledge and a holder may be required to provide certification of the foregoing and such other certifications as may be required by the Depositary in accordance with this Agreement. In addition, if required by the Depositary, Stock presented for redeposit shall also be accompanied by (A) an agreement or assignment, or other instrument satisfactory to the Depositary, which will provide for the prompt transfer to the Depositary of any dividend or right to subscribe for additional Stock or to receive other property which such record holder may thereafter receive

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upon or in respect of such redeposited Stock, or in lieu thereof, such agreement of indemnity or other agreement as shall be satisfactory to the Depositary, and (B) a proxy or proxies entitling the Depositary to vote such redeposited Stock for any and all purposes until the Stock is transferred and recorded on the register of stockholders of the Company in the name of the Depositary or its nominee. If a Receipt delivered by the holder to the Depositary in connection with such withdrawal shall evidence a number of Depositary Shares in excess of the number of Depositary Shares representing the number of whole shares of Stock to be so withdrawn, the Depositary shall at the same time, in addition to such number of whole shares of Stock to be so withdrawn, deliver to such

holder a new Receipt evidencing such excess number of Depositary Shares. Delivery of the Stock being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the Depositary may deem appropriate.

If the Stock being withdrawn is to be delivered to a person or persons other than the record holder of the Receipt or Receipts being surrendered for withdrawal of Stock, such holder shall execute and deliver to the Depositary a written order so directing the Depositary and the Depositary may require that the Receipt or Receipts surrendered by such holder for withdrawal of such shares of Stock be properly endorsed in blank or accompanied by a properly executed instrument of transfer in blank.

Delivery of the Stock represented by Receipts surrendered for withdrawal shall be made by the Depositary at the Depositary's office or at such other offices as the Depositary may designate, except that, at the request, risk and expense of the holder surrendering such Receipt or Receipts and for the account of the holder thereof, such delivery may be made at such other place as may be designated by such holder.

**SECTION 2.06. Limitations on Execution and Delivery, Transfer, Surrender and Exchange of Receipts.** As a condition precedent to the execution and delivery, registration of transfer, split-up, combination, surrender or exchange of any Receipt, the Depositary, any of the Depositary's Agents or the Company may require (a) payment to it of a sum sufficient for the payment (or, in the event that the Depositary or the Company shall have made such payment, the reimbursement to it) of any charges or expenses payable by the holder of a Receipt pursuant to Section 5.07, (b) the production of evidence satisfactory to it as to the identity and genuineness of any signature and (c) compliance with such regulations, if any, as the Depositary or the Company may establish consistent with the provisions of this Deposit Agreement.

The deposit of Stock may be refused, the delivery of Receipts against Stock may be suspended, the registration of transfer of Receipts may be refused and the registration of transfer, surrender or exchange of outstanding Receipts may be suspended (i) during any period when the register of stockholders of the Company is closed or (ii) if any such action is deemed necessary or advisable by the Depositary, any Depositary's Agents or the Company, at any time or from time to time, because of any requirement of law or of any government or governmental body or commission or under any provision of this Deposit Agreement.

**SECTION 2.07. Lost Receipts, etc.** In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary in its discretion may execute and deliver a Receipt of like form and tenor in exchange and substitution for such mutilated Receipt, or in lieu of and in substitution for such destroyed, lost or stolen Receipt, upon (i) the filing by the holder thereof with the

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Depositary of evidence satisfactory to the Depositary of such destruction or loss or theft of such Receipt, of the authenticity thereof and of his or her ownership thereof and (ii) the furnishing of the Depositary with reasonable indemnification satisfactory to it.

**SECTION 2.08. Cancellation and Destruction of Surrendered Receipts.** All Receipts surrendered to the Depositary or any Depositary's Agent shall be canceled by the Depositary. Except as prohibited by applicable law or regulation, the Depositary is authorized to destroy all Receipts so canceled.

### ARTICLE III

#### Certain Obligations of Holders of Receipts and the Company

**SECTION 3.01. Filing Proofs, Certificates and Other Information.** Any holder of a Receipt may be required from time to time to file such proof of residence, or other matters or other information, to execute such certificates and to make such representations and warranties as the Depositary or the Company may reasonably deem necessary or proper. The Depositary or the Company may withhold the delivery, or delay the registration of transfer, redemption or exchange, of any Receipt or the withdrawal of the Stock represented by the Depositary Shares evidenced by any Receipt or the distribution of any dividend or other distribution or the sale of any rights or of the proceeds thereof until such proof or other information is filed or such certificates are executed or such representations and warranties are made.

**SECTION 3.02. Payment of Taxes or Other Governmental Charges.** Holders of Receipts shall be obligated to make payments to the Depositary of certain charges and expenses, as provided in Section 5.07. Registration of transfer of any Receipt or any withdrawal of Stock represented by the Depositary Shares evidenced by such Receipt may be refused until any such payment due is made, and any dividends, interest payments or other distributions may be withheld or any part of or all the Stock or other property represented by the Depositary Shares evidenced by such Receipt and not theretofore sold may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder prior to such sale), and such dividends, interest payments or other distributions or the proceeds of any such sale may be applied to any payment of such charges or expenses, the holder of such Receipt remaining liable for any deficiency.

**SECTION 3.03. Warranty as to Stock.** The Company hereby represents and warrants that the Stock, when issued, will be validly issued, fully paid and nonassessable. Such representation and warranty shall survive the deposit of the Stock and the issuance of Receipts.

### ARTICLE IV

#### The Deposited Securities; Notices

**SECTION 4.01. Cash Distributions.** Whenever the Depositary shall receive any cash dividend or other cash distribution on Stock, the Depositary shall, subject to Sections 3.01 and 3.02, distribute to record holders of Receipts on the applicable record date fixed pursuant to Section 4.04 such amounts of such dividend or distribution as are, as nearly as practicable, in proportion to the respective numbers of Depositary Shares evidenced by the Receipts held by such holders;

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provided, however, that in case the Company or the Depositary shall be required to withhold and shall withhold from any cash dividend or other cash distribution in respect of the Stock an amount on account of taxes, the amount made available for distribution or distributed in respect of Depositary Shares

shall be reduced accordingly. The Depositary shall distribute or make available for distribution, as the case may be, only such amount, however, as can be distributed without attributing to any holder of Depositary Shares a fraction of one cent, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and be treated as part of the next sum received by the Depositary for distribution to record holders of Receipts then outstanding.

**SECTION 4.02. Distributions Other than Cash, Rights, Preferences or Privileges.** Whenever the Depositary shall receive any distribution other than cash and other than any rights, preferences or privileges described in Section 4.03, upon Stock, the Depositary shall, subject to Sections 3.01 and 3.02, distribute to record holders of Receipts on the applicable record date fixed pursuant to Section 4.04 such amounts of the securities or property received by it as are, as nearly as practicable, in proportion to the respective numbers of Depositary Shares evidenced by the Receipts held by such record holders, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution. If in the opinion of the Depositary such distribution cannot be made proportionately among such record holders, or if for any other reason (including any requirement that the Company or the Depositary withhold an amount on account of taxes) the Depositary deems, after consultation with the Company, such distribution not to be feasible, the Depositary may, with the approval of the Company, adopt such method as it deems equitable and practicable for the purpose of effecting such distribution, including the sale (at public or private sale) of the securities or property thus received, or any part thereof, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall be, subject to Sections 3.01 and 3.02, distributed or made available for distribution, as the case may be, by the Depositary to record holders of Receipts as provided by Section 4.01 in the case of a distribution received in cash.

The Depositary shall not make any distribution of securities received in respect of the Stock unless the Company shall have provided an opinion of counsel stating that such securities have been registered under the Securities Act of 1933 or do not need to be so registered.

**SECTION 4.03. Subscription Rights, Preferences or Privileges.** If the Company shall at any time offer or cause to be offered to the persons in whose names Stock is recorded on the books of the Company any rights, preferences or privileges to subscribe for or to purchase any securities or any rights, preferences or privileges of any other nature, such rights, preferences or privileges shall in each such instance be made available by the Depositary to the record holders of Receipts in such manner as the Depositary may determine, either by the issue to such record holders of warrants representing such rights, preferences or privileges or by such other method as may be approved by the Depositary in its discretion with the approval of the Company; provided, however, that in case either (i) the Depositary determines that it is not lawful or (after consultation with the Company) not feasible to make such rights, preferences or privileges available to holders of Receipts by the issue of warrants or otherwise, or (ii) with respect to any portion of the rights, preferences or privileges of a holder of Receipts, the Depositary is instructed that such holder does not desire to exercise such rights, preferences or

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privileges, then the Depositary, in its discretion (with the approval of the Company, in any case where the Depositary has determined that it is not feasible to make such rights, preferences or privileges available), may (if applicable laws and the terms of such rights, preferences or privileges permit such transfer) sell such rights, preferences or privileges at public or private sale, at such place or places and upon such terms as it may deem proper. The net proceeds of any such sale shall be, subject to Sections 3.01 and 3.02, distributed by the Depositary to the record holders of Receipts entitled thereto as provided by Section 4.01 in the case of a distribution received in cash. The Depositary shall not make any distribution of any such rights, preferences or privileges unless the Company shall have provided an opinion of counsel stating that such rights, preferences or privileges have been registered under the Securities Act of 1933 or do not need to be so registered.

If registration under the Securities Act of 1933, as amended, of the securities to which any rights, preferences or privileges relate is required in order for holders of Receipts to be offered or sold the securities to which such rights, preferences or privileges relate, the Company agrees with the Depositary that it will file promptly a registration statement pursuant to such Act with respect to such rights, preferences or privileges and securities and use its best efforts and take all steps available to it to cause such registration statement to become effective sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges. In no event shall the Depositary make available to the holders of Receipts any right, preference or privilege to subscribe for or to purchase any securities unless and until such a registration statement shall have become effective, or unless the offering and sale of such securities to such holders are exempt from registration under the provisions of such Act.

If any other action under the laws of any jurisdiction or any governmental or administrative authorization, consent or permit is required in order for such rights, preferences or privileges to be made available to holders of Receipts, the Company agrees with the Depositary that the Company will use its best efforts to take such action or obtain such authorization, consent or permit sufficiently in advance of the expiration of such rights, preferences or privileges to enable such holders to exercise such rights, preferences or privileges.

**SECTION 4.04. Notice of Dividends, etc.; Fixing of Record Date for Holders of Receipts.** Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or if rights, preferences or privileges shall at any time be offered, with respect to Stock, or whenever the Depositary shall receive notice of any meeting at which record holders of Stock are entitled to vote or of which holders of Stock are entitled to notice, or whenever the Depositary and the Company shall decide it is appropriate, the Depositary shall in each such instance fix a record date (which shall be the same date as the record date fixed by the Company with respect to the Stock) for the determination of the record holders of Receipts who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, or to give instructions for the exercise of voting rights at any such meeting, or who shall be entitled to notice of such meeting or for any other appropriate reasons.

**SECTION 4.05. Voting Rights.** Upon receipt of notice of any meeting at which the record holders of Stock are entitled to vote, the Depositary shall, as soon as practicable

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thereafter, mail to the record holders of Receipts a notice which shall contain (i) such information as is contained in such notice of meeting and (ii) a statement that the record holders may, subject to any applicable restrictions, instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Stock represented by their respective Depositary Shares (including an express indication that instructions may be given to the Depositary to give a discretionary proxy to a person designated by the Company) and a brief statement as to the manner in which such instructions may be given. Upon the written request of the record holders of Receipts on the relevant record date, the Depositary shall endeavor insofar as practicable to vote or cause to be voted, in accordance with the instructions set forth in such requests, the maximum number of whole shares of Stock represented by the Depositary Shares evidenced by all Receipts as to which any particular voting instructions are received. The Company hereby agrees to take all action which may be deemed necessary by the

Depository in order to enable the Depository to vote such Stock or cause such Stock to be voted. In the absence of specific instructions from the record holder of a Receipt, the Depository will abstain from voting (but, at its discretion, not from appearing at any meeting with respect to such Stock unless directed to the contrary by the holders of all the Receipts) to the extent of the Stock represented by the Depository Shares evidenced by such Receipt.

**SECTION 4.06. Changes Affecting Deposited Securities and Reclassifications, Recapitalizations, etc.** Upon any change in par or stated value, split-up, combination or any other reclassification of the Stock, or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party, the Depository may in its discretion with the approval of, and shall upon the instructions of, the Company, and (in either case) in such manner as the Depository may deem equitable, (i) make such adjustments as are certified by the Company in (x) the fraction of an interest represented by one Depository Share in one share of Stock and (y) the ratio of the redemption price per Depository Share to the redemption price of a share of Stock, in each case as may be necessary to fully reflect the effects of such change in par or stated value, split-up, combination or other reclassification of Stock, or of such recapitalization, reorganization, merger, amalgamation or consolidation and (ii) treat any securities which shall be received by the Depository in exchange for or upon conversion of or in respect of the Stock as new deposited securities so received in exchange for or upon conversion or in respect of such Stock. In any such case the Depository may in its discretion, with the approval of the Company, execute and deliver additional Receipts, or may call for the surrender of all outstanding Receipts to be exchanged for new Receipts specifically describing such new deposited securities. Anything to the contrary herein notwithstanding, holders of Receipts shall have the right from and after the effective date of any such change in par or stated value, split-up, combination or other reclassification of the Stock or any such recapitalization, reorganization, merger, amalgamation or consolidation to surrender such Receipts to the Depository with instructions to convert, exchange or surrender the Stock represented thereby only into or for, as the case may be, the kind and amount of shares of stock and other securities and property and cash into which the Stock represented by such Receipts might have been converted or for which such Stock might have been exchanged or surrendered immediately prior to the effective date of such transaction.

**SECTION 4.07. Inspection of Reports.** The Depository shall make available for inspection by record holders of Receipts at the Depository's Office, and at such other places as it

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may from time to time deem advisable, any reports and communications received from the Company which are received by the Depository as the holder of Stock.

**SECTION 4.08. Lists of Record Holders of Receipts.** Promptly upon request from time to time by the Company, the Depository shall furnish to it a list, as of a recent date, of the names, addresses and holdings of Depository Shares of all persons in whose names Receipts are registered on the books of the Depository.

## ARTICLE V

### The Depository, the Depository's Agents, the Registrar and the Company

**SECTION 5.01. Maintenance of Offices, Agencies and Transfer Books by the Depository; Registrar.** The Depository shall maintain at the Depository's Office facilities for the execution, delivery, registration and registration of transfer, surrender and exchange of Receipts, and at the offices of the Depository's Agents, if any, facilities for the delivery, registration of transfer, surrender and exchange of Receipts, all in accordance with the provisions of this Deposit Agreement.

The Depository shall keep books at the Depository's Office for the registration and registration of transfer of Receipts, which books at all reasonable times shall be open for inspection by the record holders of Receipts; provided, that any such holder requesting to exercise such right shall certify to the Depository that such inspection shall be for a proper purpose reasonably related to such person's interest as an owner of Depository Shares evidenced by the Receipts.

The Depository may close such books, at any time or from time to time, when deemed expedient by it in connection with the performance of its duties hereunder.

The Depository may, with the approval of the Company, appoint a Registrar for registration of the Receipts or the Depository Shares evidenced thereby. If the Receipts or the Depository Shares evidenced thereby or the Stock represented by such Depository Shares shall be listed on The NASDAQ Stock Market, the Depository will appoint a Registrar (acceptable to the Company) for registration of such Receipts or Depository Shares in accordance with any requirements of such securities exchange. Such Registrar (which may be the Depository if so permitted by the requirements of such securities exchange) may be removed and a substitute registrar appointed by the Depository upon the request or with the approval of the Company. If the Receipts, such Depository Shares or such Stock are listed on one or more other stock exchanges, the Depository will, at the request of the Company, arrange such facilities for the delivery, registration, registration of transfer, surrender and exchange of such Receipts, such Depository Shares or such Stock as may be required by law or applicable stock exchange regulation.

**SECTION 5.02. Prevention of or Delay in Performance by the Depository, the Depository's Agents, the Registrar, the Transfer Agent or the Company.** Neither the Depository nor any Depository's Agent nor any Registrar nor any Transfer Agent nor the Company shall incur any liability to any holder of any Receipt if by reason of any provision of

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any present or future law, or regulation thereunder, of the United States of America or of any other governmental authority or, in the case of the Depository, the Depository's Agent or the Registrar, by reason of any provision, present or future, of the Company's Certificate of Incorporation (including the Certificate) or by reason of any act of God or war or other circumstance beyond the control of the relevant party, the Depository, the Depository's Agent, the Registrar, the Transfer Agent or the Company shall be prevented or forbidden from, or subjected to any penalty on account of, doing or performing any act or thing which the terms of this Deposit Agreement provide shall be done or performed; nor shall the Depository, any Depository's Agent, any Registrar, any Transfer Agent or the Company incur any liability to any holder of a Receipt (i) by reason of any nonperformance or delay, caused as aforesaid, in the performance of any act or thing which the terms of this Deposit Agreement provide shall or may be done or performed, or (ii) by reason of any exercise of, or

failure to exercise, any discretion provided for in this Deposit Agreement except, in case of any such exercise or failure to exercise discretion not caused as aforesaid, if caused by the negligence or willful misconduct of the party charged with such exercise or failure to exercise.

**SECTION 5.03. Obligations of the Depository, the Depository's Agents, the Registrar, the Transfer Agent and the Company.** Neither the Depository nor any Depository's Agent nor any Registrar nor any Transfer Agent nor the Company assumes any obligation or shall be subject to any liability under this Deposit Agreement to holders of Receipts other than for its negligence or willful misconduct.

Neither the Depository nor any Depository's Agent nor any Registrar nor any Transfer Agent nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of the Stock, the Depository Shares or the Receipts which in its opinion may involve it in expense or liability unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

Neither the Depository nor any Depository's Agent nor any Registrar nor any Transfer Agent nor the Company shall be liable for any action or any failure to act by it in reliance upon the written advice of legal counsel or accountants, or information from any person presenting Stock for deposit, any holder of a Receipt or any other person believed by it in good faith to be competent to give such information. The Depository, any Depository's Agent, any Registrar, any Transfer Agent and the Company may each rely and shall each be protected in acting upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

The Depository and any Depository's Agent shall not be responsible for any failure to carry out any instruction to vote any of the shares of Stock or for the manner or effect of any such vote made, as long as any such action or non-action is in good faith. The Depository undertakes, and any Registrar and Transfer Agent shall be required to undertake, to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Depository, any Registrar or any Transfer Agent. The Depository will indemnify the Company against any liability which may arise out of acts performed or omitted by the Depository or its agents due to its or their negligence or bad faith. The Depository, the Depository's Agents, any Registrar and any Transfer Agent may own and deal in any class of securities of the Company and its affiliates and in

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Receipts. The Depository may also act as transfer agent or registrar of any of the securities of the Company and its affiliates.

The Depository undertakes not to (i) issue any Receipt other than to evidence the Depository Shares then on deposit with it and (ii) sell (except as provided herein), pledge or lend Depository Shares held by it as Depository.

**SECTION 5.04. Resignation and Removal of the Depository; Appointment of Successor Depository.** The Depository may at any time resign as Depository hereunder by notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor Depository and its acceptance of such appointment as hereinafter provided.

The Depository may at any time be removed by the Company by notice of such removal delivered to the Depository, such removal to take effect upon the appointment of a successor Depository and its acceptance of such appointment as hereinafter provided.

In case at any time the Depository acting hereunder shall resign or be removed, the Company shall, within 60 days after the delivery of the notice of resignation or removal, as the case may be, appoint a successor Depository, which shall be a bank or trust company having its principal office in the United States of America and having a combined capital and surplus of at least \$50,000,000. If no successor Depository shall have been so appointed and have accepted appointment within 60 days after delivery of such notice, the resigning or removed Depository may petition any court of competent jurisdiction for the appointment of a successor Depository. Every successor Depository shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor Depository, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor and for all purposes shall be the Depository under this Deposit Agreement, and such predecessor, upon payment of all sums due it and on the written request of the Company, shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Stock to such successor, and shall deliver to such successor a list of the record holders of all outstanding Receipts. Any successor Depository shall promptly mail notice of its appointment to the record holders of Receipts.

Any corporation into or with which the Depository may be merged, consolidated or converted shall be the successor of such Depository without the execution or filing of any document or any further act, and notice thereof shall not be required hereunder. Such successor Depository may authenticate the Receipts in the name of the predecessor Depository or in the name of the successor Depository.

**SECTION 5.05. Corporate Notices and Reports.** The Company agrees that it will transmit to the record holders of Receipts, in each case at the addresses furnished to it pursuant to Section 4.08, all notices and reports (including without limitation financial statements) required by law, by the rules of any national securities exchange upon which the Stock, the Depository Shares or the Receipts are listed or by the Company's Certificate of Incorporation (including the Certificate) to be furnished by the Company to holders of Receipts. Such transmission will be at the Company's expense.

**SECTION 5.06. Indemnification by the Company.** The Company shall indemnify the Depository, any Depository's Agent, any Registrar and any Transfer Agent against, and hold

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each of them harmless from, any loss, liability or expense (including the costs and expenses of defending itself) which may arise out of (a) acts performed or omitted in connection with this Agreement and the Receipts by (i) the Depository, any Registrar, any Transfer Agent or any of their respective agents (including any Depository's Agent), except for any liability arising out of negligence or bad faith on the respective parts of any such person or persons, or (ii) the Company or any of its agents, or (b) the offer, sale or registration of the Receipts or the Stock pursuant to the provisions hereof. The obligations of the Company set forth in this Section 5.06 shall survive any succession of any Depository, Registrar, Transfer Agent or Depository's Agent.

**SECTION 5.07. Charges and Expenses.** The Company shall pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The Company shall pay all charges of the Depositary in connection with the initial deposit of the Stock and the initial issuance of the Depositary Shares and any redemption of the Stock at the option of the Company. All other transfer and other taxes and governmental charges and fees for the withdrawal of Stock upon surrender of Receipts shall be at the expense of holders of Depositary Shares. The Depositary's fee for the withdrawal of Stock shall be at the rate of \$ \_\_\_\_\_ per 100 Depositary Receipts. If, at the request of a holder of Receipts, the Depositary incurs charges or expenses for which it is not otherwise liable hereunder, such holder will be liable for such charges and expenses. All other charges and expenses of the Depositary and any Depositary's Agent hereunder and of any Registrar and Transfer Agent (including, in each case, fees and expenses of counsel) incident to the performance of their respective obligations hereunder will be paid upon consultation and agreement between the Depositary and the Company as to the amount and nature of such charges and expenses. The Depositary shall present its statement for charges and expenses to the Company once every three months or at such other intervals as the Company and the Depositary may agree.

## ARTICLE VI

### Amendment and Termination

**SECTION 6.01. Amendment.** The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable; provided, however, that no such amendment (other than any change in the fees of any Depositary, Registrar or Transfer Agent, which shall go into effect not sooner than three months after notice thereof to the record holders of the Receipts) which shall materially and adversely alter the rights of the holders of Receipts shall be effective unless such amendment shall have been approved by the record holders of at least a majority of the Depositary Shares then outstanding. Every holder of an outstanding Receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby.

**SECTION 6.02. Termination.** This Agreement may be terminated by the Company or the Depositary only after (i) all outstanding Depositary Shares shall have been redeemed pursuant to Section 2.03 or (ii) there shall have been made a final distribution in respect of the Stock in connection with any liquidation, dissolution or winding up of the Company and such

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distribution shall have been distributed to the holders of Depositary Shares pursuant to Section 4.01 or 4.02, as applicable.

Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary, any Depositary's Agent, any Registrar and any Transfer Agent under Sections 5.06 and 5.07.

## ARTICLE VII

### Miscellaneous

**SECTION 7.01. Counterparts.** This Deposit Agreement may be executed in any number of counterparts, and by each of the parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute one and the same instrument.

**SECTION 7.02. Exclusive Benefit of Parties.** This Deposit Agreement is for the exclusive benefit of the parties hereto, and their respective successors hereunder, and shall not be deemed to give any legal or equitable right, remedy or claim to any other person whatsoever.

**SECTION 7.03. Invalidity of Provisions.** In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

**SECTION 7.04. Notices.** Any and all notices to be given to the Company hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail or telegram or telex confirmed by letter, addressed to the Company at 10 Highway 35, P.O. Box 500, Red Bank, New Jersey 07701, to the attention of the General Counsel, or at any other address of which the Company shall have notified the Depositary in writing.

Any and all notices to be given to the Depositary hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail or by telegram or telex confirmed by letter, addressed to the Depositary at the Depositary's Office, at \_\_\_\_\_, or at any other address of which the Depositary shall have notified the Company in writing.

Any and all notices to be given to any record holder of a Receipt hereunder or under the Receipts shall be in writing and shall be deemed to have been duly given if personally delivered or sent by mail or by telegram or telex confirmed by letter, addressed to such record holder at the address of such record holder as it appears on the books of the Depositary, or if such holder shall have filed with the Depositary a written request that notices intended for such holder be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or by telegram or telex shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a telegram or telex message) is deposited, postage prepaid, in a post office letter box. The

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Depositary or the Company may, however, act upon any telegram or telex message received by it from the other or from any holder of a Receipt, notwithstanding that such telegram or telex message shall not subsequently be confirmed by letter or as aforesaid.

**SECTION 7.05. Depository's Agents.** Except as otherwise set forth herein, the Depository may from time to time appoint Depository's Agents to act in any respect for the Depository for the purposes of this Deposit Agreement and may at any time appoint additional Depository's Agents and vary or terminate the appointment of such Depository's Agents. The Depository will notify the Company of any such action.

The Company has authorized the appointment of, and has requested the Depository to appoint hereunder, \_\_\_\_\_, as transfer agent (the "Transfer Agent") for the Depository Shares. The Depository hereby appoints \_\_\_\_\_ as Transfer Agent and Registrar for the Depository Shares and delegates to \_\_\_\_\_ the duties of the Depository hereunder customarily performed by a transfer agent, a registrar and a depository. Without otherwise affecting the liability of the Depository hereunder, it is hereby agreed that if \_\_\_\_\_ shall have agreed in writing to be bound by all the terms and conditions of this Deposit Agreement and to assume the obligations of the Depository hereunder to be performed by it, then in no event shall the Depository be liable for any acts or omissions of \_\_\_\_\_ as Transfer Agent, Registrar or Depository's Agent with respect to the Depository Shares.

**SECTION 7.06. Holders of Receipts Are Parties.** The holders of Receipts from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance of delivery thereof.

**SECTION 7.07. GOVERNING LAW.** THIS DEPOSIT AGREEMENT AND THE RECEIPTS AND ALL RIGHTS HEREUNDER AND THEREUNDER AND PROVISIONS HEREOF AND THEREOF SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

**SECTION 7.08. Inspection of Deposit Agreement.** Copies of this Deposit Agreement shall be filed with the Depository and the Depository's Agents and shall be open to inspection during business hours at the Depository's office and the respective offices of the Depository's Agents, if any, by any holder of a Receipt.

**SECTION 7.09. Headings.** The headings of articles and sections in this Deposit Agreement and in the form of the Receipt set forth in Exhibit A hereto have been inserted for convenience only and are not to be regarded as a part of this Deposit Agreement or the Receipts or to have any bearing upon the meaning or interpretation of any provision contained herein or in the Receipts.

IN WITNESS WHEREOF, the Company and the Depository have duly executed this Agreement as of the day and year first above set forth, and all holders of Receipts shall become parties hereto by and upon acceptance by them of delivery of Receipts issued in accordance with the terms hereof.

HOVNANIAN ENTERPRISES, INC.,

By: \_\_\_\_\_

\_\_\_\_\_, as Depository,

By: \_\_\_\_\_

EXHIBIT A

[FORM OF DEPOSITARY RECEIPT]

DEPOSITARY RECEIPT  
FOR  
DEPOSITARY SHARES  
EACH REPRESENTING A ONE- \_\_\_\_\_ INTEREST  
(SUBJECT TO ADJUSTMENT) IN A SHARE OF  
\_\_\_\_\_, par value \$.01 per share  
OF  
HOVNANIAN ENTERPRISES, INC.  
(Incorporated under the laws of the State of Delaware)

No. \_\_\_\_\_ EACH DEPOSITARY SHARE REPRESENTS A ONE- \_\_\_\_\_ INTEREST (SUBJECT TO ADJUSTMENT)  
IN A SHARE OF \_\_\_\_\_,

1. \_\_\_\_\_, a \_\_\_\_\_ corporation, as Depository (the "Depository"), hereby certifies that \_\_\_\_\_ is the registered owner of \_\_\_\_\_ Depository Shares ("Depository Shares"), each Depository Share representing a one- \_\_\_\_\_ (as such fraction may from time to time be adjusted as provided in the Deposit Agreement, as defined below) interest in a share of \_\_\_\_\_ (the "Stock") of Hovnanian Enterprises, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), deposited with, and held by, the Depository. The rights, preferences and limitations of the Stock are set forth in the Certificate of Designations adopted by the Company's Board of Directors (the "Authorizing Resolutions"), copies of which are on file at the Depository's office at \_\_\_\_\_.

2. THE DEPOSIT AGREEMENT. Depositary Receipts (the "Receipts"), of which this Receipt is one, are made available upon the terms and conditions set forth in the Deposit Agreement, dated as of (the "Deposit Agreement"), among the Company, the Depositary and all holders from time to time of Receipts. The Deposit Agreement (copies of which are on file at the Depositary's Office) sets forth the rights of holders of Receipts and the rights and duties of the Depositary in respect of the Stock deposited, and any and all money and other property from time to time held thereunder. The statements made in this Receipt are summaries of certain provisions of the Deposit Agreement and are subject to the detailed provisions thereof, to which reference is hereby made. The holder of this Receipt from time to time shall be deemed to be a party to the Deposit Agreement and shall be bound by, and entitled to all of the rights and benefits under, all the terms and conditions hereof and of the Deposit

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Agreement by acceptance of delivery of this Receipt. Unless otherwise expressly herein provided, all defined terms shall have the meanings ascribed thereto in the Deposit Agreement.

3. [REDEMPTION. Wherever the Company shall be permitted and shall elect, under the Certificate of Designation relating to the Stock (the "Certificate"), to redeem shares of the Stock, it shall give the Depositary not less than 40 nor more than 70 days' notice thereof. The Depositary shall mail notice of such redemption and the simultaneous redemption of the corresponding Depositary Shares not less than 30 and not more than 60 days prior to the date fixed for redemption to the holders of record of Receipts representing the number of Depositary Shares to be redeemed. Each such notice shall state: (a) the date of such proposed redemption; (b) the number of Depositary Shares to be redeemed; (c) the redemption price (which shall include full cumulative dividends, if any, thereon to the redemption date); (d) the place or places where Receipts evidencing Depositary Shares are to be surrendered for payment of the redemption price; and (e) that dividends in respect of the Stock represented by the Depositary Shares to be redeemed will cease to accumulate at the close of business on such redemption date. In case less than all the outstanding Depositary Shares are to be redeemed, the Depositary Shares to be so redeemed shall be selected by lot or pro rata as may be determined by the Depositary to be equitable. From and after the date set for redemption, all dividends in respect of the Depositary Shares so called for redemption shall cease to accrue, such Depositary Shares shall no longer be deemed outstanding and all rights of the holders of Receipts representing such Depositary Shares (except the right to receive the redemption price) shall cease and terminate. From and after the redemption date, upon surrender in accordance with the redemption notice of the Receipts representing any such Depositary Shares (properly endorsed or assigned for transfer, if the Depositary shall so require), such Depositary Share shall be redeemed by the Depositary at the redemption price per share equal to one- (1/ th) of the redemption price per share paid in respect of the shares of Stock plus any money or other property represented thereby.]

4. TRANSFERS, SPLIT-UPS, COMBINATIONS. This Receipt is transferable on the books of the Depositary upon surrender of this Receipt to the Depositary, properly endorsed or accompanied by a properly executed instrument of transfer, and upon such transfer the Depositary shall execute a new Receipt to or upon the order of the person entitled thereto, as provided in the Deposit Agreement. This Receipt may be split into other Receipts or combined with other Receipts into one Receipt, representing the same aggregate number of Depositary Shares as the Receipt or Receipts surrendered.

5. SUSPENSION OF DELIVERY, TRANSFER, ETC. The transfer or surrender of this Receipt may be suspended during any period when the register of stockholders of the Company is closed or if any such action is deemed necessary or advisable by the Depositary, any agent of the Depositary, or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement.

6. PAYMENT OF TAXES OR OTHER GOVERNMENTAL CHARGES. If any tax or other government charge shall become payable by or on behalf of the Depositary with respect to this Receipt, such tax (including transfer taxes, if any) or governmental charge shall be payable by the holder hereof or as set forth in paragraph 9. Transfer of this Receipt may be refused until such payment is

made, and any dividends, interest payments or other distributions may be withheld or any part of or all the Stock or other property represented by this Receipt and not theretofore sold may be sold for the account of the holder thereof (after attempting by reasonable means to notify such holder prior to such sale), and such dividends, interest payments or other distributions or the proceeds of any such sale may be applied to any payment of such tax or charge, the holder of this Receipt remaining liable for any deficiency.

7. WARRANTY BY COMPANY. The Company has warranted that the Stock, when issued, will be validly issued, fully paid and nonassessable.

8. AMENDMENT. The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable; PROVIDED, HOWEVER, that no such amendment which shall materially and adversely alter the rights of the holders of Receipts shall be effective unless such amendment shall have been approved by the holders of at least a majority of the Depositary Shares then outstanding. A holder of a Receipt at the time any such amendment so becomes effective shall be deemed, by continuing to hold such Receipt, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby.

9. CHARGES OF DEPOSITARY. The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements, and all charges of the Depositary in connection with the initial deposit of the Stock and the initial issuance of the Depositary Shares and redemption of the Stock at the option of the Company. All other transfer and other taxes and other governmental charges shall be at the expense of holders of Depositary Shares. All other charges and expenses of the Depositary and any agent of the Depositary will be paid in consultation and agreement between the Depositary and the Company.

10. TITLE OF RECEIPTS. This Receipt (and the Depositary Shares evidenced hereby), when properly endorsed or accompanied by a properly executed instrument of transfer, is transferable by delivery with the same effect as in the case of a negotiable instrument; PROVIDED, HOWEVER, that until transfer of a Receipt shall be registered on the books of the Depositary, the Depositary may, notwithstanding any notice to the contrary, treat the record holder hereof at such time as the absolute owner hereof for the purpose of determining the person entitled to distributions of dividends or other distributions or to any notice provided for in the Deposit Agreement, and for all other purposes.

11. DIVIDENDS AND DISTRIBUTIONS. Whenever the Depositary receives any cash dividend or other cash distribution on the Stock, the Depositary will, subject to the provisions of the Deposit Agreement, make such distribution to the Receipt holders as nearly as practicable in proportion to the



number of Depositary Shares held by them; PROVIDED, HOWEVER, that the amount distributed will be reduced by any amounts required to be withheld by the Company or the Depositary on account of taxes. Other distributions received on the Stock may be distributed to holders of Receipts as provided in the Deposit Agreement.

12. **FIXING OF RECORD DATE.** Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or if rights, preferences or privileges shall at any time be offered, with respect to Stock, or whenever the Depositary shall receive notice of any meeting at which holders of Stock are entitled to vote or of which holders of Stock are entitled to notice, the Depositary shall in each instance fix a record date (which shall be the record date fixed by the Company with respect to the Stock), for the determination of the holders of Receipts who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof, or to give instructions for the exercise of voting rights at any such meeting, or who shall be entitled to notice of such meeting.

13. **VOTING RIGHTS.** Upon receipt of notice of any meeting at which holders of Stock are entitled to vote, the Depositary shall, as soon as practicable thereafter, mail to the record holders of Receipts a notice which shall contain (i) such information as is contained in such notice of meeting and (ii) a statement informing holders of Receipts that they may instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Stock represented by their respective Depositary Shares and a brief statement as to the manner in which such instructions may be given. Upon the written request of a holder of a Receipt on such record date, the Depositary shall endeavor insofar as practicable to vote or cause to be voted the amount of Stock represented by such Receipt in accordance with the instructions set forth in such request. In the absence of specific instructions from the holder of a Receipt, the Depositary will abstain from voting (but, at its discretion, not from appearing at any meeting with respect to such Stock unless directed to the contrary by the holders of Receipts) to the extent of the Stock represented by the Depositary Shares evidenced by such Receipt.

14. **CHANGES AFFECTING DEPOSITED SECURITIES.** Upon any change in par or stated value, split-up, combination or any other reclassification of the Stock or upon any recapitalization, reorganization, merger, amalgamation or consolidation affecting the Company or to which it is a party, or upon the sale of all or substantially all the Company's assets, the Depositary may in its discretion with the approval of the Company, and in such manner as the Depositary may deem equitable, (i) make such adjustments in (x) the fraction of an interest represented by one Depositary Share in one share of Stock and (y) the ratio of the redemption price of a share of Stock, in each case as may be necessary fully to reflect the effect of such change and (ii) treat any securities which shall be received by the Depositary in exchange for or upon conversion or in respect of the Stock as new deposited securities so received in exchange for or upon conversion or in respect of such Stock. In any such case the Depositary may in its discretion, with the approval of the Company, execute and deliver additional Receipts, or may call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new deposited securities.

15. **LIABILITY AND OBLIGATIONS OF THE DEPOSITARY, THE DEPOSITARY'S AGENTS OR THE COMPANY.** Neither the Depositary nor any Depositary's Agent nor any Registrar nor the Company assumes any obligation or shall be subject to any liability under this Deposit Agreement to any holder of any Receipt, other than for its gross negligence or willful misconduct. Neither the Depositary nor any Depositary's Agent nor any Registrar nor the Company shall incur any liability to any holder of any Receipt if by reason of any provision of any present or future law or regulation thereunder of the United States of

America or any other governmental authority or, in the case of the Depositary, the Depositary's Agent or the Registrar, by reason of any provision, present or future, of the Company's Certificate of Incorporation (including the Certificate) or by reason of any act of God or war or other circumstances beyond their control, the Depositary, the Depositary's Agent, the Registrar or the Company shall be prevented or forbidden from doing or performing any act or thing which the terms of this Deposit Agreement provide shall be done or performed; nor shall the Depositary, any Depositary's Agent, any Registrar or the Company incur any liability to any holder of a Receipt by reason of nonperformance or delay, caused as aforesaid, in performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, other than for its gross negligence or willful misconduct. Neither the Depositary nor any Depositary's Agent nor the Company assumes any obligation or shall be subject to any liability under the Deposit Agreement to holders of Receipts other than to use its best judgment and good faith in the performance of such duties as are specifically set forth in the Deposit Agreement. Neither the Depositary nor any Depositary's Agent nor any Registrar nor the Company shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of the Stock, the Depositary Shares or the Receipts, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished. The Deposit Agreement contains various other exculpation, indemnification and related provisions, to which reference is hereby made.

16. **RESIGNATION AND REMOVAL OF DEPOSITARY.** The Depositary may at any time (a) resign by written notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor Depositary and its acceptance of such appointment, or (b) be removed by the Company effective upon the appointment of a successor Depositary and its acceptance of such appointment.

17. **TERMINATION OF DEPOSIT AGREEMENT.** The Deposit Agreement may be terminated by the Company or the Depositary only upon or after the occurrence of any of the following events: (i) all outstanding Depositary Shares shall have been redeemed or (ii) there shall have been made a final distribution in respect of the Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution shall have been distributed to the holders of Receipts. Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations thereunder except for its obligations to the Depositary with respect to indemnification, charges and expenses.

18. **GOVERNING LAW.** This Receipt and the Deposit Agreement and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, and construed in accordance with, the laws of the State of New York.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose unless this Receipt shall have been executed manually by a duly authorized signatory of the Depositary or, if a Registrar for the Receipts (other than the Depositary) shall have been appointed, by facsimile by the Depositary provided this Receipt is countersigned manually by the signature of a duly authorized signatory of such Registrar.

The corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Dated:

\_\_\_\_\_,  
as Depositary and Registrar

By \_\_\_\_\_  
Authorized Officer

## [SIMPSON THACHER &amp; BARTLETT LLP LETTERHEAD]

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June 10, 2005

Hovnanian Enterprises, Inc.  
 10 Highway 35  
 P.O. Box 500  
 Red Bank, New Jersey 07701

K. Hovnanian Enterprises, Inc.  
 10 Highway 35  
 P.O. Box 500  
 Red Bank, New Jersey 07701

Ladies and Gentlemen:

We have acted as counsel to Hovnanian Enterprises, Inc., a Delaware corporation (“Hovnanian”), and to K. Hovnanian Enterprises, Inc., a wholly-owned subsidiary of Hovnanian and a California corporation (“K. Hovnanian”), and certain subsidiaries of Hovnanian (the “Subsidiary Guarantors”) in connection with the Registration Statement on Form S-3, which amends certain previously filed Registration Statements (together, the “Registration Statement”), filed by Hovnanian, K. Hovnanian and the Subsidiary Guarantors with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended (the “Securities Act”), relating to (i) shares of Class A common stock of Hovnanian, par value \$.01 per share (“Common Stock”); (ii) shares of preferred stock of Hovnanian, par value \$.01 per share (“Preferred Stock”), which may be issued in the form of depositary shares evidenced by the depositary receipts (the “Depositary Shares”); (iii) warrants to purchase Common Stock (the “Common Stock Warrants”); (iv) warrants to purchase Preferred Stock (the “Preferred Stock

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Warrants”); (v) warrants to purchase Depositary Shares (the “Depositary Shares Warrants”); (vi) debt securities of Hovnanian, which may be senior (“Hovnanian Senior Debt Securities”), senior subordinated (“Hovnanian Senior Subordinated Debt Securities”) or subordinated (“Hovnanian Subordinated Debt Securities”) (collectively, the “Hovnanian Debt Securities”); (vii) warrants to purchase Hovnanian Debt Securities (the “Hovnanian Debt Security Warrants”); (viii) debt securities of K. Hovnanian, which may be senior (“K. Hovnanian Senior Debt Securities”), senior subordinated (“K. Hovnanian Senior Subordinated Debt Securities”) or subordinated (“K. Hovnanian Subordinated Debt Securities”) (collectively, the “K. Hovnanian Debt Securities” and, together with the Hovnanian Debt Securities, the “Debt Securities”), which will be fully and unconditionally guaranteed by Hovnanian (the “Hovnanian Debt Guarantee”); (ix) warrants to purchase K. Hovnanian Debt Securities (the “K. Hovnanian Debt Security Warrants” and, together with the Hovnanian Debt Security Warrants, the “Debt Security Warrants”), which will be fully and unconditionally guaranteed by Hovnanian (the “Hovnanian Warrant Guarantee”); (x) guarantees of the Subsidiary Guarantors to be issued in connection with the Debt Securities (the “Debt Guarantees”); (xi) guarantees of the Subsidiary Guarantors to be issued in connection with the Debt Security Warrants, the Common Stock Warrants, the Preferred Stock Warrants and the Depositary Shares Warrants (the “Warrant Guarantees”); (xii) contracts for the purchase and sale of Common Stock, Preferred Stock or Depositary Shares (the “Purchase Contracts”); (xiii) Stock Purchase Units of Hovnanian, consisting of a Purchase Contract and either a beneficial interest in Hovnanian Debt Securities or debt obligations of third parties, including U.S. Treasury securities (the “Stock Purchase Units”); (xiv) Common Stock, Preferred Stock, Depositary Shares, Debt Securities, Hovnanian Debt Guarantee and Debt Guarantees that may be issued upon exercise of Securities Warrants (as defined below) or Purchase Contracts, whichever is

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applicable and (xv) 15,286,624 shares of Common Stock (the “Selling Shareholder Shares”) to be offered for sale by Kevork S. Hovnanian, Ara K. Hovnanian, Geaton A. DeCesaris, Jr., Geaton A. DeCesaris, Sr., and A. Hugo DeCesaris (the “Selling Shareholders”). The Common Stock, the Preferred Stock, the Depositary Shares, the Common Stock Warrants, the Preferred Stock Warrants, the Depositary Shares Warrants, the Debt Securities, the Hovnanian Debt Guarantee, the Debt Security Warrants, the Hovnanian Warrant Guarantee, the Debt Guarantees, the Warrant Guarantees, the Purchase Contracts, the Stock Purchase Units and the Securities Warrants are hereinafter referred to collectively (together with any additional securities that may be issued by Hovnanian and/or K. Hovnanian pursuant to Rule 462(b) (as prescribed by the Commission pursuant to the Securities Act)) as the “Securities”. The Securities may be issued and sold or delivered from time to time as set forth in the Registration Statement, any amendment thereto, the prospectus contained therein (the “Prospectus”) and supplements to the Prospectus and pursuant to Rule 415 under the Act for an aggregate initial offering price not to exceed \$500,000,000.

The Hovnanian Senior Debt Securities and the Debt Guarantees thereof, if applicable, will be issued under an Indenture, as supplemented by a supplemental indenture (the “Hovnanian Senior Indenture”), among Hovnanian, such Trustee as shall be named therein (the “Hovnanian Senior Trustee”) and such Subsidiary Guarantors as shall be named therein, if applicable. The Hovnanian Senior Subordinated Debt Securities and the Debt Guarantees thereof, if applicable, will be issued under an Indenture, as supplemented by a supplemental indenture (the “Hovnanian Senior Subordinated Indenture”), among Hovnanian, such Trustee as shall be named therein (the “Hovnanian Senior Subordinated Trustee”) and such Subsidiary

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Guarantors as shall be named therein, if applicable. The Hovnanian Subordinated Debt Securities and the Debt Guarantees thereof, if applicable, will be issued under an Indenture, as supplemented by a supplemental indenture (the "Hovnanian Subordinated Indenture"), among Hovnanian, such Trustee as shall be named therein (the "Hovnanian Subordinated Trustee") and such Subsidiary Guarantors as shall be named therein, if applicable. The Hovnanian Senior Indenture, the Hovnanian Senior Subordinated Indenture and the Hovnanian Subordinated Indenture are hereinafter referred to collectively as the "Hovnanian Indentures". The K. Hovnanian Senior Debt Securities, the Hovnanian Debt Guarantee and the Debt Guarantees thereof, if applicable, will be issued under an Indenture dated as of November 3, 2003, as supplemented by the First Supplemental Indenture dated as of November 3, 2003 (, as supplemented, the "K. Hovnanian November 3 Indenture"), as supplemented by the supplemental indenture (the "K. Hovnanian Senior Supplemental Indenture" and together with the K. Hovnanian November 3 Indenture, the "K. Hovnanian Senior Indenture"), among K. Hovnanian, Hovnanian, Wachovia Bank, National Association, as Trustee (the "K. Hovnanian Senior Trustee"), and such Subsidiary Guarantors as shall be named therein, if applicable. The K. Hovnanian Senior Subordinated Debt Securities, the Hovnanian Debt Guarantee and the Debt Guarantees thereof, if applicable, will be issued under an Indenture, as supplemented by a supplemental indenture (the "K. Hovnanian Senior Subordinated Indenture"), among K. Hovnanian, Hovnanian, such Trustee as shall be named therein (the "K. Hovnanian Senior Subordinated Trustee") and such Subsidiary Guarantors as shall be named therein, if applicable. The K. Hovnanian Subordinated Debt Securities, the Hovnanian Debt Guarantee and the Debt Guarantees thereof, if applicable, will be issued under an Indenture (the "K. Hovnanian Subordinated Indenture") among K. Hovnanian, Hovnanian, such Trustee as shall be named

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therein (the "K. Hovnanian Subordinated Trustee") and such Subsidiary Guarantors as shall be named therein, if applicable. The K. Hovnanian Senior Indenture, the K. Hovnanian Senior Subordinated Indenture and the K. Hovnanian Subordinated Indenture are hereinafter collectively referred to as the "K. Hovnanian Indentures". The Hovnanian Indentures and the K. Hovnanian Indentures are hereinafter collectively referred to as the "Indentures".

The Purchase Contracts will be issued pursuant to a Purchase Contract Agreement (the "Purchase Contract Agreement") between Hovnanian and such Purchase Contract Agent as shall be named therein (the "Purchase Contract Agent").

The Depositary Shares will be issued pursuant to a deposit agreement (the "Deposit Agreement"), between Hovnanian and such Depositary as shall be named therein (the "Depositary").

The Common Stock Warrants, the Preferred Stock Warrants, the Depositary Shares Warrants and the Debt Security Warrants are hereinafter referred to collectively as the "Securities Warrants". The Common Stock Warrants and the Warrant Guarantees thereof, if applicable, will be issued under a Common Stock Warrant Agreement (the "Common Stock Warrant Agreement") among Hovnanian, the Common Stock Warrant Agent as shall be named therein and the Subsidiary Guarantors as shall be named therein, if applicable. The Preferred Stock Warrants and the Warrant Guarantees thereof, if applicable, will be issued under a Preferred Stock Warrant Agreement (the "Preferred Stock Warrant Agreement") among Hovnanian, the Preferred Stock Warrant Agent as shall be named therein and the Subsidiary Guarantors as shall be named therein, if applicable. The Depositary Shares Warrants and the

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Warrant Guarantees thereof, if applicable, will be issued under a Depositary Shares Warrant Agreement (the "Depositary Shares Warrant Agreement") among Hovnanian, the Depositary Shares Warrant Agent as shall be named therein and the Subsidiary Guarantors as shall be named therein, if applicable. The Hovnanian Debt Security Warrants and the Warrant Guarantees thereof, if applicable, will be issued under a Hovnanian Debt Security Warrant Agreement (the "Hovnanian Debt Security Warrant Agreement") among Hovnanian, the Hovnanian Debt Security Warrant Agent as shall be named therein and the Subsidiary Guarantors as shall be named therein, if applicable. The K. Hovnanian Debt Security Warrants and the Warrant Guarantees thereof, if applicable, will be issued under a K. Hovnanian Debt Security Warrant Agreement (the "K. Hovnanian Debt Security Warrant Agreement") among K. Hovnanian, Hovnanian, the K. Hovnanian Debt Security Warrant Agent as shall be named therein and the Subsidiary Guarantors as shall be named therein, if applicable. The Common Stock Warrant Agreement, the Preferred Stock Warrant Agreement, the Depositary Shares Warrant Agreement, the Hovnanian Debt Security Warrant Agreement and the K. Hovnanian Debt Security Warrant Agreement are hereinafter referred to collectively as the "Warrant Agreements". Each party to a Warrant Agreement other than Hovnanian, K. Hovnanian or the Subsidiary Guarantors is referred to hereinafter as a "Counterparty".

We have examined the Registration Statement, a form of share certificate, the forms of the Indentures, the forms of Warrant Agreements, the form of Deposit Agreement, the form of Depositary Shares, the form of Purchase Contract Unit and the form of Purchase Contract Agreement, which have been filed with the Commission as exhibits to the Registration Statement. We have also examined the originals, or duplicates or certified or conformed copies,

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of such corporate records, agreements, documents and other instruments and have made such other and further investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, we have relied upon certificates or corporate documents of public officials and of officers and representatives of Hovnanian, K. Hovnanian and the Subsidiary Guarantors.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies, and the authenticity of the originals of such latter documents. We have also assumed that (1) at the time of execution, authentication, issuance and delivery of the Debt Securities (other than the K. Hovnanian Senior Debt Securities), each of the Indentures (other than the K. Hovnanian November 3 Indenture) will be the valid and legally binding obligation of the Trustee thereunder; (2) the K. Hovnanian November 3 Indenture is the valid and legally binding obligation of the K. Hovnanian Senior Trustee, and at the time of execution, authentication, issuance and delivery of the K. Hovnanian Senior Debt Securities, the K. Hovnanian Senior Supplemental Indenture will be the valid and legally binding obligation of the K. Hovnanian Senior Trustee; (3) at the time of execution, issuance and delivery of the Purchase Contracts, the Purchase Contract Agreement will be the valid and legally binding obligation of the Purchase Contract Agent; (4) at the time of execution, countersignature, issuance and delivery of any Securities Warrants, the related Warrant Agreement will be the valid and legally binding obligation of each Counterparty thereto; and (5) at the time of execution, issuance and

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delivery of the Depositary Shares, the Deposit Agreement will be the valid and legally binding obligation of the Depositary.

We have assumed further that at the time of execution, authentication, issuance and delivery of the Hovnanian Indentures and the Hovnanian Debt Securities and the Debt Guarantees, if applicable, the Hovnanian Indentures will have been duly authorized, executed and delivered by Hovnanian and the Subsidiary Guarantors, if applicable.

We have assumed further that (1) at the time of the execution, authentication, issuance and delivery of the K. Hovnanian Indentures (other than the K. Hovnanian November 3 Indenture) and the K. Hovnanian Debt Securities (other than the K. Hovnanian Senior Debt Securities), the Hovnanian Debt Guarantee and the Debt Guarantees, if applicable, will have been duly authorized, executed and delivered by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, and (2) execution, delivery and performance by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, of the K. Hovnanian Indentures (other than the K. Hovnanian November 3 Indenture), the K. Hovnanian Debt Securities (other than the K. Hovnanian Senior Debt Securities), the Hovnanian Debt Guarantee and the Debt Guarantees, if applicable, will not violate the law of the State of California or any other applicable laws (excepting the law of the State of New York and the Federal laws of the United States).

We have assumed further that (1) K. Hovnanian, Hovnanian and the Subsidiary Guarantors, as applicable, have duly authorized, executed and delivered the K. Hovnanian November 3 Indenture, (2) at the time of execution, authentication, issuance and delivery of the K. Hovnanian Senior Supplemental Indenture and the K. Hovnanian Senior Debt Securities, the

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Hovnanian Debt Guarantee and the Debt Guarantees, if applicable, the K. Hovnanian Senior Supplemental Indenture will have been duly authorized, executed and delivered by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, and (3) execution, delivery and performance by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, of the K. Hovnanian Senior Indenture, the K. Hovnanian Senior Debt Securities, the Hovnanian Debt Guarantee and the Debt Guarantees, if applicable, do not and will not violate the law of the State of California or any other applicable laws (excepting the law of the State of New York and the federal laws of the United States).

We have assumed further that at the time of execution, issuance and delivery of the Purchase Contracts, the Purchase Contract Agreement will have been duly authorized, executed and delivered by Hovnanian.

We have assumed further that at the time of execution, countersignature, issuance and delivery of any Securities Warrants and the Warrant Guarantees, if applicable, other than the K. Hovnanian Debt Security Warrants, the related Warrant Agreements will have been duly authorized, executed and delivered by Hovnanian and the Subsidiary Guarantees, if applicable.

We have assumed further that (1) at the time of execution, countersignature, issuance and delivery of the K. Hovnanian Debt Security Warrants, the Hovnanian Warrant Guarantee and the Warrant Guarantees, if applicable, the related Warrant Agreements will have been duly authorized, executed and delivered by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, and (2) execution, delivery and performance by K. Hovnanian, Hovnanian and the Subsidiary Guarantors, if applicable, of such Warrant Agreement and such

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K. Hovnanian Debt Security Warrants, Hovnanian Warrant Guarantee and the Warrant Guarantees, if applicable, will not violate the law of the State of California or any other applicable laws (excepting the law of the State of New York and the Federal laws of the United States).

We have assumed further that at the time of execution, issuance and delivery of the Depositary Shares, the Deposit Agreement will have been duly authorized, executed and delivered by Hovnanian.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. With respect to the newly issued Common Stock, assuming (a) the taking by the Board of Directors of Hovnanian or a duly constituted and acting committee of such Board of Directors (such Board of Directors or committee being referred to herein as the "Hovnanian Board") of all necessary corporate action to authorize and approve the issuance of the newly issued Common Stock and (b) due issuance and delivery of the newly issued Common Stock, upon payment therefor in accordance with the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board, the newly issued Common Stock will be validly issued, fully paid and nonassessable.
2. The Selling Shareholder Shares have been validly issued, and are fully paid and nonassessable.
3. With respect to the Preferred Stock, assuming (a) the taking by the Hovnanian Board of all necessary corporate action to authorize and approve the issuance of the Preferred Stock, (b) due filing of the Certificate of Designations and (c) due issuance and delivery of the Preferred Stock, upon payment therefor in accordance with the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board, the Preferred Stock will be validly issued, fully paid and nonassessable.
4. With respect to the Hovnanian Debt Securities, assuming (a) the taking of all necessary corporate action to approve the issuance and terms of any Hovnanian Debt Securities, the terms of the offering thereof and related matters by the

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Hovnanian Board or duly authorized officers of Hovnanian (the “Hovnanian Authorized Officers”) and (b) the due execution, authentication, issuance and delivery of such Hovnanian Debt Securities, upon payment of the consideration therefor provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board or the Hovnanian Authorized Officers and otherwise in accordance with the provisions of the applicable Hovnanian Indenture and such agreement, such Hovnanian Debt Securities will constitute valid and legally binding obligations of Hovnanian enforceable against Hovnanian in accordance with their terms.

5. With respect to the K. Hovnanian Debt Securities, assuming (a) the taking of all necessary corporate action to approve the issuance and terms of any K. Hovnanian Debt Securities, the terms of the offering thereof and related matters by the Board of Directors of K. Hovnanian, a duly constituted and acting committee of such Board of Directors or duly authorized officers of K. Hovnanian (such Board of Directors, committee or authorized officers being referred to herein as the “K. Hovnanian Board”) and (b) the due execution, authentication, issuance and delivery of such K. Hovnanian Debt Securities, upon payment of the consideration therefor provided for in the applicable definitive purchase, underwriting or similar agreement approved by the K. Hovnanian Board and otherwise in accordance with the provisions of the applicable K. Hovnanian Indenture and such agreement, such K. Hovnanian Debt Securities will constitute valid and legally binding obligations of K. Hovnanian enforceable against K. Hovnanian in accordance with their terms.
6. With respect to the Hovnanian Debt Guarantee, the Hovnanian Warrant Guarantee, the Debt Guarantees and the Warrant Guarantees (collectively, the “Guarantees”), assuming (a) the taking of all necessary corporate action to approve the issuance and terms of the Guarantees and related matters by the Hovnanian Board or the Hovnanian Authorized Officers, as applicable, and by the Board of Directors of each Subsidiary Guarantor, as applicable, a duly constituted and acting committee of such Board of Directors of a Subsidiary Guarantor or duly authorized officers of a Subsidiary Guarantor, as applicable, (each such Board of Directors, committee or authorized officers being referred to herein as a “Subsidiary Guarantor Board”), (b) the due execution, authentication, issuance and delivery of the Debt Securities, Common Stock, Preferred Stock and Depositary Shares, as applicable, underlying such Guarantees, upon payment of the consideration therefor provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board, or the Hovnanian Authorized Officers, as applicable, or a Subsidiary Guarantor Board, as applicable, and otherwise in accordance with the provisions of the applicable Indenture, Warrant Agreement and such agreement and (c) the due issuance of such Guarantees, such Guarantees will constitute valid and legally binding

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obligations of Hovnanian or the Subsidiary Guarantors, as applicable, enforceable against the Hovnanian or the Subsidiary Guarantors, as applicable, in accordance with their terms.

7. With respect to the Purchase Contracts, assuming (a) the taking of all necessary corporate action by the Hovnanian Board or the Hovnanian Authorized Officers to approve the execution and delivery of the Purchase Contract Agreement in the form filed as an exhibit to the Registration Statement and (b) the due execution, issuance and delivery of the Purchase Contracts, upon payment of the consideration for such Purchase Contracts provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board or the Hovnanian Authorized Officers and otherwise in accordance with the provisions of the applicable Purchase Contract Agreement and such agreement, the Purchase Contracts will constitute valid and legally binding obligations of Hovnanian enforceable against Hovnanian in accordance with their terms.
8. With respect to the Securities Warrants, assuming (a) the taking of all necessary corporate action by the Hovnanian Board or the Hovnanian Authorized Officers, as applicable, or the K. Hovnanian Board, as applicable, to approve the execution and delivery of a related Warrant Agreement in the form filed as an exhibit to the Registration Statement and (b) the due execution, countersignature, issuance and delivery of such Securities Warrants, upon payment of the consideration for such Securities Warrants provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board or the Hovnanian Authorized Officers, as applicable, or the K. Hovnanian Board, as applicable, and otherwise in accordance with the provisions of the applicable Warrant Agreement and such agreement, such Securities Warrants will constitute valid and legally binding obligations of Hovnanian or K. Hovnanian, as applicable, enforceable against Hovnanian or K. Hovnanian, as applicable, in accordance with their terms.
9. With respect to the Stock Purchase Units, assuming (a) the taking of all necessary corporate action by the Hovnanian Board or the Hovnanian Authorized Officers to authorize and approve (1) the issuance and terms of the Stock Purchase Units, (2) the execution and delivery of the Purchase Contract Agreement with respect to the Purchase Contracts that are a component of the Stock Purchase Units in the form filed as an exhibit to the Registration Statement and (3) the issuance and terms of the Debt Securities that are a component of the Stock Purchase Units, the terms of the offering thereof and related matters and (b) the due execution, authentication, in the case of such Debt Securities, issuance and delivery of (1) the Stock Purchase Units, (2) such Purchase Contracts and (3) such Hovnanian Debt Securities, in each case upon the payment of the consideration therefor

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provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board and in accordance with the provisions of the applicable Purchase Contract Agreement, in the case of such Purchase Contracts, and the applicable Hovnanian Indenture, in the case of such Hovnanian Debt Securities, such Stock Purchase Units will constitute valid and legally binding obligations of Hovnanian, enforceable against Hovnanian in accordance with their terms.

10. With respect to the Depositary Shares, assuming (a) the taking of all necessary corporate action by the Hovnanian Board to approve (1) the issuance and terms of the Depositary Shares and (2) the execution and delivery of the Deposit Agreement in the form filed as an exhibit to the Registration Statement, (b) the Preferred Stock represented by the Depositary Shares has been duly delivered to the Depositary under the Deposit Agreement and (c) the due execution, issuance and delivery of the depositary receipts evidencing the Depositary Shares, against deposit of the Preferred Stock in accordance with the Deposit Agreement, upon payment of the consideration therefor provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Hovnanian Board, the depositary receipts evidencing the Depositary Shares will be validly issued and will entitle the holders thereof to the rights specified in the Depositary Shares and the Deposit Agreement.

Our opinions set forth in paragraphs 4 through 9 above are subject to the effects of (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' right generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

Insofar as the opinions expressed herein relate to or are dependent upon matters governed by the law of the State of California, we have relied upon the opinion of Peter S. Reinhart, Senior Vice President and General Counsel of Hovnanian and K. Hovnanian, dated the date hereof.

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We do not express any opinion herein concerning any law other than the law of the State of New York, the Federal law of the United States, the Delaware General Corporation Law (including the statutory provisions, all applicable provisions of the Delaware Constitution and reported judicial decision interpreting the foregoing) and, to the extent set forth herein, the law of the State of California.

We hereby consent to the filing of this opinion letter as Exhibit 5 to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

/s/ Simpson Thacher & Bartlett LLP

SIMPSON THACHER & BARTLETT LLP

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June 10, 2005

Hovnanian Enterprises, Inc.  
 10 Highway 35  
 P.O. Box 500  
 Red Bank, New Jersey 07701

K. Hovnanian Enterprises, Inc.  
 10 Highway 35  
 P.O. Box 500  
 Red Bank, New Jersey 07701

Dear Sirs:

I am Senior Vice President and General Counsel of Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian"), and of K. Hovnanian Enterprises, Inc., a California corporation ("K. Hovnanian"). A Registration Statement on Form S-3, which amends a previously filed Registration Statement on Form S-3 (together, the "Registration Statement"), under the Securities Act of 1933, as amended (the "Act"), was filed by Hovnanian, K. Hovnanian and certain subsidiaries of Hovnanian (the "Subsidiary Guarantors") with the Securities and Exchange Commission on the date hereof. The Registration Statement relates to the registration of (i) shares of Class A common stock of Hovnanian, par value \$.01 per share ("Common Stock"); (ii) shares of preferred stock of Hovnanian, par value \$.01 per share ("Preferred Stock"), which may be issued in the form of depository shares evidenced by depository receipts (the "Depository Shares"); (iii) warrants to purchase Common Stock (the "Common Stock Warrants"); (iv) warrants to purchase Preferred Stock (the "Preferred Stock Warrants"); (v) warrants to purchase Depository Shares (the "Depository Shares Warrants"); (vi) debt securities of Hovnanian, which may be senior ("Hovnanian Senior Debt Securities"), senior subordinated ("Hovnanian Senior Subordinated Debt Securities") or subordinated ("Hovnanian

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Subordinated Debt Securities") (collectively, the "Hovnanian Debt Securities"); (vii) warrants to purchase Hovnanian Debt Securities (the "Hovnanian Debt Security Warrants"); (viii) debt securities of K. Hovnanian, which may be senior ("K. Hovnanian Senior Debt Securities"), senior subordinated ("K. Hovnanian Senior Subordinated Debt Securities") or subordinated ("K. Hovnanian Subordinated Debt Securities") (collectively, the "K. Hovnanian Debt Securities" and, together with the Hovnanian Debt Securities, the "Debt Securities"), which will be fully and unconditionally guaranteed by Hovnanian (the "Hovnanian Debt Guarantee"); (ix) warrants to purchase K. Hovnanian Debt Securities (the "K. Hovnanian Debt Security Warrants" and, together with the Hovnanian Debt Security Warrants, the "Debt Security Warrants"), which will be fully and unconditionally guaranteed by Hovnanian (the "Hovnanian Warrant Guarantee"); (x) guarantees of the Subsidiary Guarantors to be issued in connection with the Debt Securities (the "Debt Guarantees"); (xi) guarantees of the Subsidiary Guarantors to be issued in connection with the Debt Security Warrants, the Common Stock Warrants, the Preferred Stock Warrants and the Depository Shares Warrants (the "Warrant Guarantees"); (xii) contracts for the purchase and sale of Common Stock, Preferred Stock or Depository Shares (the "Purchase Contracts"); (xiii) Stock Purchase Units of Hovnanian, consisting of a Purchase Contract and either a beneficial interest in Hovnanian Debt Securities or debt obligations of third parties, including U.S. Treasury securities (the "Stock Purchase Units"); (xiv) Common Stock, Preferred Stock, Depository Shares Debt Securities, Hovnanian Debt Guarantee and Debt Guarantees that may be issued upon exercise of Securities Warrants (as defined below) or Purchase Contracts, whichever is applicable and (xv) 15,286,624 shares of Common Stock (the "Selling Shareholder Shares") for Kevork S. Hovnanian, Ara K. Hovnanian, Geaton A. DeCesaris, Jr., Geaton A. DeCesaris, Sr., and A. Hugo DeCesaris (the "Selling Shareholders"). The Common Stock, the Preferred Stock,

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the Depository Shares, the Common Stock Warrants, the Preferred Stock Warrants, the Depository Shares Warrants, the Debt Securities, the Hovnanian Debt Guarantee, the Debt Security Warrants, the Hovnanian Warrant Guarantee, the Debt Guarantees, the Warrant Guarantees, the Purchase Contracts, the Stock Purchase Units and the Securities Warrants are hereinafter referred to collectively (together with any additional securities that may be issued by Hovnanian and/or K. Hovnanian pursuant to Rule 462(b) (as prescribed by the Commission pursuant to the Securities Act)) as the "Securities". The Selling Shareholder Shares will be offered for sale by the Selling Shareholders. The Securities may be issued and sold or delivered from time to time as set forth in the Registration Statement, any amendment thereto, the prospectus contained therein (the "Prospectus") and supplements to the Prospectus and pursuant to Rule 415 under the Act for an aggregate initial offering price not to exceed \$500,000,000.

In that connection, I have examined and relied upon originals, or duplicates or certified or conformed copies, identified to my satisfaction, of such corporate records, agreements, documents and other instruments and have made such other and further investigations as I have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, I have relied upon certificates or corporate documents of public officials and of officers and representatives of Hovnanian, K. Hovnanian and the Subsidiary Guarantors. In such examination, I have assumed the genuineness and authenticity of all documents examined by me and all signatures thereon, the legal capacity of all persons executing such documents, the conformity to originals of all copies of documents submitted to me and the truth and correctness of any representations and warranties contained therein.

Based upon the foregoing, I am of the opinion that:

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1. When appropriate action is taken by the Board of Directors of K. Hovnanian, a duly constituted and acting committee thereof or duly authorized officers of K. Hovnanian (such Board of Directors, committee or authorized officers being referred to herein as the "K. Hovnanian Board"), the K. Hovnanian Senior Debt Securities and the Debt Guarantees thereof, if applicable, will have been duly authorized and, when the indenture among K. Hovnanian, Hovnanian, as guarantor, the Trustee as named therein (the "K. Hovnanian Senior Debt Trustee") and the Subsidiary Guarantors, if applicable (the "K. Hovnanian Senior Indenture"), pursuant to which the K. Hovnanian Senior Debt Securities will be issued has been duly executed and delivered, the K. Hovnanian Senior Debt Securities, when duly executed by K. Hovnanian, authenticated by the K. Hovnanian Senior Debt Trustee in accordance with the terms of the K. Hovnanian Senior Indenture and issued and delivered against payment of the consideration therefor, will be legally issued and will constitute valid and legally binding obligations of K. Hovnanian entitled to the benefits of the K. Hovnanian Senior Indenture relating thereto; and

2. When appropriate action is taken by the K. Hovnanian Board, the K. Hovnanian Senior Subordinated Debt Securities and the Debt Guarantees thereof, as applicable, will have been duly authorized and, when the indenture among K. Hovnanian, Hovnanian, as guarantor, the Trustee as shall be named therein (the "K. Hovnanian Senior Subordinated Debt Trustee") and the Subsidiary Guarantors, if applicable (the "K. Hovnanian Senior Subordinated Indenture"), pursuant to which the K. Hovnanian Senior Subordinated Debt Securities will be issued has been duly executed and delivered, the K. Hovnanian Senior Subordinated Debt Securities, when duly executed by K. Hovnanian, authenticated by the K. Hovnanian Senior Subordinated Debt Trustee in accordance with the terms of the K. Hovnanian Senior Subordinated Indenture and issued and delivered against payment of the consideration therefor, will be legally issued and will constitute valid and legally binding obligations of K. Hovnanian entitled to the benefits of the K. Hovnanian Senior Subordinated Indenture relating thereto; and

3. When appropriate action is taken by the K. Hovnanian Board, the K. Hovnanian Subordinated Debt Securities and the Debt Guarantees thereof, as applicable, will have been duly authorized and, when the indenture among K. Hovnanian, Hovnanian, as guarantor, the Trustee as shall be named therein (the "K. Hovnanian Subordinated Debt Trustee") and the Subsidiary Guarantors, if applicable (the "K. Hovnanian Subordinated Indenture"), pursuant to which the K. Hovnanian Subordinated Debt Securities will be issued has been duly executed and delivered, the K. Hovnanian Subordinated Debt Securities, when duly executed by K. Hovnanian, authenticated by the K. Hovnanian Subordinated Debt Trustee in accordance with the terms of the K. Hovnanian Subordinated Indenture and issued and delivered against payment of the consideration therefor, will be legally issued and will constitute valid and legally binding obligations of K. Hovnanian entitled to the benefits of the K. Hovnanian Subordinated Indenture relating thereto; and

4. When appropriate action is taken by the K. Hovnanian Board, the K. Hovnanian Debt Security Warrants and the Warrant Guarantees thereof, if applicable, will have been duly authorized and, when the warrant agreement among K. Hovnanian, Hovnanian as guarantor, the warrant agent named therein and the Subsidiary Guarantors, if applicable, pursuant to which the K. Hovnanian Debt Security Warrants will be issued (the "Warrant Agreement") has been duly

executed and delivered, the K. Hovnanian Debt Security Warrants, when duly executed by K. Hovnanian in accordance with the terms of the Warrant Agreement and issued and delivered against payment of the consideration therefor, will be legally issued and will constitute valid and legally binding obligations of K. Hovnanian entitled to the benefits of the Warrant Agreement relating thereto.

Simpson Thacher & Bartlett LLP may rely upon this opinion letter insofar as the opinions expressed herein relate to or are dependent upon matters governed by the law of the State of California.

I am a member of the Bar of the State of New Jersey, and I do not express any opinion herein concerning any law other than the law of the State of New Jersey and the State of California.

I hereby consent to the filing of this opinion as Exhibit 5 to the Registration Statement and to the reference under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

/s/ Peter S. Reinhart  
Peter S. Reinhart  
Senior Vice President and General Counsel

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**HOVNANIAN ENTERPRISES, INC.**  
**Statement setting forth computation showing the ratio of earnings**  
**to fixed charges, including wholly owned**  
**mortgage banking and finance subsidiaries**  
**(Dollars in Thousands)**

	Six Months Ended April 2005 Actual	Year Ended October 2004 Actual	Year Ended October 2003 Actual	Year Ended October 2002 Actual	Year Ended October 2001 Actual	Year Ended October 2000 Actual
Net Income	\$ 187,618	\$ 348,681	\$ 257,380	\$ 137,696	\$ 63,686	\$ 33,163
Add:						
Federal and State Income Taxes	118,815	201,091	154,138	88,034	42,668	18,655
Interest Expensed Res & Comm	36,925	75,042	63,658	60,371	51,446	34,956
Interest Expensed Mortgage & Finance Subsidiaries	2,412	2,765	2,487	2,337	3,180	2,491
Amortization of Bond Prepaid Expenses	709	10,999	2,978	2,119	976	670
Amortization of Bond Discount	309	571	514	441	367	30
<b>Total Earnings</b>	<b>\$ 346,788</b>	<b>\$ 639,149</b>	<b>\$ 481,155</b>	<b>\$ 290,998</b>	<b>\$ 162,323</b>	<b>\$ 89,965</b>
<b>Fixed Charges:</b>						
Interest Incurred Res & Comm	\$ 43,948	\$ 87,674	\$ 66,332	\$ 57,406	\$ 47,272	\$ 38,878
Interest Incurred Mortgage & Finance Subsidiaries	2,412	2,765	2,487	2,337	3,180	2,491
Amortization of Bond Prepaid Expenses	709	10,999	2,978	2,119	976	670
Amortization of Bond Discount	309	571	514	441	367	30
<b>Total Fixed Charges</b>	<b>\$ 47,378</b>	<b>\$ 102,009</b>	<b>\$ 72,311</b>	<b>\$ 62,303</b>	<b>\$ 51,795</b>	<b>\$ 42,069</b>
<b>Ratio</b>	<b>7.3</b>	<b>6.3</b>	<b>6.7</b>	<b>4.7</b>	<b>3.1</b>	<b>2.1</b>

## QuickLinks

[HOVNANIAN ENTERPRISES, INC. Statement setting forth computation showing the ratio of earnings to fixed charges, including wholly owned mortgage banking and finance subsidiaries \(Dollars in Thousands\)](#)

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Hovnanian Enterprises, Inc. (the "Company"), K. Hovnanian Enterprises, Inc. and certain subsidiaries of the Company for the registration of \$500,000,000 of Preferred Stock, Class A Common Stock, Depositary Shares, Warrants to Purchase Preferred Stock, Warrants to Purchase Class A Common Stock, Warrants to Purchase Depositary Shares, Debt Securities, Warrants to Purchase Debt Securities, Stock Purchase Contracts, Stock Purchase Units, Guaranteed Debt Securities and Guaranteed Warrants to Purchase Debt Securities and 15,286,624 shares of Class A Common Stock and to the incorporation by reference therein of our report dated December 10, 2004, with respect to the consolidated financial statements of the Company included in its Annual Report (Form 10-K) for the year ended October 31, 2004, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York  
June 8, 2005

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QuickLinks

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

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

**FORM T-1**

**STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS A TRUSTEE**

**CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE  
PURSUANT TO SECTION 305(b)(2)**

**WACHOVIA BANK, NATIONAL ASSOCIATION**

(Name of Trustee)

(Jurisdiction of Incorporation or  
Organization if not a U.S. National Bank)

**22-1147033**  
(I.R.S. Employer  
Identification No.)

**301 South College Street, Charlotte, North Carolina**  
Address of Principal Executive Offices)

**28288-0630**  
(Zip Code)

**Hovnanian Enterprises, Inc.**

(Name of Obligor)

**Delaware**  
(State of Incorporation)

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

**10 Highway 35, PO Box 500 Red Bank, NJ**  
(Address of Principal Executive Offices)

**07701**  
(Zip Code)

**Debt Securities**  
(Title of Indenture Securities)

**GENERAL**

**Item 1. General information.**

Furnish the following information as to the trustee:

**(a) Name and address of each examining or supervisory authority to which it is subject:**

Comptroller of the Currency, Washington, D.C.  
Board of Governors of the Federal Reserve System, Richmond, VA 23219  
Federal Deposit Insurance Corporation, Washington, D.C.

**(b) Whether it is authorized to exercise corporate trust powers.**

The Trustee is authorized to exercise corporate trust powers.

**Item 2. Affiliations with Obligor.**

**If the obligor is an affiliate of the trustee, describe each such affiliation.**

None.

**Item 3. Voting Securities of the Trustee.**

Furnish the following information as to each class of voting securities of the trustee:

Col. A

Col. B

Not applicable

**Item 4. Trusteeship under Other Indentures:**

If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not Applicable

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not Applicable.

**Item 5. Interlocking Directorates and Similar Relationships with the Obligor or Underwriters.**

If the trustee or any of the directors or executive officers of the trustee is a director, officer, partner, employee, appointee, or representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

Not Applicable

**Item 6. Voting Securities of the Trustee Owned by the Obligor or its Officials.**

Furnish the following information as to the voting securities of the trustee owned beneficially by the obligor and each director, partner and executive officer of the obligor.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Title of Class	Amount owned Beneficially	Percentage of Voting securities represented By amount given in Col. C

Not Applicable

**Item 7. Voting Securities of the Trustee Owned by Underwriters or their Officials.**

Furnish the following information as to the voting securities of the trustee owned beneficially by each underwriter for the obligor and each director, partner, and executive officer of each such underwriter.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Title of Class	Amount owned Beneficially	Percentage of Voting securities represented By amount given in Col. C

Not Applicable

**Item 8. Securities of the Obligor Owned or Held by the Trustee.**

Furnish the following information as to securities of the obligor owned beneficially or held as collateral security for the obligations in default by the trustee.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Whether the Securities are Voting or nonvoting Securities	Amount owned beneficially or held as collateral security for obligations in default by Trustee	Percentage of class represented by amount given in Col. C.

Not Applicable

**Item 9. Securities of the Underwriters Owned or Held by the Trustee.**

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter any of which are so owned or held by the trustee.

Col. A	Col. B	Col. C	Col. D.
Name of Issuer and Title of class	Amount outstanding	Amount owned beneficially or held as collateral security for	Percentage of class represented by amount given in Col. C

Not Applicable

**Item 10. Ownership or Holdings by the Trustee of Voting Securities of Certain Affiliates or Security Holders of the Obligor.**

If the trustee owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the trustee (1) owns 10 percent or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person.

Col. A.	Col. B.	Col. C.	Col. D.
Name of Issuer And title of class	Amount outstanding	Amount owned beneficially or held as collateral security For obligations in default By Trustee	Percentage of class represented by amount given in Col. C

Not Applicable

**Item 11. Ownership or Holdings by the Trustee of any Securities of a Person Owning 50 Percent or More of the Voting Securities of the Obligor.**

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of the obligor, furnish the following information as to each class of securities of such person any of which are so owned or held by the Trustee.

Col. A.	Col. B.	Col. C.	Col. D.
Name of Issuer And title of class	Amount outstanding	Amount owned beneficially or held as collateral security For obligations in default By Trustee	Percentage of class represented by amount given in Col. C

Not Applicable

**Item 12. Indebtedness of the Obligor to the Trustee.**

Except as noted in the instructions, if the obligor is indebted to the trustee, furnish the following information:

Col. A.	Col. B.	Col. C.
Nature of indebtedness	Amount outstanding	Date due

Not Applicable

**Item 13. Defaults by the Obligor.**

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

None

(b) If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series of securities under the indenture, state whether there has been default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

None

**Item 14. Affiliations with the Underwriters.**

If any underwriter is an affiliate of the trustee, describe each such affiliation.

Not Applicable

**Item 15. Foreign Trustee.**

Identify the order or rule pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act.

Not Applicable



Item 16. *Lists of Exhibits.*

- 1\* -Copy of Articles of Association of the Trustee as now in effect.
- 2 -No certificate of authority of the Trustee to commence business is furnished since this authority is contained in the Articles of Association of the Trustee.
- 3\* -Copy of the authorization of the Trustee to exercise corporate trust powers.
- 4\* -Copy of the existing By-Laws of the Trustee, as now in effect.
- 5 -Not applicable.
- 6 -The consent of the Trustee required by Section 321 (b) of the Act.
- 7 -A copy of the latest report of Condition of the Trustee published pursuant to the law or the requirements of its supervising or examining authority.
- 8 -Not Applicable
- 9 -Not Applicable

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\*Exhibit thus designated has heretofore been filed with the Securities and Exchange Commission, have not been amended since filing and are incorporated herein by reference (see Exhibit T-1 Registration Number 333-86372).

In answering any item in this statement of eligibility and qualification which relates to matters peculiarly within the knowledge of the obligor or of its directors or officers, or an underwriter for the obligor, the undersigned, Wachovia Bank, National Association, has relied upon information furnished to it by the obligor or such underwriter.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Wachovia Bank National Association, organized and existing under the laws of the United States, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristown, and State of New Jersey, on the 1st day of June, 2005.

Wachovia Bank, National Association

(Trustee)

(CORPORATE SEAL)

By:           /s/Stephanie Roche            
Vice President

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Exhibit T-6

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321 (b) of the Trust Indenture Act of 1939, and in connection with the proposed issue of Hovnanian Enterprises, Inc. we hereby consent that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

WACHOVIA BANK, NATIONAL ASSOCIATION

By:           /s/ Stephanie Roche            
Vice President

Morristown, NJ  
June 1, 2005

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EXHIBIT T-7

REPORT OF CONDITION

Consolidating domestic and foreign subsidiaries of the Wachovia Bank, National Association, at the close of business on March 31, 2005, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161. Charter Number 1 Comptroller of the Currency.

Statement of Resources and Liabilities

## ASSETS

Cash and balance due from depository institutions:	
Noninterest-bearing balances and currency and coin	12,680,000
Interest-bearing balances	603,000
Securities	////////
Hold-to-maturity securities	0
Available-for-sale securities	113,305,000
Federal funds sold and securities purchased under agreements to resell	////////
Federal funds sold in domestic offices	4,291,000
Securities purchased under agreements to resell	3,364,000
Loans and lease financing receivables:	
Loan and leases held for sale	14,106,000
Loan and leases, net of unearned income	224,658,000
LESS: Allowance for loan and lease losses	2,661,000
LESS: Allocated transfer risk reserve	0
Loans and leases, net of unearned income and allowance	221,997,000
Trading Assets	30,211,000
Premises and fixed assets (including capitalized leases)	4,267,000
Other real estate owned	121,000
Investment in unconsolidated subsidiaries and associated companies	1,145,000
Customer's liability to this bank on acceptances outstanding	826,000
Intangible assets	
Goodwill	19,644,000
Other intangible Assets	2,023,000
Other assets	26,168,000
<b>Total assets</b>	<b>454,751,000</b>

## LIABILITIES

Deposits:	
In domestic offices	284,382,000
Noninterest-bearing	13,547,000
Interest-bearing	270,835,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	22,441,000
Noninterest-bearing	45,000
Interest-bearing	22,396,000
Federal funds purchased and securities sold under agreements to repurchase	
Federal funds purchased in domestic offices	1,771,000
Securities sold under agreements to repurchase	27,881,000
Trading liabilities	13,346,000
Other borrowed money (includes mortgage indebtedness and Obligations under capitalized leases) (from Schedule RC-M)	30,575,000
Bank's liability on acceptances executed and outstanding	866,000
Subordinated notes and debentures	13,103,000
Other liabilities	11,884,000
<b>Total liabilities</b>	<b>406,249,000</b>
Minority Interest in consolidated subsidiaries	1,719,000

## EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common Stock	455,000
Surplus	36,364,000
Retained Earnings	9,965,000
Accumulated other comprehensive income	(1,000)
Other Equity Capital components	0
Total equity capital	46,783,000
Total liabilities and equity capital	<b>454,751,000</b>

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM T-1**

**STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939  
OF A CORPORATION DESIGNATED TO ACT AS A TRUSTEE**

**CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE  
PURSUANT TO SECTION 305(b)(2)**

**WACHOVIA BANK, NATIONAL ASSOCIATION**

(Name of Trustee)

(Jurisdiction of Incorporation or  
Organization if not a U.S. National Bank)

22-1147033  
(I.R.S. Employer  
Identification No.)

301 South College Street, Charlotte, North Carolina  
Address of Principal Executive Offices)

28288-0630  
(Zip Code)

**K. Hovnanian Enterprises, Inc.**

(Name of Obligor)

California  
(State of Incorporation)

22-2423583  
(I.R.S. Employer  
Identification No.)

10 Highway 35, PO Box 500 Red Bank, NJ  
(Address of Principal Executive Offices)

07701  
(Zip Code)

**Debt Securities**  
(Title of Indenture Securities)

**GENERAL**

**Item 1. General information.**

Furnish the following information as to the trustee:

**(a) Name and address of each examining or supervisory authority to which it is subject:**

Comptroller of the Currency, Washington, D.C.  
Board of Governors of the Federal Reserve System, Richmond, VA 23219  
Federal Deposit Insurance Corporation, Washington, D.C.

**(b) Whether it is authorized to exercise corporate trust powers.**

The Trustee is authorized to exercise corporate trust powers.

**Item 2. Affiliations with Obligor.**

**If the obligor is an affiliate of the trustee, describe each such affiliation.**

None.

**Item 3. Voting Securities of the Trustee.**

Furnish the following information as to each class of voting securities of the trustee:

Not applicable

**Item 4. Trusteeship under Other Indentures:**

If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not Applicable

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not Applicable.

**Item 5. Interlocking Directorates and Similar Relationships with the Obligor or Underwriters.**

If the trustee or any of the directors or executive officers of the trustee is a director, officer, partner, employee, appointee, or representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

Not Applicable

**Item 6. Voting Securities of the Trustee Owned by the Obligor or its Officials.**

Furnish the following information as to the voting securities of the trustee owned beneficially by the obligor and each director, partner and executive officer of the obligor.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Title of Class	Amount owned Beneficially	Percentage of Voting securities represented By amount given in Col. C

Not Applicable

**Item 7. Voting Securities of the Trustee Owned by Underwriters or their Officials.**

Furnish the following information as to the voting securities of the trustee owned beneficially by each underwriter for the obligor and each director, partner, and executive officer of each such underwriter.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Title of Class	Amount owned Beneficially	Percentage of Voting securities represented By amount given in Col. C

Not Applicable

**Item 8. Securities of the Obligor Owned or Held by the Trustee.**

Furnish the following information as to securities of the obligor owned beneficially or held as collateral security for the obligations in default by the trustee.

Col. A	Col. B	Col. C	Col. D.
Name of Owner	Whether the Securities are Voting or nonvoting Securities	Amount owned beneficially or held as collateral security for obligations in default by Trustee	Percentage of class represented by amount given in Col. C.

Not Applicable

**Item 9. Securities of the Underwriters Owned or Held by the Trustee.**

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter any of which are so owned or held by the trustee.

Col. A	Col. B	Col. C	Col. D.
Name of Issuer and Title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default By Trustee	Percentage of class represented by amount given in Col. C

**Item 10. Ownership or Holdings by the Trustee of Voting Securities of Certain Affiliates or Security Holders of the Obligor.**

If the trustee owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the trustee (1) owns 10 percent or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person.

Col. A.	Col. B.	Col. C.	Col. D.
Name of Issuer And title of class	Amount outstanding	Amount owned beneficially or held as collateral security For obligations in default By Trustee	Percentage of class represented by amount given in Col. C

Not Applicable

**Item 11. Ownership or Holdings by the Trustee of any Securities of a Person Owning 50 Percent or More of the Voting Securities of the Obligor.**

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of the obligor, furnish the following information as to each class of securities of such person any of which are so owned or held by the Trustee.

Col. A.	Col. B.	Col. C.	Col. D.
Name of Issuer And title of class	Amount outstanding	Amount owned beneficially or held as collateral security For obligations in default By Trustee	Percentage of class represented by amount given in Col. C

Not Applicable

**Item 12. Indebtedness of the Obligor to the Trustee.**

Except as noted in the instructions, if the obligor is indebted to the trustee, furnish the following information:

Col. A.	Col. B.	Col. C.
Nature of indebtedness	Amount outstanding	Date due

Not Applicable

**Item 13. Defaults by the Obligor.**

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

None

(b) If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series of securities under the indenture, state whether there has been default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

None

**Item 14. Affiliations with the Underwriters.**

If any underwriter is an affiliate of the trustee, describe each such affiliation.

Not Applicable

**Item 15. Foreign Trustee.**

Identify the order or rule pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act.

Not Applicable

**Item 16. Lists of Exhibits.**

- 1\* -Copy of Articles of Association of the Trustee as now in effect.
- 2 -No certificate of authority of the Trustee to commence business is furnished since this authority is contained in the Articles of Association of the Trustee.
- 3\* -Copy of the authorization of the Trustee to exercise corporate trust powers.

- 4\* -Copy of the existing By-Laws of the Trustee, as now in effect.
- 5 -Not applicable.
- 6 -The consent of the Trustee required by Section 321 (b) of the Act.
- 7 -A copy of the latest report of Condition of the Trustee published pursuant to the law or the requirements of its supervising or examining authority.
- 8 -Not Applicable
- 9 -Not Applicable

\*Exhibit thus designated has heretofore been filed with the Securities and Exchange Commission, have not been amended since filing and are incorporated herein by reference (see Exhibit T-1 Registration Number 333-86372).

In answering any item in this statement of eligibility and qualification which relates to matters peculiarly within the knowledge of the obligor or of its directors or officers, or an underwriter for the obligor, the undersigned, Wachovia Bank, National Association, has relied upon information furnished to it by the obligor or such underwriter.

4

**SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Wachovia Bank National Association, organized and existing under the laws of the United States, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristown, and State of New Jersey, on the 1st day of June, 2005.

Wachovia Bank, National Association

(Trustee)

(CORPORATE SEAL)

By:           /s/Stephanie Roche            
Vice President

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**Exhibit T-6**

**CONSENT OF TRUSTEE**

Pursuant to the requirements of Section 321 (b) of the Trust Indenture Act of 1939, and in connection with the proposed issue of K. Hovnanian Enterprises, Inc. we hereby consent that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

WACHOVIA BANK, NATIONAL ASSOCIATION

By:           /s/ Stephanie Roche            
Vice President

Morristown, NJ  
June 1, 2005

**EXHIBIT T-7**

**REPORT OF CONDITION**

Consolidating domestic and foreign subsidiaries of the Wachovia Bank, National Association, at the close of business on March 31, 2005, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161. Charter Number 1 Comptroller of the Currency.

**Statement of Resources and Liabilities**

<b>ASSETS</b>	<u>Thousand of Dollars</u>
Cash and balance due from depository institutions:	
Noninterest-bearing balances and currency and coin	12,680,000
Interest-bearing balances	603,000
Securities	////////

Hold-to-maturity securities	0
Available-for-sale securities	113,305,000
Federal funds sold and securities purchased under agreements to resell	////////
Federal funds sold in domestic offices	4,291,000
Securities purchased under agreements to resell	3,364,000
Loans and lease financing receivables:	
Loan and leases held for sale	14,106,000
Loan and leases, net of unearned income	224,658,000
LESS: Allowance for loan and lease losses	2,661,000
LESS: Allocated transfer risk reserve	0
Loans and leases, net of unearned income and allowance	221,997,000
Trading Assets	30,211,000
Premises and fixed assets (including capitalized leases)	4,267,000
Other real estate owned	121,000
Investment in unconsolidated subsidiaries and associated companies	1,145,000
Customer's liability to this bank on acceptances outstanding	826,000
Intangible assets	
Goodwill	19,644,000
Other intangible Assets	2,023,000
Other assets	26,168,000
<b>Total assets</b>	<b>454,751,000</b>

#### LIABILITIES

Deposits:	
In domestic offices	284,382,000
Noninterest-bearing	13,547,000
Interest-bearing	270,835,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	22,441,000
Noninterest-bearing	45,000
Interest-bearing	22,396,000
Federal funds purchased and securities sold under agreements to repurchase	
Federal funds purchased in domestic offices	1,771,000
Securities sold under agreements to repurchase	27,881,000
Trading liabilities	13,346,000
Other borrowed money (includes mortgage indebtedness and Obligations under capitalized leases) (from Schedule RC-M)	30,575,000
Bank's liability on acceptances executed and outstanding	866,000
Subordinated notes and debentures	13,103,000
Other liabilities	11,884,000
<b>Total liabilities</b>	<b>406,249,000</b>
Minority Interest in consolidated subsidiaries	1,719,000

#### EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common Stock	455,000
Surplus	36,364,000
Retained Earnings	9,965,000
Accumulated other comprehensive income	(1,000)
Other Equity Capital components	0
Total equity capital	46,783,000
Total liabilities and equity capital	<b>454,751,000</b>