

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

HOVNANIAN ENTERPRISES, INC.

(Name of Issuer)

CLASS A COMMON STOCK, PAR VALUE \$.01 PER SHARE

(Title of Class of Securities)

442487203

(CUSIP Number)

GEATON A. DECESARIS, JR.
CHAIRMAN OF THE BOARD,
PRESIDENT AND CHIEF EXECUTIVE OFFICER
WASHINGTON HOMES, INC.
1802 BRIGHTSEAT ROAD
LANDOVER, MARYLAND 20785-4235

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

Copy to:

JOHN W. GRIFFIN, ESQ.
DUANE, MORRIS & HECKSCHER LLP
1667 K STREET, N. W., SUITE 700
WASHINGTON, D. C. 20006
(202) 776-7854

AUGUST 28, 2000

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), (f) or (g), check the following box. []

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

CUSIP No. 442487203

Page 2 of 12 Pages

1 NAME OF REPORTING PERSON
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only)

Washington Homes, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

(b) X

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

00

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Maryland

7 SOLE VOTING POWER

0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

12,076,493 (1) (See Item 5 herein)

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

12,076,493 (1) (See Item 5 herein)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

70.7%(1)

14 TYPE OF REPORTING PERSON (See Instructions)

CO

(1) Washington Homes, Inc. ("Washington Homes") has entered into a Voting Agreement, dated August 28, 2000, with certain stockholders of Hovnanian Enterprises, Inc., ("Hovnanian") which provides that signatory stockholders will vote their shares of Class A Common Stock, par value \$.01 per share of Hovnanian (the "Hovnanian Class A Common Stock"), and Class B Common Stock, par value \$.01 per share (the "Hovnanian Class B Common Stock"), in favor of a proposal to adopt the Merger Agreement (as defined hereinafter). The stockholders of Hovnanian who are signatories to such Voting Agreement own in the aggregate 6,341,345 shares of the Hovnanian Class A Common Stock and 5,735,148 shares of the Hovnanian Class B Common Stock. The Hovnanian Class B Common Stock is convertible into the Hovnanian Class A Common Stock. Unless the context otherwise requires, the Hovnanian Class A Common Stock and the Hovnanian Class B Common Stock may sometimes be referred to collectively in this Schedule 13D as the "Hovnanian Common Stock." Washington Homes does not have any rights as a stockholder of Hovnanian pursuant to said Voting Agreement. Accordingly, Washington Homes expressly disclaims beneficial ownership of all shares subject to said Voting Agreement.

ITEM 1. SECURITY AND ISSUER.

This statement on Schedule 13D (this "Schedule 13D") relates to the Class A Common Stock, par value \$.01 per share (the "Hovnanian Common Stock"), of Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian"). The address of the principal executive office of Hovnanian is Hovnanian Enterprises, Inc., 10 Highway 35, P.O. Box 500, Red Bank, New Jersey 07701.

ITEM 2. IDENTITY AND BACKGROUND

This Schedule 13D is filed by Washington Homes, Inc., a Maryland corporation ("Washington Homes" or the "Reporting Person"). The address of the principal executive office of Washington Homes is 1802 Brightseat Road, Landover, Maryland 20785-4235. Washington Homes designs, builds and markets single-family detached homes and townhomes in Maryland, Virginia, Pennsylvania, Alabama, Mississippi, North Carolina and Tennessee.

To the best of Washington Homes' knowledge as of the date hereof, the name, business address, present principal occupation or employment and citizenship of each executive officer and director of Washington Homes, and the name, principal business and address of any corporation or other organization in which such employment is conducted is set forth in Schedule I hereto. The information contained in Schedule I is incorporated herein by reference.

During the last five years, neither Washington Homes nor, to the best of Washington Homes' knowledge, any of the executive officers or directors of Washington Homes listed in Schedule I hereto, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Hovnanian and Washington Homes entered into an Agreement and Plan of Merger dated as of August 28, 2000 (the "Merger Agreement"). Pursuant to the Merger Agreement, Washington Homes will merge (the "Merger") with and into WHI Holding Co., Inc., a Delaware corporation and a wholly-owned subsidiary of Hovnanian, ("WHI Holding"), with WHI Holding as the surviving corporation. Pursuant to the terms of the Merger Agreement, each issued and outstanding share of Washington Homes Common Stock not owned or held by Hovnanian or Washington Homes (which will be canceled) will be converted into the right to receive, at the election of the holder of Washington Homes Common Stock, subject to the limitations and prorations stated in the Merger Agreement, 1.39 shares of Class A Common Stock, par value \$.01 per share, of Hovnanian ("Hovnanian Class A Common Stock") or \$10.08 in cash or a combination of Hovnanian Class A Common Stock and cash.

In order to facilitate the consummation of the transactions contemplated by the Merger Agreement and in consideration thereof, Washington Homes entered into a Voting Agreement (the "Voting Agreement"), dated as of August 28, 2000, with certain stockholders of Hovnanian named therein (collectively, the "Stockholders"), whereby the Stockholders agreed to vote all of the shares of Hovnanian Common Stock owned beneficially or held of record by them in favor of the approval and adoption of the Merger Agreement, the Merger and any other action required in furtherance thereof. Washington Homes did not pay any consideration to any Stockholder in connection with the execution and delivery of the Voting Agreement.

References to, and descriptions of, the Merger Agreement and the Voting Agreement as set forth above in this Item 3 are qualified in their entirety by reference to the copies of the Merger Agreement and the Voting Agreement included as Exhibit 1 and Exhibit 2 to this Schedule 13D, and are incorporated in this Item 3 in their entirety where such references and descriptions appear.

ITEM 4. PURPOSE OF THE TRANSACTION

The information set forth or incorporated by reference in Items 2 and 3 is hereby incorporated herein by reference.

Upon consummation of the Merger as contemplated by the Merger Agreement (a) the Certificate of Incorporation and By-laws of WHI Holding will be the Certificate of Incorporation and By-laws of the surviving corporation of the Merger, (b) the directors of WHI Holding shall be the directors of the surviving corporation of the Merger and (c) the officers of Washington Homes shall be the officers of the surviving corporation of the Merger. The Merger Agreement provides that Hovnanian, in cooperation with Washington Homes, will prepare and submit to the New York Stock Exchange ("NYSE") a listing application covering the Hovnanian Class A Common Stock and shall use its reasonable best efforts to cause such shares to be approved for listing on the NYSE prior to the consummation of the Merger. In addition, the Merger Agreement provides that Hovnanian has agreed to cause Geaton A. DeCesaris, Jr. to be elected as a member of Hovnanian's Board of Directors as of the time of the consummation of the Merger and thereafter under certain specified conditions set forth in the Merger Agreement, to cause Mr. DeCesaris to continue to be nominated for election as a member of the Board of Directors of Hovnanian.

The Merger is subject to customary closing conditions, including the adoption of the Merger Agreement by Washington Homes' stockholders, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the receipt of other required regulatory approvals, and the satisfaction or waiver of certain other conditions as more fully described in the Merger Agreement. The Merger is also subject to approval by Hovnanian's stockholders of the issuance of the shares of Hovnanian Class A Common Stock pursuant to the Merger (the "Share Issuance"). The Stockholders of Hovnanian Common Stock representing approximately 70.3% of the voting power of the Hovnanian Common Stock, which is in excess of the required majority in voting power of the Hovnanian Common Stock necessary to approve the issuance of Hovnanian Class A Common Stock pursuant to the Merger, have entered into the Voting Agreement in which such Stockholders have agreed to vote the Hovnanian Common Stock owned beneficially or of record by them in favor of such share Issuance. There can be no

assurance that the other required approvals will be obtained in a timely fashion, if at all, or, in the case of regulatory approvals, if obtained, will not contain certain conditions.

Pursuant to the terms of the Voting Agreement, the Stockholders have agreed, among other things, (i) to vote all of the shares of Hovnanian Common Stock owned beneficially or held of record by them in favor of the Share Issuance and (ii) not to sell, transfer, pledge, encumber, assign or otherwise dispose of such shares. The Voting Agreement terminates upon the earlier to occur of (a) the completion of the Merger, (b) the termination of the Merger Agreement for any reason, or (c) written notice of termination by Washington Homes to the Stockholders. The name of each Stockholder and the number of outstanding shares of Hovnanian Common Stock held by each Stockholder and subject to the Voting Agreement are set forth on the signature pages thereto and are incorporated herein by reference.

Washington Homes does not have any right to dispose (or direct the disposition of) any shares of the Hovnanian Common Stock pursuant to the Voting Agreement. Accordingly, Washington Homes expressly disclaims beneficial ownership of all such shares.

References to, and descriptions of, the Merger Agreement and the Voting Agreement as set forth above in this Item 4 are qualified in their entirety by reference to the copies of the Merger Agreement and the Voting Agreement incorporated by reference as Exhibit 1 and Exhibit 2 to this Schedule 13D, and are incorporated in this Item 4 in their entirety where such references and descriptions appear.

ITEM 5. INTEREST IN SECURITIES OF HOVNIANIAN.

The information set forth or incorporated by reference on pages 4 to 6 of this Schedule 13D and in Items 2, 3 and 4 is hereby incorporated herein by reference.

The aggregate number of shares of Hovnanian Common Stock covered by the Voting Agreement is 12,076,493 (representing approximately 70.7% of aggregate voting power of the shares of Hovnanian Common Stock outstanding as of August 28, 2000, as represented by Hovnanian in the Merger Agreement).

By virtue of the Voting Agreement, Washington Homes may be deemed to share with the Stockholders the power to vote, and to have the power to restrict the Stockholders' disposition of, the shares of Hovnanian Common Stock subject to the Voting Agreement. Washington Homes, however, is not entitled to any rights as a stockholder of Hovnanian as to the shares of Hovnanian Common Stock covered by the Voting Agreement and expressly disclaims any beneficial ownership of the shares of Hovnanian Common Stock subject to the Voting Agreements.

Other than as set forth in this Schedule 13D, to the best of Washington Homes' knowledge as of the date hereof (i) neither Washington Homes nor any subsidiary or affiliate of Washington Homes' nor any of Washington Homes' executive officers or directors, beneficially owns any shares of Hovnanian Common Stock and (ii) there have been no transactions in the shares of Hovnanian Class A Common Stock effected during the past 60 days by Washington Homes nor to

the best of Washington Homes' knowledge, by any subsidiary or affiliate of Washington Homes or any of Washington Homes' executive officers or directors.

Reference to, and descriptions of, the Merger Agreement and Voting Agreement as set forth in this Item 5 are qualified in their entirety by reference to the copies of (a) the Merger Agreement incorporated herein by reference as Exhibit 1 to this Schedule 13D, and (b) the Voting Agreement included as Exhibit 3 to this Schedule 13D, each of which is incorporated in this Item 5 in its entirety where such references and descriptions appear.

ITEM 6. CONTRACTS, ARRANEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF HOVNANIAN.

The information set forth, or incorporated by reference, in Items 3 through 5 is hereby incorporated herein by reference.

Copies of the Merger Agreement and the Voting Agreement are incorporated herein by reference as Exhibit 1 and Exhibit 2 to this Schedule 13D. To the best of Washington Homes' knowledge, except as described in this Schedule 13D, there are at present no other contracts, arrangements, understandings or relationships among the persons named in Item 2 above, and between any such persons and any person, with respect to any securities of Hovnanian.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit Description

1. Agreement and Plan of Merger, dated as of August 28, 2000, among Hovnanian Enterprises, Inc. ("Hovnanian"), WHI Holding Co., Inc., and Washington Homes, Inc. (filed as Exhibit 1 to the Schedule 13D dated September 7, 2000 by Hovnanian with respect to the Common Stock of Washington Homes, Inc., File No. 5-42891, and incorporated herein by reference).
2. Voting Agreement, dated as of August 28, 2000, among Washington Homes, Inc. and the several stockholders of Hovnanian named therein.

SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

WASHINGTON HOMES, INC.

By /s/ Geaton A. DeCesaris, Jr.

Geaton A. DeCesaris, Jr.
Chairman of the Board,
President and Chief
Executive Officer

Dated: September 7, 2000

SCHEDULE I
DIRECTORS AND EXECUTIVE OFFICERS
OF WASHINGTON HOMES, INC.

The following table sets forth the name, business address and present principal occupation or employment of each director and executive officer of Washington Homes, Inc. Each such person is a U.S. citizen, and the business address of each person employed by Washington Homes, Inc. is 1802 Brightseat Road, Landover, Maryland 20785-4235.

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| Geaton A. DeCesaris, Jr. Chairman of the Board | Chairman of the Board, President and Chief Executive Officer Washington Homes, Inc. |
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| Geaton A. DeCesaris, Sr. Director | Chairman Emeritus Washington Homes, Inc. |
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| Thomas Connelly Director | Senior Vice President and Chief Financial Officer Western Pacific Housing 300 Continental Blvd. El Segundo, CA 90245 |
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|------------------------------|---|
| Richard S. Frany Director | President Tallwood Associates, Inc. 1350 Avenue of the Americas New York, NY 10019 |
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|---------------------------------|--|
| Thomas J. Pellerito Director | President Homebuilding Operations and Chief Operating Officer Washington Homes, Inc. |
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Ronald M. Shapiro
Director

President
Shapiro, Robinson & Associates, Inc. &
Of Counsel
The Law Firm of Shapiro & Olander
36 S. Charles Street
Baltimore, MD

Paul C. Sukalo
Director

Senior Vice President
Washington Homes, Inc.

Richard B. Talkin
Director

Attorney
9175 Guilford Road
Columbia, MD 21046

EXHIBIT INDEX

1. Agreement and Plan of Merger, dated as of August 28, 2000, among Hovnanian Enterprises, Inc. ("Hovnanian"), WHI Holding Co., Inc., and Washington Homes, Inc. (filed as Exhibit 1 to the Schedule 13D dated September 7, 2000 by Hovnanian with respect to the Common Stock of Washington Homes, Inc., File No. 5-42891, and incorporated herein by reference).
2. Voting Agreement, dated as of August 28, 2000, among Washington Homes, Inc. and the several stockholders of Hovnanian named therein.

VOTING AGREEMENT

VOTING AGREEMENT, dated as of August 28, 2000, between Washington Homes, Inc., a Maryland corporation (the "Company") on the one hand, and Kevork S. Hovnanian and Ara K. Hovnanian (each, a "Principal Stockholder"), on the other hand.

RECITALS

Concurrently herewith, Hovnanian Enterprises, Inc., a Delaware corporation ("Parent"), WHI Holding Co., Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), and the Company are entering into an Agreement and Plan of Merger dated as of the date hereof (the "Merger Agreement"; capitalized terms used but not defined herein shall have the meanings set forth in the Merger Agreement), providing for the merger of the Company with and into Merger Sub (the "Merger"), upon the terms and subject to the conditions set forth in the Merger Agreement.

As of the date hereof, each Principal Stockholder is the record and beneficial owner of the number of shares of Class A Common Stock, par value \$0.01 per share, and shares of Class B Common Stock, par value \$0.01 per share (collectively, "Common Stock"), of Parent set forth opposite his name on the signature page of this Agreement (such Common Stock, together with any shares of Common Stock or other voting stock of the Company acquired after the date hereof and prior to the termination hereof, whether upon the exercise of options, conversion of convertible securities or otherwise, are the "Shares"), representing in the aggregate 70.7% of the aggregate voting power of the issued and outstanding shares of Common Stock.

As a condition of its willingness to enter into the Merger Agreement, the Company has requested that each Principal Stockholder enter into this Agreement.

Prior to the date hereof, the Company and the Principal Stockholders had no agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of the Shares.

AGREEMENT

To implement the foregoing and in consideration of the mutual agreements contained herein, the parties agree as follows:

2

ARTICLE I

VOTING

1.1 Agreement to Vote. (a) The Principal Stockholders hereby agree during the term of this Agreement that each shall, and shall cause the holder of record on any applicable record date to, at the request of the Company, at any meeting (whether annual or special and whether or not an adjourned or postponed meeting) of stockholders of Parent, however called, or in connection with any written consent of the holders of Common Stock, (a) if a meeting is held, appear at such meeting or otherwise cause the Shares to be counted as present thereat for purposes of establishing a quorum, and (b) vote or consent (or cause to be voted or consented), in person or by proxy, all Shares, and any other voting securities of Parent (whether acquired heretofore or hereafter) that are beneficially owned or held of record by the Principal Stockholders or (other than shares of Common Stock held by a Principal Stockholder as a trustee) as to which the Principal Stockholders have, directly or indirectly, the right to vote or direct the voting (collectively, the "Subject Shares"), in favor of the approval of the Share Issuance. Each of the Principal Stockholders further agrees to use his best reasonable good faith efforts to cause the shareholders of the Company to approve the Share Issuance. In the event the Parent's board of directors does not call a meeting of its shareholders to approve the Share Issuance and the transactions and matters contemplated in connection therewith, each Principal Stockholder agrees to take all action permitted under the Articles of Incorporation, as amended, and By-laws of the Company and under Delaware law necessary to call a meeting of its stockholders to approve the Share Issuance.

(b) At any meeting of stockholders of the Company or at any

adjournment thereof or in any other circumstances upon which the stockholders of the Company vote or consent or in connection with which other such approval is sought, each Principal Stockholder shall vote the Subject Shares against any action or agreement that would result in a breach in any material respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement. Each Principal Stockholder further agrees not to commit or agree to take any action inconsistent with the foregoing.

1.2 Proxy. Each Principal Stockholder agrees to grant to the Company a proxy to vote the Subject Shares as indicated in Section 1.1 above if any Principal Stockholder fails for any reason to vote the Subject Shares in accordance with Section 1.1. Each Principal Stockholder agrees that such proxy would be irrevocable and would be coupled with an interest and agrees that it will take such further action or execute such other instruments as may be necessary or desirable to effectuate the intent of such a proxy and hereby revokes any proxy previously granted by it with respect to the Subject Shares.

1.3 No Inconsistent Agreements. Each Principal Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, each Principal Stockholder (a) has not entered, and shall not enter at any time while this Agreement

remains in effect, into any voting agreement or voting trust with respect to the Shares and (b) has not granted, and shall not grant at any time while this Agreement is in effect, a proxy or power of attorney with respect to the Shares, in either case, which is inconsistent with his obligations pursuant to this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE PRINCIPAL STOCKHOLDERS

2.1 Authorization; Validity of Agreements; Necessary Action. (a) Each Principal Stockholder has full power and authority to execute and deliver this Agreement, to perform his obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by each Principal Stockholder of this Agreement and the consummation by him of the transactions contemplated hereby have been duly and validly authorized by and no other actions or proceedings on the part of any Principal Stockholder are necessary to authorize the execution and delivery by him of this Agreement and the consummation by each of the Principal Stockholders of the transactions contemplated hereby. This Agreement has been duly executed and delivered by each Principal Stockholder, and, assuming this Agreement constitutes a valid and binding obligation of the Company, constitutes a valid and binding obligation of the Principal Stockholders, enforceable against it in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) No broker, investment banker, financial adviser or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of such person in his capacity as such.

(c) The Principal Stockholders understand and acknowledge that the Company is entering into the Merger Agreement in reliance upon such Principal Stockholders' execution and delivery of this Agreement with the Company.

2.2 The Subject Shares. The shares of Common Stock are, and all of each Principal Stockholder's Shares from the date hereof through and on the Closing Date (as defined in the Merger Agreement) and have been and will be, owned beneficially or of record by each Principal Stockholder as is set forth opposite such Principal Stockholder's name on the signature page hereto. As of the date hereof, the shares of Common Stock constitute all of the Shares owned of record or beneficially by the Principal Stockholders (other than shares of Common Stock held as a trustee). Each Principal Stockholder has or will have sole voting power, sole power of disposition, sole power to issue instructions with respect to the matters set forth in

Article I hereof, and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the shares of Common Stock on the Closing Date (as defined in the Merger Agreement), with no limitations, qualifications or restrictions on such rights, subject to applicable federal securities laws and the terms of this Agreement.

2.3 Additional Subject Shares; Adjustments. Each Principal Stockholder hereby agrees, while this Agreement is in effect, to promptly notify the Company of the number of any new Subject Shares acquired by such Principal Stockholder, if any, after the date hereof. In the event of a stock dividend or distribution, or any change in Parent's Common Stock by reason of any stock dividend, split-up, recapitalization, combination or the exchange of shares, the term "Subject Shares" shall be deemed to refer to and include the Subject Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Subject Shares may be changed or exchanged.

2.4 No Conflicts. No filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by any Principal Stockholder and the consummation by such Principal Stockholder of the transactions contemplated hereby (other than (i) filings under the DGCL and the MGCL required to effect the Merger, (ii) the filing of a pre-merger notification and report form under the HSR, (iii) the filing of the Registration Statement, the Proxy Statement and the Information Statement by the Company and Parent in connection with the Merger, or (iv) as otherwise contemplated by the Merger Agreement) and neither the execution and delivery of this Agreement by any Principal Stockholder nor the consummation by any Principal Stockholder of the transactions contemplated hereby nor compliance by the Principal Stockholders with any of the provisions hereof shall conflict with or result in any breach of any organizational documents applicable to any of the Principal Stockholders, result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third-party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which any Principal Stockholder is a party or by which his properties or assets may be bound or violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to any Principal Stockholder or any of his properties or assets.

2.5 No Liens. The shares of Common Stock are held by each Principal Stockholder, or by a nominee or custodian for the exclusive benefit of such Principal Stockholder, free and clear of all liens, claims, security interests, proxies, voting trusts or agreements, understandings or arrangements or any other encumbrances whatsoever, except for any encumbrances arising hereunder and agreements existing prior to the date hereof between a Principal Stockholder and the Parent, as the same may be amended pursuant to this Agreement.

2.6 Fiduciary Duties. Notwithstanding anything in this Agreement to the contrary, the covenants and agreements set forth in this Agreement shall not be deemed to prevent the Principal Stockholders from taking any action, subject to the applicable provisions of the Merger Agreement, while acting in his capacity as director of Parent.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Representations and Warranties of the Company. The Company represents and warrants to each Principal Stockholder as follows:

(a) Power: Binding Agreement. The Company has full corporate power and authority to execute and deliver this Agreement and to perform all of its respective obligations under this Agreement. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against it in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) No Conflicts. No filing with, and no permit, authorization, consent or approval of, any state or federal public body or authority is necessary for the execution of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby (other than (i) filings under the DGCL and the MGCL required to effect the Merger, (ii) the filing of a pre-merger notification and report form under the HSR, (iii) the filing of the Proxy Statement by the Company in connection with the Merger, or (iv) as otherwise contemplated by the Merger Agreement) and neither the execution and delivery of this Agreement by Parent or Merger Sub nor the consummation by the Company of the transactions contemplated hereby nor compliance by the Company with any of the provisions hereof shall conflict with or result in any breach of any organizational documents applicable to the Company, result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third-party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which the Company is a party or by which the Company's properties or assets may be bound or violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to the Company or any of the Company's properties or assets.

ARTICLE IV

OTHER COVENANTS

4.1 Further Agreements of the Principal Stockholders. (a) Each Principal Stockholder, severally and not jointly, agrees not to (i) sell, transfer, encumber, pledge, assign or otherwise dispose of (including by gift, merger, testamentary disposition, interspousal disposition (pursuant to domestic relations proceeding or otherwise) or otherwise by operation of law ("Transfer")), or enter into any contract, option or other arrangement or understanding (including any profit sharing arrangement) with respect to the Transfer of, any of the Shares or any interest therein to any person other than pursuant to the terms hereof or the Merger Agreement, (ii) except as contemplated hereby, grant any proxy or power of attorney, enter into any voting trust, arrangement or understanding or otherwise transfer voting power, with respect to the Shares or any interest therein to any other person other than Parent, (iii) take any action that would make any of his representations or warranties contained herein untrue or incorrect in any material respect, or have the effect of preventing or disabling such Principal Stockholder from performing his obligations under this Agreement or (iv) commit or agree to take any of the foregoing actions.

(b) In furtherance of this Agreement, concurrently herewith, each Principal Stockholder shall and hereby does authorize Parent's counsel to notify Parent's transfer agent that there is a stop transfer order with respect to all of the Shares and that this Agreement places limits on the voting and transfer of such shares. Each Principal Stockholder agrees that within ten business days after the date hereof, such Principal Stockholder will no longer hold any Shares in "street name" or in the name of any nominee. If requested by the Company, each Principal Stockholder agrees to submit to the Company contemporaneously with or promptly following execution of this Agreement all certificates representing the Shares so that the Company may note thereon a legend referring to the option, proxy and other rights granted to it by this Agreement. If any of the Shares beneficially owned by such Principal Stockholder are held of record by a brokerage firm in "street name" or in the name of any other nominee (a "Nominee," and, as to such Shares, "Nominee Shares"), each Principal Stockholder agrees that, upon written notice by the Company requesting it, such Principal Stockholder will within five days of the giving of such notice execute and deliver to the Company a limited power of attorney in such form as shall be reasonably satisfactory to the Company enabling the Company to require the Nominee to (i) grant to the Company the irrevocable proxy to the same effect as Articles I and II hereof with respect to the Nominee Shares held by such Nominee and (ii) submit to the Company the certificates representing such Nominee Shares for notation of the above-referenced legend thereon.

ARTICLE V

MISCELLANEOUS

5.1 Termination. This Agreement shall terminate on the first to occur of (i) the Effective Time; (ii) the termination of the Merger Agreement for any reason; or (iii) written notice of termination of this Agreement by the Company to the Principal Stockholders. Nothing in this Section 5.1 shall relive or otherwise limit any party of liability for breach of this Agreement. Upon any termination of this Agreement, this Agreement shall thereupon become void and of no further force and effect, and there shall be no liability in respect of this Agreement or of any transactions contemplated hereby on the part of any party hereto or any of its directors, officers, partners, members, stockholders, employees, agents, advisors, representatives or affiliates; provided, however, that nothing herein shall relieve any party from any liability for such party's material breach of this Agreement; and provided further that nothing in this Section 5.1 shall limit, restrict, impair, amend or otherwise modify the rights, remedies, obligations or liabilities of any person under any other contract or agreement, including, without limitation, the Merger Agreement.

5.2 Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further action as may be necessary or appropriate to consummate the transactions contemplated by this Agreement.

5.3 Noninterference. Each Principal Stockholder hereby agrees and covenants that he shall not, directly or indirectly, take any action that would make any representation or warranty contained herein untrue or incorrect or have the effect of preventing or disabling the Principal Stockholders from performing its obligations under this Agreement.

5.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by telecopy or facsimile, upon confirmation of receipt, (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the tenth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(a) if to the Company, to:

Washington Homes, Inc.
1802 Brightseat Road
Landover, MD 20785-4235
Attention: Geaton A. DeCesaris, Jr.
Facsimile No.: (301) 772-8934

with a copy to:

Duane, Morris & Heckscher LLP
 1667 K Street, N.W., Suite 700
 Washington, D.C. 20006-1608
 Attention: John W. Griffin, Esq.
 Facsimile No.: (202) 776-7801

- (b) if to a Principal Stockholder, to him at the address set forth below under his signature

with a copy to:

Simpson Thacher & Bartlett
 425 Lexington Avenue
 New York, NY 10017-3954
 Attention: Vincent Pagano, Esq.
 Facsimile No.: (212) 455-2502

5.5 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that both parties need not sign the same counterpart.

5.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

5.7 Submission to Jurisdiction; Waivers. Each Principal Stockholder and the Company irrevocably agree that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns may be brought and determined in any court of the United States located in the State of Delaware, New York or New Jersey, or in Delaware, New York or New Jersey state court, and the Company and each of the Principal Stockholders hereby irrevocably submit with regard to any such action or proceeding for itself and in respect to its of his property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each Principal Stockholder, Parent and Merger Sub hereby irrevocably waive, and agree not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (a) any claim that it or he is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to lawfully serve process, (b) that it or he or its or his property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment

or otherwise), (c) to the fullest extent permitted by applicable law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts and (d) any right to a trial by jury.

5.8 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

5.9 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity, including without limitation injunctive relief.

5.10 Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Principal Stockholders and the Company have executed this Agreement or have caused this Agreement to be signed by their respective officers or other authorized persons thereunto duly authorized as of the date first written above.

WASHINGTON HOMES, INC.

By: /s/ Geaton A. DeCesaris, Jr.

Name: Geaton A. DeCesaris, Jr.
Title: President, Chief Executive Officer

Number of Hovnanian Class A Common Shares /s/ Kevork S. Hovnanian

Principal Stockholder

Record: 5,323,075

Beneficial: 18,250

Number of Hovnanian Class B Common Shares

Address of Principal Stockholder

Record: 2,694,412

Beneficial: 1,517,913

Number of Hovnanian Class A Common Shares /s/ Ara K. Hovnanian

Principal Stockholder

Record: 1,000,020

Beneficial: 0

Number of Hovnanian Class B Common Shares

Address of Principal Stockholder

Record: 946,849

Beneficial: 575,974