SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10Q

[X] Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For quarterly period ended APRIL 30, 1996 or

[ ] Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission file number 1-8551

Hovnanian Enterprises, Inc.
(Exact name of registrant as specified in its charter)

Delaware	22-1851059
(State or other jurisdiction or incorporation or organization)	(I.R.S. Employer Identification No.)

10 Highway 35, P.O. Box 500, Red Bank, N. J. 07701
(Address of principle executive offices)

908-747-7800
(Registrant's telephone number, including area code)
Same
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 15,112,362 Class A Common Shares and 7,924,691 Class B Common Shares were outstanding as of May 31, 1996.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

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Enterprises, Inc., Certain Subsidiaries Thereof, Midlantic Bank,N.A., Chemical Bank, Meridian Bank, NationsBank,N.A., First National Bank of Boston, Bank of America Illinois, First National Bank of Chicago, Comerica Bank, and Credit Lyonnais.

Item 6(b). Exhibit 27 - Financial Data Schedules

Item 6(c). No reports on Form 8K have been filed during the quarter for which this report is filed.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	April 30, 1996	October 31, 1995
Homebuilding:		
Cash and cash equivalents	$ 9,073	$ 14,147
Inventories - At cost, not in excess of fair value:		
Sold and unsold homes and lots under development	386,725	345,410
Land and land options held for future development or sale	63,963	59,003
Total Inventories	450,688	404,413
Receivables, deposits, and notes	36,269	27,782
Property, plant, and equipment - net	16,483	14,644
Prepaid expenses and other assets	42,444	26,422
Total Homebuilding	554,957	487,408
Financial Services:		
Cash and cash equivalents	555	1,306
Mortgage loans held for sale	22,190	46,621
Other assets	1,374	1,940
Total Financial Services	24,119	49,867
Investment Properties:		
Rental property - net	52,846	63,310
Property under development or held for future development	13,537	11,368
Other assets	11,807	3,795
Investment in and advances to unconsolidated joint venture	337	3,804
Total Investment Properties	78,527	82,277
Collateralized Mortgage Financing:		
Collateral for bonds payable	16,720	18,184
Other assets	1,084	1,281
Total Collateralized Mortgage Financing	17,804	19,465
Income Taxes Receivable - Including deferred tax benefits	7,323	6,361
Total Assets	$682,730	$645,378

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	April 30, 1996	October 31, 1995
Homebuilding:		
Nonrecourse land mortgages	$ 25,541	$ 25,046
Accounts payable and other liabilities	28,141	48,619
Customers' deposits	17,830	11,626
Nonrecourse mortgages secured by operating property	3,961	4,003
Total Homebuilding	75,473	89,294
Financial Services:		
Accounts payable and other liabilities	460	1,043
Mortgage warehouse line of credit	19,906	41,855
Total Financial Services	20,366	42,898
Investment Properties:		
Accounts payable and other liabilities	768	1,105
Nonrecourse mortgages secured by rental property	31,286	31,490
Total Investment Properties	32,054	32,595
Collateralized Mortgage Financing:		
Accounts payable and other liabilities	12	14
Bonds collateralized by mortgages receivable	16,282	17,880
Total Collateralized Mortgage Financing	16,294	17,894
Notes Payable:		
Revolving credit agreement	154,825	80,650
Subordinated notes	200,000	200,000
Accrued interest	5,635	5,712
Total Notes Payable	360,460	286,362
Total Liabilities	504,647	469,043
Stockholders' Equity:		
Preferred Stock,$.01 par value-authorized 100,000 shares; none issued		
Common Stock,Class A,$.01 par value-authorized 87,000,000 shares; issued 15,444,011 shares (including 345,874 shares held in Treasury)	154	154
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 8,284,790 shares (including 345,874 shares held in Treasury)	83	83
Paid in Capital	33,935	33,935
Retained Earnings	149,210	147,462
Treasury Stock - at cost	(5,299)	(5,299)
Total Stockholders' Equity	178,083	176,335
Total Liabilities and Stockholders' Equity	$682,730	$645,378

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Data)

	Three Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
Revenues:				
Homebuilding:				
Sale of homes	$143,504	$139,607	$252,074	$257,281
Land sales and other revenues	5,194	3,618	7,654	7,295
Total Homebuilding	148,698	143,225	259,728	264,576
Financial Services	1,329	1,685	2,450	2,824
Investment Properties	2,009	1,920	6,550	4,486
Collateralized Mortgage Financing	428	454	875	994
Total Revenues	152,464	147,284	269,603	272,880
Expenses:				
Homebuilding:				

Cost of sales	115,516	113,618	203,811	208,610
Selling, general and administrative	19,460	17,622	33,472	33,256
Total Homebuilding	134,976	131,240	237,283	241,866
Financial Services	1,769	2,104	3,583	4,111
Investment Properties	1,703	1,521	3,417	2,975
Collateralized Mortgage Financing	446	542	921	1,056
Corporate General and Administration	3,553	3,126	7,196	6,225
Interest	6,796	6,511	12,396	1,426
Other operations	1,638	1,507	2,908	3,700
Total Expenses	150,881	146,551	267,704	271,359
Income Before Income Taxes	1,583	733	1,899	1,521
State and Federal Income Taxes:				
State	296	339	836	506
Federal	39	(285)	(685)	(398)
Total Taxes	335	54	151	108
Net Income	$ 1,248	$ 679	$ 1,748	$ 1,413
Earnings Per Common Share	$ 0.05	$ 0.03	$ 0.08	$ 0.06

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars In Thousands)

	A Common Stock		B Common Stock					
	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balance, October 31, 1995	15,038,483	$154	7,998,570	$83	$33,935	$147,462	$(5,299)	$176,335
Conversion of Class B to Class A Common Stock	59,654		(59,654)					
Net Income						1,748		1,748
Balance, April 30, 1996	15,098,137	$154	7,938,916	$83	$33,935	$149,210	$(5,299)	$178,083

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended April 30,	
	1996	1995
Cash Flows From Operating Activities:		
Net Income	$ 1,748	$ 1,413
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	2,488	2,031
Gain on sale and retirement of property and assets	(1,952)	(21)
Deferred income taxes	2,466	3,028
Decrease (increase) in assets:		
Escrow cash	(2,675)	(725)
Receivables, prepaids and other assets	(16,858)	(19,004)
Mortgage notes receivable	17,121	6,956
Inventories	(46,275)	(64,522)
Increase (decrease) in liabilities:		
State and Federal income taxes	(3,429)	(3,378)
Customers' deposits	6,335	5,178
Interest and other accrued liabilities	(7,266)	(2,572)
Post development completion costs	(126)	(1,969)
Accounts payable	(14,215)	(8,012)

Net cash used in operating activities..........	(62,638)	(81,597)
Cash Flows From Investing Activities:		
Proceeds from sale of property and assets.............	2,238	1,046
Investment in property and assets......................	(3,195)	(3,230)
Investment in and advances to unconsolidated affiliates	3,642	238
Investment in income producing properties.............	(823)	1,417
Net cash provided (used) by investing activities	1,862	(529)
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes......................	559,398	599,195
Principal payments on mortgages and notes.............	(508,521)	(527,579)
Investment in mortgage notes receivable................	1,694	1,900
Proceeds from sale of stock...........................		77
Net cash provided by financing activities......	52,571	73,593
Net Decrease In Cash....................................	(8,205)	(8,533)
Cash Balance, Beginning Of Period.......................	11,914	14,537
Cash Balance, End Of Period.............................	$ 3,709	$ 6,004

See notes to consolidated financial statements.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. The consolidated financial statements, except for the October 31, 1995 consolidated balance sheets, have been prepared without audit. In the opinion of management, all adjustments for interim periods presented have been made, which include only normal recurring accruals and deferrals necessary for a fair presentation of consolidated financial position, results of operations, and changes in cash flows. Results for the interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Interest costs incurred, expensed and capitalized were:

	Three Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
	(Dollars in Thousands)			
Interest Incurred (1):				
Residential (3)............	$ 7,587	$ 7,279	$ 14,672	$ 14,268
Commercial(4)..............	1,391	1,472	2,901	2,672
Total Incurred...........	$ 8,978	$ 8,751	$ 17,573	$ 16,940
Interest Expensed:				
Residential (3)............	$ 5,405	$ 5,082	$ 9,495	$ 8,832
Commercial (4).............	1,391	1,429	2,901	2,594
Total Expensed..........	$ 6,796	$ 6,511	$ 12,396	$ 11,426
Interest Capitalized at Beginning of Period.........	$ 39,030	$ 32,172	$ 36,182	$ 28,948
Plus Interest Incurred........	8,978	8,751	17,573	16,940
Less Interest Expensed........	6,796	6,511	12,396	11,426
Less Charges to Reserves......	104	198	251	248
Interest Capitalized at End of Period	$ 41,108	$ 34,214	$ 41,108	$ 34,214
Interest Capitalized at End of Period (5):				
Residential(3).............	$ 34,610	$ 28,024	$ 34,610	$ 28,024
Commercial(2)..............	6,498	6,190	6,498	6,190
Total Capitalized........	$ 41,108	$ 34,214	$ 41,108	$ 34,214

(1) Does not include interest incurred by the Company's mortgage and finance subsidiaries.
(2) Does not include a reduction for depreciation.
(3) Represents acquisition interest for construction, land and development costs which is charged to interest expense.
(4) Represents interest allocated to or incurred on long term debt for investment properties and charged to interest expense.
(5) Capitalized commercial interest at April 30, 1995 includes $139,000 reported at October 31, 1994 as capitalized residential interest. This

reclassification was the result of the transfer of a senior citizen rental facility from inventory.

3. Homebuilding accumulated depreciation at April 30, 1996 and October 31, 1995 amounted to $13,922,000 and $13,731,000, respectively. Rental property accumulated depreciation at April 30, 1996 and October 31, 1995 amounted to $10,031,000 and $9,440,000, respectively.

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

CAPITAL RESOURCES AND LIQUIDITY

The Company's uses for cash during the six months ended April 30, 1996 were for operating expenses, seasonal increases in housing inventories, construction, income taxes, and interest. The Company provided for its cash requirements from the revolving credit facility, land purchase notes, and from housing and other revenues. The Company believes that these sources of cash are sufficient to finance its working capital requirements and other needs.

The Company's bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $245,000,000 (the "Revolving Credit Facility") through March 1999. Interest is payable monthly and at various rates of either prime plus 1/4% or Libor plus 1.75%. The Company currently is in compliance and intends to maintain compliance with its covenants under the Agreement. As of April 30, 1996, borrowings under the Agreement were $154,825,000.

The aggregate principal amount of subordinated indebtedness issued by the Company and outstanding as of April 30, 1996 was $200,000,000. Annual sinking fund payments of $20,000,000 are required in April 2000 and 2001 with additional payments of $60,000,000 and $100,000,000 due in April 2002 and June 2005, respectively.

The Company's mortgage banking subsidiary borrows under a bank warehousing arrangement. Other finance subsidiaries formerly borrowed from a multi-builder owned financial corporation and a builder owned financial corporation to finance mortgage backed securities, but in fiscal 1988 decided to cease further borrowing from multi-builder and builder owned financial corporations. These non-recourse borrowings have been generally secured by mortgage loans originated by one of the Company's subsidiaries. As of April 30, 1996, the aggregate principal amount of all such borrowings was $36,188,000.

The book value of the Company's residential inventories, rental condominiums, and commercial properties completed and under development amounted to the following:

	April 30, 1996	October 31, 1995
Residential real estate inventory..........	$450,688,000	$404,413,000
Residential rental property................	12,611,000	12,381,000
Total Residential Real Estate............	463,299,000	416,794,000
Commercial properties......................	53,772,000	62,297,000
Combined Total.........................	$517,071,000	$479,091,000

Total residential real estate increased $46,505,000 during the six months ended April 30, 1996 primarily as a result of an inventory increase of $46,275,000. The increase in residential real estate inventory was primarily due to the Company's seasonal increase in construction activities for deliveries later this year. Substantially all residential homes under construction or completed and included in real estate inventory at April 30, 1996 are expected to be closed during the next twelve months. Most residential real estate completed or under development is financed through the Company's line of credit and subordinated indebtedness.

The following table summarizes housing lots in the Company's active selling communities under development:

	Communities	Approved Lots	Homes Delivered	(1) Contracted Not Delivered	(2) Remaining Home Sites Available
April 30, 1996.....	82	14,567	4,944	2,147	7,476
October 31, 1995...	92	14,767	4,743	1,426	8,598

(1) Includes 54 and 97 lots under option at April 30, 1996 and October 31, 1995, respectively.

(2) Of the total home lots available, 528 and 420 were under construction or complete (including 119 and 119 models and sales offices) and 1,622 and 2,353 were under option at April 30, 1996 and October 31, 1995, respectively.

In addition, at April 30, 1996 and October 31, 1995, respectively, in substantially completed or suspended developments the Company owned or had under option 427 and 323 home lots. The Company also controls a supply of land primarily through options for future development. This land is consistent with anticipated home building requirements in its housing markets. At April 30, 1996 the Company controlled such land to build 13,355 proposed homes, compared to 12,637 homes at October 31, 1995.

The Company's commercial properties represent long-term investments in commercial and retail facilities completed or under development (see "Investment Properties" under "Results of Operations"). When individual facilities are completed and substantially leased, the Company will have the ability to obtain long-term financing on such properties. At April 30, 1996, the Company had long-term non-recourse financing aggregating $31,286,000 on six commercial facilities, a decrease from October 31, 1995, due to $204,000 in principal amortization. In January, 1996 the Company sold a retail center with a book value of $8,022,000 at October 31, 1995. The sale of this center and depreciation were the primary causes for the $8,525,000 decrease in commercial properties.

The collateralized mortgages receivable are pledged against non-recourse collateralized mortgage obligations. Residential mortgages receivable amounting to $21,469,000 and $45,669,000 at April 30, 1996 and October 31, 1995, respectively, are being temporarily warehoused and awaiting sale in the secondary mortgage market. The balance of such mortgages is being held as an investment by the Company. The Company may incur risk with respect to mortgages that are delinquent, but only to the extent the losses are not covered by mortgage insurance or resale value of the house. Historically, the Company has incurred minimal credit losses.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 1996 COMPARED TO THE THREE AND SIX MONTHS ENDED APRIL 30, 1995

The Company's operations consist primarily of residential housing development and sales in its Northeast Region (comprising primarily of New Jersey and eastern Pennsylvania), North Carolina, southeastern Florida, metro Washington, D.C. (northern Virginia), and southwestern California. In addition, the Company develops and operates commercial properties as long-term investments in New Jersey, and, to a lesser extent, Florida.

Historically, the Company's first six months of a year produces significantly fewer deliveries than the last six months of a year. This was true for the six months ended April 30, 1995 and management believes will be true for the six months ended April 30, 1996. As a result, net income for the last six months of fiscal 1996 will be significantly greater than the first six months.

An important indicator of the future results is the Company's contract backlog and recently signed contracts. At April 30, 1996 the Company's home contract backlog for future delivery was 2,221 homes, with an aggregate sales value of $400.9 million, compared to 2,197 homes, with an aggregate sales value of $387.8 million at the same time last year. For the six months ended April 30, 1996 net contracts signed amounted to $363.4 million or 2,102 homes, compared to $316.3 million or 1,909 homes for the same period last year. The increases in contract backlog and net contracts signed were primarily attributable to the Company's Florida, California, and North Carolina markets.

Total Revenues:

Revenues for the three months ended April 30, 1996 increased $5.2 million or 3.5%, compared to the same period last year. This was a result of increased revenues from the sale of homes of $3.9 million, a $0.1 million increase in investment properties revenues, a $1.6 million increase in land sales and other homebuilding revenues. These increases were partially offset by a $0.4 million decrease in financial services revenues.

Revenues for the six months ended April 30, 1996 decreased $3.3 million or 1.2%, compared to the same period last year. This was a result of decreased revenues from sale of homes of $5.2 million, a $0.4 million decrease in financial services revenues, and a $0.1 million decrease in collateralized mortgage financing revenues. These decreases were partially offset by a $0.4 million increase in land sales and other homebuilding revenues and a $2.0 million increase in investment properties.

Homebuilding:

Sale of homes revenues increased $3.9 million or 2.8% during the three months ended April 30, 1996 and decreased $5.2 million or 2.0% during the six months ended April 30, 1996 compared to the same periods last year. Revenues from sales of homes are recorded at the time each home is delivered and title and possession have been transferred to the buyer.

Information on homes delivered by market area is set forth below:

	Three Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
	(Dollars in Thousands)			
Northeast Region:				
Housing Revenues.....	$ 81,950	$ 89,536	$137,315	$162,410
Homes Delivered......	402	508	682	903
North Carolina:				
Housing Revenues.....	$ 24,445	$ 23,083	$ 45,507	$ 44,667
Homes Delivered......	148	148	272	283
Florida:				
Housing Revenues.....	$ 20,890	$ 13,931	$ 38,768	$ 29,848
Homes Delivered......	132	95	249	199
Metro Washington, D.C.:				
Housing Revenues.....	$ 3,200	$ 9,021	$ 7,597	$ 13,907
Homes Delivered......	12	52	33	77
California:				
Housing Revenues.....	$ 13,019	$ 3,166	$ 22,887	$ 5,260
Homes Delivered......	69	16	121	27
Other:				
Housing Revenues.....	--	$ 870	--	$ 1,189
Homes Delivered......	--	27	--	33
Totals:				
Housing Revenues.....	$143,504	$139,607	$252,074	$257,281
Homes Delivered......	763	846	1,357	1,522

The decreased number of homes delivered for the three and six months ended April 30, 1996 (compared to the prior year) was primarily due to the decreases in the Company's Northeast Region and Metro Washington D. C. Due to an unusually difficult winter in the Northeast Region, home construction was delayed. In Metro Washington, D.C. the Company has cut back its operations due to a highly competitive market. The number of home deliveries declined 10.8% for the six months ended April 30, 1996 (compared to the prior year). Housing revenues decreased only $5.2 million or 2.0% during this period. This smaller decline is because average sales prices have increased. In the Northeast Region one reason average sales prices are increasing is because of the Company's product mix of more detached single family homes and larger townhouses with garages designed for the move-up buyer. In North Carolina, average sales prices increased primarily due to the addition of higher priced communities. In Metro Washington, D.C. average sales prices increased because there was a higher percentage of single family detached homes delivered. In Florida average sales prices increased as a result of the addition of new, higher priced communities. In California average prices decreased due to reduced home prices because of increased competition.

Cost of sales include expenses for housing and land and lot sales. A breakout of such expenses for housing sales and housing gross margin is set forth below:

	Three Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
	(Dollars in Thousands)			
Sale of Homes...............	$143,504	$139,607	$252,074	$257,281
Cost of Sales...............	112,597	112,121	199,888	206,707
Housing Gross Margin........	$ 30,907	$ 27,486	$ 52,186	$ 50,574
Gross Margin Percentage......	21.5%	19.7%	20.7%	19.7%

The Company sells a variety of home types in various local communities, each yielding a different gross margin. As a result, depending on the mix of both communities and of home types delivered, consolidated quarterly gross margin will fluctuate up or down and may not be representative of the consolidated gross margin for the year. During the three months ended April 30, 1996 the Company received an insurance settlement amounting to $1.6 million for roof repairs incurred in prior years. Excluding this amount the consolidated gross margin for the three and six months ended April 30, 1996 would have been 20.4% and 20.1%, respectively. Gross margins in each of the Company's markets increased at a greater percentage than the consolidated gross margin (after the above adjustment) from the prior year. The smaller increase for the consolidated gross margin was primarily due to a change in geographic product mix with 54.5% of the home deliveries for the six months ended April 30, 1996 coming from the Northeast Region where gross margins are higher, compared to 63.1% for the same period last year.

Selling, general, and administrative expenses increased $1.8 million during the three months ended April 30, 1996 and increased $0.2 million during the six months ended April 30, 1996 compared to the same periods last year. As a percentage of home sale revenues such expenses increased to 13.6% and 13.3% for the three and six months ended April 30, 1996, respectively, from 12.6% and 12.9% for the prior year. The increase in selling, general, and administrative expenses is primarily due to increased homeowner mortgage financing costs and property taxes, offset partially by reduced selling salaries and commissions. Financing costs are up due to a higher percentage of deliveries in markets where it is traditional for the seller to pay such costs. Property taxes are up, primarily in California where inventories have increased significantly over last year and property taxes are generally higher.

Land Sales and Other Revenues:

Land sales and other revenues consist primarily of land and lot sales, title insurance activities, interest income, contract deposit forfeitures, and California housing management operations.

A breakout of land and lot sales is set forth below:

	Three Months Ended April 30, 1996	Three Months Ended April 30, 1995	Six Months Ended April 30, 1996	Six Months Ended April 30, 1995
Land and Lot Sales...............	$ 3,476	$ 1,999	$ 4,669	$ 3,306
Cost of Sales....................	2,919	1,497	3,923	1,903
Land and Lot Sales Gross Margin...	$ 557	$ 502	$ 746	$ 1,403

Land and lot sales are incidental to the Company's residential housing operations and are expected to continue in the future but may significantly fluctuate up or down.

In May 1994, the Company purchased a homebuilding and management company in California. Although no new management contracts are being obtained, the existing contracts resulted in $0.8 million of revenues for the six months ended April 30, 1995 compared to zero for the six months ended April 30, 1996. Included in Other Operations (see below) are expenses associated with the California homebuilding management operations.

Financial Services

Financial services consist primarily of originating mortgages from sales of the Company's homes, and selling such mortgages in the secondary market. Approximately 34% and 30% of the Company's homebuyers obtained mortgages originated by the Company's wholly-owned mortgage banking subsidiaries during the years ended October 31, 1995 and 1994, respectively. For the six months ended April 30, 1996 and 1995 substantially all of the financial services losses were the result of reduced volume and low interest rate spreads, due to increased competition. Most servicing rights on new mortgages originated by the Company will be sold as the loans are closed.

Investment Properties

Investment Properties consist of rental properties, property management, and gains or losses from sale of such property. At April 30, 1996, the Company owned and was leasing two office buildings, three office/warehouse facilities, two retail centers, and two senior citizen rental communities in New Jersey. During the first quarter of fiscal 1996 the Company sold a retail center and reported a pretax profit of $2.1 million. Investment Properties expenses do not include interest expense which is reported below under "Interest."

Collateralized Mortgage Financing

In the years prior to February 29, 1988 the Company pledged mortgage loans originated by its mortgage banking subsidiaries against collateralized mortgage obligations ("CMO's"). Subsequently the Company discontinued its CMO program.

As a result, CMO operations are diminishing as pledged loans are decreasing through principal amortization and loan payoffs, and related bonds are reduced. In recent years, the Company has sold CMO pledged mortgages. The cost of such sales and the write-off of unamortized issuance expenses has resulted in losses.

Corporate General and Administrative

Corporate general and administration expenses includes the operations at the Company's headquarters in Red Bank, New Jersey. Such expenses include the Company's executive offices, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, and administration of insurance, quality, and safety. Corporate general and administration expenses increased $0.4 and $1.0 million during the three and six months ended April 30, 1996 compared to the same periods last year, or 13.7% and 15.6%. As a percentage of total revenues such expenses were 2.3% and 2.7% for the three and six months ended April 30, 1996 compared to 2.1% and 2.3% for the same periods last year. The increase was primarily the result of a one-time insurance adjustment expensed at Corporate and increased depreciation on recently acquired computer equipment for all Company locations.

Interest

Interest expense includes housing, land and lot, and rental properties interest. Interest expense is broken down as follows:

	Three Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
Sale of Homes..................	$ 5,149	$ 5,030	$ 9,199	$ 8,757
Land and Lot Sales.............	256	52	296	75
Rental Properties..............	1,391	1,429	2,901	2,594
Total..........................	$ 6,796	$ 6,511	$ 12,396	$ 11,426

Housing interest as a percentage of sale of homes revenues amounted to 3.6% and 3.6% for the three and six months ended April 30, 1996 and 3.6% and 3.4% for the three and six months ended April 30, 1995.

Other Operations

Other operations consist primarily of title insurance activities, miscellaneous residential housing operations expenses, amortization of prepaid subordinated note issuance expenses, corporate owned life insurance loan interest, and California housing management operations (see "Land Sales and Other Revenues" above). During the six months ended April 30, 1995 other expenses included California homebuilding management expenses and amortization of purchased management contracts totaling $1.1 million.

Total Taxes

Total taxes as a percentage of income before income taxes amounted to 8.0% for the six months ended April 30, 1996 compared to 7.1% for the six months ended April 30, 1995. Deferred federal and state income tax assets primarily represents the deferred tax benefits arising from temporary differences between book and tax income which will be recognized in future years.

Inflation:

Inflation has a long-term effect on the Company because increasing costs of land, materials and labor result in increasing sale prices of its homes. In general, these price increases have been commensurate with the general rate of inflation in the Company's housing market and have not had a significant adverse effect on the sale of the Company's homes. A significant risk faced by the housing industry generally is that rising house costs, including land and interest costs, will substantially outpace increases in the income of potential purchasers. In recent years, in the price ranges in which it sells homes, the Company has not found this risk to be a significant problem.

Inflation has a lesser short-term effect on the Company because the Company generally negotiates fixed price contracts with its subcontractors and material suppliers for the construction of its homes. These prices usually are applicable for a specified number of residential buildings or for a time period of between four to twelve months. Construction costs for residential buildings represent approximately 51% of the Company's total costs and expenses.

Item 4. Submission to Matters to a Vote of Security Holders

The Company held its annual stockholders meeting on April 17. 1996 at 10:30 a.m. in the Board Room of the American Stock Exchange, 13th floor, 86 Trinity Place, New York, New York. The following matters were voted at the meeting:

. Election of all Directors to hold office until the next Annual Meeting of Stockholders. The elected Directors were:

.. Kevork S. Hovnanian
.. Ara K. Hovnanian
.. Paul W. Buchanan
.. Arthur Greenbaum
.. Timothy P. Mason
.. Desmond P. McDonald
.. Peter S. Reinhart
.. John J. Schimpf
.. Stephen D. Weinroth

. Ratification of selection of Ernst & Young LLP as certified independent accountants for fiscal year ending October 31, 1996.

.. Votes For	76,962,467
.. Votes Against	51,709
.. Abstain	27,876

SIGNATURES

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

HOVNANIAN ENTERPRISES, INC.
(Registrant)

DATE: June 10, 1996

/S/KEVORK S. HOVNANIAN
Kevork S. Hovnanian,
Chairman of the Board and
Chief Executive Officer

DATE: June 10, 1996

/S/PAUL W. BUCHANAN
Paul W. Buchanan,
Senior Vice President
Corporate Controller

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6-MOS
OCT-31-1996
APR-30-1996
10,095
0
36,993
0
450,688
581,459
32,369
15,009
682,730
253,118
251,529
237
0
0
177,846
682,730
256,743
269,603
203,811
255,308
0
0
12,396
1,899
151
1,748
0
0
0
1,748
0.08
0.08