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 JANUARY 31, 1995 or

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

For the transition period from to

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.)

l0 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 (l) has filed all reports required to be filed by Sections l3 or l5(d) of the Securities Exchange Act of l934 during the preceding l2 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 14,847,335 Class A Common Shares and 8,189,718 Class B Common Shares were outstanding as of March 8, 1995.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

INDEX

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

ASSETS	January 31, 1995	October 31, 1994
Homebuilding:		
Cash and cash equivalents	$ 9,587	$17,299
Inventories - At cost, not in excess of net realizable value:		
Sold and unsold homes and lots under development	361,167	328,961
Land and land options held for future development or sale	80,140	57,579
Total Inventories	441,307	386,540
Receivables, deposits, and notes	29,751	25,778
Property, plant, and equipment - net	11,427	11,437
Prepaid expenses and other assets	31,197	26,757
Total Homebuilding	523,269	467,811
Financial Services:		
Cash and cash equivalents	638	138
Mortgage loans held for sale	14,992	29,459
Other assets	1,190	1,451
Total Financial Services	16,820	31,048
Investment Properties:		
Rental property - net	55,642	56,181
Property under development or held for future development	15,225	15,298
Investment in and advances to unconsolidated joint venture	3,902	3,994
Other assets	3,764	3,231
Total Investment Properties	78,533	78,704
Collateralized Mortgage Financing:		
Collateral for bonds payable	20,544	21,275
Other assets	1,249	1,404
Total Collateralized Mortgage Financing	21,793	22,679
Income Taxes Receivable - Including deferred tax benefits	12,955	12,683
Total Assets	$653,370	$612,925

See notes to consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	January 31, 1995	October 31, 1994
Homebuilding:		
Nonrecourse land mortgages	$ 31,248	$ 26,938
Accounts payable and other liabilities	39,521	42,586
Customers' deposits	15,423	12,138
Nonrecourse mortgage secured by operating property	2,930	2,946
Total Homebuilding	89,122	84,608
Financial Services:		
Accounts payable and other liabilities	588	772
Mortgage warehouse line of credit	7,244	20,554
Total Financial Services	7,832	21,326
Investment Properties:		

Accounts payable and other liabilities	1,822	1,731
Nonrecourse mortgages secured by rental property	17,513	17,541
Total Investment Properties	19,335	19,272
Collateralized Mortgage Financing:		
Accounts payable and other liabilities	16	15
Bonds collateralized by mortgages receivable	19,934	20,815
Total Collateralized Mortgage Financing	19,950	20,830
Notes Payable:		
Revolving credit agreement	148,200	99,200
Subordinated notes	200,000	200,000
Accrued interest	6,067	5,559
Total Notes Payable	354,267	304,759
Total Liabilities	490,506	450,795
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 15,164,704 shares (including 345,874 shares held in Treasury)	149	149
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 8,549,097 shares (including 345,874 shares held in Treasury)	88	88
Paid in Capital	33,858	33,858
Retained Earnings	134,068	133,334
Treasury Stock - at cost	(5,299)	(5,299)
Total Stockholders' Equity	162,864	162,130
Total Liabilities and Stockholders' Equity	$653,370	$612,925

See notes to consolidated financial statements.

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

	Three Months Ended January 31,	
	1995	1994
Revenues:		
Homebuilding:		
Sale of homes	$117,674	$165,862
Land sales and other revenues	3,677	2,426
Total Homebuilding	121,351	168,288
Financial Services	1,139	1,816
Investment Properties	2,566	2,521
Collateralized Mortgage Financing	540	832
Total Revenues	125,596	173,457
Expenses:		
Homebuilding:		
Cost of sales	94,992	130,258
Selling, general and administrative	15,634	11,258
Total Homebuilding	110,626	141,516
Financial Services	2,007	1,645
Investment Properties	1,454	1,360
Collateralized Mortgage Financing	514	969
Corporate General and Administration	3,099	2,585
Interest	4,915	5,701
Other operations	2,193	1,218
Provision for loan writedown		1,883
Total Expenses	124,808	156,877
Income Before Income Taxes	788	16,580
State and Federal Income Taxes:		
State	167	(36)
Federal	(113)	5,163
Total Taxes	54	5,127

Net Income	$ 734	$ 11,453
Earnings Per Common Share	$ 0.03	$ 0.50

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, 1994	14,730,299	$149	8,291,754	$88	$33,858	$133,334	$(5,299)	$162,130
Conversion of Class B to Class A common stock	88,531		(88,531)					
Net Income					734		734	
Balance, January 31, 1995	14,818,830	$149	8,203,223	$88	$33,858	$134,068	$(5,299)	$162,864

See notes to consolidated financial statements.

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

	Three Months Ended January 31, 1995	1994
Cash Flows From Operating Activities:		
Net Income	$ 734	$ 11,453
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	994	784
Gain on sale and retirement of property and assets	(70)	(82)
Writedown of loan from sale of subsidiary		1,883
Deferred income taxes	1,794	1,433
Decrease (increase) in assets:		
Escrow cash	(1,700)	540
Receivables, prepaids and other assets	(8,593)	1,655
Mortgage notes receivable	13,966	(7,412)
Inventories	(54,767)	(18,325)
Increase (decrease) in liabilities:		
State and Federal income taxes	(2,066)	3,694
Customers' deposits	3,295	(2,961)
Interest and other accrued liabilities	(1,737)	(3,469)
Post development completion costs	(489)	(1,506)
Accounts payable	(554)	(3,210)
Amortization of debenture discounts		3
Net cash used in operating activities	(49,193)	(15,520)
Cash Flows From Investing Activities:		
Proceeds from sale of property and assets	249	289
Investment in property and assets	(220)	(185)
Purchase of property	(443)	(923)
Investment in and advances to unconsolidated affiliates	294	136
Investment in income producing properties	138	(4,646)
Net cash provided by (used in) investing activities	18	(5,329)
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	323,488	191,231
Principal payments on mortgages and notes	(284,294)	(172,808)
Principal payments on subordinated debt		(2,160)
Investment in mortgage notes receivable	1,219	3,100
Net cash provided by financing activities	40,413	19,363
Net Increase (Decrease) In Cash	(8,762)	(1,486)
Cash Balance, Beginning Of Period	14,537	3,001
Cash Balance, End Of Period	$ 5,775	$ 1,515

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, 1994 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	
	1/31/95	1/31/94
	(Dollars in Thousands)	
Interest Incurred (1):		
Residential (3)..................	$ 6,989	$ 4,852
Commercial(4)....................	1,200	1,279
Total Incurred.................	$ 8,189	$ 6,131
Interest Expensed:		
Residential (3)..................	3,750	4,620
Commercial (4)...................	1,165	1,081
Total Expensed................	$ 4,915	$ 5,701
Interest Capitalized at Beginning of Period..............	$28,948	$27,925
Plus Interest Incurred.............	8,189	6,131
Less Interest Expensed.............	4,915	5,701
Less Charges to Reserves...........	50	38
Interest Capitalized at End of Period	$32,172	$28,317
Interest Capitalized at End of Period (5):		
Residential(3)...................	$26,025	$22,020
Commercial(2)....................	6,147	6,297
Total Capitalized.............	$32,172	$28,317

(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 cost of sales.
(4) Represents interest charged to rental operations.
(5) Capitalized commercial interest at January 31, 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. Included in the consolidated balance sheets is total operating property amounting to $24,176,000 and $23,740,000 and accumulated depreciation on operating property amounting to $12,326,000 and $11,854,000 at January 31, 1995 and October 31, 1994, respectively. Accumulated depreciation on rental property amounted to $8,255,000 and $7,781,000 at January 31, 1995 and October 31, 1994, respectively.

4. On May 10, 1994, the Board of Directors of the Company adopted a resolution providing that the date for the year end of the fiscal year of the Company be changed from the last day of February to October 31. Prior to October 31, 1994 the Company filed the reports covering the three month period ended May 31, 1994 and the three and six month periods ended August 31, 1994 on Form 10-Q. The report covering the eight month transition period of March 1 through October 31, 1994 was filed on Form 10-K. Thereafter, the Company will file reports on January 31, April 30, July 31, and October 31.

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

CAPITAL RESOURCES AND LIQUIDITY

The Company's uses for cash during the three months ended January 31, 1995 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 $225,000,000 (the "Revolving Credit Facility") through March 1997. Interest is payable monthly and at various rates of either prime plus 1/2% or Libor plus 2%. The Company currently is in compliance and intends to maintain compliance with its covenants under the Agreement. As of January 31, 1995, borrowings under the Agreement were $148,200,000.

The aggregate principal amount of subordinated indebtedness issued by the Company and outstanding as of October 31, 1994 was $200,000,000. Annual sinking fund payments of $20,000,000 are required in April 2001 and 2002 with additional payments of $60,000,000 and $100,000,000 due in April 2002 and June 2005.

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 January 31, 1995, the aggregate principal amount of all such borrowings was $27,178,000.

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

	January 31, 1995	October 31, 1994
Residential real estate inventory............	$441,307,000	$386,540,000
Residential rental property..................	8,131,000	8,158,000
Total Residential Real Estate..............	449,438,000	394,698,000
Commercial properties........................	62,736,000	63,321,000
Combined Total.............................	$512,174,000	$458,019,000

Total residential real estate increased $54,740,000 during the three months ended January 31, 1995 primarily as a result of an inventory increase of $54,767,000. The increase in residential real estate inventory was primarily due to the Company's seasonal increase in construction activities for deliveries later this year, and the Company's overall increase in housing volume. Substantially all residential homes under construction or completed and included in real estate inventory at January 31, 1995 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 Closed	(1) Contracted Not Closed	(2) Remaining Home Sites Available
January 31, 1995....	96	16,124	4,934	1,874	9,316
October 31, 1994...	86	17,033	5,302	1,794	9,937

(1) Includes 72 and 88 lots under option at January 31, 1995 and October 31, 1994, respectively.

(2) Of the total home lots available, 726 and 641 were under construction or complete (including 121 and 115 models and sales offices) and 1,902 and 2,554 were under option at January 31, 1995 and October 31, 1994, respectively.

In addition, in substantially completed or suspended developments the Company owned or had under option 336 and 332 home lots at January 31, 1995 and October 31, 1994, respectively. 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 January 31, 1995 the Company controlled such land to build 13,719 proposed homes, compared to 12,696 homes at October 31, 1994.

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 January 31, 1995, the Company had long-term non-recourse financing aggregating $17,513,000 on two commercial facilities, a decrease of $28,000 from October 31, 1994, due to principal amortization.

The collateralized mortgages receivable are pledged against non-recourse collateralized mortgage obligations. Residential mortgages receivable amounting to $9,481,000 and $23,460,000 at January 31, 1995 and October 31, 1994, 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 MONTHS ENDED JANUARY 31, 1995 COMPARED TO THE THREE MONTHS ENDED JANUARY 31, 1994

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. Operations in California began for the first time during the summer of 1994. In addition, the Company develops and operates commercial properties as long-term investments in New Jersey, and, to a lesser extent, Florida.

On May 10, 1994, the Board of Directors of the Company adopted a resolution providing that the date for the year end of the fiscal year of the Company be changed from the last day of February to October 31. The reports covering the three month periods ended May 31, 1994 and August 31, 1994 were filed on Form 10-Q. The report covering the eight month transition period of March 1, 1994 through October 31, 1994 was filed on Form 10-K. Thereafter, the Company will file reports as of January 31, April 30, July 31, and October 31.

Historically, the Company realized a substantial portion of its net income in the fourth quarter of the year and a very small portion or even a loss in the first quarter. As an example, in the old fiscal year ended February 28, 1994, the Company's fourth quarter net income was $11.4 million or 61.0% of the year's total, while the first quarter had a $2.3 million loss. The Company still expects the fourth quarter to show a larger portion of the new fiscal year ended October 31 net income, and the first quarter to show a very small portion of the year's net income.

As a result of the year end change noted above, the first quarter of the fiscal year ending October 31, 1995 is being compared to a substantial portion of the old fourth quarter ended February 28, 1994. Since the home sales revenue volume is significantly lower for the three months ended January 31, 1995, certain comparisons (primarily overheads) to the three months ended January 31, 1994 will be unfavorable and misleading. The first quarter of the fiscal year ending October 31, 1995 did report net income of $0.7 million compared to the loss noted in the previous paragraph of $2.3 million. Where applicable in the following "Results of Operations", comparisons will be made to the three months ended May 31, 1994 which would have been the first quarter of the year ended February 28, 1995 had the year end not been changed.

At January 31, 1995 the Company's home contract backlog for future delivery was 1,914 homes, with an aggregate sales value of $330.2 million, compared to 2,476 homes, with an aggregate sales value of $358.4 million at the same time last year. For the three months ended January 31, 1995 net contracts signed amounted to $127.2 million or 781 homes, compared to $126.5 million or 922 homes for the same period last year.

Total Revenues:

Revenues for the three months ended January 31, 1995 decreased $47.9 million or 27.6%, compared to the same period last year. This was a result of decreased revenues from sale of homes of $48.2 million., a $0.7 million decrease in financial services revenues, and a $0.3 million decrease in collateralized mortgage financing revenues. These decreases were partially offset by a $1.3 million increase in land sales and other homebuilding revenues.

Homebuilding:

Sale of homes revenues decreased $48.2 million, or 29.1% during the three months ended January 31, 1995, compared to the same period last year. Sale of homes revenues 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 January 31, 1995	Three Months Ended January 31, 1994	Three Months Ended May 31, 1994
	(Dollars in Thousands)		
Northeast Region:			
Housing Revenues..........	$ 72,874	$123,367	$ 48,000
Homes Delivered...........	395	741	311
North Carolina:			
Housing Revenues..........	$ 21,585	$ 21,317	$ 24,363
Homes Delivered...........	135	164	177
Florida:			
Housing Revenues..........	$ 15,917	$ 14,947	$ 11,573
Homes Delivered...........	104	124	87
Metro Washington, D.C.:			
Housing Revenues..........	$ 4,886	$ 5,866	$ 8,441
Homes Delivered...........	25	33	52
California:			
Housing Revenues..........	$ 2,094	--	--
Homes Delivered...........	11	--	--
Other:			
Housing Revenues..........	$ 318	$ 365	$ 499
Homes Delivered...........	6	6	8
Totals:			
Housing Revenues..........	$117,674	$165,862	$ 92,876
Homes Delivered...........	676	1,068	635

The three months ended January 31, 1995 sale of homes revenues decrease (compared to the prior year) was due to the Company's change in year end. Average sales prices have increased from $155,302 for the January 31, 1994 period to $173,817 for the January 31, 1995 period. In the Northeast Region one reason average sales prices are increasing is because of the Company's diversified product mix of more detached single family homes and larger townhouses with garages designed for the move-up buyer. In Florida, average sales prices are increasing as a result of the addition of new higher priced single family developments. In North Carolina, average sales prices increased primarily due to the addition of higher priced communities to their line of homes previously offered for sale. In Metro Washington, D.C. average sales prices increased because during the three months ended January 31, 1995 there was a higher percentage of single family detached homes delivered than during the three months ended January 31, 1994.

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 January 31, 1995	Three Months Ended January 31, 1994
	(Dollars in Thousands)	
Sale of Homes..................	$117,674	$165,862
Cost of Sales..................	94,586	129,512
Housing Gross Margin...........	$ 23,088	$ 36,350
Gross Margin Percentage.........	19.6%	21.9%

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. In addition, the decrease in the gross margin was also due to the following reasons:

- Material costs have increased in all markets during the above periods as demand increased for such materials.
- A change in product mix with an additional 10.0% of home sales coming from North Carolina and Florida where gross margins are traditionally lower.
- Increased competition in all markets which keeps prices and margins down.

Selling, general, and administrative expenses increased $4.4 million during the three months ended January 31, 1995 compared to the same period last year. As a percentage of sale of homes revenues such expenses increased to 13.3% for the three months ended January 31, 1995 from 6.8% for the prior year. The increas in selling, general, and administrative expenses is primarily due to an increased number of communities open for sale, and increased advertising and buyer concessions due to a more competitive sales environment. The increase as a percentage of sale of homes revenues is the result of a lower volume due to the change in year end (see year end comments above). Selling, general, and administrative expenses for the three months ended May 31, 1994 as a percentage of sale of homes revenues was 14.0%.

Land and Lot Operations:

Land sales and other revenues consist primarily of land and lot sales, title insurance activities, interest income, contract deposit forfeitures, and during the three months ended January 31, 1995, California housing management operations.

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

	Three Months Ended January 31, 1995	Three Months Ended January 31, 1994
Land and Lot Sales..............................	$ 1,307	$ 1,121
Cost of Sales.................................	406	746
Land and Lot Sales Gross Margin................	$ 901	$ 375

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 for $0.8 million. Although no new management contracts are being obtained, the existing contracts resulted in $0.7 million of revenues for the three months ended January 31, 1995. Included in Other Operations (see below) are expenses associated with the California homebuilding management operations, and amortization of a portion of the acquisition price of management contracts.

Financial Services

Financial services consists primarily of originating mortgages from sales of the Company's homes, and selling such mortgages in the secondary market. Approximately 30% and 20% of the Company's homebuyers obtained mortgages originated by the Company's wholly-owned mortgage banking subsidiaries during the years ended October 31, 1994 and 1993, respectively. For the three months ended January 31, 1995 a loss was incurred primarily due to expansion costs into other Company housing markets, reduced volume, and reduced 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 January 31, 1995, the Company owned and was leasing two office buildings, three office/warehouse facilities, three retail centers, and a senior citizen rental community in New Jersey. 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 resulted in the loss during the three months ended January 31, 1994.

Corporate General and Administrative

Corporate general and administration expenses includes the operations at the Company's headquarters in Red Bank, New Jersey. Such expenses includes the Company's long term improvement initiatives of total quality, process redesign, and training. Such initiatives resulted in additional expenses for the three months ended January 31, 1995 over 1994 amounting to approximately $0.4 million. Excluding such initiatives, Corporate general and administration expenses increased $0.1 million during the three months ended January 31, 1995 compared to the same period last year, or 4.4%. As a percentage of total revenues such expenses were 2.6% and 1.5% for the three months ended January 31, 1995 and 1994, respectively. As a percentage of total revenues such expenses were 3.2% for the three months ended May 31, 1994.

Interest

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

	Three Months Ended January 31, 1995	1994
Sale of Homes.........................	$ 3,727	$ 4,607
Land and Lot Sales....................	23	13
Rental Properties.....................	1,165	1,081
Total.................................	$ 4,915	$ 5,701

Housing interest as a percentage of sale of homes revenues amounted to 3.2% and 2.8% for the three months ended January 31, 1995 and 1994, respectively. The increase of interest as a percentage of sale of homes revenues is primarily attributable to increased interest rates on the Company's line of credit.

Other Operations

Other operations consisted 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 three months ended January 31, 1995 other expenses included California homebuilding management expenses and amortization of purchased management contracts totaling $0.8 million.

Total Taxes

Total taxes as a percentage of income before income taxes amounted to 6.9% and 30.9% for the three months ended January 31, 1995 and 1994, respectively. The low percentage for the three months ended January 31, 1995 was due primarily to permanent differences between book and tax income. The lower income before income taxes is the greater the impact such differences have on taxes as a percentage of income. 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. However, some material costs (primarily lumber) have recently increased above the rate of inflation due to demand being higher than available supplies. 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of l934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.
(Registrant)

DATE: 3/16/95	/S/KEVORK S. HOVNANIAN Kevork S. Hovnanian, Chairman of the Board and Chief Executive Officer
DATE: 3/16/95	/S/PAUL W. BUCHANAN Paul W. Buchanan, Senior Vice President Corporate Controller

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

Article 5
Multiplier 1,000 except EPS

Period	3 months
Fiscal Year End	October 31, 1995
Period End	January 31, 1995
Cash	10,532
Securities	--
Receivables	29,545
Allowances For Doubtful Accounts	--
Inventory	441,307
Total Current Assets	513,935
PP&E	24,176
Accumulated Depreciation	12,326
Total Assets	640,414
Total Current Liabilities	237,173
Bonds and Mortgages	240,377
Preferred Stock	--
Common Stock	237
Other Stockholder's Equity	162,627
Total Liability and Equity	640,414
Net Sales of Tangible Products	--
Total Revenues	125,596
Costs of Tangible Goods Sold	--
Total Cost and Expenses Applicable to Sales and Revenues	119,893
Other Costs and Expenses	--
Provision for Doubtful Accounts	--
Interest Expense	4,915
Income Before Taxes	788
Income Tax Expense	54
Income/Loss Continuing Operations	734
Discontinued Operations	--
Extraordinary Items	--
Cumulative Effect-Change In Accounting Principles	--
Net Income or Loss	734
EPS-Primary	0.03
EPS-Diluted	0.03