UNITED STATES

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, 2001 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.)

l0 Highway 35, P.O. Box 500, Red Bank, N. J. 07701
(Address of principal executive offices)

732-747-7800
(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 [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 20,450,766 Class A Common Shares and 7,504,007 Class B Common Shares were outstanding as of June 1, 2001.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

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

ASSETS	April 30, 2001 (unaudited)	October 31, 2000
Homebuilding:		
Cash and cash equivalents	$ 36,138	$ 40,131
Inventories - At the lower of cost or fair value:		
Sold and unsold homes and lots under development	656,237	525,116
Land and land options held for future development or sale	107,684	89,867
Total Inventories	763,921	614,983
Receivables, deposits, and notes	54,451	36,190
Property, plant, and equipment - net	33,140	35,594
Senior residential rental properties - net	10,083	10,276
Prepaid expenses and other assets	88,132	64,897
Total Homebuilding	985,865	802,071
Financial Services:		
Cash and cash equivalents	2,294	3,122
Mortgage loans held for sale	72,916	61,860
Other assets	3,149	2,145
Total Financial Services	78,359	67,127
Collateralized Mortgage Financing:		
Collateral for bonds payable	3,779	4,145
Other assets	199	198
Total Collateralized Mortgage Financing	3,978	4,343
Income Taxes Receivable - Including deferred tax benefits	2,900	
Total Assets	$1,071,102	$873,541

See notes to consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	April 30, 2001 (unaudited)	October 31, 2000
Homebuilding:		
Nonrecourse land mortgages	$ 12,798	$ 18,166
Accounts payable and other liabilities	91,296	82,205
Customers' deposits	39,392	31,475
Nonrecourse mortgages secured by operating properties	3,474	3,554
Total Homebuilding	146,960	135,400
Financial Services:		
Accounts payable and other liabilities	2,309	2,078
Mortgage warehouse line of credit	53,831	56,486
Total Financial Services	56,140	58,564
Collateralized Mortgage Financing:		

Bonds collateralized by mortgages receivable	2,712	3,007
Total Collateralized Mortgage Financing	2,712	3,007
Notes Payable:		
Revolving credit agreement	120,600	
Senior notes	296,608	296,430
Subordinated notes	99,747	100,000
Accrued interest	13,473	12,709
Total Notes Payable	530,428	409,139
Income Taxes Payable		4,072
Total Liabilities	736,240	610,182
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 24,138,457 shares (including 3,736,921 shares in April 2001 and October 2000 held in Treasury)	242	173
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 7,853,936 including 345,874 shares in April 2001 and October 2000 held in Treasury)	78	79
Paid in Capital	96,682	46,086
Retained Earnings	267,403	246,420
Deferred Compensation	(211)	
Treasury Stock - at cost	(29,332)	(29,399)
Total Stockholders' Equity	334,862	263,359
Total Liabilities and Stockholders' Equity	$1,071,102	$873,541

See notes to consolidated financial statements.

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2001	2000	2001	2000
Revenues:				
Homebuilding:				
Sale of homes	$393,301	$235,055	$676,706	$485,173
Land sales and other revenues	2,916	3,378	8,002	5,443
Total Homebuilding	396,217	238,433	684,708	490,616
Financial Services	6,679	3,344	12,119	8,195
Collateralized Mortgage Financing	70	111	168	226
Total Revenues	402,966	241,888	696,995	499,037
Expenses:				
Homebuilding:				
Cost of sales	314,788	187,911	541,364	393,414
Selling, general and administrative	34,875	25,764	63,100	50,692
Inventory impairment loss	764	513	938	513
Total Homebuilding	350,427	214,188	605,402	444,619
Financial Services	4,665	4,139	8,362	9,444
Collateralized Mortgage Financing	51	93	134	191
Corporate General and Administration	9,401	7,487	19,279	14,361
Interest	13,949	7,780	23,454	15,648
Other Operations	1,906	2,749	3,757	4,546
Restructuring Charges			2,480	
Total Expenses	380,399	236,436	662,868	488,809
Income Before Income Taxes	22,567	5,452	34,127	10,228

State and Federal Income Taxes:				
State	1,028	304	1,427	459
Federal	7,479	1,690	11,717	2,859
Total Taxes	8,507	1,994	13,144	3,318
Net Income	$ 14,060	$ 3,458	$ 20,983	$ 6,910
Per Share Data:				
Basic:				
Income per common share	$ 0.50	$ 0.16	$ 0.83	$ 0.31
Weighted average number of common shares outstanding	28,176	22,054	25,262	22,192
Assuming dilution:				
Income per common share	$ 0.48	$ 0.16	$ 0.80	$ 0.31
Weighted average number of common shares outstanding	29,472	22,111	26,116	22,271

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	Deferred Comp	Treasury Stock	Total
Balance, October 31, 2000	13,572,448	$ 173	7,633,029	$ 79	$46,086	$246,420	$	$(29,399)	$263,359
Acquisitions	6,352,900	64			48,361				48,425
Sale of common stock under employee stock option plan	300,140	3			1,769				1,772
Stock bonus plan	51,081	1			466				467
Conversion of Class B to Class A Common Stock	124,967	1	(124,967)	(1)					
Deferred compensation							(211)		(211)
Treasury stock purchases adjustment								67	67
Net Income						20,983			20,983
Balance, April 30, 2001 (unaudited)	20,401,536	$ 242	7,508,062	$ 78	$96,682	$267,403	$ (211)	$(29,332)	$334,862

See notes to consolidated financial statements.

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

	Six Months Ended April 30, 2001	Six Months Ended April 30, 2000
Cash Flows From Operating Activities:		
Net Income	$ 20,983	$ 6,910
Adjustments to reconcile net income to net cash Provided by (used in) operating activities:		
Depreciation	4,018	3,151
Amortization of goodwill	1,627	1,182
(Gain) on sale and retirement of property and assets	(36)	(154)
Deferred income taxes	1,033	668
Impairment losses	938	513
Decrease (increase) in assets:		
Mortgage notes receivable	(10,615)	2,763
Receivables, prepaids and other assets	(22,324)	(17,749)
Inventories	(9,087)	(63,253)
Increase (decrease) in liabilities:		
State and Federal income taxes	(3,439)	(5,075)

Tax effect from exercise of stock options	398	
Customers' deposits	4,593	9,512
Interest and other accrued liabilities	(4,109)	(1,807)
Post development completion costs	834	(1,256)
Accounts payable	(10,612)	(2,679)
Net cash used in operating activities	(25,798)	(67,274)
Cash Flows From Investing Activities:		
Net proceeds from sale of property and assets	1,002	256
Purchase of property, equipment and other fixed assets	(2,253)	(10,762)
Acquisition of homebuilding companies	(37,190)	(147)
Investment in and advances to unconsolidated affiliates	(181)	
Net cash used in investing activities	(38,622)	(10,653)
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	813,780	604,654
Principal payments on mortgages and notes	(756,487)	(535,387)
Purchase of treasury stock	67	(2,430)
Proceeds from sale of stock and employee stock plan	2,239	
Net cash provided by financing activities	59,599	66,837
Net (Decrease) In Cash and Cash Equivalents	(4,821)	(11,090)
Cash and Cash Equivalents Balance, Beginning Of Period	43,253	19,365
Cash and Cash Equivalents Balance, End Of Period	$ 38,432	$ 8,275

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, 2000 consolidated balance sheet 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. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could have a significant impact on the financial statements. 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,	
	2001	2000	2001	2000
	(Dollars in Thousands)			
Interest Capitalized at Beginning of Period	$31,365	$22,121	$25,694	$21,966
Plus Acquired Entity Interest.			3,604	
Plus Interest Incurred(1)(3)	12,333	9,291	23,905	17,314
Less Interest Expensed(3)	13,949	7,780	23,454	15,648
Interest Capitalized at End of Period (2) (3)	$29,749	$23,632	$29,749	$23,632

(1) Data does not include interest incurred by our mortgage and finance subsidiaries.
(2) Data does not include a reduction for depreciation.
(3) Represents acquisition interest for construction, land and development costs which is charged to interest expense when homes are delivered and when land is not under active development.

3. Homebuilding accumulated depreciation at April 30, 2001 and October 31, 2000 amounted to $25,460,000 and $22,164,000, respectively. Senior residential rental property accumulated depreciation at April 30, 2001 and October 31, 2000 amounted to $2,435,000 and $2,294,000, respectively.

4. In accordance with "Financial Accounting Standards No. 121 ("FAS 121") "Accounting for the Impairment of Long Lived Assets and For Long Lived Assets to Be Disposed Of", we record impairment losses on inventories related

to communities under development when events and circumstances indicate that they may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than their related carrying amounts. In addition, from time to time, we will write off certain residential land options including approval, engineering, and capitalized interest costs for land management decided not to purchase. We wrote off such costs in New Jersey, Metro D. C., and California amounting to $174,000 and $764,000 during the three months ended January 31, 2001 and April 30, 2001, respectively. During the three months ended April 30, 2000, we wrote off costs amounting to $513,000 in California. Residential inventory FAS 121 impairment losses and option write offs are reported in the Consolidated Statements of Income as "Homebuilding-Inventory Impairement Loss."

5. We are involved from time to time in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on us. As of April 30, 2001 and October 31, 2000, we are obligated under various performance letters of credit amounting to $4,742,000 and $4,284,000, respectively.

6. Our credit facility has been amended as of February 22, 2000. Pursuant to the Amendment, our credit line increased to $375,000,000 and is extended through July 2003. Interest is payable monthly and at various rates of either the prime rate plus .25% or Libor plus 1.70%.

7. On January 23, 2001 we merged with Washington Homes, Inc. for a total purchase price of $87.4 million, of which $38.5 million was paid in cash and 6,352,900 shares of our Class A Common Stock were issued. At the date of acquisition we loaned Washington Homes, Inc. approximately $57,000,000 to pay off their third party debt.

The merger with Washington Homes, Inc. was accounted for as a purchase with the results of operations of the merged entity included in our consolidated financial statements as of the date of the merger. The purchase price was allocated based on estimated fair value at the date of the merger. Such allocation is preliminary and is pending management's assessment of the deferred tax assets and liabilities acquired. An intangible asset equal to the excess purchase price over the fair value of the net assets of $12,794,000 is recorded in prepaid expenses and other assets on the consolidated balance sheet. This amount is being amortized on a straight line basis over a period of ten years.

The following unaudited pro forma financial data for the three and six months ended April 30, 2001 and 2000 has been prepared as if the merger with Washington Homes, Inc. on January 23, 2001 had occurred on November 1, 1999. Unaudited pro forma financial data is presented for information purposes only and may not be indicative of the actual amounts of the Company had the events occurred on the dates listed above, nor does it purport to represent future periods (in thousands).

	Three Months Ended April 30,		Six Months Ended April 30,	
	2001	2000	2001	2000
Revenues	$402,966	$361,273	$766,733	$711,725
Expenses	380,399	350,375	732,103	693,149
Income Taxes	8,507	4,351	12,602	6,919
Net Income	$ 14,060	$ 6,547	$ 22,028	$ 11,657
Diluted Net Income Per Common Share	$ 0.48	$ 0.23	$ 0.76	$ 0.41

8. Restructuring Charges - Restructuring charges are estimated expenses associated with the merger of our operations with those of Washington Homes, Inc. on January 23, 2001. Under our merger plan, administration offices in Maryland, Virginia, and North Carolina will be either closed, relocated, or combined. The merger of administration offices is expected to be completed by July 31, 2001. Expenses were accrued for salaries, severance and outplacement costs for the involuntary termination of associates, costs to close and/or relocate existing administrative offices, and lost rent and leasehold improvements. We estimate that approximately 58 associates will be terminated. We have accrued approximately $1.7 million to cover termination and related costs. Associates being terminated are primarily administrative. In addition, we accrued approximately $0.8 million to cover closing and/or relocating various administrative offices in these three states. At April 30, 2001 $686,000 has been charged against termination costs relating to the termination of 35 associates and $369,000 has been charged against closing and relocation costs.

9. Recent Accounting Pronouncements - Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued in June 1998. This statement addresses the accounting for and disclosure of derivative instruments, including derivative instruments imbedded in other contracts, and hedging activities. The statement requires us to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income.

If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change is recognized in earnings. The impact of the adoption of the new statement as of November 1, 2000 did not have a significant impact on our earnings or financial position. The effect of FAS 133 is immaterial to our financial statements.

We manage our interest rate risk on mortgage loans held for sale and our estimated future commitments to originate and close mortgage loans at fixed prices through the use of best-efforts whole loan delivery commitments. These instruments are classified as derivatives and generally have maturities of three months or less. Accordingly, gains and losses are recognized in current earnings during the period of change.

10. Hovnanian Enterprises, Inc., the parent company (the "Parent") is the issuer of publicly traded common stock. One of its wholly owned subsidiaries, K. Hovnanian Enterprises, Inc., (the "Subsidiary Issuer") was the issuer of certain Senior Notes on May 4, 1999 and October 2, 2000.

The Subsidiary Issuer acts as a finance and management entity that as of April 30, 2001 had issued and outstanding approximately $99,747,000 of subordinated notes, $300,000,000 senior notes, and a revolving credit agreement with an outstanding balance of $120,600,000. The subordinated notes, senior notes, and the revolving credit agreement are fully and unconditionally guaranteed by the Parent.

Each of the wholly owned subsidiaries of the Parent (collectively the "Guarantor Subsidiaries"), with the exception of four subsidiaries formerly engaged in the issuance of collateralized mortgage obligations, a mortgage lending subsidiary, a subsidiary holding and licensing the "K. Hovnanian" trade name, and a subsidiary engaged in homebuilding activity in Poland (collectively the "Non-guarantor Subsidiaries"), have guaranteed fully and unconditionally, on a joint and several basis, the obligation to pay principal and interest under the senior notes and the revolving credit agreement of the Subsidiary Issuer.

In lieu of providing separate audited financial statements for the Guarantor Subsidiaries we have included the accompanying consolidated condensed financial statements. Management does not believe that separate financial statements of the Guarantor Subsidiaries are material to investors. Therefore, separate financial statements and other disclosures concerning the Guarantor Subsidiaries are not presented.

The following consolidating condensed financial information present the results of operations, financial position and cash flows of (i) the Parent (ii) the Subsidiary Issuer (iii) the Guarantor Subsidiaries of the Parent (iv) the Non-Guarantor Subsidiaries of the Parent and (v) the eliminations to arrive at the information for Hovnanian Enterprises, Inc. on a consolidated basis.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED BALANCE SHEET
APRIL 30, 2001
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Homebuilding	$ 3	$ 53,043	$ 923,891	$ 8,928	$	$ 985,865
Financial Services and CMO			826	81,511		82,337
Income Taxes (Payables)Receivables	(346)	(5,030)	10,304	(2,028)		2,900
Investments in and amounts due to and from consolidated subsidiaries	335,205	490,706	(764,986)	6,242	(67,167)	
Total Assets	$334,862	$ 538,719	$ 170,035	$ 94,653	$ (67,167)	$1,071,102
LIABILITIES AND STOCKHOLDERS' EQUITY						
Homebuilding	$	$ 8,190	$ 138,380	$ 390	$	$ 146,960
Financial Services and CMO			421	58,431		58,852
Notes Payable		530,367	61			530,428
Stockholders' Equity	334,862	162	31,173	35,832	(67,167)	334,862
Total Liabilities and Stockholders' Equity	$334,862	$ 538,719	$ 170,035	$ 94,653	$ (67,167)	$1,071,102

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATING CONDENSED BALANCE SHEET
OCTOBER 31, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Homebuilding	$ (63)	$ 76,648	$ 717,484	$ 8,002	$	$ 802,071
Financial Services and CMO			994	70,476		71,470
Income Taxes (Payables)Receivables	(4,585)	(5,873)	12,567	(2,109)		
Investments in and amounts due to and from consolidated subsidiaries	268,007	353,115	(473,872)	577	(147,827)	
Total Assets	$263,359	$ 423,890	$ 257,173	$ 76,946	$(147,827)	$ 873,541
Liabilities						
Homebuilding	$	$ 11,533	$ 122,807	$ 1,060	$	$ 135,400
Financial Services and CMO			457	61,114		61,571
Notes Payable		409,041	98			409,139
Income Taxes Payable			4,072			4,072
Stockholders' Equity	263,359	3,316	129,739	14,772	(147,827)	263,359
Total Liabilities and Stockholders' Equity	$263,359	$ 423,890	$ 257,173	$ 76,946	$(147,827)	$ 873,541

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED APRIL 30, 2001
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 364	$ 394,465	$ 3,016	$ (1,628)	$ 396,217
Financial Services and CMO			3,217	3,532		6,749
Intercompany Charges		29,809	2,387		(32,196)	
Equity In Pretax Income of Consolidated Subsidiaries	22,567				(22,567)	
Total Revenues	22,567	30,173	400,069	6,548	(56,391)	402,966
Expenses:						
Homebuilding		29,584	376,680	1,135	(31,716)	375,683
Financial Services and CMO			2,100	2,713	(97)	4,716
Total Expenses		29,584	378,780	3,848	(31,813)	380,399
Income Before Income Taxes	22,567	589	21,289	2,700	(24,578)	22,567
State and Federal Income Taxes	8,507	165	8,811	997	(9,973)	8,507
Net Income	$14,060	$ 424	$ 12,478	$ 1,703	$ (14,605)	$ 14,060

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED APRIL 30, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 69	$ 237,666	$ 4,350	$ (3,652)	$ 238,433
Financial Services and CMO			1,001	2,454		3,455
Intercompany Charges		24,860	1,550		(26,410)	
Equity In Pretax Income of Consolidated Subsidiaries	5,452				(5,452)	

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total Revenues	5,452	24,929	240,217	6,804	(35,514)	241,888
Expenses:						
Homebuilding		24,502	228,884	219	(21,401)	232,204
Financial Services and CMO			936	3,356	(60)	4,232
Total Expenses		24,502	229,820	3,575	(21,461)	236,436
Income Before Income Taxes	5,452	427	10,397	3,229	(14,053)	5,452
State and Federal Income Taxes	1,994	204	3,667	1,136	(5,007)	1,994
Net Income	$ 3,458	$ 223	$ 6,730	$ 2,093	$ (9,046)	$ 3,458

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
SIX MONTHS ENDED APRIL 30, 2001
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 429	$ 681,587	$ 10,532	$ (7,840)	$ 684,708
Financial Services and CMO			5,235	7,052		12,287
Intercompany Charges		60,219	433		(60,652)	
Equity In Pretax Income of Consolidated Subsidiaries	34,127				(34,127)	
Total Revenues	34,127	60,648	687,255	17,584	(102,619)	696,995
Expenses:						
Homebuilding		59,497	660,606	2,389	(68,120)	654,372
Financial Services and CMO			3,388	5,302	(194)	8,496
Total Expenses		59,497	663,994	7,691	(68,314)	662,868
Income Before Income Taxes	34,127	1,151	23,261	9,893	(34,305)	34,127
State and Federal Income Taxes	13,144	517	8,881	3,811	(13,209)	13,144
Net Income	$20,983	$ 634	$ 14,380	$ 6,082	$ (21,096)	$ 20,983

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
SIX MONTHS ENDED APRIL 30, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 223	$ 489,072	$ 6,442	$ (5,121)	$ 490,616
Financial Services and CMO			2,751	5,670		8,421
Intercompany Charges		47,906	3,998		(51,904)	
Equity In Pretax Income of Consolidated Subsidiaries	10,228				(10,228)	
Total Revenues	$10,228	$ 48,129	$ 495,821	$ 12,112	$ (67,253)	$ 499,037
Expenses:						
Homebuilding		47,560	470,259	673	(39,318)	479,174
Financial Services and CMO			2,310	7,544	(219)	9,635
Total Expenses		47,560	472,569	8,217	(39,537)	488,809
Income Before Income Taxes	10,228	569	23,252	3,895	(27,716)	10,228
State and Federal Income Taxes	3,318	239	7,833	1,366	(9,438)	3,318
Net Income	$ 6,910	$ 330	$ 15,419	$ 2,529	$ (18,278)	$ 6,910

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED APRIL 30, 2001
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income	$ 20,983	$ 634	$ 14,380	$ 6,082	$ (21,096)	$ 20,983
Adjustments to reconcile net income to net cash provided by (used in) operating activities	93,186	70,155	(232,718)	1,500	21,096	(46,781)
Net Cash Provided By (Used In) Operating Activities	114,169	70,789	(218,338)	7,582		(25,798)
Net Cash (Used In) Provided By Investing Activities	(46,972)	(18,093)	26,544	(99)		(38,620)
Net Cash Provided By (Used In) Financing Activities	67	120,525	(58,045)	(2,950)		59,597
Intercompany Investing and Financing Activities - Net	(67,198)	(198,444)	271,307	(5,665)		
Net Increase (Decrease) In Cash and Cash Equivalents	66	(25,223)	21,468	(1,132)		(4,821)
Cash and Cash Equivalents Balance, Beginning of Period	(63)	17,629	22,506	3,181		43,253
Cash and Cash Equivalents Balance, End of Period	$ 3	$ (7,594)	$ 43,974	$ 2,049	$	$ 38,432

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED APRIL 30, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income	$ 6,910	$ 330	$ 15,419	$ 2,529	$ (18,278)	$ 6,910
Adjustments to reconcile net income to net cash (used in) provided by operating activities	(4,792)	44,407	(142,308)	10,231	18,278	(74,184)
Net Cash Provided By (Used In) Operating Activities	2,118	44,737	(126,889)	12,760		(67,274)
Net Cash (Used In) Provided By Investing Activities	(147)	(9,762)	(742)	(2)		(10,653)
Net Cash (Used In) Provided By Financing Activities	(2,430)	62,025	10,790	(3,548)		66,837
Intercompany Investing and Financing Activities - Net	775	(98,287)	105,677	(8,165)		
Net Increase (Decrease) In Cash and Cash Equivalents	316	(1,287)	(11,164)	1,045		(11,090)
Cash and Cash Equivalents Balance, Beginning of Period	46	(5,395)	24,608	106		19,365
Cash and Cash Equivalents Balance, End of Period	$ 362	$ (6,682)	$ 13,444	1,151	$	$ 8,275

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

CAPITAL RESOURCES AND LIQUIDITY

Our uses for cash during the six months ended April 30, 2001 were for operating expenses, seasonal increases in housing inventories, construction, income taxes, interest, and the merger with Washington Homes, Inc. We provided for our cash requirements from housing and land sales, the revolving credit facility, financial service revenues and other revenues. We believe that these sources of cash are sufficient to finance our working capital requirements and other needs.

In March 2000 the Board of Directors authorized a stock repurchase program to purchase up to 4 million shares of Class A Common Stock. This authorization expired on December 31, 2000. As of April 30, 2001, 3,391,047 shares were repurchased under this program.

Our bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $375,000,000 (the "Revolving Credit Facility") through July 2003. Interest is payable monthly and at various rates of either prime plus .25% or Libor plus 1.70%. We believe that we will be able either to extend the Agreement beyond July 2003 or negotiate a replacement facility, but there can be no assurance of such extension or replacement facility. We currently are in compliance and intend to maintain compliance with our covenants under the Agreement. As of April 30, 2001, borrowings under the Agreement were $120,600,000.

The subordinated indebtedness issued by us and outstanding as of April 30, 2001 was $99,747,000 9 3/4% Subordinated Notes due June 2005. The senior indebtedness issued by us and outstanding as of April 30, 2001 was $150,000,000 (issued at a discount of $146,400,000), 10 1/2 Senior Notes due October 2007 and $150,000,000 9 1/8% Senior Notes due May 2009.

Our 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 our subsidiaries. As of April 30, 2001, the aggregate principal amount of all such borrowings was $56,543,000.

Total inventory increased $148,938,000 during the six months ended April 30, 2001. The increase was primarily due to the merger with Washington Homes, Inc. In addition, inventory levels increased in most of our housing markets. Substantially all homes under construction or completed and included in inventory at April 30, 2001 are expected to be closed during the next twelve months. Most inventory completed or under development is financed through our line of credit and subordinated indebtedness.

The following table summarizes housing lots included in our total residential real estate:

	Active Communities	Active Selling Lots	Contracted Not Delivered	Active Lots Available	Proposed Developable Lots	Grand Total Lots Available
April 30, 2001:						
Northeast Region..	24	4,185	1,338	2,847	10,935	13,782
North Carolina....	57	4,731	833	3,898	2,735	6,633
Metro D.C.........	36	3,164	1,019	2,145	4,864	7,009
California........	12	1,723	307	1,416	483	1,899
Texas.............	40	1,779	372	1,407	499	1,906
Mid South.........	19	1,470	156	1,314	-	1,314
Other.............	1	93	20	73	2,374	2,447
	189	17,145	4,045	13,100	21,890	34,990
Owned..........		8,161	3,340	4,821	4,384	9,205
Optioned.......		8,984	705	8,279	17,506	25,785
Total........		17,145	4,045	13,100	21,890	34,990

	Active Communities	Active Selling Lots	Contracted Not Delivered	Active Lots Available	Proposed Developable Lots	Grand Total Lots Available
October 31, 2000:						
Northeast Region..	28	4,941	1,149	3,792	11,016	14,808
North Carolina....	29	2,331	215	2,116	400	2,516
Metro D.C.........	6	708	215	493	4,875	5,368
California........	12	2,015	151	1,864	576	2,440
Texas.............	44	1,628	282	1,346	752	2,098
Other.............	1	186	84	102	2,374	2,476

	120	11,809	2,096	9,713	19,993	29,706
Owned..........		6,236	1,963	4,273	3,776	8,049
Optioned.......		5,573	133	5,440	16,217	21,657
Total........		11,809	2,096	9,713	19,993	29,706

The following table summarizes our started or completed unsold homes in active, substantially complete and suspended communities:

	April 30, 2001			October 31, 2000		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast Region....	82	55	137	133	48	181
North Carolina......	218	50	268	102	31	133
Metro D. C..........	86	39	125	6	7	13
California..........	55	22	77	136	32	168
Texas..............	268	13	281	238	8	246
Mid South..........	57	21	78	-	-	-
Other...............	33	-	33	58	-	58
Total	799	200	999	673	126	799

Financial Services - Mortgage loans held for sale consist of residential mortgages receivable of which $72,709,000 and $61,549,000 at April 30, 2001 and October 31, 2000, 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 us. We 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, we have incurred minimal credit losses. Collateralized Mortgage Financing - Collateral for bonds payable consist of collateralized mortgages receivable which are pledged against non-recourse collateralized mortgage obligations.

RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED APRIL 30, 2001
COMPARED TO THE THREE AND SIX MONTHS ENDED APRIL 30, 2000

Our operations consist primarily of residential housing development and sales in our Northeast Region (comprising of New Jersey, southern New York State and eastern Pennsylvania), North Carolina, Metro D. C. (northern Virginia and Maryland), southern California, Texas, the Mid South (Tennessee, Alabama, and Mississippi), and Poland. Our Mid South operations are the result of the merger with Washington Homes, Inc. In addition, we provide financial services to our homebuilding customers.

Important indicators of the future results are recently signed contracts and home contract backlog for future deliveries. Our sales contracts and homes in contract (using base sales prices) by market area are set forth below:

	Sales Contracts for the Six Months Ended April 30,		Contract Backlog as of April 30,	
	2001	2000	2001	2000
	(Dollars in Thousands)			
Northeast Region:				
Dollars.............	$281,126	$283,166	$ 371,745	$358,531
Homes...............	1,036	1,073	1,338	1,327
North Carolina:				
Dollars.............	$151,134	$ 60,872	$ 151,840	$ 47,229
Homes...............	851	320	833	229
Metro D. C.:				
Dollars.............	$170,966	$ 38,593	$ 257,958	$ 39,924
Homes...............	696	146	1,019	164
California:				
Dollars.............	$154,167	$ 75,953	$ 109,315	$ 56,280
Homes...............	448	244	307	162
Texas:				
Dollars.............	$101,520	$ 86,501	$ 82,057	$ 52,618
Homes...............	495	438	372	259

Mid South:				
Dollars.............	$ 24,105	$ -	$ 25,331	$ -
Homes...............	160	-	156	-
Other:				
Dollars.............	$ 1,299	$ 14,878	$ 2,640	$ 15,464
Homes...............	31	92	20	102
Totals:				
Dollars.............	$884,317	$559,963	$1,000,886	$570,046
Homes...............	3,717	2,313	4,045	2,243

Total Revenues:

Revenues for the three months ended April 30, 2001 increased $161.1 million or 67%, compared to the same period last year. This was the result of a $158.2 million increase in revenues from the sale of homes and a $3.3 million increase in financial services revenues. This increase was partially offset by a $0.5 million decrease in land sales and other homebuilding revenues.

Revenues for the six months ended April 30, 2001 increased $198 million or 40%, compared to the same period last year. This was the result of a $191.5 million increase in revenues from the sale of homes, a $2.6 million increase in land sales and other homebuilding revenues, and a $3.9 million increase in financial services revenues.

Homebuilding:

Revenues from the sale of homes increased $158.2 million or 67% during the three months ended April 30, 2001, and increased $191.5 million or 39% during the six months ended April 30, 2001, compared to the same period last year. Revenues from the 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,	
	2001	2000	2001	2000
	(Dollars in Thousands)			
Northeast Region:				
Housing Revenues.....	$126,700	$113,732	$250,326	$240,984
Homes Delivered......	420	410	847	871
North Carolina:				
Housing Revenues.....	$ 60,457	$ 30,891	$ 92,255	$ 58,261
Homes Delivered......	355	160	535	298
Metro D.C.:				
Housing Revenues.....	$ 74,263	$ 17,459	$110,954	$ 33,304
Homes Delivered......	333	66	495	131
California:				
Housing Revenues.....	$ 65,339	$ 30,313	$109,653	$ 55,949
Homes Delivered......	186	117	292	211
Texas:				
Housing Revenues.....	$ 46,434	$ 37,573	$ 84,244	$ 86,788
Homes Delivered......	228	181	405	440
Mid South:				
Housing Revenues.....	$ 11,846	$ -	$ 14,923	$ -
Homes Delivered......	81	-	103	-
Other:				
Housing Revenues.....	$ 8,262	$ 5,087	$ 14,351	$ 9,887
Homes Delivered......	49	16	97	40
Totals:				
Housing Revenues.....	$393,301	$235,055	$676,706	$485,173
Homes Delivered......	1,652	950	2,774	1,991

The increase in the number of homes delivered and related revenues compared to the prior year was primarily due to the merger with Washington Homes, Inc. and an increase in the average home price in California.

Cost of sales includes 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,	
	2001	2000	2001	2000
	(Dollars in Thousands)			
Sale of Homes	$393,301	$235,055	$676,706	$485,173
Cost of Sales	313,860	187,102	537,535	391,812
Housing Gross Margin	$ 79,441	$ 47,953	$139,171	$ 93,361
Gross Margin Percentage	20.2%	20.4%	20.6%	19.2%

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2001	2000	2001	2000
Sale of Homes	100.0%	100.0%	100.0%	100.0%
Cost of Sales:				
Housing, land & development costs	71.6%	71.2%	71.3%	72.3%
Commissions	2.5%	2.3%	2.3%	2.3%
Financing concessions	0.8%	0.9%	0.8%	0.9%
Overheads	4.9%	5.2%	5.0%	5.3%
Total Cost of Sales	79.8%	79.6%	79.4%	80.8%
Gross Margin	20.2%	20.4%	20.6%	19.2%

We sell 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, gross margin percentages are higher in the Northeast Region compared to our other markets. For the three months ended April 30, 2001 our gross margin percentage slightly decreased 0.2% compared to the same period last year. This decrease is due to increased activity in Metro D. C., North Carolina, and added markets in the Mid South that report lower margins. The increased activity in these areas is the result of the merger with Washington Homes, Inc. For the six months ended April 30, 2001 our gross margin percentage increased 1.4% compared to the same period last year. This can be attributable to improved gross margins in the Northeast Region and Texas The improvements are primarily attributed to increased sales prices and tighter cost controls.

Selling, general, and administrative expenses as a percentage of total homebuilding revenues decreased to 8.8% for the three months ended April 30, 2001 from 10.8% for the prior year's three months and decreased to 9.2% for the six months ended April 30, 2001 from 10.3% for the prior year's six months. Such expenses increased during the three and six months ended April 30, 2001 $9.1 million and $12.4 million, respectively, compared to the same periods last year. The dollar increase in selling, general, and administrative is due to increased advertising and selling costs in California due to the addition of five new communities, increases in administrative costs in our Northeast Region and Texas due to increased bonus accruals, and the addition of Washington Homes, Inc.

Land Sales and Other Revenues:

Land sales and other revenues consist primarily of land and lot sales. A breakout of land and lot sales is set forth below:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2001	2000	2001	2000
Land and Lot Sales	$ 1,072	$ 882	$ 4,238	$ 1,816
Cost of Sales	928	809	3,829	1,602
Land and Lot Sales Gross Margin	144	73	409	214
Interest Expense	56	48	289	239
Land and Lot Sales Profit (Loss) Before Tax	$ 88	$ 25	$ 120	$ (25)

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

Financial Services

Financial services consist primarily of originating mortgages from our homebuyers, selling such mortgages in the secondary market, and title insurance activities. For the three and six months ended April 30, 2001 financial services provided a $2.0 million and $3.8 million profit before income taxes compared to a loss of $0.8 million and $1.2 million for the same periods in 2000. These increases are primarily due to a change in management, reduced costs, and increased mortgage loan amounts. In addition to our wholly-owned mortgage facillity, customers obtained mortgages from our mortgage joint ventures in our Texas and Washington Homes divisions.

Collateralized Mortgage Financing

In the years prior to February 29, 1988 we pledged mortgage loans originated by our mortgage banking subsidiaries against collateralized mortgage obligations ("CMO's"). Subsequently we discontinued our 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, as a result of bonds becoming callable, we have also sold a portion of our CMO pledged mortgages.

Corporate General and Administrative

Corporate general and administrative expenses include the operations at our headquarters in Red Bank, New Jersey. Such expenses include our executive offices, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, construction services, and administration of insurance, quality, and safety. As a percentage of total revenues such expenses decreased to 2.3% for the three months ended April 30, 2001 from 3.1% for the prior year's three months and decreased to 2.8% for the six months ended April 30, 2001 from 2.9% for the prior year's six months. Corporate general and administrative expenses increased $1.9 million and $4.9 million during the three and six months ended April 30, 2001 compared to the same periods last year. Increases in corporate general and administrative expenses are primarily attributed to less process redesign costs associated with SAP capitalized during the three and six months ended April 30, 2001 compared to the same period last year, increased depreciation resulting from capitalized process redesign costs in prior years, and increased bonus accruals based upon increased return on equity and increased staff levels in order to serve a much larger company resulting from the merger with Washington Homes, Inc. Process redesign costs are capitalized in accordance with SOP 98-1 "Accounting For the Cost of Computer Software Development For or Obtained for Internal Use".

Interest

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2001	2000	2001	2000
Sale of Homes.............	$ 13,893	$ 7,732	$ 23,165	$ 15,409
Land and Lot Sales.........	56	48	289	239
Total......................	$ 13,949	$ 7,780	$ 23,454	$ 15,648

Housing interest as a percentage of sale of homes revenues slightly increased to 3.5% and 3.4% for the three and six months ended April 30, 2001, respectively, compared to 3.3% and 3.2% for the three and six months ended April 30, 2000, respectively.

Other Operations

Other operations consist primarily of miscellaneous residential housing operations expenses, senior residential property operations, amortization of senior and subordinated note issuance expenses, amortization of goodwill from homebuilding company acquisitions, earnout payments from homebuilding company acquisitions and corporate owned life insurance loan interest.

Restructuring Charges

Restructuring charges are estimated expenses associated with the integration of our operations with those of Washington Homes, Inc. These expenses are salaries, severance and outplacement costs for the termination of associates, and costs to close and relocate existing administrative offices, and lost rent and leasehold improvements. At April 30, 2001, $686,000 has been charged against the $1.7 million accrual for termination and related costs while $369,000 has been charged against the $0.8 million accrual established for closing and relocation costs.

Total Taxes

Total taxes as a percentage of income before taxes amounted to approximately 38.5% and 32.4% for the six months ended April 30, 2001 and 2000, respectively. The increase in this percentage from 2000 to 2001 is primarily attributed to an increase in the effective federal income tax rate. The increased effective rate is due primarily to higher amounts of expenses in 2001 not deductible for federal taxes and a reduced effect of our senior rental tax credits. Although the credits are the same in 2001 and 2000, they reduce our effective tax rate less when pretax profits are higher. Deferred federal and state income tax assets primarily represent the deferred tax benefits arising from temporary differences between book and tax income which will be recognized in future years as an offset against future taxable income. If for some reason the combination of future years income (or loss) combined with the reversal of the timing differences results in a loss, such losses can be carried back to prior years to recover the deferred tax assets. As a result, management is confident such deferred tax assets are recoverable regardless of future income.

Inflation

Inflation has a long-term effect on us because increasing costs of land, materials, and labor result in increasing sale prices of our homes. In general, these price increases have been commensurate with the general rate of inflation in our housing markets and have not had a significant adverse effect on the sale of our homes. A significant risk faced by the housing industry generally is that rising house 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 our homes sell, we have not found this risk to be a significant problem.

Inflation has a lesser short-term effect on us because we generally negotiate fixed price contracts with our subcontractors and material suppliers for the construction of our homes. These prices usually are applicable for a specified number of residential buildings or for a time period of between four to twelve months. Construction costs for residential buildings represent approximately 57% of our homebuilding cost of sales.

Merger With Washington Homes, Inc.

On January 23, 2001 we merged with Washington Homes, Inc. for a total purchase price of $87.4 million, of which $38.5 was paid in cash and 6,352,900 shares of our Class A common stock were issued. The addition of Washington Homes operations for slightly more than three full quarters is expected to increase revenues more than 40% in fiscal 2001 from fiscal 2000.

Safe Harbor Statement

Certain statements contained in this Form 10-Q that are not historical facts should be considered as "Forward-Looking Statements" within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to:

- Changes in general economic and market conditions
- Changes in interest rates and the availability of mortgage financing
- Changes in costs and availability of material, supplies and labor
- General competitive conditions
- The availability of capital
- The ability to successfully effect acquisitions

These risks, uncertainties, and other factors are described in detail in Item 1 and 2 Business and Properties in our Form 10-K for the year ended October 31, 2000.

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: June 13, 2001	/S/J. LARRY SORSBY J. Larry Sorsby, Executive Vice President and Chief Financial Officer
DATE: June 13, 2001	/S/PAUL W. BUCHANAN Paul W. Buchanan, Senior Vice President Corporate Controller