UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For quarterly period ended JULY 31, 2005 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 of Incorporation or Organization)	(I.R.S. Employer Identification No.)

l0 Highway 35, P.O. Box 500, Red Bank, NJ 07701
(Address of Principal Executive Offices) (Zip Code)

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 Section 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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 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. 47,054,474 shares of Class A Common Stock and 14,680,163 shares of Class B Common Stock were outstanding as of August 31, 2005.

HOVNANIAN ENTERPRISES, INC.

FORM 10-Q

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands Except Share Amounts)

ASSETS	July 31, 2005 (unaudited)	October 31, 2004
Homebuilding:		
Cash and cash equivalents	$ 43,985	$ 65,013
Inventories - At the lower of cost or fair value:		
Sold and unsold homes and lots under development	2,278,418	1,785,706
Land and land options held for future development or sale	448,296	436,184
Consolidated Inventory Not Owned:		
Specific performance options	5,705	11,926
Variable interest entities	134,196	201,669
Other options	120,920	31,824
Total Consolidated Inventory Not Owned	260,821	245,419
Total Inventories	2,987,535	2,467,309
Investments in and advances to unconsolidated joint ventures	160,655	42,441
Receivables, deposits, and notes	63,670	55,152
Property, plant, and equipment - net	77,837	44,137
Prepaid expenses and other assets	121,594	93,616
Goodwill	32,658	32,658
Definite life intangibles	120,136	125,492
Total Homebuilding	3,608,070	2,925,818
Financial Services:		
Cash and cash equivalents	11,514	13,011
Mortgage loans held for sale	182,084	209,193
Other assets	4,714	8,245
Total Financial Services	198,312	230,449
Income Taxes Receivable - Including Deferred Tax Benefits	47,701	-
Total Assets	$ 3,854,083	$ 3,156,267

See notes to condensed consolidated financial statements (unaudited).

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands Except Share Amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY	July 31, 2005 (unaudited)	October 31, 2004
Homebuilding:		
Nonrecourse land mortgages	$ 31,221	$ 25,687
Accounts payable and other liabilities	380,920	329,621
Customers' deposits	112,893	80,131
Nonrecourse mortgages secured by operating Properties	24,495	24,951
Liabilities from inventory not owned	132,309	68,160
Total Homebuilding	681,838	528,550

Financial Services:		
Accounts payable and other liabilities	6,868	6,080
Mortgage warehouse line of credit	167,174	188,417
Total Financial Services	174,042	194,497
Notes Payable:		
Revolving credit agreement	43,050	115,000
Senior notes	803,207	602,737
Senior subordinated notes	400,000	300,000
Accrued interest	12,841	15,522
Total Notes Payable	1,259,098	1,033,259
Income Taxes Payable	-	48,999
Total Liabilities	2,114,978	1,805,305
Minority interest from inventory not owned	109,125	155,096
Minority interest from consolidated joint ventures	1,206	3,472
Stockholders' Equity:		
Preferred Stock,$.01 par value-authorized 100,000 shares; liquidation preference of $25,000 per share, issued 5,600 shares at July 31, 2005 and zero shares at October 31, 2004	-	-
Common Stock,Class A,$.01 par value-authorized 200,000,000 shares; issued 57,906,182 shares at July 31, 2005 and 56,797,313 shares at October 31, 2004 (including 10,795,656 shares at July 31, 2005 and 10,395,656 shares at October 31, 2004 held in Treasury)	579	568
Common Stock,Class B,$.01 par value (convertible to Class A at time of sale) authorized 30,000,000 shares; issued 15,372,561 shares at July 31, 2005 and 15,376,972 shares at October 31, 2004 (including 691,748 shares at July 31, 2005 and October 31, 2004 held in Treasury)	154	154
Paid in Capital	350,085	199,643
Retained Earnings	1,357,575	1,053,863
Deferred Compensation	(7,474)	(11,784)
Treasury Stock - at cost	(72,145)	(50,050)
Total Stockholders' Equity	1,628,774	1,192,394
Total Liabilities and Stockholders' Equity	$ 3,854,083	$ 3,156,267

See notes to condensed consolidated financial statements (unaudited).

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
Revenues:				
Homebuilding:				
Sale of homes	$ 1,289,373	$1,044,610	$ 3,495,014	$2,702,826
Land sales and other revenues	4,820	2,756	32,747	8,549
Total Homebuilding	1,294,193	1,047,366	3,527,761	2,711,375
Financial Services	18,533	13,683	48,995	41,926
Total Revenues	1,312,726	1,061,049	3,576,756	2,753,301
Expenses:				
Homebuilding:				
Cost of sales, excluding interest	940,202	778,216	2,588,285	2,016,257
Cost of sales interest	19,257	13,369	47,089	39,159
Total Cost of Sales	959,459	791,585	2,635,374	2,055,416
Selling, general and administrative	116,388	82,548	319,680	234,853
Inventory impairment loss	1,354	1,438	3,352	2,230
Total Homebuilding	1,077,201	875,571	2,958,406	2,292,499
Financial Services	12,296	8,637	33,683	25,334
Corporate General and Administrative	18,884	13,011	49,678	42,229

Other Interest	4,224	4,356	13,317	14,605
Expenses Related To Extinguishment Of Debt	-	8,663	-	9,597
Other Operations	7,356	3,361	10,575	9,107
Intangible Amortization	11,781	9,716	32,255	19,115
Total Expenses	1,131,742	923,315	3,097,914	2,412,486
Income from unconsolidated joint ventures	13,907	2,282	22,482	4,053
Income Before Income Taxes	194,891	140,016	501,324	344,868
State and Federal Income Taxes:				
State	10,535	7,761	26,299	20,417
Federal	68,262	45,517	171,313	109,530
Total Taxes	78,797	53,278	197,612	129,947
Net Income	$ 116,094	$ 86,738	$ 303,712	$ 214,921
Per Share Data:				
Basic:				
Income per common share	$ 1.85	$ 1.40	$ 4.87	$ 3.47
Weighted average number of common shares outstanding	62,754	62,001	62,412	61,887
Assuming dilution:				
Income per common share	$ 1.76	$ 1.33	$ 4.63	$ 3.30
Weighted average number of common shares outstanding	65,796	65,115	65,574	65,158

See notes to condensed consolidated financial statements (unaudited).

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

	A Common Stock		B Common Stock		Preferred Stock						
	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Paid-In Capital	Retained Earnings	Deferred Comp.	Treasury Stock	Total
Balance, October 31, 2004	46,401,657	$ 568	14,685,224	$ 154			$199,643	$1,053,863	$(11,784)	$(50,050)	$1,192,394
Issuance of Preferred Stock					5,600		135,720				135,720
Sale of common stock under employee stock option plan	880,628	9					17,884				17,893
Net Stock Bonus issuances	223,830	2					(2,469)		899		(1,568)
Net Restricted Stock granted							(693)		659		(34)
Amortization of Restricted Stock									2,752		2,752
Conversion of Class B to Class A common stock	4,411		(4,411)								
Treasury Stock Purchases	(400,000)									(22,095)	(22,095)
Net Income								303,712			303,712
Balance, July 31, , 2005	47,110,526	$ 579	14,680,813	$ 154	5,600	$ -	$350,085	$1,357,575	$ (7,474)	$(72,145)	$1,628,774

See notes to condensed consolidated financial statements (unaudited).

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

Nine Months Ended
July 31,

	2005	2004
Cash Flows From Operating Activities:		
Net Income	$ 303,712	$ 214,921
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation	5,912	4,606
Intangible amortization	32,255	19,115
Amortization of deferred compensation	1,150	506
Gain on sale and retirement of property and assets	(3,479)	(238)
Income from unconsolidated joint ventures	22,482	4,053
Expenses related to extinguishment of debt	-	9,597
Deferred income taxes	(14,287)	(14,426)
Impairment losses	3,352	2,230
Decrease (increase) in assets:		
Mortgage notes receivable	27,357	73,548
Receivables, prepaids and other assets	(19,572)	(27,232)
Inventories	(434,634)	(658,351)
(Decrease) increase in liabilities:		
State and Federal income taxes	(67,204)	(5,817)
Customers' deposits	25,252	29,215
Interest and other accrued liabilities	8,124	12,602
Post development completion costs	1,017	(2,929)
Accounts payable	12,312	32,575
Net cash (used in) operating activities	(96,251)	(306,025)
Cash Flows From Investing Activities:		
Net proceeds from sale of property and assets	8,040	721
Purchase of property, equipment and other fixed assets and acquisitions of homebuilding companies	(131,872)	(56,634)
Net investments of capital in unconsolidated affiliates	(140,619)	(27,871)
Net cash (used in) investing activities	(264,451)	(83,784)
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	1,379,997	2,674,035
Proceeds from senior debt	200,000	365,000
Proceeds from senior subordinated debt	100,000	
Principal payments on mortgages and notes	(1,458,129)	(2,599,739)
Principal payments on senior debt	-	(156,844)
Purchase of treasury stock	(22,095)	(3,022)
Proceeds from sale of stock and employee stock plan	138,404	1,142
Net cash provided by financing activities	338,177	280,572
Net (Decrease) In Cash	(22,525)	(109,237)
Cash and Cash Equivalents Balance, Beginning Of Period	78,024	128,221
Cash and Cash Equivalents Balance, End Of Period	$ 55,499	$ 18,984
Supplemental Disclosures of Cash Flow		
Cash paid during the year for:		
Interest	$ 63,975	$ 56,795
Income taxes	$ 279,686	$ 150,016
Supplemental disclosures of noncash operating activities:		
Consolidated Inventory Not Owned:		
Specific performance options	$ 5,415	$ 21,798
Variable interest entities	121,989	181,265
Other options	118,405	29,382
Total Inventory Not Owned	$ 245,809	$ 232,445

See notes to condensed consolidated financial statements (unaudited).

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

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 our consolidated financial position, results of operations, and changes in cash flows. The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 interim periods are not necessarily indicative of the results which might be expected for a full year. The

balance sheet at October 31, 2004 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

In March 2004, our Board of Directors authorized a 2-for-1 stock split in the form of a 100% stock dividend of Class A and Class B Common Stock payable to stockholders of record on March 19, 2004. The additional shares were distributed on March 26, 2004. All share and per share amounts (except par value) have been retroactively adjusted to reflect the stock split. There was no net effect on total stockholders' equity as a result of the stock split.

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Stock-Based Compensation Plans - SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123") established a fair value based method of accounting for stock-based compensation plans, including stock options and non-vested stock. Under SFAS 123, registrants may elect to continue accounting for stock-based compensation plans under APB Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25"), but are required to provide pro forma net income and earnings per share information "as if" the fair value approach had been adopted. We continue to account for our stock-based compensation plans under APB 25. Under APB 25, no compensation expense is recognized when the exercise price of our employee stock options equals the market price of the underlying stock on the date of grant. However, for non-vested stock awards, compensation expense equal to the market price of the stock on the date of grant is recognized ratably over the vesting period.

In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" ("SFAS 148"). SFAS 148 amends SFAS 123 to provide alternative methods of transition for an entity that voluntarily adopts the fair value recognition method of recording stock-based compensation expense. SFAS 148 also amends the disclosure provisions of SFAS 123 and APB Opinion No. 28, "Interim Financial Reporting", to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based compensation on reported net income and earnings per share in annual and interim financial statements.

For purposes of pro forma disclosures, the estimated fair value of the options using Black-Scholes is amortized to expense over the options' vesting period. Our pro forma information follows (dollars in thousands except for earnings per share information):

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
Net income as reported..........	$116,094	$ 86,738	$303,712	$214,921
Deduct: total stock-based employee compensation expense determined using Black-Scholes fair value based method for all awards...	1,689	1,244	4,531	3,175
Pro forma net income...........	$114,405	$ 85,494	$299,181	$211,746
Pro forma basic earnings per share	$ 1.82	$ 1.38	$ 4.79	$ 3.42
Basic earnings per share as reported......................	$ 1.85	$ 1.40	$ 4.87	$ 3.47
Pro forma diluted earnings per share.........................	$ 1.74	$ 1.31	$ 4.56	$ 3.25
Diluted earnings per share as reported......................	$ 1.76	$ 1.33	$ 4.63	$ 3.30

Pro forma information regarding net income and earnings per share is calculated as if we had accounted for our stock-based compensation under the fair value method of SFAS 123. The fair value for options is established at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for July 31, 2005 and 2004: risk-free interest rate of 4.2% for both periods; dividend yield of zero; volatility factor of the expected market price of our common stock of 0.47 and 0.43, respectively; and a weighted average expected life of the option of 4.9 and 5.2 years, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our employee stock options have characteristics significantly different from traded options, and changes in the subjective input assumptions can materially affect the fair value estimate, management believes the existing models do not necessarily provide a reliable measure of the fair value of its employee stock options.

In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share Based Payment" ("SFAS 123R"), which is a revision of SFAS 123 and supersedes APB 25 and SFAS 148. This statement requires that the cost resulting from all share-based payment transactions be recognized in an entity's financial statements. This statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair value based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans.

SFAS 123R applies to all awards granted after the required effective date (the beginning of the first annual reporting period that begins after June 15, 2005) and to awards modified, repurchased, or cancelled after that date. As of the required effective date, all public entities that used the fair value based method for either recognition or disclosure under Statement 123 will apply SFAS 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after the required effective date for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under Statement 123 for either recognition or pro forma disclosures. For periods before the required effective date, those entities may elect to apply a modified version of the retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by Statement 123. As a result, beginning in our fiscal first quarter of 2006, we will adopt SFAS 123R and begin reflecting the stock option expense determined under fair value based methods in our income statement rather than as pro forma disclosure in the notes to the financial statements. We expect the impact of the adoption of SFAS 123R to be a reduction of first quarter fiscal 2006 net income of approximately $1.7 million assuming modified prospective application.

3. Interest costs incurred, expensed and capitalized were:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			
Interest Capitalized at Beginning of Period........	$ 44,488	$ 32,585	$ 37,465	$ 24,833
Interest Incurred(1)(2)......	27,991	21,426	71,939	65,217
Cost of Sales Interest Expensed (2)...............	(19,257)	(13,369)	(47,089)	(39,159)
Other Interest Expensed......	(4,224)	(4,356)	(13,317)	(14,605)
Interest Capitalized at End of Period.............	$ 48,998	$ 36,286	$ 48,998	$ 36,286

(1) Data does not include interest incurred by our mortgage and finance subsidiaries.
(2) Includes interest on borrowings for construction, land and land development costs which are charged to interest expense when homes are delivered or when land is not under active development.

4. Accumulated depreciation at July 31, 2005 and October 31, 2004 amounted to $34.6 million and $31.7 million, respectively, for our homebuilding and senior rental residential assets.

5. In accordance with Financial Accounting Standards No. 144 ("SFAS 144") "Accounting for the Impairment of or Disposal of Long Lived Assets", 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 carrying amounts. In addition, from time to time, we will write off certain residential land options including approval and engineering costs for land management decided not to purchase. We wrote off such costs in the amount of $1.4 million during both the three months ended July 31, 2005 and 2004, respectively, and $3.4 million and $2.2 million during the nine months ended July 31, 2005 and 2004, respectively. Residential inventory impairment losses and option write-offs are reported in the Condensed Consolidated Statements of Income as "Homebuilding-Inventory impairment loss".

6. We provide a warranty accrual for repair costs over $1,000 to homes, community amenities, and land development infrastructure. We accrue for warranty costs as part of cost of sales at the time each home is closed and title and possession have been transferred to the homebuyer. In addition, we accrue warranty costs under our $5 million per occurrence general liability insurance deductible for 2005 (deductible was $150 thousand per occurrence for homes built between fiscal 2001 and fiscal 2004) as part of selling, general and administrative costs. Warranty accruals are based upon historical experience. Additions and charges incurred in the warranty accrual and general liability accrual for the three and nine months ended July 31, 2005 and 2004 are as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			
Balance, beginning of period.....	$81,122	$47,186	$64,922	$39,532
Additions........................	15,329	10,869	41,246	27,476
Charges incurred.................	(8,841)	(4,697)	(18,558)	(13,650)

Balance, end of period..........	$87,610	$53,358	$87,610	$53,358

7. We are subject to extensive and complex regulations that affect the development and home building, sales and customer financing processes, including zoning, density, building standards and mortgage financing; and we are involved in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on our financial position or results of operations. In addition, in March 2005, we received two requests for information pursuant to Section 308 of the Clean Water Act from Region 3 of the Environmental Protection Agency ("EPA") requesting information about storm water discharge practices in connection with completed, ongoing and planned homebuilding projects by subsidiaries in the states and district that comprise EPA Region 3. We also received a notice of violations for one project in Pennsylvania and requests for sampling plan implementation in two projects in Pennsylvania. The amount requested by the EPA to settle the asserted violations at the one project was not material. We have provided the information requested. To the extent that the information provided were to lead the EPA to assert violations of state and/or federal regulatory requirements and request injunctive relief and/or civil penalties, we will defend and attempt to resolve such asserted violations.

Our sales and customer financing processes are subject to the jurisdiction of the U. S. Department of Housing and Urban Development ("HUD"). In connection with the Real Estate Settlement Procedures Act, HUD has recently inquired about our process of referring business to our affiliated mortgage company and has separately requested documents related to customer financing. We have responded to HUD's inquiries.

At this time, we cannot predict the outcome of the EPA's or HUD's reviews or estimate the costs that may be involved in resolving such matters.

8. As of July 31, 2005 and October 31, 2004, respectively, we are obligated under various performance letters of credit amounting to $305.4 million and $180.6 million.

9. Our amended and restated unsecured Revolving Credit Agreement ("Agreement") with a group of banks provides a revolving credit line of $1.2 billion through July 2009. The facility contains an accordion feature under which the aggregate commitment can be increased to $1.3 billion subject to the availability of additional commitments. Interest is payable monthly at various rates based on a margin ranging from 1.00% to 1.95% per annum, depending on our Consolidated Leverage Ratio, as defined in the Agreement, plus, at the Company's option, either (1) a base rate determined by reference to the higher of (a) PNC Bank, National Association's prime rate and (b) the federal funds rate plus 1/2% or (2) a LIBOR-based rate for a one, two, three, or six month interest period as selected by the Company. In addition, we pay a fee ranging from 0.20% to 0.30% per annum on the unused portion of the revolving credit line depending on its Leverage Ratio and the average percentage unused portion of the revolving credit line. Each of our significant subsidiaries, except for various subsidiaries formerly engaged in the issuance of collateralized mortgage obligations, a subsidiary formerly engaged in homebuilding activity in Poland, our financial services subsidiaries, joint ventures, and certain other subsidiaries, is a guarantor under the Agreement. As of July 31, 2005, the outstanding balance under the Agreement was $43.1 million and as of October 31, 2004, the outstanding balance under the previous facility was $115.0 million.

Our amended secured mortgage loan warehouse agreement with a group of banks, which is a short-term borrowing facility, provides up to $250 million through April 2006. Interest is payable monthly at the Eurodollar Rate plus 1.25%. The loan is repaid when we sell the underlying mortgage loans to permanent investors. As of July 31, 2005, borrowings under this agreement were $167.2 million and as of October 31, 2004 the outstanding balance under the previous facility was $188.4 million.

10. On November 30, 2004, we issued $200 million of 6 1/4% Senior Notes due 2015 and $100 million of 6% Senior Subordinated Notes due 2010. The net proceeds of the issuance were used to repay the outstanding balance on our revolving credit facility as of November 30, 2004 and for general corporate purposes.

At July 31, 2005, we had $805.3 million of outstanding senior notes ($803.2 million, net of discount), comprised of $140.3 million 10 1/2% Senior Notes due 2007, $100 million 8% Senior Notes due 2012, $215 million 6 1/2% Senior Notes due 2014, $150 million 6 3/8% Senior Notes due 2014, and $200 million 6 1/4% Senior Notes due 2015. At July 31, 2005, we had $400 million of outstanding senior subordinated notes, comprised of $150 million 8 7/8% Senior Subordinated Notes due 2012, $150 million 7 3/4% Senior Subordinated Notes due 2013, and $100 million 6% Senior Subordinated Notes due 2010.

As a subsequent event to our July 31, 2005 Consolidated Balance Sheet, on August 8, 2005, we issued $300 million 6 1/4% Senior Notes due 2016. The notes are redeemable in whole or in part at our option at 100% of their principal amount plus the payment of a make-whole amount defined in the offering memorandum. The net proceeds of the issuance were used to repay the outstanding balance under our revolving credit facility as of August 8, 2005, and for general corporate purposes, including acquisitions.

Under the terms of the indentures governing our debt securities, we have the right to make certain redemptions and depending on market conditions, may do so from time to time.

11. Per Share Calculations - Basic earnings per common share is computed using the weighted average number of shares outstanding. Diluted earnings per common share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to non-vested stock and outstanding options to purchase common stock, of approximately 3.0 million and 3.1 million for the three months ended July 31, 2005 and 2004, respectively, and approximately 3.2 million and 3.3 million for the nine months ended July 31, 2005 and 2004, respectively.

12. On July 12, 2005, we issued 5,600 shares of 7.625% Series A Preferred Stock, with a liquidation preference of $25,000 per share. Dividends on the Series A Preferred Stock are not cumulative and will be paid at an annual rate of 7.625%. The Series A Preferred Stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares beginning on the fifth anniversary of their issuance. The Series A Preferred Stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A Preferred Stock. The depositary shares are listed on the Nasdaq National Market under the symbol "HOVNP". The net proceeds from the offering of $136 million, reflected in Paid in Capital in the Condensed Consolidated Balance Sheet, were used for the partial repayment of the outstanding balance under our revolving credit facility as of July 12, 2005.

13. Variable Interest Entities - In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). A Variable Interest Entity ("VIE") is created when (i) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties or (ii) equity holders either (a) lack direct or indirect ability to make decisions about the entity, (b) are not obligated to absorb expected losses of the entity or (c) do not have the right to receive expected residual returns of the entity if they occur. If an entity is deemed to be a VIE, pursuant to FIN 46, an enterprise that absorbs a majority of the expected losses of the VIE is considered the primary beneficiary and must consolidate the VIE. FIN 46 was effective immediately for VIEs created after January 31, 2003. Pursuant to FASB revision to FIN 46 ("FIN 46R"), issued in December 2003, we were not required to apply the provisions of FIN 46 to an interest held in a variable interest entity or potential variable interest entity until our quarter ended April 30, 2004 for VIEs created before February 1, 2003. In accordance with FIN 46R, we have fully implemented FIN 46 as of April 30, 2004.

Based on the provisions of FIN 46, we have concluded that whenever we option land or lots from an entity and pay a non-refundable deposit, a VIE is created under condition (ii) (b) and (c) of the previous paragraph. We are deemed to have provided subordinated financial support, which refers to variable interests that will absorb some or all of an entity's expected theoretical losses if they occur. For each VIE created with a significant nonrefundable option fee, we compute expected losses and residual returns based on the probability of future cash flows as outlined in FIN 46. If we are deemed to be the primary beneficiary of the VIE we consolidate it on our balance sheet. The fair value of the VIEs inventory is reported as "Consolidated Inventory Not Owned - Variable interest entities".

Management believes FIN 46 was not clearly thought out for application in the homebuilding industry for land and lot options. Under FIN 46, we can have an option and put down a small deposit as a percentage of the purchase price and still have to consolidate the entity. Our exposure to loss as a result of our involvement with the VIE is only the deposit, not it's total assets consolidated on the balance sheet. In certain cases, we will have to place inventory the VIE has optioned to other developers on our balance sheet. In addition, if the VIE has creditors, its debt will be placed on our balance sheet even though the creditors have no recourse against us. Based on these observations we believe consolidating VIEs based on land and lot option deposits does not reflect the economic realities or risks of owning and developing land.

At July 31, 2005, all VIEs we were required to consolidate were a result of our options to purchase land or lots from the selling entities. We paid cash or issued letters of credit deposits to these twenty-one VIEs totaling $19.3 million. Our option deposits represent our maximum exposure to loss. The fair value of the property owned by these VIEs was $134.2 million. Because we could not get the remainder of the selling entities to provide us with any financial information, the fair value of the optioned property less our cash deposits and liabilities from inventory not owned, which totaled $109.1 million, was reported on the balance sheet as "Minority interest from inventory not owned". Creditors of these VIEs have no recourse against us.

We will continue to control land and lots using options. Not all our deposits are with VIEs. Including the deposits with the twenty-one VIEs above, at July 31, 2005, we have total cash and letters of credit deposits amounting to approximately $330.9 million to purchase land lots with a total purchase price of $4.5 billion. The maximum exposure to loss is limited to the deposits although some deposits are refundable at our request or refundable if certain conditions are not met.

14. Investments in Unconsolidated Homebuilding and Land Development Joint Ventures - We enter into homebuilding and land development joint ventures from time to time as a means of accessing lot positions, expanding our market opportunities, establishing strategic alliances, managing our risk profile and leveraging our capital base. Our

homebuilding joint ventures are generally entered into with third party investors to develop land and construct homes that are sold directly to third party homebuyers. Our land development joint ventures include those entered into with developers and other homebuilders, as well as financial investors, to develop finished lots for sale to the joint venture's members or other third parties. During the nine months ended July 31, 2005, we entered into four new homebuilding joint ventures. As of July 31, 2005, we have investments in seven homebuilding joint ventures and eight land development joint ventures. The tables set forth below summarize the combined financial information related to our unconsolidated homebuilding and land development joint ventures that are accounted for under the equity method.

	July 31, 2005	October 31, 2004
	(Dollars in Thousands)	
Assets:		
Cash	$ 25,170	$ 30,519
Inventories	765,409	176,360
Other assets	160,759	5,477
Total assets	$ 951,338	$ 212,356
Liabilities and Equity:		
Accounts payable and other liabilities	$ 174,487	$ 27,938
Notes payable	345,429	82,742
Equity	431,422	101,676
Total liabilities and equity	$ 951,338	$ 212,356

Our share of equity related to these unconsolidated joint ventures, shown separately in our Condensed Consolidated Balance Sheets, was approximately $153.9 million and $40.8 million at July 31, 2005 and October 31, 2004, respectively. Additionally, as of July 31, 2005 and October 31, 2004, we had advances outstanding of approximately $6.8 million and $1.6 million to these unconsolidated joint ventures, which were included in the accounts payable and other liabilities balances in the table above.

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			
Revenues	$ 209,941	$ 15,656	$ 352,831	$ 30,025
Cost of sales and expenses	(183,830)	(11,214)	(309,686)	(23,571)
Net income	$ 26,111	$ 4,442	$ 43,145	$ 6,454

Net income from unconsolidated joint ventures is shown on the face of the Condensed Consolidated Statements of Income and reflects our proportionate share of the income of these unconsolidated homebuilding and land development joint ventures. Our ownership interests in the joint ventures range from 20% to 50%.

Typically, our unconsolidated joint ventures obtain separate project specific mortgage financing for each venture. Generally, the amount of such financing is limited to no more than 50% of the joint venture's total assets, and such financing is obtained on a non-recourse basis, with guarantees from us limited only to performance and environmental indemnification. In some instances, the joint venture entity is considered a variable interest entity (VIE) under FIN 46 due to the returns being limited to the equity holders; however, in these instances, we are not the primary beneficiary, therefore we do not consolidate these entities.

15. Recent Accounting Pronouncements - In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share Based Payment" ("SFAS 123R"), which is a revision of SFAS 123 and supersedes APB 25 and SFAS 148. This statement requires that the cost resulting from all share-based payment transactions be recognized in an entity's financial statements. This statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair value based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans. See Note 2 for a further description of SFAS 123R and its expected impact on our first quarter fiscal 2006 net income.

In March 2005, the Securities and Exchange Commission released SEC Staff Accounting Bulletin ("SAB") No. 107, "Share-Based Payment". SAB No. 107 provides the SEC staff position regarding the application of SFAS No. 123R. SAB No. 107 contains interpretive guidance related to the interaction between SFAS No. 123R and certain SEC rules and regulations, as well as provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SAB No. 107 also highlights the importance of disclosures made related to the accounting for share-based payment transactions. We are currently evaluating SAB No. 107 and will be incorporating it as part of our adoption of SFAS No. 123R.

In December 2004, the FASB issued Staff Position 109-1 ("FSP 109-1"), Application of FASB Statement No. 109 ("FASB No. 109"), "Accounting for Income Taxes", to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004. FSP 109-1 clarifies guidance that applies to the new deduction for qualified domestic production activities. When fully phased-in, the deduction will be up to 9% of the lesser of "qualified production activities income" or taxable income. FSP 109-1 clarifies that the deduction should be accounted for as a special deduction under FASB No. 109 and will reduce tax expense in the period or periods that the amounts are deductible on the tax return. Any tax benefits resulting from the new deduction will be effective for our fiscal year ending October 31, 2006. We are in the process of assessing the impact, if any, the new deduction will have on our financial statements.

In June 2005, the Emerging Issues Task Force ("EITF") released Issue No. 04-5 "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" ("EITF 04-5"). EITF 04-5 creates a framework for evaluating whether a general partner or a group of general partners controls a limited partnership and therefore should consolidate the partnership. EITF 04-5 states that the presumption of general partner control would be overcome only when the limited partners have certain specific rights as outlined in EITF 04-5. EITF 04-5 is effective immediately for all newly formed limited partnerships and for existing limited partnership agreements that are modified. For general partners in all other limited partnerships, EITF 04-5 is effective no later than the beginning of the first reporting period in fiscal years beginning after December 15, 2005. Implementation of EITF 04-5 is not expected to have a material impact on the Company's results of operations or financial position.

16. Intangible Assets - Except for goodwill, the intangible assets recorded on our balance sheet are definite life intangibles, which include tradenames, architectural designs, distribution processes, and contractual agreements. We no longer amortize goodwill, but instead assess it periodically for impairment. We are amortizing the definite life intangibles over their expected useful life, ranging from three to seven years.

17. Acquisitions - On March 1, 2005, we acquired for cash the assets of Cambridge Homes, a privately held Orlando homebuilder and provider of related financial services, headquartered in Altamonte Springs, Florida. The acquisition provides us with a presence in the greater Orlando market, which is the 9th largest housing market in the U.S., based on 2003 new home starts.

Cambridge Homes designs, markets and sells both single family homes and attached townhomes and focuses on first-time, move up and luxury homebuyers. Cambridge Homes also provides mortgage financing, as well as title and settlement services to its homebuyers.

The Cambridge Homes acquisition was accounted for as a purchase, with the results of its operations included in our consolidated financial statements as of the date of the acquisition.

On March 2, 2005, we acquired the operations of Town & Country Homes, a privately held homebuilder and land developer headquartered in Lombard, Illinois, which occurred concurrently with our entering into a joint venture agreement with affiliates of Blackstone Real Estate Advisors in New York to own and develop Town & Country's existing residential communities. The joint venture is being accounted for under the equity method. Town & Country Homes operations beyond the existing owned and optioned communities, as of the acquisition date, are wholly owned and included in our consolidated financial statements.

The Town & Country acquisition provides us with a strong initial position in the greater Chicago market, which is the 6th largest housing market in the U.S., based on 2003 new home starts. This acquisition also expands our operations into the Florida markets of West Palm Beach, Boca Raton and Fort Lauderdale and bolsters our current presence in Minneapolis/St. Paul, which is the 10th largest housing market in the U.S., based on 2003 new home starts. Town & Country designs, markets and sells a diversified product portfolio in each of its markets, including single family homes and attached townhomes, as well as mid-rise condominiums in Florida. Town & Country serves a broad customer base including first-time, move-up and luxury homebuyers.

During August 2005, we acquired substantially all of the assets of First Home Builders of Florida and Oster Homes. See the subsequent events note for further information.

18. Hovnanian Enterprises, Inc., the parent company (the "Parent"), is the issuer of publicly traded common stock and preferred stock. One of its wholly owned subsidiaries, K. Hovnanian Enterprises, Inc. (the "Subsidiary Issuer"), acts as a finance entity that as of July 31, 2005 had issued and outstanding approximately $400 million of Senior Subordinated Notes, $805.3 million face value of Senior Notes, and $43.1 million drawn on a Revolving Credit Agreement. The Senior Subordinated Notes, Senior Notes and the Revolving Credit Agreement are fully and unconditionally guaranteed by the Parent.

In addition to the Parent, each of the wholly owned subsidiaries of the Parent other than the Subsidiary Issuer (collectively, the "Guarantor Subsidiaries"), with the exception of various subsidiaries formerly engaged in the issuance of collateralized mortgage obligations, our mortgage lending subsidiaries, a subsidiary formerly engaged in homebuilding activity in Poland, our title insurance subsidiaries, joint ventures, and certain other subsidiaries (collectively, the "Non-guarantor

Subsidiaries"), have guaranteed fully and unconditionally, on a joint and several basis, the obligation of the Subsidiary Issuer to pay principal and interest under the Senior Notes, Senior Subordinated Notes, and the Revolving Credit Agreement.

In lieu of providing separate audited financial statements for the Guarantor Subsidiaries we have included the accompanying condensed consolidating 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 condensed consolidating financial information presents the results of operations, financial position, and cash flows of (i) the Parent, (ii) the Subsidiary Issuer, (iii) the Guarantor Subsidiaries, (iv) the Non-guarantor Subsidiaries, and (v) the eliminations to arrive at the information for Hovnanian Enterprises, Inc. on a consolidated basis.

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING BALANCE SHEET
JULY 31, 2005
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsid-iaries	Non-Guarantor Subsidiaries	Elimin-ations	Consol-idated
ASSETS						
Homebuilding	$ 1,347	$ 78,401	$ 3,328,886	$ 199,436	$	$3,608,070
Financial Services			(314)	198,626		198,312
Income Taxes Receivable (Payable)	3,420		45,107	(826)		47,701
Investments in and amounts due to and from consolidated subsidiaries	1,624,007	1,358,573	(1,576,781)	(168,218)	(1,237,581)	
Total Assets	$1,628,774	$1,436,974	$ 1,796,898	$ 229,018	$(1,237,581)	$3,854,083
LIABILITIES AND STOCKHOLDERS' EQUITY						
Homebuilding	$	$	$ 678,701	$ 3,137	$	$ 681,838
Financial Services			(138)	174,180		174,042
Notes Payable		1,257,880	(23,277)	24,495		1,259,098
Minority Interest			109,125	1,206		110,331
Stockholders' Equity	1,628,774	179,094	1,032,487	26,000	(1,237,581)	1,628,774
Total Liabilities and Stockholders' Equity	$1,628,774	$1,436,974	$ 1,796,898	$ 229,018	$(1,237,581)	$3,854,083

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONDENSED CONSOLIDATING BALANCE SHEET
OCTOBER 31, 2004
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsid-iaries	Non-Guarantor Subsidiaries	Elimin-ations	Consol-idated
Assets						
Homebuilding	$ (99)	$ 51,441	$ 2,804,800	$ 69,676	$	$2,925,818
Financial Services			149	230,300		230,449
Investments in and amounts due to and from consolidated subsidiaries	1,262,169	1,037,671	(1,319,839)	(41,423)	(938,578)	
Total Assets	$1,262,070	$1,089,112	$ 1,485,110	$ 258,553	$ (938,578)	$3,156,267
Liabilities						
Homebuilding	$	$ 149	$ 526,278	$ 2,123	$	$ 528,550
Financial Services			(1)	194,498		194,497
Notes Payable		1,032,259	(28,324)	29,324		1,033,259
Income Taxes Payable (Receivables)	69,676	1,961	(23,579)	941		48,999
Minority Interest			155,096	3,472		158,568
Stockholders' Equity	1,192,394	54,743	855,640	28,195	(938,578)	1,192,394
Total Liabilities and Stockholders' Equity	$1,262,070	$ 1,089,112	$ 1,485,110	$ 258,553	$ (938,578)	$3,156,267

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED JULY 31, 2005
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 60	$1,293,968	$ 165	$	$1,294,193
Financial Services			1,009	17,524		18,533
Intercompany Charges		53,685	54,559		(108,244)	
Equity In Pretax Income of Consolidated Subsidiaries	194,891				(194,891)	
Total Revenues	194,891	53,745	1,349,536	17,689	(303,135)	1,312,726
Expenses:						
Homebuilding		(814)	1,136,550	881	(17,171)	1,119,446
Financial Services			315	12,895	(914)	12,296
Total Expenses		(814)	1,136,865	13,776	(18,085)	1,131,742
Income from Unconsolidated Joint Ventures			13,907			13,907
Income (Loss) Before Income Taxes	194,891	54,559	226,578	3,913	(285,050)	194,891
State and Federal Income Taxes	78,797	31,571	129,114	3,078	(163,763)	78,797
Net Income (Loss)	$ 116,094	$ 22,988	$ 97,464	$ 835	$ (121,287)	$ 116,094

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED JULY 31, 2004
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 21	$1,042,389	$ 4,956	$	$1,047,366
Financial Services			1,499	12,184		13,683
Intercompany Charges		25,315	31,898		(57,213)	
Equity In Pretax Income of Consolidated Subsidiaries	140,016				(140,016)	
Total Revenues	140,016	25,336	1,075,786	17,140	(197,229)	1,061,049
Expenses:						
Homebuilding		8,431	937,908	3,925	(35,586)	914,678
Financial Services			788	8,422	(573)	8,637
Total Expenses		8,431	939,696	12,347	(36,159)	923,315
Income From Unconsolidated Joint Ventures			2,282			2,282
Income (Loss) Before Income Taxes	140,016	16,905	139,372	4,793	(161,070)	140,016
State and Federal Income Taxes	53,278	7,112	53,133	403	(60,648)	53,278
Net Income (Loss)	$ 86,738	$ 9,793	$ 86,239	$ 4,390	$ (100,422)	$ 86,738

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
NINE MONTHS ENDED JULY 31, 2005
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 161	$3,526,539	$ 1,061	$	$3,527,761
Financial Services			3,983	45,012		48,995
Intercompany Charges		154,345	156,408		(310,753)	
Equity In Pretax Income of Consolidated Subsidiaries	501,324				(501,324)	
Total Revenues	501,324	154,506	3,686,930	46,073	(812,077)	3,576,756
Expenses:						
Homebuilding		(1,902)	3,133,308	2,909	(70,084)	3,064,231
Financial Services			2,087	34,388	(2,792)	33,683
Total Expenses		(1,902)	3,135,395	37,297	(72,876)	3,097,914
Income from Unconsolidated Joint Ventures			22,482			22,482
Income (Loss) Before Income Taxes	501,324	156,408	574,017	8,776	(739,201)	501,324

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
State and Federal Income Taxes	197,612	54,743	221,741	4,384	(280,868)	197,612
Net Income (Loss)	$303,712	$ 101,665	$ 352,276	$ 4,392	$ (458,333)	$ 303,712

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
NINE MONTHS ENDED JULY 31, 2004
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 207	$2,690,081	$ 21,170	$ (83)	$2,711,375
Financial Services			3,615	38,311		41,926
Intercompany Charges		60,123	95,338		(155,461)	
Equity In Pretax Income of Consolidated Subsidiaries	344,868				(344,868)	
Total Revenues	344,868	60,330	2,789,034	59,481	(500,412)	2,753,301
Expenses:						
Homebuilding		8,859	2,469,407	16,898	(108,012)	2,387,152
Financial Services			1,853	25,953	(2,472)	25,334
Total Expenses		8,859	2,471,260	42,851	(110,484)	2,412,486
Income From Unconsolidated Joint Ventures			4,053			4,053
Income (Loss) Before Income Taxes	344,868	51,471	321,827	16,630	(389,928)	344,868
State and Federal Income Taxes	129,947	17,971	122,666	5,081	(145,718)	129,947
Net Income (Loss)	$214,921	$ 33,500	$ 199,161	$ 11,549	$ (244,210)	$ 214,921

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 2005
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income	$ 303,712	$ 101,665	$ 352,276	$ 4,392	$(458,333)	$ 303,712
Adjustments to reconcile net income to net cash provided by (used in) operating activities	(58,182)	361,828	(1,050,904)	(111,038)	458,333	(399,963)
Net Cash Provided By (Used In) Operating Activities	245,530	463,493	(698,628)	(106,646)		(96,251)
Net Cash (Used In) Investing Activities			(264,369)	(82)		(264,451)
Net Cash Provided By (Used In) Financing Activities	116,309	228,049	15,304	(21,485)		338,177
Intercompany Investing and Financing Activities - Net	(361,838)	(667,602)	902,645	126,795		
Net Increase (Decrease) In Cash	1	23,940	(45,048)	(1,418)		(22,525)
Balance, Beginning of Period	15	29,369	35,441	13,199		78,024
Cash and Cash Equivalents Balance, End of Period	$ 16	$ 53,309	$ (9,607)	$ 11,781	$	$ 55,499

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 2004
(Dollars in Thousands)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income	$ 214,921	$ 33,500	$ 199,161	$ 11,549	$ (244,210)	$ 214,921
Adjustments to reconcile net income to net cash provided by						

(used in) operating activities...	46,568	(7,558)	(851,671)	47,505	244,210	(520,946)
Net Cash Provided By (Used In) Operating Activities...........	261,489	25,942	(652,510)	59,054		(306,025)
Net Cash (Used In) Investing Activities..............	(20,909)		(62,600)	(275)		(83,784)
Net Cash Provided By (Used In) Financing Activities..............	(1,493)	315,000	(10,903)	(22,032)		280,572
Intercompany Investing and Financing Activities - Net...................	(239,087)	(469,933)	737,895	(28,875)		
Net Increase (Decrease) In Cash......		(128,991)	11,882	7,872		(109,237)
Balance, Beginning of Period.........	15	135,846	(14,372)	6,732		128,221
Cash and Cash Equivalents Balance, End of Period.....................	$ 15	$ 6,855	$ (2,490)	$ 14,604	$	$ 18,984

19. Subsequent Events - On August 8, 2005, we issued $300 million 6 1/4% Senior Notes due 2016. The notes are redeemable in whole or in part at our option at 100% of their principal amount plus the payment of a make-whole amount defined in the offering memorandum. The net proceeds of the issuance were used to repay the outstanding balance under our revolving credit facility as of August 8, 2005, and for general corporate purposes, including acquisitions.

On August 8, 2005 we acquired substantially all of the assets of First Home Builders of Florida, a privately held homebuilder and provider of related financial services headquartered in Cape Coral, Florida. First Home Builders is a leading builder in Western Florida and ranked 1st in the greater Fort Myers-Cape Coral market and 51st nationally based on 2004 permit activity as tracked by Builder Magazine. Thus, the acquisition provides Hovnanian with the number one market position in the high growth Fort Myers-Cape Coral market, which is the 18th largest housing market in the U.S. as ranked by Builder Magazine based on 2004 permits.

First Home Builders of Florida designs, markets and sells single family homes, with a focus on the first-time home buying segment. The company also provides mortgage financing, title and settlement services to its homebuyers. In 2004, First Home Builders delivered 1,819 homes with revenues of $308 million. As of July 31, 2005, First Home Builders had 4,048 homes in contract backlog with a sales value of $888 million.

On August 3, 2005, we acquired substantially all of the homebuilding assets of Oster Homes, a privately held Ohio homebuilder, headquartered in Lorain, Ohio. The acquisition provides Hovnanian with a complementary presence to its Ohio "build-on-your-own-lot" homebuilding operations. Oster Homes builds in Lorain County in Northeast Ohio, just west of Cleveland. Lorain is part of the greater Cleveland MSA, which is the 50th largest housing market in the U. S., based on 2004 new home starts.

Oster Homes designs, markets and sells single family homes, with a focus on first-time and move up homebuyers. Additionally, Oster Homes utilizes a design center to market extensive pre-prices options and upgrades.

In its 2004 fiscal year, Oster Homes delivered 247 homes with revenue of $56 million. As of August 3, 2005, Oster Homes currently has approximately 105 homes in contract backlog, with a sales value of $25 million, and owns or controls approximately 3,000 lots throughout the greater Cleveland area. Oster Homes ranked as the 4th largest builder in the Cleveland MSA in 2004 by Builder Magazine.

Both of these acquisitions will be accounted for as purchases with the results of their operations included in our consolidated financial statements as of the dates of the acquisitions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES

Management believes that the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Business Combinations - When we make an acquisition of another company, we use the purchase method of accounting in accordance with the Statement of Financial Accounting Standards (SFAS) No. 141 "Business Combinations". Under SFAS No. 141, we record as our cost the estimated fair value of the acquired assets less liabilities assumed. Any difference between the cost of an acquired company and the sum of the fair values of tangible and intangible assets less liabilities is recorded as goodwill. The reported income of an acquired company includes the operations of the acquired company from the date of acquisition.

Income Recognition from Home and Land Sales - Income from home and land sales is recorded when title is conveyed to the buyer, adequate cash payment has been received and there is no continued involvement.

Income Recognition from Mortgage Loans - Profits and losses relating to the sale of mortgage loans are recognized when legal control passes to the buyer of the mortgage and the sales price is collected.

Inventories - Inventories and long-lived assets held for sale are recorded at the lower of cost or fair value less selling costs. Fair value is defined as the amount at which an asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Construction costs are accumulated during the period of construction and charged to cost of sales under specific identification methods. Land, land development, and common facility costs are allocated based on buildable acres to product types within each community, then charged to cost of sales equally based upon the number of homes to be constructed in each product type. For inventories of communities under development, a loss is recorded when events and circumstances indicate impairment and the undiscounted future cash flows generated are less than the related carrying amounts. The impairment loss is based on discounted future cash flows generated from expected revenue, less cost to complete including interest, and selling costs.

Insurance Deductible Reserves - For fiscal 2005, our deductible is $500,000 per occurrence for worker's compensation and $5 million per occurrence for general liability insurance. Reserves have been established based upon actuarial analysis of estimated losses incurred during 2005 and 2004.

Interest - Costs related to properties under development are capitalized during the land development and home construction period and expensed along with the associated cost of sales as the related inventories are sold. Costs related to properties not under development are charged to interest expense.

Land Options - Costs are capitalized when incurred and either included as part of the purchase price when the land is acquired or charged to operations when we determine we will not exercise the option. In accordance with Financial Accounting Standards Board ("FASB") Interpretation No. 46 ("FIN 46") "Consolidation of Variable Interest Entities", an interpretation of Accounting Research Bulletin No. 51, SFAS No. 49 "Accounting for Product Financing Arrangements" ("SFAS 49"), SFAS No. 98 "Accounting for Leases" ("SFAS 98"), and Emerging Issues Task Force ("EITF") No. 97-10 "The Effects of Lessee Involvement in Asset Construction" ("EITF 97-10"), we record on the Condensed Consolidated Balance Sheet specific performance options, options with variable interest entities, and other options under "Consolidated Inventory Not Owned" with the offset to "Liabilities from inventory not owned", "Minority interest from inventory not owned", and "Minority interest from consolidated joint ventures".

Unconsolidated Homebuilding and Land Development Joint Ventures - Investments in unconsolidated homebuilding and land development joint ventures are accounted for under the equity method of accounting. Under the equity method, we recognize our proportionate share of earnings and losses earned by the joint venture upon the delivery of lots or homes to third parties. Our ownership interests in our unconsolidated joint ventures range from 20% to 50%. In some instances, the joint venture entity is considered a variable interest entity (VIE) under FIN 46 due to the returns being limited to the equity holders; however, in these instances, we are not the primary beneficiary, therefore we do not consolidate these entities.

Intangible Assets - Except for goodwill, the intangible assets recorded on our balance sheet are definite life intangibles, which include tradenames, architectural designs, distribution processes, and contractual agreements. We no longer amortize goodwill, but instead assess it periodically for impairment. We are amortizing the definite life intangibles over their expected useful life, ranging from three to seven years.

Post Development Completion and Warranty Costs - In those instances where a development is substantially completed and sold and we have additional construction work to be incurred, an estimated liability is provided to cover the cost of such work. In addition, our warranty accrual includes estimated costs for construction work that is unforeseen, but estimable based on past history, at the time of closing. Both of these liabilities are recorded in "accounts payable and other liabilities" in the Condensed Consolidated Balance Sheets.

CAPITAL RESOURCES AND LIQUIDITY

Our operations consist primarily of residential housing development and sales in our Northeast Region (New Jersey, Southern New York State, Pennsylvania, Ohio, Michigan, Illinois and Minnesota), our Southeast Region (Washington D. C., Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, and Florida), our Southwest Region (Texas and Arizona), and our West Region (California). In addition, we provide financial services to our homebuilding customers.

Our cash uses during the nine months ended July 31, 2005 were for operating expenses, increases in housing inventories, construction, income taxes, interest, acquisitions, and repayments of our revolving credit facility. We provided for our cash requirements from housing and land sales, the revolving credit facility, the issuance of $200 million of Senior Notes and $100 million of Senior Subordinated Notes, financial service revenues, and other revenues. We believe that these sources of cash are sufficient to finance our working capital requirements and other needs.

On July 3, 2001, our Board of Directors authorized a stock repurchase program to purchase up to 4 million shares of Class A Common Stock. As of July 31, 2005, 2.3 million shares of Class A Common Stock have been purchased under this program. In addition in 2003, we retired at no cost 1.5 million shares that were held by a seller of a previous acquisition. On March 5, 2004, our Board of Directors authorized a 2-for-1 stock split in the form of a 100% stock dividend. All share information reflects this stock dividend.

On July 12, 2005, we issued 5,600 shares of 7.625% Series A Preferred Stock, with a liquidation preference of $25,000 per share. Dividends on the Series A Preferred Stock are not cumulative and will be paid at an annual rate of 7.625%. The Series A Preferred Stock is not convertible into the Company's common stock and is redeemable in whole or in part at our option at the liquidation preference of the shares beginning on the fifth anniversary of their issuance. The Series A Preferred Stock is traded as depositary shares, with each depositary share representing 1/1000th of a share of Series A Preferred Stock. The depositary shares are listed on the Nasdaq National Market under the symbol "HOVNP". The net proceeds from the offering of $136 million, reflected in Paid in Capital in the Condensed Consolidated Balance Sheet, were used for the partial repayment of the outstanding balance under our revolving credit facility as of July 12, 2005.

Our homebuilding bank borrowings are made pursuant to an amended and restated unsecured revolving credit agreement (the "Agreement") effective June 17, 2005, that provides a revolving credit line and letter of credit line of $1.2 billion through July 2009. The facility contains an accordion feature under which the aggregate commitment can be increased to $1.3 billion subject to the availability of additional commitments. Interest is payable monthly at various rates based on a margin ranging from 1.00% to 1.95% per annum, depending on our Consolidated Leverage Ratio, as defined in the Agreement, plus, at the Company's option, either (1) a base rate determined by reference to the higher of (a) PNC Bank, National Association's prime rate and (b) the federal funds rate plus 1/2% or (2) a LIBOR-based rate for a one, two, three or six month interest period as selected by the Company. In addition, we pay a fee ranging from 0.20% to 0.30% per annum on the unused portion of the revolving credit line depending on its Leverage Ratio and the average percentage unused portion of the revolving credit line. At July 31, 2005, there was $43.1 million drawn under this Agreement and we had approximately $44.0 million of homebuilding cash. At July 31, 2005, we had issued $305.4 million of letters of credit which reduces cash available under the Agreement. We believe that we will be able either to extend the Agreement beyond July 2008 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 the covenants under the Agreement. We and each of our significant subsidiaries, except for various subsidiaries formerly engaged in the issuance of collateralized mortgage obligations, a subsidiary formerly engaged in homebuilding activity in Poland, our financial services subsidiaries, joint ventures, and certain other subsidiaries, is a guarantor under the Agreement.

At July 31, 2005, we had $805.3 million of outstanding senior notes ($803.2 million, net of discount), comprised of $140.3 million 10 1/2% Senior Notes due 2007, $100 million 8% Senior Notes due 2012, $215 million 6 1/2% Senior Notes due 2014, $150 million 6 3/8% Senior Notes due 2014, and $200 million 6 1/4% Senior Notes due 2015. At July 31, 2005, we had $400 million of outstanding senior subordinated notes, comprised of $150 million 8 7/8% Senior Subordinated Notes due 2012, $150 million 7 3/4% Senior Subordinated Notes due 2013, and $100 million 6% Senior Subordinated Notes due 2010. We and each of our wholly owned subsidiaries, except for K. Hovnanian Enterprises, Inc., the issuer of the senior and senior subordinated notes, and various subsidiaries formerly engaged in the issuance of collateralized mortgage obligations, our mortgage lending subsidiaries, a subsidiary engaged in homebuilding activity in Poland, our title insurance subsidiaries, and joint ventures, is a guarantor of the senior notes and senior subordinated notes.

Our mortgage banking subsidiary's warehouse agreement was amended on April 26, 2005. Pursuant to the agreement, we may borrow up to $250 million. The agreement expires in April 2006 and interest is payable monthly at the Eurodollar Rate plus 1.25%. We believe that we will be able either to extend this agreement beyond April 2006 or negotiate a replacement facility, but there can be no assurance of such extension or replacement facility. As of July 31, 2005, the aggregate principal amount of all borrowings under this agreement was $167.2 million.

Total inventory increased $504.8 million during the nine months ended July 31, 2005. This increase excluded the increase in consolidated inventory not owned of $15.4 million consisting of specific performance options, options with variable interest entities, and other options that were added to our balance sheet in accordance with SFAS 49, SFAS 98, and EITF 97-10, and variable interest entities in accordance with FIN 46. See "Notes to Condensed Consolidated Financial Statements" - Note 13 for additional information on FIN 46. Excluding the impact of $91.7 million from our acquisitions, total inventory in our Northeast Region increased $177.3 million, the Southeast Region increased $180.0 million, the Southwest Region increased $89.3 million, and our West Region decreased $33.5 million; however, if you exclude the impact of property that was owned at October 31, 2004, but is now under option and included in "Consolidated Inventory Not Owned - Other options", our West Region increased $50.0 million. The increase in inventory was primarily the result of future planned organic growth in our existing markets.

Substantially all homes under construction or completed and included in inventory at July 31, 2005 are expected to be closed during the next twelve months. Most inventory completed or under development is partially financed through our line of credit and senior and senior subordinated indebtedness.

We usually option property for development prior to acquisition. By optioning property, we are only subject to the loss of the cost of the option and predevelopment costs if we choose not to exercise the option. As a result, our commitment for major land acquisitions is reduced.

The following table summarizes the number of buildable homes included in our total residential real estate. The July 31, 2005 and October 31, 2004 numbers exclude real estate owned and options in locations where we have ceased development.

	Active Communities	Active Communities Homes	Proposed Developable Homes	Grand Total Homes
July 31, 2005:				
Northeast Region..	35	9,085	21,287	30,372
Southeast Region..	142	13,624	24,821	38,445
Southwest Region..	97	12,488	7,628	20,116
West Region.......	49	9,330	8,807	18,137
	323	44,527	62,543	107,070
Owned..........		22,920	4,665	27,585
Optioned.......		21,607	57,878	79,485
Total........		44,527	62,543	107,070

	Active Communities	Active Communities Homes	Proposed Developable Homes	Grand Total Homes
October 31, 2004:				
Northeast Region..	28	7,163	21,160	28,323
Southeast Region..	113	12,124	19,697	31,821
Southwest Region..	85	10,859	9,205	20,064
West Region.......	49	11,277	8,455	19,732
	275	41,423	58,517	99,940
Owned..........		20,713	6,024	26,737
Optioned.......		20,710	52,493	73,203
Total........		41,423	58,517	99,940

The following table summarizes our started or completed unsold homes and models. The increase in total started or completed unsold homes compared to the prior year is due to the increase in mid-rise and high-rise buildings for which we count all units started when vertical construction begins.

	July 31, 2005			October 31, 2004		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast Region....	252	23	275	77	39	116
Southeast Region....	390	53	443	222	35	257
Southwest Region....	864	68	932	683	78	761
West Region.........	256	161	417	329	160	489
Total	1,762	305	2,067	1,311	312	1,623

Receivables, deposits, and notes increased $8.5 million to $63.7 million at July 31, 2005. The increase was primarily due to an increase in refundable deposits with municipalities as we begin development of new communities and the timing of cash received from homes that closed at the end of July 2005. Receivables from home sales amounted to $19.1 million and $17.6 million at July 31, 2005 and October 31, 2004, respectively.

Prepaid expenses and other assets are as follows:

	July 31, 2005	October 31, 2004	Dollar Change
Prepaid insurance....................	$ 4,490	$ -	$ 4,490
Prepaid project costs................	60,134	48,695	11,439
Senior residential rental properties.	8,549	8,830	(281)
Other prepaids.......................	18,983	16,632	2,351
Other assets.........................	29,438	19,459	9,979
	$ 121,594	$ 93,616	$ 27,978

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Prepaid insurance increased due to a payment of a full year of insurance costs during the first quarter of every year. These costs are amortized monthly on a straight line basis. Prepaid project costs increased due to new communities. Prepaid project costs consist of community specific expenditures that are used over the life of the community. Such prepaids are expensed as homes are delivered. Other prepaids mainly increased as a result of prepaid bond fees from our November 2004 offering of $100 million and $200 million senior notes. The increase in other assets is attributable to the Executive Deferred Compensation Plan, due to increased profit sharing contributions for Senior Management, and GMAC model costs which increased as a result of final settlements for models in the program.

Investments in joint ventures increased as we entered into four new homebuilding joint ventures during the nine months ended July 31, 2005. As of July 31, 2005, we have investments in seven homebuilding joint ventures and eight land and land development joint ventures. Other than performance guarantees and environmental indemnifications, no other guarantees associated with unconsolidated joint ventures have been given.

At July 31, 2005, we had $32.7 million of goodwill. This amount resulted from company acquisitions prior to fiscal 2003.

Definite life intangibles decreased $5.4 million to $120.1 million at July 31, 2005. The decrease was the result of amortization during the nine months of $32.2 million, offset by the Cambridge Homes acquisition and contingent payments related to past acquisitions. For any acquisition, professionals are hired to appraise all acquired intangibles. See "- Critical Accounting Policies - Intangible Assets" above for additional information on intangibles. For tax purposes all our intangibles, except those resulting from an acquisition classified as a tax free exchange, are being amortized over 15 years.

Accounts payable and other liabilities are as follows:

	July 31, 2005	October 31, 2004	Dollar Change
Accounts payable	$126,832	$ 113,866	$ 12,966
Reserves	95,571	72,289	23,282
Accrued expenses	43,098	28,016	15,082
Accrued compensation	62,586	78,283	(15,697)
Property secured by a mortgage	-	11,750	(11,750)
Other liabilities	52,833	25,417	27,416
	$380,920	$ 329,621	$ 51,299

The increase in accounts payable was primarily due to increases in homes under construction in the third quarter of 2005 compared to the fourth quarter of 2004 throughout our markets, which results in more activity and higher payables. Reserves increased for our general liability insurance deductible, owner controlled insurance program and bonding. The increase in accrued expenses is due to liabilities associated with acquisition earnout obligations, as well as the increase of accruals for uninvoiced payables as our business grows. The decrease in accrued compensation was due to the payout of our fiscal year 2004 bonuses during the first quarter of 2005.

Property secured by a mortgage decreased as the result of a property in our Northeast Region that was secured by a mortgage at October 31, 2004, that was paid for in cash in the quarter, thus relieving the liability. The increase in other liabilities is primarily due to increased executive incentives from increased contributions, increased payroll withholding due to timing of insurance claims and a note payable in our Southeast Region related to an acquisition.

Financial Services - Mortgage loans held for sale consist of residential mortgages receivable of which $182.1 million and $209.2 million at July 31, 2005 and October 31, 2004, respectively, are being temporarily warehoused and awaiting sale in the secondary mortgage market. 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.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2005 COMPARED TO THE THREE AND NINE MONTHS ENDED JULY 31, 2004

Total Revenues:

Compared to the same prior period, revenues increased as follows:

	Three Months Ended			
	July 31, 2005	July 31, 2004	Dollar Change	Percentage Change
	(Dollars In Thousands)			
Homebuilding:				

Sale of homes........	$1,289,373	$1,044,610	$244,763	23.4%
Land sales and other revenues...........	4,820	2,756	2,064	74.9%
Financial Services.....	18,533	13,683	4,850	35.4%
Total Revenues...	$1,312,726	$1,061,049	$251,677	23.7%

	Nine Months Ended			
	July 31, 2005	July 31, 2004	Dollar Change	Percentage Change
	(Dollars In Thousands)			
Homebuilding:				
Sale of homes........	$3,495,014	$2,702,826	$ 792,188	29.3%
Land sales and other revenues...........	32,747	8,549	24,198	283.1%
Financial Services...	48,995	41,926	7,069	16.9%
Total Revenues...	$3,576,756	$2,753,301	$ 823,455	29.9%

For further details on land sales and other revenues, see paragraph titled "Land Sales and Other Revenues" later in this document.

Homebuilding:

Compared to the same prior period, housing revenues increased $244.8 million or 23.4% during the three months ended July 31, 2005 and increased $792.2 million or 29.3% during the nine months ended July 31, 2005. Housing revenues are recorded when title is conveyed to the buyer, adequate cash payment has been received, and there is no continued involvement. 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.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			
Northeast Region:				
Dollars............	$ 244,973	$ 261,470	$ 750,679	$ 661,998
Homes..............	644	792	2,056	2,101
Southeast Region (1):				
Dollars............	$ 405,467	$ 272,395	$1,004,201	$ 716,942
Homes..............	1,212	1,004	3,232	2,778
Southwest Region:				
Dollars............	$ 189,766	$ 181,491	$ 489,810	$ 463,869
Homes..............	1,021	1,045	2,636	2,653
West Region:				
Dollars............	$ 449,167	$ 329,254	$1,250,324	$ 860,017
Homes..............	1,090	897	3,057	2,460
Consolidated Total:				
Dollars............	$ 1,289,373	$ 1,044,610	$3,495,014	$2,702,826
Homes..............	3,967	3,738	10,981	9,992
Unconsolidated Joint Ventures (2):				
Dollars............	$ 195,716	$ 11,611	$ 331,033	$ 22,921
Homes..............	571	27	944	56
Totals:				
Housing Revenues...	$ 1,485,089	$ 1,056,221	$3,826,047	$2,725,747
Homes Delivered....	4,538	3,765	11,925	10,048

(1) The number and dollar amount of deliveries in the Southeast Region in fiscal 2005 include the effect of the Cambridge Homes acquisition, which closed in March 2005.
(2) The number and dollar amount of deliveries in the Unconsolidated Joint Ventures in fiscal 2005 include the effect of the Town & Country Homes acquisition, which closed in March 2005.

An important indicator of our future results are recently signed contracts and home contract backlog for future deliveries. Our sales contracts and homes in contract backlog using base sales prices by market area are set forth below:

	Net Contracts(2) for the Nine Months Ended July 31,		Contract Backlog as of July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			

Northeast Region (1):				
Dollars............	$ 729,637	$ 778,303	$ 798,113	$ 768,066
Homes..............	1,981	2,405	2,181	2,522
Southeast Region (3):				
Dollars............	$1,308,952	$ 886,696	$1,232,152	$ 772,073
Homes..............	3,630	3,132	3,305	2,558
Southwest Region:				
Dollars............	$ 647,975	$ 503,157	$ 333,875	206,540
Homes..............	3,320	2,871	1,608	1,207
West Region:				
Dollars............	$1,272,462	$1,339,917	$ 840,758	$ 777,598
Homes..............	3,076	3,600	1,936	1,933
Consolidated Total:				
Dollars............	$3,959,026	$3,508,073	$3,204,898	$2,524,277
Homes..............	12,007	12,008	9,030	8,220
Unconsolidated Joint Ventures (4):				
Dollars............	$ 671,277	$ 179,174	$ 993,259	$ 172,130
Homes..............	1,426	301	2,301	281
Totals:				
Dollars............	$ 4,630,303	$3,687,247	$4,198,157	$2,696,407
Homes...............	13,433	12,309	11,331	8,501

(1) During the first quarter of 2005, a community in the Northeast Region was contributed to a joint venture. As a result, the 56 contracts in consolidated backlog at October 31, 2004 for that community were moved to unconsolidated joint ventures backlog.
(2) Net contracts are defined as new contracts signed during the period for the purchase of homes, less cancellations of prior period contracts.
(3) The number and the dollar amount of net contracts and backlog in the Southeast in fiscal 2005 include the effect of the Cambridge Homes acquisition, which closed in March 2005.
(4) The number and the dollar amount of net contracts and backlog in Unconsolidated Joint Ventures in fiscal 2005 include the effect of the Town & Country Homes acquisition, which closed in March 2005.

During August 2005, we signed an additional 1,467 net contracts amounting to $498.9 million in consolidated communities and 182 net contracts amounting to $75.1 million in unconsolidated joint ventures compared to 1,290 net contracts amounting to $417.4 million in consolidated communities and 44 net contracts amounting to $24.5 million in unconsolidated joint ventures in the same month last year. In addition, as a result of our acquisitions of First Home Builders of Florida and Oster Homes in August 2005, we acquired contract backlog of 4,153 homes with a dollar value of $913 million.

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 July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
	(Dollars in Thousands)			
Sale of Homes..............	$1,289,373	$1,044,610	$3,495,014	$2,702,826
Cost of Sales, excluding interest.................	939,815	778,121	2,571,916	2,014,799
Housing Gross Margin, before interest expense.........	349,558	266,489	923,098	688,027
Cost of Sales Interest.....	19,229	13,369	46,850	39,138
Housing Gross Margin, after interest expense.........	$ 330,329	$ 253,120	$ 876,248	$ 648,889
Gross Margin Percentage, before interest expense...	27.1%	25.5%	26.4%	25.4%
Gross Margin Percentage, after interest expense....	25.6%	24.2%	25.1%	24.0%

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
Sale of Homes................	100.0%	100.0%	100.0%	100.0%
Cost of Sales, excluding interest:				
Housing, land &				

development costs....	64.8%	66.7%	65.5%	66.6%
Commissions...........	2.6%	2.2%	2.3%	2.2%
Financing concessions..	1.0%	1.0%	1.0%	1.0%
Overheads.............	4.6%	4.6%	4.9%	4.7%
Total Cost of Sales, before interest expense..........	72.9%	74.5%	73.6%	74.5%
Gross Margin Percentage, before interest expense....	27.1%	25.5%	26.4%	25.4%
Cost of sales interest.......	1.5%	1.3%	1.3%	1.4%
Gross Margin Percentage, after interest expense.....	25.6%	24.2%	25.1%	24.0%

We sell a variety of home types in various local communities, each yielding a different gross margin. As a result, depending on the geographic mix of deliveries and 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. The consolidated gross margin before interest expense for the three and nine months ended July 31, 2005 was 160 and 100 basis points, respectively, higher than the same periods in 2004. Our gross margin after interest expense for the three and nine months ended July 31, 2005 was 140 and 110 basis points, respectively, more than the same periods last year. Cost of sales interest related to homes sold as a percentage of home revenues amounted to 1.5% and 1.3% for the three and nine months ended July 31, 2005, respectively, and 1.3% and 1.4% for the three and nine months ended July 31, 2004, respectively. These minor fluctuations from period to period in cost of sales interest as a percentage of home revenues are due to the mix of homes sold and the inventory carrying period for those homes.

Homebuilding selling, general, and administrative expenses as a percentage of homebuilding revenues increased to 9.0% and 9.1% for the three and nine months ended July 31, 2005, respectively, compared to 7.9% and 8.7% for the three and nine months ended July 31, 2004. Such expenses increased $33.8 million and $84.8 million for the three and nine months ended July 31, 2005 compared to the same period last year. The dollar and percentage increases were in line with our growth goals as we increase selling, general and administrative costs associated with the expected increase in the number of active selling communities in all of our regions.

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 July 31,		Nine Months Ended July 31,	
	2005	2004	2005	2004
Land and Lot Sales...............	$ 441	$ 230	$ 24,618	$ 1,815
Cost of Sales....................	387	95	16,369	1,458
Land and Lot Sales Gross Margin...	54	135	8,249	357
Interest Expense.................	28	-	239	21
Land and Lot Sales Profit Before Tax............................	$ 26	$ 135	$ 8,010	$ 336

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 and selling such mortgages in the secondary market, and title insurance activities. For the three and nine months ended July 31, 2005, financial services provided a $6.2 million and $15.3 million profit before income taxes, respectively, compared to a profit of $5.0 million and $16.6 million for the same periods in 2004, respectively. The decrease in pretax profit for the nine months ended July 31, 2005 is primarily due to reduced spreads resulting from the steady rise in homebuyers choosing to use Adjustable Rate Mortgage (ARM) products which historically are less profitable to originate and lower gross spreads due to increased competition for purchase mortgages as the market for refinancing mortgages has significantly declined. The financial services profits were also reduced due to additional overhead expenses in advance of our anticipated growth.

Corporate General and Administrative

Corporate general and administrative expenses represent 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 increased to 1.4% for the three months ended July 31, 2005 from 1.2% for the prior year's three months and decreased to 1.4% for the nine months ended July 31, 2005 from 1.5% for the prior year's nine months. Corporate general and administrative expenses increased $5.9 million and $7.4 million during the three and nine months ended July 31, 2005, compared to the same periods last year. The increase in corporate general and administrative expenses is primarily attributed to additional salary and employee expense due to increased headcount as our company continues to grow, as well as additional professional services related to Sarbanes-Oxley compliance.

Other Interest

Other interest declined $0.1 million and $1.3 million for the three months and nine months ended July 31, 2005, respectively. This reduction is primarily due to lower borrowing rates and the ratio of capitalized interest to total interest incurred.

Other Operations

Other operations consist primarily of miscellaneous residential housing operations expenses, senior rental residential property operations, amortization of senior and senior subordinated note issuance expenses, earnout payments from homebuilding company acquisitions, minority interest relating to consolidated joint ventures, and corporate owned life insurance. The increase in other operations to $7.4 million for the three months ended July 31, 2005, compared to $3.4 million for the three months ended July 31, 2004 is primarily due to increased earnout expenses related to several recent acquisitions.

Intangible Amortization

We are amortizing our definite life intangibles over their expected useful life, ranging from three to seven years. Intangible amortization increased $2.1 million and $13.1 million for the three and nine months ended July 31, 2005, when compared to the same periods last year. This increase was the result of the amortization expense associated with the fiscal 2002 California acquisition brand name, which is being phased out, as well as amortization related to the Cambridge Homes acquisition in March 2005.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123 (Revised 2004) "Share Based Payment" ("SFAS 123R"), which is a revision of SFAS 123 and supersedes APB 25 and SFAS 148. This statement requires that the cost resulting from all share-based payment transactions be recognized in an entity's financial statements. This statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair value based measurement method in accounting for share-based payment transactions with employees except for equity instruments held by employee share ownership plans. See Note 2 to the Condensed Consolidated Financial Statements for a further description of SFAS 123R and its expected impact on our first quarter fiscal 2006 net income.

In March 2005, the Securities and Exchange Commission released SEC Staff Accounting Bulletin ("SAB") No. 107, "Share-Based Payment". SAB No. 107 provides the SEC staff position regarding the application of SFAS No. 123R. SAB No. 107 contains interpretive guidance related to the interaction between SFAS No. 123R and certain SEC rules and regulations, as well as provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SAB No. 107 also highlights the importance of disclosures made related to the accounting for share-based payment transactions. We are currently evaluating SAB No. 107 and will be incorporating it as part of our adoption of SFAS No. 123R.

In December 2004, the FASB issued Staff Position 109-1 ("FSP 109-1"), Application of FASB Statement No. 109 ("FASB No. 109"), "Accounting for Income Taxes", to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004. FSP 109-1 clarifies guidance that applies to the new deduction for qualified domestic production activities. When fully phased-in, the deduction will be up to 9% of the lesser of "qualified production activities income" or taxable income. FSP 109-1 clarifies that the deduction should be accounted for as a special deduction under FASB No. 109 and will reduce tax expense in the period or periods that the amounts are deductible on the tax return. Any tax benefits resulting from the new deduction will be effective for our fiscal year ending October 31, 2006. We are in the process of assessing the impact, if any, the new deduction will have on our financial statements.

In June 2005, the Emerging Issues Task Force ("EITF") released Issue No. 04-5 "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" ("EITF 04-5"). EITF 04-5 creates a framework for evaluating whether a general partner or a group of general partners controls a limited partnership and therefore should consolidate the partnership. EITF 04-5 states that the presumption of general partner control would be overcome only when the limited partners have certain specific rights as outlined in EITF 04-5. EITF 04-5 is effective immediately for all newly formed limited partnerships and for existing limited partnership agreements that are modified. For general partners in all other limited partnerships, EITF 04-5 is effective no later than the beginning of the first reporting period in fiscal years beginning after December 15, 2005. Implementation of EITF 04-5 is not expected to have a material impact on the Company's results of operations or financial position.

Total Taxes

Total taxes as a percentage of income before taxes increased for the three months ended July 31, 2005 to 40.4% from 38.1% for the three months ended July 31, 2004 and for the nine months ended July 31, 2005 to 39.4% from 37.7% for the same period last year. The prior year effective rates were lower than the current year due to refunds recorded in the second quarter of 2004 related to adjustments to previous years' taxes, as well as due to higher than estimated taxes upon filing our 2004 tax returns in the third quarter of 2005.

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, 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, because we generally negotiate fixed price contracts with many, but not all, of 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 three to twelve months. Construction costs for residential buildings represent approximately 56% of our homebuilding cost of sales.

Mergers and Acquisitions

On March 1, 2005, we acquired for cash the assets of Cambridge Homes, a privately held Orlando homebuilder and provider of related financial services, headquartered in Altamonte Springs, Florida. The acquisition provides us with a presence in the greater Orlando market, which is the 9th largest housing market in the U.S., based on 2003 new home starts.

Cambridge Homes designs, markets and sells both single family homes and attached townhomes and focuses on first-time, move up and luxury homebuyers. Cambridge Homes also provides mortgage financing, as well as title and settlement services to its homebuyers.

The Cambridge Homes acquisition was accounted for as a purchase, with the results of its operations included in our consolidated financial statements as of the date of the acquisition.

On March 2, 2005, we acquired the operations of Town & Country Homes, a privately held homebuilder and land developer headquartered in Lombard, Illinois, which occurred concurrently with our entering into a joint venture agreement with affiliates of Blackstone Real Estate Advisors in New York to own and develop Town & Country's existing residential communities. The joint venture is being accounted for under the equity method. Town & Country Homes operations beyond the existing owned and optioned communities, as of the acquisition date, are wholly owned and included in our consolidated financial statements.

The Town & Country acquisition provides us with a strong initial position in the greater Chicago market, which is the 6th largest housing market in the U.S., based on 2003 new home starts. This acquisition also expands our operations into the Florida markets of West Palm Beach, Boca Raton and Fort Lauderdale and bolsters our current presence in Minneapolis/St. Paul, which is the 10th largest housing market in the U.S., based on 2003 new home starts. Town & Country designs, markets and sells a diversified product portfolio in each of its markets, including single family homes and attached townhomes, as well as mid-rise condominiums in Florida. Town & Country serves a broad customer base including first-time, move-up and luxury homebuyers.

On August 8, 2005 we acquired substantially all of the assets of First Home Builders of Florida, a privately held homebuilder and provider of related financial services headquartered in Cape Coral, Florida. First Home Builders is a leading builder in Western Florida and ranked 1st in the greater Fort Myers-Cape Coral market and 51st nationally based on 2004 permit activity as tracked by Builder Magazine. Thus, the acquisition provides Hovnanian with the number one market position in the high growth Fort Myers-Cape Coral market, which is the 18th largest housing market in the U.S. as ranked by Builder Magazine based on 2004 permits.

First Home Builders of Florida designs, markets and sells single family homes, with a focus on the first-time home buying segment. The company also provides mortgage financing, title and settlement services to its homebuyers. In 2004, First Home Builders delivered 1,819 homes with revenues of $308 million. As of July 31, 2005, First Home Builders had 4,048 homes in contract backlog with a sales value of $888 million.

On August 3, 2005, we acquired substantially all of the homebuilding assets of Oster Homes, a privately held Ohio homebuilder, headquartered in Lorain, Ohio. The acquisition provides Hovnanian with a complementary presence to its Ohio "build-on-your-own-lot" homebuilding operations. Oster Homes builds in Lorain County in Northeast Ohio, just west of Cleveland. Lorain is part of the greater Cleveland MSA, which is the 50th largest housing market in the U. S., based on 2004 new home starts.

Oster Homes designs, markets and sells single family homes, with a focus on first-time and move up homebuyers. Additionally, Oster Homes utilizes a design center to market extensive pre-prices options and upgrades.

In its 2004 fiscal year, Oster Homes delivered 247 homes with revenue of $56 million. As of August 3, 2005, Oster Homes currently has approximately 105 homes in contract backlog, with a sales value of $25 million, and owns or controls approximately 3,000 lots throughout the greater Cleveland area. Oster Homes ranked as the 4th largest builder in the Cleveland MSA in 2004 by Builder Magazine.

Both the First Home Builders of Florida and Oster acquisitions will be accounted for as purchases with the results of their operations included in our consolidated financial statements as of the dates of the acquisitions.

Safe Harbor Statement

All statements 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 Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although we believe that our plans, intentions and expectations reflected in, or suggested by such forward-looking statements are reasonable, we can give no assurance that such plans, intentions, or expectations will be achieved. Such risks, uncertainties and other factors include, but are not limited to:

- Changes in general and local economic and business conditions;
- Adverse weather conditions and natural disasters;
- Changes in market conditions;
- Changes in home prices and sales activity in the markets where the Company builds homes;
- Government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, and the environment;
- Fluctuations in interest rates and the availability of mortgage financing;
- Shortages in, and price fluctuations of, raw materials and labor;
- The availability and cost of suitable land and improved lots;
- Levels of competition;
- Availability of financing to the Company;
- Utility shortages and outages or rate fluctuations; and
- Geopolitical risks, terrorist acts and other acts of war.

Certain 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, 2004.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The primary market risk facing us is interest rate risk on our long-term debt. In connection with our mortgage operations, mortgage loans held for sale and the associated mortgage warehouse line of credit are subject to interest rate risk; however, such obligations reprice frequently and are short-term in duration. In addition, we hedge the interest rate risk on mortgage loans by obtaining forward commitments from private investors. Accordingly, the risk from mortgage loans is not material. We do not hedge interest rate risk other than on mortgage loans using financial instruments. We are also subject to foreign currency risk but this risk is not material. The following table sets forth as of July 31, 2005,our long term debt obligations, principal cash flows by scheduled maturity, weighted average interest rates and estimated fair market value ("FMV").

As of July 31, 2005

Expected Maturity Date

	2005	2006	2007	2008	2009	2010	Thereafter	Total	FMV @ 7/31/05
	(Dollars in Thousands)								
Long Term Debt(1):									
Fixed Rate....	$31,221	$ 644	$140,937	$ 737	$ 786	$100,841	$ 985,803	$1,260,967	$1,306,841
Average interest rate	8.40%	6.66%	10.48%	6.70%	6.72%	6.01%	7.14%	7.46%	
Variable Rate.									
Average interest rate									

(1) Does not include bonds collateralized by mortgages receivable.

Item 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management, with the participation of the Company's chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of July 31, 2005. Based upon that evaluation and subject to the foregoing, the Company's chief executive officer and chief financial officer concluded that the design and operation of the Company's disclosure controls and procedures are effective to accomplish their objectives.

In addition, there was no change in the Company's internal control over financial reporting that occurred during the quarter ended July 31, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

We are subject to extensive and complex regulations that affect the development and home building, sales and customer financing processes, including zoning, density, building standards and mortgage financing; and we are involved in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on our financial position or results of operations. In addition, in March 2005, we received two requests for information pursuant to Section 308 of the Clean Water Act from Region 3 of the Environmental Protection Agency ("EPA") requesting information about storm water discharge practices in connection with completed, ongoing and planned homebuilding projects by subsidiaries in the states and district that comprise EPA Region 3. We also received a notice of violations for one project in Pennsylvania and requests for sampling plan implementation in two projects in Pennsylvania. The amount requested by the EPA to settle the asserted violations at the one project was not material. We have provided the information requested. To the extent that the information provided were to lead the EPA to assert violations of state and/or federal regulatory requirements and request injunctive relief and/or civil penalties, we will defend and attempt to resolve such asserted violations.

Our sales and customer financing processes are subject to the jurisdiction of the U. S. Department of Housing and Urban Development ("HUD"). In connection with the Real Estate Settlement Procedures Act, HUD has recently inquired about our process of referring business to our affiliated mortgage company and has separately requested documents related to customer financing. We have responded to HUD's inquiries.

At this time, we cannot predict the outcome of the EPA's or HUD's reviews or estimate the costs that may be involved in resolving such matters.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This table provides information with respect to purchases of shares of our Class A Common Stock made by or on behalf of Hovnanian Enterprises during the fiscal third quarter of 2005.

Issuer Purchases of Equity Securities (1)

	Total Number Of Shares Purchased as Part of Publicly	Maximum Number of Shares That May Yet Be Purchased

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Announced Plans or Programs	Under The Plans or Programs
May 1, 2005 Through May 31, 2005				1,787,668
June 1, 2005 Through June 30, 2005	100,000	$61.58	100,000	1,687,668
July 1, 2005 Through July 31, 2005				1,687,668
Total	100,000	$61.58	100,000	

(1) In July 2001, our Board of Directors authorized a stock repurchase program to purchase up to 4 million shares of Class A Common Stock. On March 5, 2004, our Board of Directors authorized a 2-for-1 stock split in the form of a 100% stock dividend. All share information reflects our dividend.

No shares of our Class B Common Stock were purchased by or on behalf of Hovnanian Enterprises during the fiscal third quarter of 2005.

Item 6. Exhibits

Exhibit 3(a) Certificate of Incorporation of the Registrant. (1)

Exhibit 3(b) Certificate of Amendment of Certificate of Incorporation of the Registrant. (2)

Exhibit 3(c) Certificate of Amendment of Certificate of Incorporation of the Registrant. (3)

Exhibit 3(d) Restated Bylaws of the Registrant. (4)

Exhibit 4(a) Indenture, dated as of August 8, 2005, relating to 6.25% Senior Notes due 2016, among K. Hovnanian Enterprises, Inc., the Guarantors named therein and Wachovia Bank, National Association, as trustee, including form of 6.25% Senior Notes due 2016. (5)

Exhibit 4(b) Certificate of Designations, Powers, Preferences and Rights of the 7.625% Series A Preferred Stock of Hovnanian Enterprises, Inc., dated July 12, 2005.(6)

Exhibit 10(a) Fifth Amended and Restated Credit Agreement dated June 14, 2005. (5)

Exhibit 10(b) Amended and Restated Guaranty and Suretyship Agreement, dated June 14, 2005. (5)

Exhibit 31(a) Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.

Exhibit 31(b) Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

Exhibit 32(a) Section 1350 Certification of Chief Executive Officer.

Exhibit 32(b) Section 1350 Certification of Chief Financial Officer.

(1) Incorporated by reference to Exhibits to Registration Statement (No. 2-85198) on Form S-1 of the Registrant.

(2) Incorporated by reference to Exhibit 4.2 to Registration Statement (No. 333-106761) on Form S-3 of the Registrant.

(3) Incorporated by reference to Exhibits to Quarterly Report on Form 10-Q of the Registrant for the quarter ended January 31, 2004.

(4) Incorporated by reference to Exhibit 3.2 to Registration Statement (No. 1-08551) on Form 8-A of the Registrant.

(5) Incorporated by reference to Exhibits to Registration Statement (No. 333-127806) on Form S-4 of the Registrant.

(6) Incorporated by reference to Exhibits to the Current Report on Form 8-K of the Registrant, filed on July 13, 2005.

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: September 9, 2005

/S/J. LARRY SORSBY
J. Larry Sorsby,
Executive Vice President and
Chief Financial Officer

DATE: September 9, 2005

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

CERTIFICATIONS
Exhibit 31(a)

I, Ara K. Hovnanian, President & Chief Executive Officer of Hovnanian Enterprises, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hovnanian Enterprises, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2005

/S/ARA K. HOVNANIAN
Ara K. Hovnanian
President and Chief Executive Officer

CERTIFICATIONS
Exhibit 31(b)

I, J. Larry Sorsby, Executive Vice President & Chief Financial Officer of Hovnanian Enterprises, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hovnanian Enterprises, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 9, 2005

/S/J.LARRY SORSBY
J. Larry Sorsby
Executive Vice President and Chief Financial Officer

Exhibit 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ara K. Hovnanian, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2005

/S/ARA K. HOVNANIAN
Ara K. Hovnanian
President and Chief Executive Officer

Exhibit 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hovnanian Enterprises, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Larry Sorsby, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2005

/S/J. LARRY SORSBY
J. Larry Sorsby
Executive Vice President and Chief Financial Officer