SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10Q

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

For quarterly period ended JULY 31, 1995 or

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

For the transition period from to

Commission file number 1-8551

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

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 15,367,322 Class A Common Shares and 8,361,479 Class B Common Shares were outstanding as of August 25, 1995.

HOVNANIAN ENTERPRISES, INC.

FORM 10Q

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HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands)

ASSETS	July 31, 1995	October 31, 1994
Homebuilding:		
Cash and cash equivalents	$ 11,315	$ 17,299
Inventories - At cost, not in excess of net realizable value:		
Sold and unsold homes and lots under development	419,909	328,961
Land and land options held for future development or sale	64,973	57,579
Total Inventories	484,882	386,540
Receivables, deposits, and notes	30,263	25,778
Property, plant, and equipment - net	12,763	11,437
Prepaid expenses and other assets	36,716	26,757
Total Homebuilding	575,939	467,811
Financial Services:		
Cash and cash equivalents	219	138
Mortgage loans held for sale	22,712	29,459
Other assets	1,640	1,451
Total Financial Services	24,571	31,048
Investment Properties:		
Rental property - net	58,527	56,181
Property under development or held for future development	16,012	15,298
Investment in and advances to unconsolidated joint venture	3,673	3,994
Other assets	4,463	3,231
Total Investment Properties	82,675	78,704
Collateralized Mortgage Financing:		
Collateral for bonds payable	19,155	21,275
Other assets	1,029	1,404
Total Collateralized Mortgage Financing	20,184	22,679
Income Taxes Receivable - Including deferred tax benefits	12,454	12,683
Total Assets	$715,823	$612,925

See notes to consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	July 31, 1995	October 31, 1994
Homebuilding:		
Nonrecourse land mortgages	$ 24,783	$ 26,938
Accounts payable and other liabilities	50,465	42,586
Customers' deposits	19,599	12,138
Nonrecourse mortgage secured by operating property	2,914	2,946
Total Homebuilding	97,761	84,608
Financial Services:		
Accounts payable and other liabilities	689	772
Mortgage warehouse line of credit	17,179	20,554

Total Financial Services	17,868	21,326
Investment Properties:		
Accounts payable and other liabilities	1,917	1,731
Nonrecourse mortgages secured by rental property	31,589	17,541
Total Investment Properties	33,506	19,272
Collateralized Mortgage Financing:		
Accounts payable and other liabilities	14	15
Bonds collateralized by mortgages receivable	18,499	20,815
Total Collateralized Mortgage Financing	18,513	20,830
Notes Payable:		
Revolving credit agreement	176,200	99,200
Subordinated notes	200,000	200,000
Accrued interest	6,270	5,559
Total Notes Payable	382,470	304,759
Total Liabilities	550,118	450,795
Stockholders' Equity:		
Preferred Stock,$.01 par value-authorized 100,000 shares; none issued		
Common Stock,Class A,$.01 par value-authorized 87,000,000 shares; issued 15,308,904 shares (including 345,874 shares held in Treasury)	153	149
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 8,419,897 shares (including 345,874 shares held in Treasury)	84	88
Paid in Capital	33,935	33,858
Retained Earnings	136,832	133,334
Treasury Stock - at cost	(5,299)	(5,299)
Total Stockholders' Equity	165,705	162,130
Total Liabilities and Stockholders' Equity	$715,823	$612,925

See notes to consolidated financial statements.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
Revenues:				
Homebuilding:				
Sale of homes	$163,375	$119,074	$420,656	$477,500
Land sales and other revenues	4,835	2,016	12,130	7,626
Total Homebuilding	168,210	121,090	432,786	485,126
Financial Services	1,897	1,460	4,721	5,681
Investment Properties	2,524	2,059	7,010	7,240
Collateralized Mortgage Financing	522	937	1,516	2,532
Total Revenues	173,153	125,546	446,033	500,579
Expenses:				
Homebuilding:				
Cost of sales	132,173	97,988	340,783	379,513
Selling, general and administrative	22,147	15,320	55,403	47,792
Total Homebuilding	154,320	113,308	396,186	427,305
Financial Services	2,413	1,885	6,524	5,721
Investment Properties	1,380	1,586	4,355	4,784
Collateralized Mortgage Financing	553	1,130	1,609	2,967
Corporate General and Administration	2,798	4,039	9,023	9,594
Interest	7,214	4,929	18,640	17,493
Other operations	1,404	2,056	5,104	6,034
Provision for loan writedown				1,883
Total Expenses	170,082	128,933	441,441	475,781
Income(Loss) Before Income Taxes	3,071	(3,387)	4,592	24,798

State and Federal Income Taxes:				
State	383	546	889	821
Federal	603	(1,228)	205	7,298
Total Taxes	986	(682)	1,094	8,119
Net Income(Loss)	$ 2,085	$ (2,705)	$ 3,498	$ 16,679
Earnings Per Common Share	$ .09	$ (.12)	$ .15	$ .73

See notes to consolidated financial statements.

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

	A Common Stock		B Common Stock					
	Shares Issued and Outstanding	Amount	Shares Issued and Outstanding	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balance, October 31, 1994	14,730,299	$149	8,291,754	$88	$33,858	$133,334	$(5,299)	$162,130
Sale of common stock under employee stock option plan	15,000				77			77
Conversion of Class B to Class A common Stock	217,731	4	(217,731)	(4)				
Net Income					3,498		3,498	
Balance, July 31, 1995	14,963,030	$153	8,074,023	$84	$33,935	$136,832	$(5,299)	$165,705

See notes to consolidated financial statements.

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

	Nine Months Ended July 31,	
	1995	1994
Cash Flows From Operating Activities:		
Net Income	$ 3,498	$ 16,679
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	3,033	2,326
Loss (gain) on sale and retirement of property and assets	59	908
Writedown of loan from sale of subsidiary		1,883
Deferred income taxes	3,634	390
Decrease (increase) in assets:		
Escrow cash	(1,407)	2,056
Receivables, prepaids and other assets	(15,596)	(2,880)
Mortgage notes receivable	5,751	(5,608)
Inventories	(98,342)	(33,910)
Increase (decrease) in liabilities:		
State and Federal income taxes	(3,405)	(2,092)
Customers' deposits	7,540	(5,570)
Interest and other accrued liabilities	(1,305)	(5,342)
Post development completion costs	(2,657)	65
Accounts payable	12,575	3,831
Net cash used in operating activities	(86,622)	(27,264)
Cash Flows From Investing Activities:		
Proceeds from sale of property and assets	1,046	5,665
Investment in property and assets	(1,326)	(7,128)
Purchase of property	(2,689)	(2,400)
Investment in and advances to unconsolidated affiliates	331	(1,406)
Investment in income producing properties	(4,438)	(1,026)
Net cash used in investing activities	(7,076)	(6,295)

Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	763,129	519,688
Principal payments on mortgages and notes	(679,959)	(495,568)
Principal payments on subordinated debt		(2,160)
Investment in mortgage notes receivable	3,651	11,464
Proceeds from sale of stock	77	
Net cash provided by financing activities	86,898	33,424
Net Decrease In Cash	(6,800)	(135)
Cash Balance, Beginning Of Period	14,537	3,001
Cash Balance, End Of Period	$ 7,737	$ 2,866

See notes to consolidated financial statements.

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

1. The consolidated financial statements, except for the October 31, 1994 consolidated balance sheets, have been prepared without audit. In the opinion of management, all adjustments for interim periods presented have been made, whichinclude only normal recurring accruals and deferrals necessary for a fair presentation of consolidated financial position, results of operations, and changes in cash flows. Results for the interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Interest costs incurred, expensed and capitalized were:

	Three Months Ended		Nine Months Ended	
	7/31/95	7/31/94	7/31/95	7/31/94
	(Dollars in Thousands)			
Interest Incurred (1):				
Residential (3)	$ 8,448	$ 5,435	$ 23,683	$ 15,618
Commercial(4)	1,305	1,271	4,095	3,770
Total Incurred	$ 9,753	$ 6,706	$ 27,778	$ 19,388
Interest Expensed:				
Residential (3)	$ 5,858	$ 3,674	$ 14,690	$ 13,917
Commercial (4)	1,356	1,255	3,950	3,576
Total Expensed	$ 7,214	$ 4,929	$ 18,640	$ 17,493
Interest Capitalized at Beginning of Period	$ 35,831	$ 27,553	$ 29,480	$ 27,925
Plus Interest Incurred	9,753	6,706	27,778	19,388
Less Interest Expensed	7,214	4,929	18,640	17,493
Less Charges to Reserves	73	66	321	201
Less Sale of Assets				355
Interest Capitalized at End of Period	$ 38,297	$ 29,264	$ 38,297	$ 29,264
Interest Capitalized at End of Period (5):				
Residential(3)	$ 31,922	$ 23,326	$ 31,922	$ 23,326
Commercial(2)	6,375	5,938	6,375	5,938
Total Capitalized	$ 38,297	$ 29,264	$ 38,297	$ 29,264

(1) Does not include interest incurred by the Company's mortgage and finance subsidiaries.
(2) Does not include a reduction for depreciation.
(3) Represents acquisition interest for construction, land and development costs which is charged to interest expense.
(4) Represents interest allocated to or incurred on long term debt for investment properties and charged to interest expense.
(5) Capitalized commercial interest at July 31, 1995 includes $257,000 reported at October 31, 1994 as capitalized residential interest. This reclassification was the result of the transfer of two senior citizen rental facilities from inventory.

3. Included in the consolidated balance sheets is total operating property amounting to $26,429,000 and $23,740,000 and accumulated depreciation on operating property amounting to $13,288,000 and $11,854,000 at July 31, 1995 and October 31, 1994, respectively. Accumulated depreciation on rental property amounted to $8,958,000 and $7,781,000 at July 31, 1995 and October 31, 1994, respectively.

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

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

CAPITAL RESOURCES AND LIQUIDITY

The Company's uses for cash during the nine months ended July 31, 1995 were for operating expenses, seasonal increases in housing inventories, construction, income taxes, and interest. The Company provided for its cash requirements from the revolving credit facility, land purchase notes, and from housing and other revenues. The Company believes that these sources of cash are sufficient to finance its working capital requirements and other needs.

The Company's bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $225,000,000 (the "Revolving Credit Facility") through March 1998. Interest is payable monthly and at various rates of either prime plus 1/2% or Libor plus 2%. The Company currently is in compliance and intends to maintain compliance with its covenants under the Agreement. As of July 31, 1995, borrowings under the Agreement were $176,200,000.

The aggregate principal amount of subordinated indebtedness issued by the Company and outstanding as of October 31, 1994 was $200,000,000. Annual sinking fund payments of $20,000,000 are required in April 2000 and 2001 with additional payments of $60,000,000 and $100,000,000 due in April 2002 and June 2005, respectively.

The Company's mortgage banking subsidiary borrows under a bank warehousing arrangement. Other finance subsidiaries formerly borrowed from a multi-builder owned financial corporation and a builder owned financial corporation to finance mortgage backed securities, but in fiscal 1988 decided to cease further borrowing from multi- builder and builder owned financial corporations. These non-recourse borrowings have been generally secured by mortgage loans originated by one of the Company's subsidiaries. As of July 31, 1995, the aggregate principal amount of all such borrowings was $35,678,000.

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

	July 31, 1995	October 31, 1994
Residential real estate inventory..........	$484,882,000	$386,540,000
Residential rental property................	13,862,000	8,158,000
Total Residential Real Estate............	498,744,000	394,698,000
Commercial properties......................	60,677,000	63,321,000
Combined Total..........................	$559,421,000	$458,019,000

Total residential real estate increased $104,046,000 during the nine months ended July 31, 1995 primarily as a result of an inventory increase of $98,342,000. The increase in residential real estate inventory was primarily due to the Company's seasonal increase in construction activities for deliveries later this year, and the Company's overall increase in housing volume. Substantially all residential homes under construction or completed and included in real estate inventory at July 31, 1995 are expected to be closed during the next twelve months. The Company's residential rental property increased primarily due to the Company's completion of a second senior citizen rental complex consisting of 75 homes. The Company expects to receive federal tax credits on this rental complex. Most residential real estate completed or under development is financed through the Company's line of credit and subordinated indebtedness.

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

	Communities	Approved Lots	Homes Closed	(1) Contracted Not Closed	(2) Remaining Home Sites Available
July 31, 1995.....	89	15,728	4,519	2,164	9,045

October 31, 1994...	86	17,033	5,302	1,794	9,937

(1) Includes 47 and 88 lots under option at July 31, 1995 and October 31, 1994, respectively.

(2) Of the total home lots available, 578 and 641 were under construction or complete (including 147 and 115 models and sales offices) and 2,381 and 2,554 were under option at July 31, 1995 and October 31, 1994, respectively.

In addition, in substantially completed or suspended developments the Company owned or had under option 372 and 332 home lots at July 31, 1995 and October 31, 1994, respectively. The Company also controls a supply of land primarily through options for future development. This land is consistent with anticipated home building requirements in its housing markets. At July 31, 1995 the Company controlled such land to build 12,757 proposed homes, compared to 12,696 homes at October 31, 1994.

The Company's commercial properties represent long-term investments in commercial and retail facilities completed or under development (see "Investment Properties" under "Results of Operations"). When individual facilities are completed and substantially leased, the Company will have the ability to obtain long-term financing on such properties. At July 31, 1995, the Company had longterm non-recourse financing aggregating $31,589,000 on six commercial facilities, an increase from October 31, 1994, due to financing obtained for two New Jersey and two Florida facilities amounting to $14,200,000 offset by $152,000 in principal amortization.

The collateralized mortgages receivable are pledged against non-recourse collateralized mortgage obligations. Residential mortgages receivable amounting to $18,244,000 and $23,460,000 at July 31, 1995 and October 31, 1994, respectively, are being temporarily warehoused and awaiting sale in the secondary mortgage market. The balance of such mortgages is being held as an investment by the Company. The Company may incur risk with respect to mortgages that are delinquent, but only to the extent the losses are not covered by mortgage insurance or resale value of the house. Historically, the Company has incurred minimal credit losses.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 1995
COMPARED TO THE THREE AND NINE MONTHS ENDED JULY 31, 1994

The Company's operations consist primarily of residential housing development and sales in its Northeast Region (comprising primarily of New Jersey and eastern Pennsylvania), North Carolina, southeastern Florida, metro Washington, D.C. (northern Virginia), and southern California. Operations in California began for the first time during the summer of 1994. In addition, the Company develops and operates commercial properties as long-term investments in New Jersey, and, to a lesser extent, Florida.

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

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

As a result of the year end change noted above, the first three quarters of the fiscal year ending October 31, 1995 is being primarily compared to November 1993 and the old fourth quarter ended February 28, 1994. Since the home sales revenue volume is significantly lower for the nine months ended July 31, 1995, certain comparisons (primarily overheads) to the nine months ended July 31, 1994 will be unfavorable and misleading.

At July 31, 1995 the Company's home contract backlog for future delivery was 2,259 homes, with an aggregate sales value of $407.3 million, compared to 2,040 homes, with an aggregate sales value of $320.3 million at the same time last year. For the nine months ended July 31, 1995 net contracts signed amounted to $491.6 million or 2,951 homes, compared to $380.1 million or 2,552 homes for the same period last year.

Total Revenues:

Revenues for the three months ended July 31, 1995 increased $47.6 million or 37.9%, compared to the same period last year. This was a result of increased revenues from sale of homes of $44.3 million, a $2.8 million increase in land sales and other homebuilding revenues, a $0.4 million increase in financial services revenues, and a $0.5 million increase in investment properties revenues. These increases were partially offset by a $0.4 million decrease in collateralized mortgage financing revenues.

Revenues for the nine months ended July 31, 1995 decreased $54.5 million or 10.9%, compared to the same period last year. This was a result of decreased revenues from sale of homes of $56.8 million, a $1.0 million decrease in financial services revenues, a $0.2 million decrease in investment properties revenues, and a $1.0 million decrease in collateralized mortgage financing revenues. These decreases were partially offset by a $4.5 million increase in land sales and other homebuilding revenues.

Homebuilding:

Sale of homes revenues increased $44.3 million or 37.2% during the three months ended July 31, 1995 and decreased $56.8 million, or 11.9% during the nine months ended July 31, 1995, compared to the same periods last year. Sale of homes revenues are recorded at the time each home is delivered and title and possession have been transferred to the buyer.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
	(Dollars in Thousands)			
Northeast Region:				
Housing Revenues.....	$101,431	$ 66,054	$263,840	$325,495
Homes Delivered......	610	443	1,513	2,028
North Carolina:				
Housing Revenues.....	$ 29,670	$ 27,934	$ 74,338	$ 76,449
Homes Delivered......	188	201	471	568
Florida:				
Housing Revenues.....	$ 14,037	$ 15,298	$ 43,885	$ 44,460
Homes Delivered......	96	108	295	344
Metro Washington, D.C.:				
Housing Revenues.....	$ 12,335	$ 8,964	$ 26,242	$ 29,785
Homes Delivered......	58	49	135	167
California:				
Housing Revenues.....	$ 5,902	--	$ 11,162	--
Homes Delivered......	28	--	55	--
Other:				
Housing Revenues.....	$ --	$ 824	$ 1,189	$ 1,311
Homes Delivered......	--	13	33	21
Totals:				
Housing Revenues.....	$163,375	$119,074	$420,656	$477,500
Homes Delivered......	980	814	2,502	3,128

The three months ended July 31, 1995 increase in sale of homes revenues (compared to the prior year) was primarily due to the increase in the number of homes sold and subsequently delivered. The nine months ended July 31, 1995 decrease in sale of homes revenues (compared to the prior year) was due to the Company's change in year end. Average sales prices have increased from $152,653 for the nine months ended July 31, 1994 to $168,128 for the nine months ended July 31, 1995. In the Northeast Region one reason average sales prices are increasing is because of the Company's diversified product mix of more detached single family homes and larger townhouses with garages designed for the move-up buyer. In Florida, average sales prices are increasing as a result of the addition of new higher priced single family developments. In North Carolina, average sales prices increased primarily due to the addition of higher priced communities. In Metro Washington, D.C. average sales prices increased because there was a higher percentage of single family detached homes delivered.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
	(Dollars in Thousands)			
Sale of Homes..................	$163,375	$119,074	$420,656	$477,500

Cost of Sales	128,615	97,903	335,322	377,892
Housing Gross Margin	$ 34,760	$ 21,171	$ 85,334	$ 99,608
Gross Margin Percentage	21.3%	17.8%	20.3%	20.9%

The Company sells a variety of home types in various local communities, each yielding a different gross margin. As a result, depending on the mix of both communities and of home types delivered, consolidated quarterly gross margin will fluctuate up or down and may not be representative of the consolidated gross margin for the year. The increase for the three months ended July 31, 1995 was primarily due to a change in product mix with 62.1% of the home sales coming from the Northeast Region where margins are higher, compared to 55.5% for the same period last year. In addition, the Company's product cost reduction efforts are starting to improve the gross margin. The decrease in the gross margin for the nine months ended July 31, 1995 was primarily due to the following reasons:

- Material costs have increased in all markets during the above periods as demand increased for such materials.
- A change in product mix with an additional 5.6% of home sales coming from North Carolina, Florida, Metro Washington D.C., and California where gross margins are lower.
- Increased competition in all markets which keeps prices and margins down.

Selling, general, and administrative expenses increased $6.8 million and $7.3 during the three and nine months ended July 31, 1995, respectively, compared to the same periods last year. As a percentage of sale of homes revenues such expenses increased to 13.6% and 13.2% for the three and nine months ended July 31, 1995, respectively, from 12.9% and 10.1% for the prior year. The three month increase in selling, general, and administrative expenses in dollars is primarily due to increased deliveries and as a percentage due to an increased number of communities open for sale, and increased advertising and buyer concessions due to a more competitive sales environment. The nine month increase as a percentage of sale of homes revenues is the result of a lower volume due to the change in year end (see year end comments above). The nine month increase in dollars is also due to increased number of communities open for sale, and increased advertising and buyer concessions due to a more competitive sales environment.

Land Sales and Other Revenues:

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

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
Land and Lot Sales	$ 3,109	$ 192	$ 6,415	$ 2,534
Cost of Sales	3,558	85	5,461	1,621
Land and Lot Sales Gross Margin(Loss)	$ (449)	$ 107	$ 954	$ 913

Land and lot sales are incidental to the Company's residential housing operations and are expected to continue in the future but may significantly fluctuate up or down. The loss for the three months ended July 31, 1995 primarily resulted from the writedown of lots in a small parcel of land in New Jersey due to sales prices being lower than book value.

In May 1994, the Company purchased a homebuilding and management company in California for $0.8 million. Although no new management contracts are being obtained, the existing contracts resulted in $1.0 million and $0.8 million of revenues for the nine months ended July 31, 1995 and 1994, respectively. Included in Other Operations (see below) are expenses associated with the California homebuilding management operations, and amortization of a portion of the acquisition price of management contracts.

Financial Services

Financial services consists primarily of originating mortgages from sales of the Company's homes, and selling such mortgages in the secondary market. Approximately 30% and 20% of the Company's homebuyers obtained mortgages originated by the Company's wholly-owned mortgage banking subsidiaries during the years ended October 31, 1994 and 1993, respectively. For the three months ended July 31, 1995 substantially all of the financial services loss was the result of a mortgage valuation reserve. In August 1995 the Company contracted to sell a substantial number of mortgages it was holding for investment. As a result of the pending sale, in July 1995 the Company established a $469,000 reserve against the carrying value of such mortgages. In addition to the reserve, the balance of the loss for the nine months ended July 31, 1995 was primarily due to expansion costs into other Company housing markets, reduced volume, and reduced interest rate spreads, due to increased competition. Most servicing rights on new mortgages originated by the Company will be sold as the loans are closed.

Investment Properties

Investment Properties consist of rental properties, property management, and gains or losses from sale of such property. At July 31, 1995, the Company owned and was leasing two office buildings, three office/warehouse facilities, three retail centers, and two senior citizen rental communities in New Jersey. Investment Properties expenses do not include interest expense which is reported below under "Interest."

Collateralized Mortgage Financing

In the years prior to February 29, 1988 the Company pledged mortgage loans originated by its mortgage banking subsidiaries against collateralized mortgage obligations ("CMO's"). Subsequently the Company discontinued its CMO program. As a result, CMO operations are diminishing as pledged loans are decreasing through principal amortization and loan payoffs, and related bonds are reduced. In recent years, the Company has sold CMO pledged mortgages. The cost of such sales and the write-off of unamortized issuance expenses has resulted in losses.

Corporate General and Administrative

Corporate general and administration expenses includes the operations at the Company's headquarters in Red Bank, New Jersey. Corporate general and administration expenses decreased $1.2 million and $0.3 million during the three and nine months ended July 31, 1995 compared to the same period last year, or 30.7% and 2.9%. As a percentage of total revenues such expenses were 1.6% and 2.0% for the three and nine months ended July 31, 1995 and 3.2% and 1.9% for the three and nine months ended July 31, 1994.

Interest

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
Sale of Homes..................	$ 5,347	$ 3,622	$ 14,104	$ 13,783
Land and Lot Sales............	511	52	586	134
Rental Properties.............	1,356	1,255	3,950	3,576
Total.........................	$ 7,214	$ 4,929	$ 18,640	$ 17,493

Housing interest as a percentage of sale of homes revenues amounted to 3.3% and 3.4% for the three and nine months ended July 31, 1995 and 3.0% and 2.9% for the three and nine months ended July 31, 1994. The increase of interest as a percentage of sale of homes revenues is primarily attributable to increased interest rates on the Company's line of credit.

Other Operations

Other operations consisted primarily of title insurance activities, miscellaneous residential housing operations expenses, amortization of prepaid subordinated note issuance expenses, corporate owned life insurance loan interest, and California housing management operations (see "Land Sales and Other Revenues" above). During the nine months ended July 31, 1995 other expenses included California homebuilding management expenses and amortization of purchased management contracts totaling $1.1 million.

Total Taxes

Total taxes as a percentage of income before income taxes amounted to 32.1% and 23.8% for the three and nine months ended July 31, 1995, respectively, and 32.7% for the nine months ended July 31, 1994 (three months ended July 1994 was a loss). Deferred federal and state income tax assets primarily represents the deferred tax benefits arising from temporary differences between book and tax income which will be recognized in future years.

Inflation:

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

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

SIGNATURES

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

HOVNANIAN ENTERPRISES, INC.
(Registrant)

DATE: August 31, 1995

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

DATE: August 31, 1995

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

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9-MOS
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JUL-31-1995
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3,498
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