UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10Q

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

For quarterly period ended JULY 31, 2000 or

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

Commission file number 1-8551

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

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

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

732-747-7800
(Registrant's telephone number, including area code)
Same
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 13,530,842 Class A Common Shares and 7,633,916 Class B Common Shares were outstanding as of September 1, 2000.

HOVNANIAN ENTERPRISES, INC.
FORM 10Q
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the quarter for which this report is filed.

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

ASSETS	July 31, 2000 (unaudited)	October 31, 1999
Homebuilding:		
Cash and cash equivalents	$ 19,268	$ 17,163
Inventories - At the lower of cost or fair value:		
Sold and unsold homes and lots under development	530,101	475,196
Land and land options held for future development or sale	86,325	52,034
Total Inventories	616,426	527,230
Receivables, deposits, and notes	38,949	30,675
Property, plant, and equipment - net	34,553	26,500
Senior residential rental properties - net	10,372	10,650
Prepaid expenses and other assets	64,186	56,753
Total Homebuilding	783,754	668,971
Financial Services:		
Cash and cash equivalents	1,540	2,202
Mortgage loans held for sale	45,210	33,158
Other assets	2,178	1,563
Total Financial Services	48,928	36,923
Collateralized Mortgage Financing:		
Collateral for bonds payable	4,306	5,006
Other assets	255	238
Total Collateralized Mortgage Financing	4,561	5,244
Income Taxes Receivable - Including deferred tax benefits	4,275	1,723
Total Assets	$841,518	$712,861

See notes to consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	July 31, 2000 (unaudited)	October 31, 1999
Homebuilding:		
Nonrecourse land mortgages	$ 12,609	$ 6,407
Accounts payable and other liabilities	73,640	73,989
Customers' deposits	37,149	25,647
Nonrecourse mortgages secured by operating properties	3,577	3,662
Total Homebuilding	126,975	109,705

Financial Services:		
Accounts payable and other liabilities	1,731	1,218
Mortgage warehouse line of credit	40,211	30,034
Total Financial Services	41,942	31,252
Collateralized Mortgage Financing:		
Bonds collateralized by mortgages receivable	3,147	3,699
Total Collateralized Mortgage Financing	3,147	3,699
Notes Payable:		
Revolving credit agreement	166,275	70,125
Senior Notes	150,000	150,000
Subordinated notes	100,000	100,000
Accrued interest	6,782	11,654
Total Notes Payable	423,057	331,779
Total Liabilities	595,121	476,435
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 17,259,257 shares (including 3,550,345 shares in July 2000 and 2,710,274 shares in October 1999 held in Treasury)	172	172
Common Stock,Class B,$.01 par value-authorized 13,000,000 shares; issued 7,981,396 shares (both years include 345,874 shares held in Treasury)	79	79
Paid in Capital	45,862	45,856
Retained Earnings	228,258	213,257
Treasury Stock - at cost	(27,974)	(22,938)
Total Stockholders' Equity	246,397	236,426
Total Liabilities and Stockholders' Equity	$841,518	$712,861

See notes to consolidated financial statements.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2000	1999	2000	1999
Revenues:				
Homebuilding:				
Sale of homes	$278,004	$227,071	$763,177	$621,094
Land sales and other revenues	2,208	3,552	7,651	11,447
Total Homebuilding	280,212	230,623	770,828	632,541
Financial Services	4,664	5,616	12,859	15,428
Collateralized Mortgage Financing	106	47	332	322
Total Revenues	284,982	236,286	784,019	648,291
Expenses:				
Homebuilding:				
Cost of sales	220,967	179,957	614,574	494,581
Selling, general and administrative	25,803	20,542	76,495	56,460
Inventory impairment loss	1,003	1,232	1,517	1,633
Total Homebuilding	247,773	201,731	692,586	552,674
Financial Services	4,555	5,257	13,999	14,358
Collateralized Mortgage Financing	92	68	283	341
Corporate General and Administrative	10,000	8,016	24,361	20,869

Interest	8,802	6,849	24,256	21,237
Other Operations	1,502	295	6,048	2,095
Total Expenses	272,724	222,216	761,533	611,574
Income Before Income Taxes and Extraordinary Loss	12,258	14,070	22,486	36,717
State and Federal Income Taxes:				
State	(36)	1,554	423	4,382
Federal	4,203	4,038	7,062	10,277
Total Taxes	4,167	5,592	7,485	14,659
Extraordinary Loss From Extinguishment Of Debt, Net of Income Taxes		(868)		(868)
Net Income	$ 8,091	$ 7,610	$ 15,001	$ 21,190
Per Share Data:				
Basic:				
Income Per Common Share Before Extraordinary Loss	$ 0.37	$ 0.40	$ 0.68	$ 1.04
Extraordinary Loss		(.04)		(.04)
Net Income	$ 0.37	$ 0.36	$ 0.68	$ 1.00
Weighted Average Number of Common Shares Outstanding	21,904	20,979	22,089	21,274
Assuming Dilution:				
Income Per Common Share Before Extraordinary Loss	$ 0.37	$ 0.40	$ 0.68	$ 1.03
Extraordinary Loss		(.04)		(.04)
Net Income	$ 0.37	$ 0.36	$ 0.68	$ 0.99
Weighted Average Number of Common Shares Outstanding	21,949	21,206	22,158	21,491

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, 1999	14,508,168	$ 172	7,651,209	$ 79	$45,856	$213,257	$(22,938)	$236,426
Acquisitions					(488)			(488)
Stock option plan					346			346
Stock bonus plan	25,128				148			148
Conversion of Class B to Class A Common Stock	15,687		(15,687)					
Treasury stock purchases	(840,071)						(5,036)	(5,036)
Net Income						15,001		15,001
(Unaudited) Balance, July 31, 2000	13,708,912	172	7,635,522	79	45,862	228,258	(27,974)	246,397

See notes to consolidated financial statements.

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

	Nine Months Ended July 31, 2000	Nine Months Ended July 31, 1999
Cash Flows From Operating Activities:		
Net Income	$ 15,001	$ 21,190
Adjustments to reconcile net income to net cash Provided by (used in) operating activities:		
Depreciation	4,933	3,750
Gain (loss) on sale and retirement of property and assets	(231)	527
Extraordinary loss from extinguishment of debt, net of income taxes		868
Deferred income taxes	919	2,472
Impairment losses	1,517	1,633
Decrease (increase) in assets:		
Mortgage notes receivable	(11,227)	29,117
Receivables, prepaids and other assets	(16,722)	(7,712)
Inventories	(90,713)	(59,998)
Increase (decrease) in liabilities:		
State and Federal income taxes	(3,471)	588
Customers' deposits	11,902	(1,076)
Interest and other accrued liabilities	(7,272)	(902)
Post development completion costs	(1,028)	(574)
Accounts payable	3,191	(3,791)
Net cash (used in) operating activities	(93,201)	(13,908)
Cash Flows From Investing Activities:		
Net Proceeds from sale of property and assets	1,019	18,009
Purchase of property,equipment and other fixed assets	(13,238)	(10,453)
Acquisition of homebuilding companies	(488)	
Investment in and advances to unconsolidated affiliates		85
Net cash (used in) provided by investing.... activities.	(12,707)	7,641
Cash Flows From Financing Activities:		
Proceeds from mortgages and notes	988,015	523,617
Proceeds from senior debt		150,000
Principal payments on mortgages and notes	(876,122)	(614,758)
Principal payments on subordinated debt		(46,301)
Purchase of treasury stock	(5,036)	(5,323)
Proceeds from sale of stock and employee stock plan.	494	58
Net cash provided by financing activities	107,351	7,293
Net Increase In Cash	1,443	1,026
Cash Balance and Cash Equivalents Balance, Beginning Of Period	19,365	15,554
Cash Balance and Cash Equivalents Balance, End Of Period	$ 20,808	$ 16,580

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, 1999 consolidated balance sheets, have been prepared without audit. In the opinion of management, all adjustments for interim periods presented have been made, which include only normal recurring accruals and deferrals necessary for a fair presentation of consolidated financial position, results of operations, and changes in cash flows. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and these differences could have a significant impact on the financial statements. Results for the interim periods are not necessarily indicative of the results which might be expected for a full year.

2. Interest costs incurred, expensed and capitalized were:

	Three Months Ended July 31, 2000	Three Months Ended July 31, 1999	Nine Months Ended July 31, 2000	Nine Months Ended July 31, 1999
	(Dollars in Thousands)			
Interest Capitalized at Beginning of Period........	$ 23,632	$ 21,017	$ 21,966	$ 25,545
Plus Interest Incurred(1)(3).	10,779	6,376	28,093	17,705
Less Interest Expensed(3)....	8,802	6,849	24,256	21,237
Less Impairment Write-off....			194	
Less Sale of Assets.........		(242)		1,227
Interest Capitalized at End of Period (2) (3).....	$ 25,609	$ 20,786	$ 25,609	$20,786

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

3. Homebuilding accumulated depreciation at July 31, 2000 and October 31, 1999 amounted to $21,062,000 and $19,550,000, respectively. Rental property accumulated depreciation at July 31, 2000 and October 31, 1999 amounted to $2,195,000 and $2,211,000, respectively.

4. In accordance with "Financial Accounting Standards No. 121 ("FAS 121") "Accounting for the Impairment of Long Lived Assets and for Long Lived Assets to Be Disposed of", we record impairment losses on inventories related to communities under development when events and circumstances indicate that they may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than their related carrying amounts. As of July 31, 1999 developed lots in a substantially completed community in New York with a carrying amount of $2,895,000, including approval, engineering and capitalized interest, were written down $1,232,000 to its fair value. During the three months ended April 30, 1999 we also recorded a $401,000 impairment loss on land in Florida. In addition, from time to time, we will write off certain residential land options including approval, engineering and capitalized interest costs for land management decided not to purchase. We wrote off such costs in the amount of $835,000 in New Jersey and $168,000 in North Carolina during the three months ended July 31, 2000 and $514,000 in California during the three months ended April 30, 2000. Residential inventory FAS 121 impairment losses and option write offs are reported in the Consolidated Statements of Income as "Homebuilding-Inventory Impairment Loss."

5. We are involved from time to time in litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on us. As of July 31, 2000 and October 31, 1999, respectively, we are obligated under various performance letters of credit amounting to $4,324,000 and $4,091,000.

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

7. We have entered into an agreement to acquire Washington Homes, Inc. headquartered in Maryland for a total purchase price of approximately $77.4 million. The transaction is expected to close following regulatory and shareholder approvals and customary closing conditions.

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

The Subsidiary Issuer acts as a finance and management entity that as of July 31, 2000 had issued and outstanding approximately $100,000,000 of subordinated notes, $150,000,000 senior notes and a revolving credit agreement with an outstanding balance of $166,275,000. The subordinated notes, senior notes, and the revolving credit agreement are fully and unconditionally guaranteed by the Parent.

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

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

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

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

	Parent	Subsidiary Issuer	Guarantor Subsid-iaries	Non-Guarantor Subsidiaries	Elimin-ations	Consol-idated
ASSETS						
Homebuilding	$ (168)	$ 55,346	$ 721,337	$ 7,239	$	$ 783,754
Financial Services and CMO			918	52,571		53,489
Income Taxes (Payables)Receivables	45	(732)	7,074	(2,112)		4,275
Investments in and amounts due to and from consolidated subsidiaries	246,520	375,892	(413,613)	(3,504)	(205,295)	
Total Assets	$246,397	$ 430,506	$ 315,716	$ 54,194	$(205,295)	$ 841,518
LIABILITIES AND STOCKHOLDERS' EQUITY						
Homebuilding	$	$ 8,056	$ 117,873	$ 1,046	$	$ 126,975
Financial Services and CMO			418	44,671		45,089
Notes Payable		422,814	243			423,057
Stockholders' Equity	246,397	(364)	197,182	8,477	(205,295)	246,397
Total Liabilities and Stockholders' Equity	$246,397	$ 430,506	$ 315,716	$ 54,194	$(205,295)	$ 841,518

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED BALANCE SHEET
OCTOBER 31, 1999
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsid-iaries	Non-Guarantor Subsidiaries	Elimin-ations	Consol-idated
ASSETS						
Homebuilding	$ 53	$ 34,735	$ 630,074	$ 4,109	$	$ 668,971
Financial Services and CMO			(4,807)	46,974		42,167
Income Taxes (Payables)Receivables	(4,303)	(374)	8,562	(2,162)		1,723
Investments in and amounts due to and from consolidated subsidiaries	240,676	304,811	(305,942)	2,252	(241,797)	
Total Assets	$236,426	$339,172	$ 327,887	$ 51,173	$(241,797)	$ 712,861
LIABILITIES AND STOCKHOLDERS' EQUITY						
Homebuilding	$	$ 7,060	$ 102,282	$ 363	$	$ 109,705
Financial Services and CMO			495	34,456		34,951

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Notes Payable		331,491	288			331,779
Stockholders' Equity	236,426	621	224,822	16,354	(241,797)	236,426
Total Liabilities and Stockholders' Equity	$236,426	$339,172	$ 327,887	$ 51,173	$(241,797)	$ 712,861

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED JULY 31, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 129	$ 279,175	$ 7,045	$(6,137)	$ 280,212
Financial Services and CMO			1,667	3,103		4,770
Intercompany Charges		28,607	(716)		(27,891)	
Equity In Pretax Income of Consolidated Subsidiaries	12,258				(12,258)	
Total Revenues	$12,258	$ 28,736	$ 280,126	$ 10,148	$(46,286)	$ 284,982
Expenses:						
Homebuilding		28,293	264,886	191	(25,293)	268,077
Financial Services and CMO			1,233	3,482	(68)	4,647
Total Expenses		28,293	266,119	3,673	(25,361)	272,724
Income Before Income Taxes	12,258	443	14,007	6,475	(20,925)	12,258
State and Federal Income Taxes	4,167	277	4,626	2,298	(7,201)	4,167
Net Income	$ 8,091	$ 166	$ 9,381	$ 4,177	$(13,724)	$ 8,091

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
THREE MONTHS ENDED JULY 31, 1999
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$ (159)	$ 598	$ 229,067	$ 5,866	$ (4,749)	$ 230,623
Financial Services and CMO			967	4,696		5,663
Intercompany Charges		24,562	(1,635)		(22,927)	
Equity In Pretax Income of Consolidated Subsidiaries	12,893				(12,893)	
Total Revenues	$12,734	$ 25,160	$ 228,399	$ 10,562	$ (40,569)	$ 236,286
Expenses:						
Homebuilding		23,694	213,791	682	(21,276)	216,891
Financial Services and CMO			681	4,777	(133)	5,325
Total Expenses		23,694	214,472	5,459	(21,409)	222,216
Income Before Income Taxes	12,734	1,466	13,927	5,103	(19,160)	14,070
State and Federal Income Taxes	5,124	468	5,238	1,668	(6,906)	5,592
Extraordinary Loss		(868)				(868)
Net Income	$ 7,610	$ 130	$ 8,689	$ 3,435	$ (12,254)	$ 7,610

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
NINE MONTHS ENDED JULY 31, 2000
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$	$ 352	$ 768,247	$ 13,487	$ (11,258)	$ 770,828
Financial Services and CMO			4,418	8,773		13,191
Intercompany Charges		76,513	3,282		(79,795)	
Equity In Pretax Income of Consolidated Subsidiaries	22,486				(22,486)	
Total Revenues	$22,486	$ 76,865	$ 775,947	$ 22,260	$(113,539)	$ 784,019
Expenses:						
Homebuilding		75,853	735,145	864	(64,611)	747,251
Financial Services and CMO			3,543	11,026	(287)	14,282
Total Expenses		75,853	738,688	11,890	(64,898)	761,533
Income Before Income Taxes	22,486	1,012	37,259	10,370	(48,641)	22,486
State and Federal Income Taxes	7,485	516	12,459	3,664	(16,639)	7,485
Net Income	$15,001	$ 496	$ 24,800	$ 6,706	$ (32,002)	$ 15,001

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF OPERATIONS
NINE MONTHS ENDED JULY 31, 1999
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:						
Homebuilding	$ (159)	$ 627	$ 629,986	$ 15,400	$ (13,313)	$ 632,541
Financial Services and CMO			2,578	13,172		15,750
Intercompany Charges		66,402	349		(66,751)	
Equity In Pretax Income of Consolidated Subsidiaries	35,540				(35,540)	
Total Revenues	$35,381	$ 67,029	$ 632,913	$ 28,572	$(115,604)	$ 648,291
Expenses:						
Homebuilding		65,834	587,500	2,049	(58,508)	596,875
Financial Services and CMO			1,853	13,200	(354)	14,699
Total Expenses		65,834	589,353	15,249	(58,862)	611,574
Income Before Income Taxes	35,381	1,195	43,560	13,323	(56,742)	36,717
State and Federal Income Taxes	14,191	468	16,490	5,178	(21,668)	14,659
Extraordinary Loss		(868)				(868)
Net Income	$21,190	$ (141)	$ 27,070	$ 8,145	$ (35,074)	$ 21,190

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 2000
(Thousands of Dollars)

Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income........................	$ 15,001	$ 496	$ 24,800	$ 6,706	$ (32,002)	$ 15,001
Adjustments to reconcile net income to net cash provided by (used in) operating activities...	(4,328)	67,821	(182,850)	(20,847)	32,002	(108,202)
Net Cash (Used In) Provided By Operating Activities...........	10,673	68,317	(158,050)	(14,141)		(93,201)
Net Cash (Used In) Investing Activities...............	(6)	(11,020)	(1,679)	(2)		(12,707)
Net Cash Provided By(Used In) Financing Activities...............	(5,036)	96,150	6,612	9,625		107,351
Intercompany Investing and Financing Activities - Net...................	(5,844)	(147,594)	147,682	5,756		
Net Increase (Decrease) In Cash and Cash Equivalents...................	(213)	5,853	(5,435)	1,238		1,443
Cash and Cash Equivalents Balance, Beginning of Period................	46	(5,395)	24,608	106		19,365
Cash and Cash Equivalents Balance, End of Period......................	$ (167)	$ 458	$ 19,173	$ 1,344	$	$ 20,808

HOVNANIAN ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED
CONSOLIDATING CONDENSED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED JULY 31, 1999
(Thousands of Dollars)

	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash Flows From Operating Activities:						
Net Income........................	$ 21,190	$ (141)	$ 27,070	$ 8,145	$ (35,074)	$ 21,190
Adjustments to reconcile net income to net cash provided by (used in) operating activities...	2,367	(4,030)	(79,679)	11,170	35,074	(35,098)
Net Cash (Used In) Provided By Operating Activities...........	23,557	(4,171)	(52,609)	19,315		(13,908)
Net Cash Provided By (Used In) Investing Activities...............		(1,909)	9,071	479		7,641
Net Cash Provided By(Used In) Financing Activities...............	(5,265)	36,551	1,222	(25,215)		7,293
Intercompany Investing and Financing Activities - Net...................	(18,242)	(16,975)	31,925	3,292		
Net Increase (Decrease) In Cash and Cash Equivalents...................	50	13,496	(10,391)	(2,129)		1,026
Cash and Cash Equivalents Balance, Beginning of Period................	14	(9,660)	23,023	2,177		15,554
Cash and Cash Equivalents Balance, End of Period......................	$ 64	$ 3,836	$ 12,632	$ 48	$	$ 16,580

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

CAPITAL RESOURCES AND LIQUIDITY

Our uses for cash during the nine months ended July 31, 2000 were for operating expenses, seasonal increases in housing inventories, construction, income taxes, interest, and the repurchase of common stock. We provided for our cash requirements from outside borrowings, including the issuance of $150,000,000 senior indebtedness and the revolving credit facility, housing and land sales, financial service fees, and other revenues. We believe that these sources of cash are sufficient to finance our working capital requirements and other needs.

In March 2000 the Board of Directors authorized a revision to our stock repurchase program to purchase up to 4 million shares of Class A Common Stock. This authorization expires on December 31, 2000. As of July 31, 2000, 3,204,471 shares have been repurchased under this program, of which 840,071 shares were purchased during the nine months ended July 31, 2000.

Our bank borrowings are made pursuant to a revolving credit agreement (the "Agreement") that provides a revolving credit line of up to $375,000,000 (the "Revolving Credit Facility") through July 2003. Interest is payable monthly and at various rates of either prime plus .25% or Libor plus 1.70%. We believe that we will be able either to extend the Agreement beyond July 2003 or negotiate a replacement facility, but there can be no assurance of such extension or replacement facility. We currently are in compliance and intend to maintain compliance with our covenants under the Agreement. As of July 31, 2000, borrowings under the agreement were $166,275,000.

The subordinated indebtedness issued by us and outstanding as of July 31, 2000 was $100,000,000 9 3/4% Subordinated Notes due June 2005. The senior indebtedness issued by us and outstanding as of July 31, 2000 was $150,000,000 9 1/8% Senior Notes due May 2009.

Our mortgage banking subsidiary borrows under a bank warehousing arrangement. Other finance subsidiaries formerly borrowed from a multi-builder owned financial corporation and a builder owned financial corporation to finance mortgage backed securities, but in fiscal 1988 decided to cease further borrowing from multi-builder and builder owned financial corporations. These non-recourse borrowings have been generally secured by mortgage loans originated by one of our subsidiaries. As of July 31, 2000, the aggregate principal amount of all such borrowings was $43,358,000.

Total inventory increased $89,196,000 during the nine months ended July 31, 2000. The increase was primarily due to significant anticipated openings of a number of communities in the Northeast Region and California and our expansion in Maryland. Substantially all homes under construction or completed and included in inventory at July 31, 2000 are expected to be closed during the next twelve months. Most inventory completed or under development is financed through our revolving credit facility and subordinated indebtedness.

The following table summarizes housing lots in our active selling communities under development (including Poland):

	Communities	Approved Lots	Homes Delivered	(1) Contracted Not Delivered	(2) Remaining Home Sites Available
July 31, 2000.........	118	17,018	5,159	2,226	9,633
October 31, 1999......	110	19,963	6,899	1,844	11,220

(1) Includes 101 and 96 lots under option at July 31, 2000 and October 31, 1999, respectively.

(2) Of the total home lots available, 739 and 599 were under construction or complete (including 84 and 76 models and sales offices), 5,426 and 7,057 were under option, and 148 and 216 were financed through purchase money mortgages at July 31, 2000 and October 31, 1999, respectively.

In addition, at July 31, 2000 and October 31, 1999, respectively, in substantially completed or suspended communities, we owned or had under option 67 and 94 home lots. We also control 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, 2000 we controlled such land to build 15,044 proposed homes, compared to 13,573 homes at October 31, 1999.

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

	July 31, 2000			October 31, 1999		
	Unsold Homes	Models	Total	Unsold Homes	Models	Total
Northeast Region....	128	40	168	114	31	145
North Carolina......	88	7	95	129	--	129

Florida............	5	--	5	5	--	5
Metro D.C..........	6	7	13	13	9	22
California.........	123	27	150	53	10	63
Texas..............	251	4	255	225	28	253
Poland.............	70	--	70	14	--	14
Total	671	85	756	553	78	631

Financial Services - Mortgage loans held for sale consist of residential mortgages receivable of which $44,898,000 and $32,844,000 at July 31, 2000 and October 31, 1999, respectively, are being temporarily warehoused and awaiting sale in the secondary mortgage market. The balance of such mortgages is being held as an investment by us. We may incur risk with respect to mortgages that are delinquent, but only to the extent the losses are not covered by mortgage insurance or resale value of the house. Historically, we have incurred minimal credit losses. Collateral Mortgage Financing - Collateral for bonds payable consist of collateralized mortgages receivable which are pledged against non-recourse collateralized mortgage obligations.

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2000 COMPARED TO THE THREE AND NINE MONTHS ENDED JULY 31, 1999

Our operations consist primarily of residential housing development and sales in our Northeast Region (comprised of New Jersey, southern New York State and eastern Pennsylvania), North Carolina, southeastern Florida, Metro D. C. (northern Virginia and Maryland), southwestern California, Texas, and Poland. Our Texas operations are the result of the acquisition of a Texas homebuilder on October 1, 1999. In addition, we provide financial services to our homebuilding customers and third parties.

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

	Sales Contracts for the Nine Months Ended July 31,		Contract Backlog as of July 31,	
	2000	1999	2000	1999
	(Dollars in Thousands)			
Northeast Region(1):				
Dollars............	$398,815	$316,170	$357,359	$242,597
Homes..............	1,506	1,379	1,308	1,012
North Carolina:				
Dollars............	$ 93,210	$114,862	$ 46,276	$ 65,889
Homes..............	501	600	243	327
Florida:				
Dollars............	$ 17,665	$ 25,051	$ 14,573	$ 14,805
Homes..............	69	112	56	66
Metro D.C.:				
Dollars............	$ 62,052	$ 41,616	$ 50,107	$ 37,766
Homes..............	241	182	205	170
California:				
Dollars............	$117,303	$ 79,740	$ 52,640	$ 33,639
Homes..............	369	380	123	148
Texas:				
Dollars............	$141,209	--	$ 61,272	--
Homes..............	693	--	286	--
Poland:				
Dollars............	$ 1,625	$ 654	$ 1,781	$ 294
Homes..............	47	6	49	2
Totals:				
Dollars............	$831,879	$578,093	$584,008	$394,990
Homes..............	3,426	2,659	2,270	1,725

(1) Nine months ended July 31, 2000 includes $42,257,000 total sales and 141 homes and $51,522,000 total contract backlog and 143 homes from a New Jersey homebuilder acquired on August 7, 1999.

Total Revenues:

Revenues for the three months ended July 31, 2000 increased $48.7 million or 20.6%, compared to the same period last year. This was the result of a $50.9 million increase in revenues from the sale of homes. This increase was partially offset by a $1.3 million decrease in land sales and other homebuilding revenues and a $0.9 million decrease in financial services revenues.

Revenues for the nine months ended July 31, 2000 increased $135.7 million or 20.9%, compared to the same period last year. This was the result of a $142.1 million increase in revenues from the sale of homes. This increase was partially offset by a $3.8 million decrease in land sales and other homebuilding revenues, and a $2.6 million decrease in financial services revenues.

Homebuilding:

Revenues from the sale of homes increased $50.9 million or 22.4% during the three months ended July 31, 2000, and increased $142.1 million or 22.9% during the nine months ended July 31, 2000 compared to the same periods last year. Revenues from sales of homes are recorded at the time each home is delivered and title and possession have been transferred to the buyer.

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2000	1999	2000	1999
	(Dollars in Thousands)			
Northeast Region(1):				
Housing Revenues.....	$131,668	$142,503	$372,652	$395,687
Homes Delivered......	452	539	1,323	1,499
North Carolina:				
Housing Revenues.....	$ 33,319	$ 38,269	$ 91,580	$ 97,902
Homes Delivered......	167	205	465	508
Florida:				
Housing Revenues.....	$ 3,310	$ 9,690	$ 12,896	$ 27,554
Homes Delivered......	13	41	50	119
Metro D. C.:				
Housing Revenues.....	$ 13,901	$ 11,400	$ 47,205	$ 29,952
Homes Delivered......	54	46	185	127
California:				
Housing Revenues.....	$ 48,055	$ 24,792	$104,004	$ 68,651
Homes Delivered......	164	120	375	351
Texas:				
Housing Revenues.....	$ 47,318	--	$134,106	--
Homes Delivered......	228	--	668	--
Poland:				
Housing Revenues.....	$ 433	$ 417	$ 734	$ 1,348
Homes Delivered......	8	2	11	11
Totals:				
Housing Revenues.....	$278,004	$227,071	$763,177	$621,094
Homes Delivered......	1,086	953	3,077	2,615

(1) Three and nine months ended July 31, 2000 includes $10,482,000 and $41,398,000 housing revenues and 32 and 121 homes from a New Jersey homebuilder acquired on August 7, 1999.

The increase in the number of homes delivered and housing revenues compared to the prior year was primarily due to the acquisition of a Texas homebuilding company and an increase of three communities in the Metro DC market and an increase in the average home price in California. These increases were partially offset by decreases in the Northeast Region, North Carolina, and Florida. The decrease in deliveries and related revenue in the Northeast Region is due to fewer selling communities in the third and fourth quarters of fiscal 1999, resulting in fewer deliveries during the first nine months of fiscal 2000. In North Carolina, the decrease is due to a highly competitive market and in Florida the decrease is due to the closing of our Florida operations.

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,	
	2000	1999	2000	1999
	(Dollars in Thousands)			
Sale of Homes................	$278,004	$227,071	$763,177	$621,094
Cost of Sales................	220,000	178,089	612,006	487,423
Housing Gross Margin.........	$ 58,004	$ 48,982	$151,171	$133,671
Gross Margin Percentage......	20.9%	21.6%	19.8%	21.5%

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2000	1999	2000	1999
Sale of Homes................	100.0%	100.0%	100.0%	100.0%
Cost of Sales:				
Housing, land & development costs....	71.2	70.4	71.9	70.4
Commissions............	2.2	2.0	2.3	2.0
Financing concessions..	0.8	0.8	0.9	0.8
Overheads..............	4.9	5.2	5.1	5.3
Total Cost of Sales..........	79.1	78.4	80.2	78.5
Gross Margin.................	20.9%	21.6%	19.8%	21.5%

We sell a variety of home types in various local communities, each yielding a different gross margin. As a result, depending on the mix of both communities and on home types delivered, consolidated quarterly gross margin will fluctuate up or down and may not be representative of the consolidated gross margin for the year. In addition, gross margin percentages are higher in the Northeast Region compared to our other markets. For the three and nine months ended July 31, 2000 our gross margin percentage decreased 0.7% and 1.7%, respectively, compared to the same periods last year. This can be attributed to a decrease of deliveries in the Northeast Region amounting to 48.8% for the nine months ended July 31, 2000 compared to 63.7% for the same period in 1999. In addition, we had more deliveries in our new Texas market where they report lower margins.

Selling, general, and administrative costs as a percentage of total homebuilding revenues increased to 9.2% for the three months ended July 31, 2000 from 8.9% for the prior year's three months, and increased to 9.9% for the nine months ended July 31, 2000 from 8.9% for the prior year's nine months. Such expenses increased during the three and nine months ended July 31, 2000 by $5.3 million and $20.0 million, respectively, compared to the same periods last year. The overall percentage and dollar increases in selling, general and administrative is principally due to an increase of 47% in contracts and a 52% increase in deliveries in California, an increase in our Northeast Region due to the addition of a New Jersey homebuilder which operates independently, and the addition of Texas.

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,	
	2000	1999	2000	1999
Land and Lot Sales...............	$ 1,328	$ 1,974	$ 3,144	$ 7,508
Cost of Sales....................	966	1,868	2,568	7,158
Land and Lot Sales Gross Margin...	362	106	576	350
Interest Expense.................	111	94	350	836

Land and Lot Sales Profit (Loss) Before Tax	$ 251	$ 12	$ 226	$ (486)

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, as well as from third parties, selling such mortgages in the secondary market, and title insurance activities. For the three months ended July 31, 2000 financial services provided a $0.1 million pretax profit compared to a profit of $0.4 million for the same period in 1999. For the nine months ended July 31, 2000 financial services resulted in a $1.1 million loss before income taxes compared to a profit of $1.1 million for the same period in 1999. Our mortgage banking goals are to improve profitability by increasing the capture rate of our homebuyers and expanding our business to include originations from unrelated third parties.

Collateralized Mortgage Financing

In the years prior to February 29, 1988 we pledged mortgage loans originated by our mortgage banking subsidiaries against collateralized mortgage obligations ("CMO's"). Subsequently we discontinued our CMO program. As a result, CMO operations are diminishing as pledged loans are decreasing through principal amortization and loan payoffs, and related bonds are reduced. In recent years, as a result of bonds becoming callable, we have also sold a portion of our CMO pledged mortgages.

Corporate General and Administrative

Corporate general and administrative expenses include the operations at our headquarters in Red Bank, New Jersey. Such expenses include our executive offices, information services, human resources, corporate accounting, training, treasury, process redesign, internal audit, national purchasing, product development, and administration of insurance, quality, and safety. As a percentage of total revenues, such expenses increased to 3.5% for the three months ended July 31, 2000 from 3.4% for the prior year's three months. For the nine months ended July 31, 2000 such expenses decreased to 3.1% from 3.2% for the prior year nine months due to increased housing revenues. Corporate general and administrative expenses increased $2.0 million and $3.5 million during the three and nine months ended July 31, 2000 compared to the same periods last year. These increases are primarily attributed to increased process redesign costs associated with the design and development of streamlined business processes associated with the implementation of SAP, our new enterprise wide fully integrated software package and increased depreciation expense related to capitalized process redesign costs in prior years.

Interest

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2000	1999	2000	1999
Sale of Homes	$ 8,691	$ 6,755	$24,011	$20,401
Land and Lot Sales	111	94	350	836
Total	$ 8,802	$ 6,849	$24,361	$21,237

Housing interest as a percentage of sale of homes revenues amounted to 3.1% for the three and nine months ended July 31, 2000, respectively, and 2.9% and 3.1% for the three and nine months ended July 31, 1999, respectively.

Other Operations

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

Total Taxes

Total taxes as a percentage of income before taxes amounted to approximately 33.3% and 39.9% for the nine months ended July 31, 2000 and 1999, respectively. The decrease in this percentage from 1999 to 2000 is primarily attributed to lower state taxes. 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.

Extraordinary Loss

On June 7, 1999, we redeemed $45,449,000 11 1/4% Subordinated Notes due 2002 at a price of 101.875% of par which resulted in an extraordinary loss of $868,000 net of income taxes of $468,000.

Inflation

Inflation has a long-term effect on us because increasing costs of land, materials and labor result in increasing sale prices of our homes. In general, these price increases have been commensurate with the general rate of inflation in our housing market 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 we sell homes, we have not found this risk to be a significant problem.

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

Forward Looking Statements

All statements in this Form 10-Q that are not historical facts should be considered "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, changes in general economic conditions, fluctuations in interest rates, increases in raw materials and labor costs, levels of competition, and other factors described in detail in our Form 10-K for the year ended October 31, 1999.

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 12, 2000

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

DATE: September 12, 2000

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

Corporate Controller

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

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