

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 23, 2001

HOVNIANIAN ENTERPRISES, INC.

(Exact Name of registrant specified in its charter)

Delaware ----- (State or other Jurisdiction of Incorporation)	1-8551 ----- (Commission File Number)	22-1851059 ----- (I.R.S. Employer Identification No.)
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10 Highway 35, P.O. Box 500
Red Bank, New Jersey 07701
(Address of principal executive offices)

Registrant's telephone number:
(732) 747-7800

Item 2. Acquisition or Disposition of Assets

On January 23, 2001, Hovnanian Enterprises, Inc., a Delaware corporation ("Hovnanian" or the "Registrant"), completed its acquisition of Washington Homes, Inc., a Maryland corporation ("WHI").

The total equity value of Hovnanian's acquisition of WHI was approximately \$94.8 million, paid 40% in cash and the balance in Hovnanian Class A common stock, in accordance with the Agreement and Plan of Merger among Hovnanian, WHI Holding Co., Inc. and WHI (the "Merger Agreement"). Hovnanian also refinanced the outstanding debt of WHI under Hovnanian's \$375 million revolving credit agreement.

A copy of the Merger Agreement is incorporated by reference herein to Annex I of the Joint Proxy Statement/Prospectus contained in Hovnanian's Registration Statement on Form S-4 (File No. 333-52090). A copy of the press release, dated January 24, 2001, is attached as an exhibit hereto and incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired.

Condensed consolidated financial statements of Washington Homes, Inc. and its consolidated subsidiaries as of October 31, 2000 and for the three months then ended are incorporated by reference herein to Washington Homes, Inc.'s quarterly report for the period ended October 31, 2000 on Form 10-Q (Commission File No. 001-07643).

Consolidated financial statements of Washington Homes, Inc. and its consolidated subsidiaries as of July 31, 2000 and July 31, 1999 and for the years then ended are incorporated by reference herein to Washington Homes, Inc.'s annual report for the fiscal year ended July 31, 2000 on Form 10-K (Commission File No. 001-07643).

(b) Pro Forma Financial Information.

The following pro forma consolidated financial statements of Hovnanian Enterprises, Inc. ("Hovnanian") give effect to the merger of Washington Homes, Inc. ("Washington Homes") and Hovnanian using the purchase method of accounting. The pro forma consolidated financial statements are based on the historical audited consolidated financial statements of Hovnanian, audited Washington Homes consolidated financial statements at July 31, 2000, and unaudited Washington Homes consolidated financial statements at October 31, 1999 and 2000. The pro forma consolidated financial statements are based on the estimates and assumptions set forth in the notes, including Hovnanian management's estimates of the value of the tangible and intangible assets acquired. These estimates and assumptions are preliminary and have been made solely for the purpose of developing the pro forma information. Under the terms of the merger agreement, Washington Homes' shareholders received the equivalent of 1.39 shares of Hovnanian Class A Common shares or \$10.08 in cash for each of the 8,334,461 shares of Washington Homes, subject to certain adjustments. The 531,500 stock options held by employees of Washington Homes were converted to Hovnanian options with a similar aggregate implied value. Of this amount 391,250 employee stock options were vested as of the merger date and the fair value of these options are included as a component of purchase price. Additionally, the 109,000 vested stock options held by non-employees of Washington Homes were purchased by Hovnanian for the difference of \$10.08 and their respective exercise prices. These pro forma consolidated financial statements are based on the actual consideration as elected by the Washington Homes' shareholders and in accordance with the agreement, of approximately 45% cash and 55% Hovnanian shares. Accordingly, the total purchase price was approximately \$86.6 million, based on Hovnanian's closing share price of \$7 1/16 on August 25, 2000.

The pro forma consolidated balance sheet assumes that the merger took place on October 31, 2000. The pro forma consolidated statements of income for the year ended October 31, 2000 assumes that the merger took place as of November 1, 1999.

The unaudited pro forma consolidated financial statements, are presented for illustrative purposes only and are not indicative of the consolidated financial position or results of operations of future periods that actually would have been realized had Hovnanian and Washington Homes been a consolidated company during the specified periods. The pro forma consolidated financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical consolidated financial statements of (i) Hovnanian as filed in its Form 10-K for the year ended October 31, 2000 and (ii) Washington Homes as filed in its Form 10-K for the year ended July 31, 2000, and its Form 10Q for the three months ended October 31, 2000.

HOVNANIAN ENTERPRISES INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2000
UNAUDITED
(In Thousands)

	Hovnanian Enterprises, Inc.	Pro Forma Washington Homes, Inc.	Adjustments Increase (Decrease)	Pro Forma October 31, 2000
	-----	-----	-----	-----
Assets				
Homebuilding:				
Cash and cash equivalents	\$ 40,131	\$ 10,876	\$ (1)(2)	\$ 51,007
Inventories	614,983	132,907		747,890
Property, plant and equipment - net	35,594	674		36,268
Senior rentals	10,276			10,276
Other	101,087	14,731	6,609 (1)(3)(4)	122,427
	-----	-----	-----	-----
Total homebuilding	802,071	159,188	6,609	967,868
Financial services	67,127	2,889		70,016
Collateralized mortgage financing	4,343			4,343
	-----	-----	-----	-----
Total assets	\$ 873,541	\$ 162,077	\$ 6,609	\$ 1,042,227
	=====	=====	=====	=====
Liabilities and stockholders' equity				
Homebuilding:				
Nonrecourse land mortgages	\$ 18,166	\$ 2,584		\$ 20,750
Accounts payable and other liabilities	82,205	30,244	8,050 (4)	120,499
Customers' deposits	31,475	3,158		34,633
Nonrecourse mortgages secured by operating properties	3,554			3,554
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Total homebuilding	135,400	35,986	8,050	179,436
Financial services	58,564	428		58,992
Collateralized mortgage financing	3,007			3,007
Notes payable	409,139	37,114	39,481 (2)	485,734
Income taxes payable	4,072	587	(73)(1)(3)(4)	4,586
	-----	-----	-----	-----
Total liabilities	610,182	74,115	47,458	731,755
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Stockholders' equity:				
Common Stock Class A	173	82	(18)(1)(4)	237
Common Stock Class B	79			79
Paid in capital	46,086	36,530	10,858 (1)(4)(11)	93,474
Retained earnings	246,420	51,392	(51,392)(3)(4)	246,420
Deferred compensation		307	(646)(4)(11)	(339)
Treasury stock	(29,399)	(349)	349 (4)	(29,399)
	-----	-----	-----	-----
Total stockholders' equity	263,359	87,962	(40,849)	310,472
	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$ 873,541	\$ 162,077	\$ 6,609	\$ 1,042,227
	=====	=====	=====	=====

HOVNANIAN ENTERPRISES, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED OCTOBER 31, 2000
UNAUDITED
(In Thousands Except Per Share Data)

	Hovnanian Enterprises, Inc.	(5) Pro Forma Washington Homes, Inc	Adjustments Increase (Decrease)	Year Ended October 31, 2000
Revenues:				
Homebuilding:				
Sale of homes	\$ 1,105,466	\$ 467,524		\$ 1,572,990
Land sales and other revenues	13,017	4,793		17,810
Total homebuilding	1,118,483	472,317		1,590,800
Financial services	18,855	9,285		28,140
Collateralized mortgage financing	469			469
Total revenues	1,137,807	481,602		1,619,409
Expenses:				
Homebuilding:				
Cost of sales	882,711	401,000	(192)(6)	1,283,519
Selling, general & administration	104,771	40,565	(1,058)(7)(11)	144,278
Inventory impairment loss	1,791			1,791
Total homebuilding	989,273	441,565	(1,250)	1,429,588
Financial services	19,334	5,369		24,703
Collateralized mortgage financing	416			416
Corporate general and administration	33,309			33,309
Interest	34,956	9,421	1,468(9)(12)	45,845
Other operations	8,701	519	3,250(8)(12)	12,470
Total expenses	1,085,989	456,874	3,468	1,546,331
Income before income taxes	51,818	24,728	(3,468)	73,078
Income taxes	18,655	9,655	(754)(10)	27,556
Net income	\$ 33,163	\$ 15,07	\$ (2,714)	\$ 45,522
Earnings per share:				
Basic	\$ 1.51			\$ 1.61
Weighted shares outstanding	21,933		(13)	28,286
Diluted	\$ 1.50			\$ 1.59
Weighted shares outstanding	22,043		(13)	28,720

Hovnanian Enterprises, Inc.
Notes to Unaudited Pro Forma Consolidated Financial Statements (In
Thousands Except Per Share Data)

(1) Adjustment reflects the components of its purchase price. Under the terms of the transaction, Hovnanian exchanged 1.39 shares of Hovnanian Class A Common shares for approximately 4,570,600 Washington Homes shares and paid \$10.08 in cash for approximately 3,763,800 shares of Washington Homes. These pro forma consolidated financial statements are based on the actual consideration as elected by Washington Homes' shareholders and in accordance with the agreement, of approximately 45% cash and 55% Hovnanian shares as noted above. The aggregate purchase price is estimated to be approximately \$11.7 million higher than the fair value of assets acquired less liabilities assumed at October 31, 2000. The 531,500 stock options held by employees of Washington Homes were converted to 738,785 Hovnanian options with a similar aggregate implied value. Of the Washington Homes stock options 390,000 employees' stock options were vested as of the balance sheet date and the fair value of these options are included as a component of purchase price. Additionally, the 109,000 vested stock options held by non-employees of Washington Homes were purchased by Hovnanian for the difference of \$10.08 and their respective exercise prices. Accordingly, the total purchase price was estimated to be approximately \$86.6 million, based on Hovnanian's closing share price of \$7 1/16 on August 25, 2000.

The following table summarizes the calculation of the purchase price at October 31, 2000:

	(Dollars in thousands)

Merger consideration	
- Cash (including non-employee stock options)	\$ 38,481
- Hovnanian Class A shares	44,869
- Fair Value of Vested Hovnanian Options	2,243
Transaction costs	1,000

Total purchase price	\$ 86,593
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(2) Adjustment reflects the following anticipated transactions:

. Draw on Hovnanian existing credit facility	\$ 76,595
	=====
. Anticipated funding of the cash portion of the purchase price (including transaction costs of \$1,000)	\$ (39,481)
. Repayment of existing Washington Homes notes payable	(37,114)

	\$ 76,595
	=====

The net effect of the above transaction results in an increase in the notes payable of the combined company in the amount of \$39,481.

(3) Adjustment reflects the write-off of approximately \$.1 million of financing costs in connection with the retirement of certain Washington Homes indebtedness, as described in Note (2) above.

(4) Adjustment reflects the elimination of the Washington Homes stockholders' equity, the elimination of Washington Homes goodwill amounting to approximately \$8.2 million, and the accrual of approximately \$8.1 million Washington Homes related merger expenses.

(5) As Washington Homes has a calendar year end of July 31, the pro forma results of operations for the year ended October 31, 2000 are based upon the quarterly historical results of operations of Washington Homes as previously filed, conformed to Hovnanian's fiscal year end and Hovnanian's financial statement presentation as follows:

Washington Homes, Inc.
Pro Forma Results of Operations for the Year Ended October 31, 2000
Previously Reported Periods

	Year Ended July 31, 2000	Less: three months Ended October 31, 1999	Add: three Months Ended October 1, 2000
Revenues:			
Homebuilding:			
Sale of Homes	\$459,278	\$ 85,889	\$102,201
Land Sales & Other Revenues	10,473	1,534	2,304
Total Homebuilding	469,751	87,423	104,505
Financial Services			
Collateralized Mortgage Financing			
Total Revenues	469,751	87,423	104,505
Expenses:			
Homebuilding:			
Cost of Sales	375,014	69,190	82,318
Selling, General & Administration	62,752	12,033	15,140
Inventory Impairment Loss			
Total Homebuilding	437,766	81,223	97,458
Financial Services			
Collateralized Mortgage Financing			
Corporate General & Administration			
Interest	7,224	1,752	1,848
Other Operations	751	166	199
Total Expenses	445,741	83,141	99,505
Income Before Income Taxes	24,010	4,282	5,000
Income Taxes	9,391	1,655	1,919
Net Income	\$ 14,619	\$ 2,627	\$ 3,081

	Year Ended October 31, 2000	Reclassification Adjustments	Pro Forma Year Ended October 31, 2000
Revenues:			
Homebuilding:			
Sale of Homes	\$475,590	(8,066)	\$467,524
Land Sales & Other Revenues	11,243	(6,450)	4,793
Total Homebuilding	486,833	(14,516)	472,317
Financial Services		9,285	9,285
Collateralized Mortgage Financing			
Total Revenues	486,833	(5,231)	481,602
Expenses:			
Homebuilding:			
Cost of Sales	338,142	12,858	401,000
Selling, General & Administration	65,859	(25,294)	40,565
Inventory Impairment Loss			
Total Homebuilding	454,001	(12,436)	441,565
Financial Services		5,369	5,369
Collateralized Mortgage Financing			
Corporate General & Administration			
Interest	7,320	2,101	9,421
Other Operations	784	(265)	519
Total Expenses	462,105	(5,231)	456,874
Income Before Income Taxes	24,728		24,728
Income Taxes	9,655		9,655
Net Income	\$ 15,073		\$ 15,073

(6) Adjustment reflects a reduction in cost of sales due to different procedures for estimating warranty accruals at Hovnanian. The change in procedures reduces Washington Homes cost of sales \$.2 million for the year ended October 31, 2000.

(7) Adjustment reflects a reduction in general and administrative expenses. In connection with the merger, Hovnanian management believes that it will realize cost savings related to the elimination of professional fees and other costs associated with the operation of Washington Homes as a public independent company, including legal, audit and tax fees, annual report preparation and printing costs and stock registration and filing fees aggregating \$.9 million for the year ended October 31, 2000. In addition, Washington Homes had incurred \$.8 million of related merger costs which are also being eliminated from general and administrative expenses for the year ended October 31, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HOVNANIAN ENTERPRISES, INC.

(Registrant)

By: /s/ Peter S. Reinhart

Name: Peter S. Reinhart

Title: Senior Vice President
General Counsel

Date: February 7, 2001

INDEX TO EXHIBITS

Exhibit Number -----	Exhibit -----
Exhibit 2.1	Agreement and Plan of Merger, dated as of August 28, 2000, among Hovnanian Enterprises, Inc. ("Hovnanian"), WHI Holding Co., Inc. and Washington Homes, Inc. (included as Annex I to the Joint Proxy Statement/Prospectus contained in Hovnanian's Registration Statement on Form S-4 (File No. 333-52090)).
Exhibit 99.1	Press Release dated January 24, 2001.

HOVNIANIAN ENTERPRISES, INC.

News Release

Contact:	At the Company	At The Financial Relations Board
	Kevin C. Hake	Amy F. Glynn, CFA
	Vice President, Finance	675 Third Avenue
	and Treasurer	212-661-8030
	732-747-7800	

HOVNIANIAN ENTERPRISES AND WASHINGTON HOMES COMPLETE MERGER

RED BANK, NJ, January 24, 2001 -- Hovnianian Enterprises, Inc. (ASE: HOV) and Washington Homes, Inc. (formerly NYSE: WHI) announced that, having received shareholder approvals, they closed on their merger on January 23. As a result, Washington Homes, Inc. has been merged with and into a wholly owned subsidiary of Hovnianian. Washington Homes, Inc. is no longer listed as a separate company on the NYSE effective as of the close of trading yesterday. Hovnianian is now expected to rank among the top-ten homebuilders in the United States, with total assets approaching \$1.0 billion. Fiscal 2001 revenue is expected to climb more than 40% to approximately \$1.65 billion and deliveries are anticipated to exceed 6,700 homes. The merger resulted in the issuance of an additional 6.4 million Hovnianian common shares, boosting shareholders' equity above \$300 million and adding significant liquidity for shareholders by increasing the publicly-held float almost 50%.

"With the merger completed, we can now focus on achieving the many benefits the combination of our two companies will allow," said Kevork S. Hovnianian, Chairman and Founder of Hovnianian Enterprises, Inc. "This combination is a perfect fit with our strategy of having a dominant presence in a handful of select markets. It greatly enhances the Company's market position in Metro-Washington D.C. and North Carolina, adds depth to our management team, increases our market capitalization, and further diversifies our earnings," he added. "Our increased size and focused market concentration will provide powers and economies of scale that should lead to superior returns for our shareholders." Subsequent to the merger, Hovnianian Enterprises, Inc. will maintain its current position as the largest builder in New Jersey and will become the second-largest builder in Metro-Washington, D.C. and the largest builder in North Carolina. In addition, Hovnianian will continue to have a significant presence in Dallas, Texas and Southern California, will be a top-five builder in Nashville, Tennessee and the market leader in Huntsville, Alabama and the Gulf Coast of Mississippi.

"We are extremely pleased to join together with the Hovnianian organization," said Geaton A. DeCesaris, Jr., former President and CEO of Washington Homes, Inc. "The merger has achieved our objective of providing greater liquidity for our shareholders and it will give all of our associates in the combined Company a more advantageous environment in which to flourish," said Mr. DeCesaris, who is now the President of Homebuilding Operations and Chief Operating Officer for Hovnianian Enterprises. "The growth prospects and increased market presence for the Company have improved the opportunities for our combined teams in North Carolina and Washington D.C.," he added.

"We plan to implement our extensive training and career development programs to cover our new associates," commented Ara K. Hovnianian, President and CEO of the combined Company. A joint team has already developed an integration plan to build on the market strength the Company has gained in North Carolina and Metro-Washington, D.C. The plan includes leveraging the most powerful local brands and national purchasing contracts, combining redundant offices, eliminating duplicate design centers and consolidating sales and marketing efforts wherever possible. "We are finding additional synergies as we implement our integration plan," noted Mr. Hovnianian.

"Washington Homes is expected to add between \$.05 to \$.10 per share to this year's earnings," said Ara Hovnianian. "Year to date, we have already delivered or sold more than 60% of the Company's projected fiscal 2001 deliveries. We are confident that we will meet or exceed analyst estimates of approximately \$1.80 per share for fiscal 2001, representing a 20% increase from our record performance in fiscal 2000," he said. "Our earnings estimates are prior to the effect of any special charges related to the merger that will be taken in the first quarter ending January 31st, 2001," Mr. Hovnianian added.

The total equity value of the merger consideration was \$94.8 million, paid 40% in cash and the balance in Hovnanian Class A common shares, in accordance with the terms of the Agreement and Plan of Merger. Approximately 4.6 million of the 8.3 million outstanding Washington Homes shares were converted into Hovnanian shares. Hovnanian also refinanced the outstanding debt of Washington Homes under the Company's \$375 million revolving credit agreement, as anticipated.

Washington Homes shareholders who elected to receive all cash as consideration for their shares or who failed to properly deliver an election form by the announced deadline will receive \$10.08 in cash for each share of Washington Homes stock. Washington Homes shareholders who elected to receive all stock as consideration will receive, as a result of pro-ration, 1.0287 shares of Hovnanian Class A common stock and \$2.62 in cash for each share of Washington Homes stock.

"Most of our communities continue to experience strong demand," Ara Hovnanian noted. "The increasingly difficult environment for regulatory approvals in nearly all areas of the country has kept the supply of new housing from meeting demand in many of our markets. This gives us confidence that the housing market will support our business plan, even

if there is a moderate downturn in job creation," he said. "With the addition of Washington Homes, Hovnanian now controls more than 40,000 lots in attractive locations. Over 70% of these lots are controlled under rolling option contracts. The merger will also allow us to continue to apply our standardized processes and operating strategies across a wider universe, in order to further enhance our returns," he concluded.

Hovnanian Enterprises, Inc. designs, constructs and markets single-family homes, townhomes and condominiums in planned residential communities in New Jersey, North Carolina, Pennsylvania, Virginia, Maryland, New York, California, Texas, Tennessee, Alabama and Mississippi in the United States, and in Poland.

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