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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 001-12822
BEAZER HOMES USA, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	58-2086934
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5775 PEACHTREE DUNWOODY ROAD, SUITE C-550, ATLANTA, GEORGIA 30342
(Address of principal executive offices) (Zip code)

(Registrant's telephone number including area code) (404) 250-3420

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF SECURITIES	EXCHANGES ON WHICH REGISTERED
Common Stock, $.01 par value per share	New York Stock Exchange
Series A Cumulative Convertible Exchangeable Preferred Stock, $.01 par value per share	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant (5,926,280 shares) as of December 2, 1997, based on the closing sale price per share as reported by the New York Stock Exchange on such date, was $116,673,638. The number of shares outstanding of the registrant's Common Stock as of December 2, 1997 was 6,075,523.

DOCUMENTS INCORPORATED BY REFERENCE

PART OF 10-K WHERE INCORPORATED

Portions of the registrant's 1997 Annual Report to Shareholders for the fiscal year ended September 30, 1997	II
Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on February 5, 1998	I III
Portions of the registrant's Registration Statement on Form S-1 (Registration No. 33-72982)	II
Portions of the registrant's Registration Statement on Form S-1 (Registration No. 33-72576)	IV
Portions of the registrant's Form 10-Q for the quarter ended March 31, 1994	IV
Portions of the registrant's Form 10-K for the year ended September 30, 1996	IV
Portions of the registrant's Form 10-K for the year ended September 30, 1994	IV
Portions of the registrant's Form 10-Q for the quarter ended March 31, 1995	IV
Portions of the registrant's Form 10-Q for the quarter ended June 30, 1997	IV
Portions of the registrant's Registration Statement on Form S-3 (Registration No. 33-92892)	IV
Portions of the registrant's Registration Statement on Form S-8 (Registration No. 33-91904)	IV
Portions of the registrant's report on Form 8-K filed on May 30, 1996	IV
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BEAZER HOMES USA, INC.

FORM 10-K

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ITEM 1. BUSINESS

Beazer Homes USA, Inc. ("Beazer" or the "Company") designs, builds and sells single family homes in the Southeast, Southwest and Central regions of the United States. The Company's Southeast region includes Georgia, North Carolina, South Carolina, Tennessee and Florida, its Southwest region includes Arizona, California and Nevada and its Central region includes Texas. The Company's homes are designed to appeal primarily to entry-level and first time move-up home buyers.

The Company's objective is to provide its customers with homes that incorporate quality and value while seeking to maximize its return on invested capital. To achieve this objective, the Company has developed a business strategy which focuses on the following elements:

GEOGRAPHIC DIVERSITY AND GROWTH MARKETS. The Company competes in a large number of geographically diverse markets in an attempt to reduce its exposure to any particular regional economy. Virtually all of the markets in which the Company operates have experienced significant population growth in recent years. Within these markets, the Company builds homes in a variety of projects, typically with fewer than 150 homesites per project.

QUALITY HOMES FOR ENTRY-LEVEL AND FIRST TIME MOVE-UP HOME BUYERS. The Company seeks to maximize customer satisfaction by offering homes which incorporate quality materials, distinctive design features, convenient locations and competitive prices. The Company focuses on entry-level and first move-up home buyers because it believes they represent the largest segment of the homebuilding market. During fiscal year 1997, the average sales price of the Company's homes closed was approximately $147,100.

DECENTRALIZED OPERATIONS WITH EXPERIENCED MANAGEMENT. The Company believes its in-depth knowledge of its local markets enables the Company to better serve its customers. The Company's local managers, who have significant experience in both the homebuilding industry and the markets they serve, are responsible for operating decisions regarding design, construction and marketing. The Company combines these decentralized operations with a centralized corporate-level management which controls decisions regarding overall strategy, land acquisitions and financial matters.

CONSERVATIVE LAND POLICIES. The Company seeks to maximize its return on capital employed by limiting its investment in land and by focusing on inventory turnover. To implement this strategy and to reduce the risks associated with investments in land, the Company uses options to control land whenever possible. In addition, the Company does not speculate in unentitled land.

In March 1994, the Company completed a concurrent initial public offering of common stock and issuance of Senior Notes ("IPO"). Prior to its IPO, the Company was an indirect wholly owned subsidiary of Hanson PLC ("Hanson"), a company registered in the United Kingdom. As a result of the IPO, Hanson's ownership interest in the Company was reduced to approximately 30%. During 1995, the Company repurchased the remaining 30% shares, which had been transferred to former affiliate of Hanson.

RECENT BUSINESS DEVELOPMENTS

During fiscal 1996 the Company established Beazer Mortgage Company ("Beazer Mortgage"). Beazer Mortgage originates, but does not hold or service, mortgages for homebuyers of the homebuilding operations of the Company. At September 30, 1997, Beazer Mortgage had branches operating in six of the nine states in which the Company operates. The Company expects branches to be open in all nine states by the end of fiscal 1998.

Subsequent to the end of its 1997 fiscal year, the Company signed two agreements expanding its business. Effective November 28, 1997, the Company acquired the assets of the Orlando, Florida homebuilding operations of Calton Homes, Inc. The purchase price, subject to final adjustment, was $16.7

million. On December 9, 1997, the Company also entered into a joint venture agreement with Corporacion GEO, the largest builder of affordable homes in Mexico, to build homes in the United States. The joint venture will focus exclusively on the development, construction and sale of affordable housing throughout the U.S., priced between $35,000 and $45,000. The joint venture is owned 60% by Corporacion GEO and 40% by Beazer.

MARKETS AND PRODUCT DESCRIPTION

The Company evaluates a number of factors in determining which geographic markets to enter or in which to concentrate its homebuilding activities. The Company attempts to anticipate swings in economic and real estate conditions by evaluating such statistical information as (i) the historical and projected growth of the population; (ii) the number of new jobs created or projected to be created; (iii) the number of housing starts in previous periods; (iv) building lot availability and price; (v) housing inventory; (vi) level of competition; and (vii) home sales absorption rates. In addition, the Company seeks to avoid direct competition in a particular market with respect to product type.

The Company maintains the flexibility to alter its product mix within a given market depending on market conditions and, in determining its product mix, considers demographic trends, demand for a particular type of product, margins, timing and the economic strength of the market. While remaining responsive to market opportunities within the industry, the Company in recent years has focused, and intends to continue to focus, its business primarily on entry-level and first time move-up housing in the form of single family detached homes and townhouses. Entry-level homes generally are those homes priced at the lower end of the market and target first time home buyers, while first time move-up homes generally are priced in the mid-to-upper price range and target a wide variety of home buyers as they progress in income and family size. Although some of the Company's move-up homes are priced at the upper end of the market and the Company offers a selection of amenities, the Company generally does not build "custom homes," and its prices of first time move-up homes generally are well below the prices of custom homes in most areas. The Company attempts to maximize efficiency by using standardized design plans whenever possible.

The following table summarizes information regarding the Company's markets as of and for the year ended September 30, 1997.

STATE	MARKET(S)	YEAR ENTERED	AVERAGE CLOSING PRICE BY STATE	ACTIVE PROJECTS BY STATE	NUMBER OF HOMES CLOSED BY STATE
SOUTHEAST REGION:					
Florida	Jacksonville..................................	1993	$ 182,600	32	394
	Treasure Coast................................	1995			
	Fort Meyers/Naples............................	1996			
	Tampa/St. Petersburg..........................	1996			
Georgia	Atlanta.......................................	1985	164,500	13	174
North Carolina	Charlotte.....................................	1987	155,200	22	628
	Raleigh.......................................	1992			
South Carolina	Charleston....................................	1987	117,000	15	391
	Columbia......................................	1993			
	Myrtle Beach..................................	1996			
Tennessee	Nashville.....................................	1987	196,700	22	457
	Knoxville.....................................	1995			
SOUTHWEST REGION:					
Arizona	Phoenix.......................................	1993	112,800	30	1,416
California	Los Angeles County............................	1993	151,600	17	1,035
	Orange County.................................	1993			
	Riverside & San Bernadino Counties............	1993			
	San Diego County..............................	1992			
	Ventura County................................	1993			
	Solano County.................................	1993			
Nevada	Las Vegas.....................................	1993	155,400	13	567

	Reno/Sparks	1996			
CENTRAL REGION					
Texas	Dallas	1995	155,900	33	723
	Houston	1995			
			$ 147,100	197	5,785

The Company's homebuilding and marketing activities are conducted under the name of Beazer Homes in each of its markets except as follows:

MARKET	DOING BUSINESS AS
Ft. Meyers/Naples	GulfCoast Homes
Jacksonville	Panitz Homes
Tennessee	Phillips Builders
North Carolina	Squires Homes
South Carolina	Squires Homes

At September 30, 1997 and 1996, the Company had an aggregate sales value of homes in backlog of $190,439,000 (1,192 units) and $210,637,000 (1,426 units), respectively. The Company believes it will deliver all of the houses in backlog at September 30, 1997 to customers during the fiscal year ending September 30, 1998.

CORPORATE OPERATIONS

At a centralized level, the Company (i) evaluates and selects geographic markets; (ii) allocates capital resources to particular markets, including with respect to land acquisitions; (iii) maintains the Company's relations with its lenders to regulate the flow of financial resources and develop consistent relationships with such lenders; (iv) maintains centralized information systems; and (v) monitors the decentralized operations of the Company's subsidiaries and divisions. The Company allocates capital resources necessary for new projects consistent with its overall operating strategy. The Company utilizes value created, similar to economic value added, return on capital employed and profit margin as criteria for its allocation of capital resources. The Company varies such capital allocation based on market conditions, results of operations and other factors. Capital commitments are determined through consultation among selected executive and operational personnel, who play an important role in ensuring that new projects are consistent with the Company's strategy. Centralized financial controls are also maintained through the standardization of accounting and financial policies and procedures, which are applied uniformly throughout the Company.

Structurally, the Company operates through separate divisions, which are generally located within the areas in which they operate. Each division is managed by executives with substantial experience in the division's market. In addition, each division is equipped with the skills to complete the functions of land acquisition, map processing, land development, construction, marketing, sales and product service.

LAND ACQUISITION AND DEVELOPMENT

Substantially all of the land acquired by the Company is purchased only after necessary entitlements have been obtained so that the Company has certain rights to begin development or construction as market conditions dictate. In certain situations, the Company will purchase unentitled property where it perceives an opportunity to build on such property in a manner consistent with the Company's strategy. The term "entitlements" refers to development agreements, tentative maps or recorded plats, depending on the jurisdiction within which the land is located. Entitlements generally give a developer the right to obtain building permits upon compliance with conditions that are usually within the developer's control. Although entitlements are ordinarily obtained prior to the Company's purchase of land, the Company is still required to obtain a variety of other governmental approvals and permits during the development process.

The Company selects its land for development based upon a variety of factors, including (i) internal and external demographic and marketing studies; (ii) suitability for projects comprised of generally less than 150 homesites; (iii) suitability for development during the time period of one to five years from the beginning of the development process to the last closing; (iv) financial review as to the feasibility of the proposed project, including projected value created, profit margins and returns on capital employed; (v) the ability to secure governmental approvals and entitlements; (vi) environmental and legal due diligence; (vii) competition; (viii) proximity to local traffic corridors and amenities; and (ix) management's judgment as to the real estate market, economic trends and the Company's experience in a particular market.

The Company generally purchases land or obtains an option to purchase land which, in either case, requires certain site improvements prior to construction. Where required, the Company then undertakes or, in the case of land under option, the grantor of the option then undertakes, the development activities (through contractual arrangements with local developers) that include site planning and engineering, as well as constructing road, sewer, water, utilities, drainage and recreational facilities and other amenities. When available in certain markets, the Company also buys finished lots that are ready for construction.

The Company strives to develop a design and marketing concept for each of its projects, which includes determination of size, style and price range of the homes, layout of streets, layout of individual lots and overall community design. The product line offered in a particular project depends upon many factors, including the housing generally available in the area, the needs of a particular market and the

Company's cost of lots in the project. The Company is, however, often able to use standardized design plans.

The development and construction of each project are managed by the Company's operating divisions, each of which is led by a president who, in turn, reports to the Company's Executive Vice President of Operations and the Company's Chief Executive Officer. At the development stage, a manager (who may be assigned to several projects and reports to the president of the division) supervises development of buildable lots. In addition, a field superintendent is located at each project site to supervise actual construction, and each division has one or more customer service and marketing representatives assigned to projects operated by that division.

The following table sets forth, by state, the Company's land inventory as of September 30, 1997.

	LAND OWNED		LAND UNDER CONTRACT		
	FINISHED LOTS	UNDEVELOPED LOTS (I)	FINISHED LOTS	UNDEVELOPED LOTS (I)	TOTAL
SOUTHEAST REGION:					
Georgia	323	202	166	--	691
North Carolina	619	125	392	1,202	2,338
South Carolina	492	--	97	1,609	2,198
Tennessee	777	--	717	643	2,137
Florida	481	--	872	49	1,402
SOUTHWEST REGION:					
Arizona	1,238	--	2,489	--	3,727
California	954	626	291	333	2,204
Nevada	757	--	319	--	1,076
CENTRAL REGION:					
Texas	1,022	556	491	147	2,216
Total	6,663	1,509	5,834	3,983	17,989

	FISCAL YEAR 1997 HOMES CLOSED
SOUTHEAST REGION:	
Georgia	174
North Carolina	628
South Carolina	391
Tennessee	457
Florida	394
SOUTHWEST REGION:	
Arizona	1,416
California	1,035

Nevada	567
CENTRAL REGION:	
Texas	723
Total	5,785

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(i) Undeveloped lots consist of raw land that is expected to be developed into the respective number of lots reflected in this table.

The Company acquires certain lots by means of option contracts. Option contracts generally require the payment of a cash deposit or issuance of a letter of credit for the right to acquire lots during a specified period of time at a certain price. Under option contracts without specific performance obligations, the Company's liability is limited to forfeiture of the non-refundable deposits, which aggregated approximately $10.3 million at September 30, 1997. Under option contracts with specific performance obligations, the Company generally is required to purchase specific numbers of lots on fixed dates pursuant to a contractually established schedule. Under such option contracts with specific performance obligations, the party granting the option is required to maintain and/or develop the property pursuant to certain standards specified in the contract and to deliver lots which are free of any liens and are appropriate for residential building pursuant to a specified schedule. If the Company fails to purchase the required number of lots on the date fixed for purchase pursuant to such option contracts and the party granting the option has fulfilled all of its obligations under the contract, the party granting the option to the Company generally has the right to either terminate the option granted pursuant to the option contract in its entirety or to require the Company to purchase the remaining lots. If the party granting the option fails to meet its obligations under such option contracts, the Company generally may, at its option, either not make the lot purchase or require the party granting the option to cure the deficiency. Under such option contracts, if the Company purchases a lot and subsequently discovers that the lot did not meet all of the conditions specified by the option contract, the Company generally may require the party granting the option to repurchase the lot or cure the deficiency. At September 30, 1997, committed amounts under option contracts with specific

performance obligations aggregated approximately $50.5 million, while option contracts without specific performance obligations aggregated $139.4 million. The Company's option contracts have expiration periods ranging from one to 60 months.

CONSTRUCTION

The Company acts as the general contractor for the construction of its projects. The Company's project development operations are controlled by its subsidiaries and divisions, whose employees supervise the construction of each project, coordinate the activities of subcontractors and suppliers, subject their work to quality and cost controls and assure compliance with zoning and building codes. The Company specifies that quality, durable materials be used in the construction of the Company's homes. The Company's subcontractors follow design plans prepared by architects and engineers who are retained by the Company and whose designs are geared to the local market. Subcontractors typically are retained on a project-by-project basis to complete construction at a fixed price. Agreements with the Company's subcontractors and materials' suppliers are generally entered into after competitive bidding, and the Company does not have any long-term contractual commitments with any of its subcontractors or suppliers. In connection with such competitive bid process, the Company obtains information from prospective subcontractors and vendors with respect to their financial condition and ability to perform their agreements with the Company. The Company does not maintain significant inventories of construction materials except for materials being utilized for homes under construction. The Company has numerous suppliers of raw materials and services used in its business, and such materials and services have been and continue to be available. Material prices may fluctuate, however, due to various factors, including demand or supply shortages which may be beyond the control of the Company's vendors. The Company from time to time enters into regional and national supply contracts with certain of its vendors. For instance , during 1996 the Company entered into a three-year agreement with General Electric as its exclusive supplier of appliances. The Company believes that its relationships with its suppliers and subcontractors are good.

Construction time for the Company's homes depends on the availability of labor, materials and supplies, product type and location. Homes are designed to promote efficient use of space and materials, and to minimize construction costs and time. In all of the Company's markets except California, construction of a home historically has been completed within three to four months following commencement of construction. In California, construction of a home historically has been completed within four to eight months following commencement of construction. At September 30, 1997, the Company had 640 finished homes, of which 214 were sold and included in backlog at such date.

WARRANTY PROGRAM

The Company provides a one-year limited warranty of workmanship and materials with each of its homes, which generally includes home inspection visits with the customer during the first year following the purchase of a home. The Company subcontracts its homebuilding work to subcontractors who provide the Company with an indemnity and a certificate of insurance prior to receiving payments for their work and, therefore, claims relating to workmanship and materials are generally the primary responsibility of the Company's subcontractors. The Company also provides a 10-year homeowners' warranty through a single national agreement with the Home Buyers Warranty Corporation ("HBW"). The first year of such warranty covers defects in plumbing, electrical, heating, cooling and ventilation systems, and major structural defects; the second year of such warranty covers major structural defects and certain defects in plumbing, electrical, heating, cooling and ventilation systems of the home (exclusive of defects in appliances, fixtures and equipment); and the final eight years of protection cover only major structural defects. An allowance of approximately 0.5% to 1.0% of the sale price of a home is established to cover

warranty expenses, although this allowance is subject to adjustment in special circumstances. The Company's historical experience is that such warranty expenses generally fall within the amount established for such allowance.

For homes closed prior to October 7, 1994, the Company's structural warranty coverage was with the Home Owners Warranty Corporation ("HOW"). On October 7, 1994, the Commonwealth of Virginia placed HOW under temporary receivership, and a permanent injunction followed on October 17, 1994. Terms of the injunction allowed policies that were effective prior to October 7, 1994 to be honored for their full term. Concurrent with the above, the Company entered into an agreement with HBW to provide its homebuyers with equally suitable coverage for homes closed subsequent to October 7, 1994. The Company anticipates, however, that substantially all claims under such policies will be at levels below applicable deductibles and, therefore, could be the subject of a claim under the Company's warranty. The Company does not currently have any material litigation or claims regarding warranties or latent defects with respect to the construction of its homes. The Company believes that claims and litigation will be substantially covered by the Company's warranty accrual or insurance.

The Company has established a risk retention group, United Home Insurance Corp. ("UHIC"), to self insure its structural warranty obligations and replace the Company's warranty program with HBW. During fiscal 1997, UHIC was licensed by the State of Vermont as a captive insurance risk retention group. UHIC did not insure any warranty obligations during fiscal 1997, however the Company anticipates that such insurance will be provided by UHIC to Beazer homebuyers in fiscal 1998. The Company believes this will result in cost savings to the Company as well as increased control over the warranty process.

MARKETING AND SALES

The Company makes extensive use of advertising and other promotional activities, including newspaper advertisements, brochures, direct mail and the placement of strategically located sign boards in the immediate areas of its developments.

The Company normally builds, decorates, furnishes and landscapes between one and five model homes for each project and maintains on-site sales offices. At September 30, 1997, the Company maintained 273 model homes, of which 237 were owned and 36 were leased from third parties pursuant to sale and leaseback agreements. The Company believes that model homes play a particularly important role in the Company's marketing efforts. Consequently, the Company expends a significant effort in creating an attractive atmosphere at its model homes.

Interior decorations are undertaken by both in-house and third party local design specialists, and vary among the Company's models based upon the lifestyles of targeted home buyers. The purchase of furniture, fixtures and fittings is coordinated to ensure that manufacturers' bulk discounts are utilized to the maximum extent. Structural changes in design from the model homes are not generally permitted, but home buyers may select various optional amenities. The Company also uses a cross-referral program that encourages Company personnel to direct customers to other Company subdivisions based on the customers' needs.

The Company generally sells its homes through commissioned employees (who typically work from the sales offices located at the model homes used in each division) as well as through independent brokers. Company personnel are available to assist prospective home buyers by providing them with floor plans, price information and tours of model homes and in connection with the selection of options. The Company's selection of interior features is a principal component of the Company's marketing and sales efforts. Sales personnel are trained by the Company and attend periodic meetings to be updated on sales techniques, competitive products in the area, the availability of financing, construction schedules, marketing and advertising plans, which management believes result in a sales force with extensive knowledge of the Company's operating policies and housing products. The Company's policy also provides that sales personnel be licensed real estate agents where required by law. The Company typically also builds a number of homes for which no signed sales contract exists at the time of commencement of construction.

The use of an inventory of such homes is necessary to satisfy the requirements of relocated personnel and of independent brokers, who often represent customers who require a completed home within 60 days. At September 30, 1997, excluding models, the Company had 1,150 homes at various stages of completion for which the Company had not received a sales contract.

The Company uses various sales incentives (such as landscaping and certain interior home options and upgrades) in order to attract home buyers. The use of incentives depends largely on prevailing economic and competitive market conditions.

CUSTOMER FINANCING

The Company provides customer financing in certain markets through branch offices of Beazer Mortgage. Beazer Mortgage provides mortgage originations only, and does not retain or service the mortgages that it originates. Such mortgages are generally funded by one of a network of mortgage lenders arranged for the Company by Homebuilders Financial Network, an independent consultant of the Company. Beazer Mortgage currently operates in Arizona, Georgia, Florida, North Carolina, South Carolina and Texas.

For operations that have not established Beazer Mortgage branches, the Company seeks to assist its home buyers in obtaining financing from mortgage lenders offering qualified home buyers a variety of financing options, including a wide variety of conventional, FHA and VA financing programs. From time to time, the Company has arranged for lender representatives to be available in sales offices, has prequalified home buyers and has paid a portion of the closing costs and discount mortgage points to assist home buyers with financing. In certain limited circumstances, the Company may attempt to minimize potential risks relating to the availability of customer financing by purchasing mortgage financing commitments that lock in the availability of funds and interest rates at specified levels for a certain period of time. Since substantially all home buyers utilize long-term mortgage financing to purchase a home, adverse economic conditions, increases in unemployment and high mortgage interest rates may deter and eliminate a substantial number of potential home buyers from the Company's markets in the future.

COMPETITION AND MARKET FACTORS

The development and sale of residential properties is highly competitive and fragmented. The Company competes for residential sales on the basis of a number of interrelated factors, including location, reputation, amenities, design, quality and price, with numerous large and small homebuilders, including some homebuilders with nationwide operations and greater financial resources and/or lower costs than the Company. The Company also competes for residential sales with individual resales of existing homes, available rental housing and, to a lesser extent, resales of condominiums. The Company believes that it compares favorably to other builders in the markets in which it operates, due primarily to (i) its experience within its geographic markets and breadth of product line, which allow it to vary its regional product offerings to reflect changing market conditions; (ii) its responsiveness to market conditions, enabling it to capitalize on the opportunities for advantageous land acquisitions in desirable locations; and (iii) its reputation for quality design, construction and service.

The housing industry is cyclical and is affected by consumer confidence levels, prevailing economic conditions generally, and interest rate levels in particular. A variety of other factors affect the housing industry and demand for new homes, including the availability of labor and materials and increases in the costs thereof, changes in costs associated with home ownership such as increases in property taxes and energy costs, changes in consumer preferences, demographic trends and the availability of and changes in mortgage financing programs.

GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS

Substantially all the Company's land is purchased with entitlements, giving it the right to obtain building permits upon compliance with specified conditions, which generally are within the Company's control. Upon compliance with such conditions, the Company must seek building permits. The length of time necessary to obtain such permits and approvals affects the carrying costs of unimproved property acquired for the purpose of development and construction. In addition, the continued effectiveness of permits already granted is subject to factors such as changes in policies, rules and regulations and their interpretation and application. Several governmental authorities in California have imposed impact fees as a means of defraying the cost of providing certain governmental services to developing areas. To date, the governmental approval processes discussed above have not had a material adverse effect on the Company's development activities, and indeed all homebuilders in a given market face the same fees and restrictions. There can be no assurance, however, that these and other restrictions will not adversely affect the Company in the future.

The Company may also be subject to periodic delays or may be precluded entirely from developing communities due to building moratoriums or "slow-growth" or "no-growth" initiatives or building permit allocation ordinances which could be implemented in the future in the states and markets in which it operates. Substantially all of the Company's land is entitled and, therefore, the moratoriums generally would only adversely affect the Company if they arose from health, safety and welfare issues such as insufficient water or sewage facilities. Local and state governments also have broad discretion regarding the imposition of development fees for projects in their jurisdiction. These are normally established, however, when the Company receives recorded final maps and building permits. The Company is also subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. These laws may result in delays, cause the Company to incur substantial compliance and other costs, and prohibit or severely restrict development in certain environmentally sensitive regions or areas.

BONDS AND OTHER OBLIGATIONS

The Company is frequently required, in connection with the development of its projects, to obtain letters of credit and performance, maintenance and other bonds in support of its related obligations with respect to such developments. The amount of such obligations outstanding at any time varies in accordance with the Company's pending development activities. In the event any such bonds or letters of credit are drawn upon, the Company would be obligated to reimburse the issuer of such bonds or letters of credit. At September 30, 1997, there were approximately $7.8 million and $60.2 million of outstanding letters of credit and performance bonds, respectively, for such purposes. The Company does not believe that any such bonds or letters of credit are likely to be drawn upon.

EMPLOYEES AND SUBCONTRACTORS

At September 30, 1997, the Company employed 1,143 persons, of whom 272 were sales and marketing personnel, 380 were executive, management and administrative personnel, 463 were involved in construction and 28 were employed at the Nashville, Tennessee manufacturing facility. Although none of the Company's employees are covered by collective bargaining agreements, certain of the subcontractors engaged by the Company are represented by labor unions or are subject to collective bargaining arrangements. The Company believes that its relations with its employees and subcontractors are good.

ITEM 2. PROPERTIES

The Company leases approximately 8,900 square feet of office space in Atlanta, Georgia to house its corporate headquarters. The Company also leases an aggregate of approximately 135,000 square feet of office space for its subsidiaries' operations at various locations. The Company owns approximately 18,500 square feet of manufacturing space and 6,800 square feet of office space in Nashville, Tennessee.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, all of which have arisen in the ordinary course of business and some of which are covered by insurance. In the opinion of the Company's management, none of the claims relating to such proceedings will have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitaion of proxies or otherwise.

SEPARATE ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT

Unless otherwise indicated, the following executive officers have served in their current capacity with the Company since 1994, the year of the Company's initial public offering.

NAME	AGE	POSITION
DIRECTORS AND EXECUTIVE OFFICERS		
Ian J. McCarthy....................................	44	President, Chief Executive Officer and Director
Michael Furlow.....................................	47	Since October 1997, Executive Vice President, Operations
David S. Weiss.....................................	37	Executive Vice President, Chief Financial Officer and Director
John Skelton.......................................	48	Senior Vice President, Operations and Controller
Peter H. Simons....................................	38	Vice President, Corporate Development
James A. Moore.....................................	57	Since September 1997, Vice President, Chairman of the Process Redesign and Systems Advisory Committee
David T. Root......................................	50	Vice President, Operations

All officers are elected by the Board of Directors.

There are no family relationships nor arrangements or understandings pursuant to which any of the officers listed were elected. See pages 14 to 15 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on February 5, 1998 for a description of employment arrangements with certain executive officers of the Company.

BUSINESS EXPERIENCE

Refer to page 4 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held on February 5, 1998 for the business experience of Messrs. Ian J. McCarthy, and David S. Weiss.

MICHAEL H. FURLOW. Mr. Furlow joined the Company in October 1997 as the Executive Vice President for Operations. In this capacity the Division Presidents report to Mr. Furlow and he is responsible for the performance of those operating divisions. During the preceding 12 years Mr. Furlow was with

Pulte Home Corporation in various field and corporate roles, most recently as a Regional President. Mr. Furlow received a Bachelor of Arts degree with honors in accounting from the University of West Florida and initially worked as a CPA for Arthur Young & Company.

JOHN SKELTON. Mr. Skelton has served as the Company's Senior Vice President, Operations and Controller since March 1994. Mr. Skelton served as Vice President and Chief Financial Officer of Beazer Homes, Inc. since 1985 and Vice President and Chief Financial Officer of Beazer Homes Holdings, Inc. since April 1993. During the period 1977 to 1985, Mr. Skelton served as Finance Director of Leech Homes, a subsidiary of Leech PLC which was acquired by Beazer PLC in 1985. After graduating with a Bachelor's degree from Durham University in the United Kingdom, he was employed by Deloitte & Touche and is a Fellow of the Institute of Chartered Accountants in England and Wales.

PETER H. SIMONS. Mr. Simons has served as Vice President of Corporate Development since September 1994. The preceding year, he was Director of Operations for Lokelani Homes in Hawaii. From 1989 to 1993, Mr. Simons was a Senior Project Manager for Castle & Cooke Properties in Hawaii. Mr. Simons earned a Bachelor of Arts degree from Yale University and a Masters in Public and Private Management from the Yale School of Management.

JAMES A. MOORE. Mr. Moore joined the Company as President of Beazer Homes Nevada in January 1994. Mr. Moore served the Company as Southeast Regional Manager responsible for operations in Georgia, Texas and Florida for the period from May 1995 to September 1997. In September 1997 Mr. Moore was appointed Chairman of the Process Redesign and Systems Advisory Committee. Prior to joining the Company, Mr. Moore was President of Watt Housing Corp., a homebuilding and land development company, as well as a director and officer of Watt Housing Corp. and several of its subsidiaries. Mr. Moore has also acted as a management consultant in the homebuilding industry. Mr. Moore earned a Bachelor of Science degree in Accounting from Northern Illinois University. Mr. Moore is a licensed Certified Public Accountant.

DAVID T. ROOT. Mr. Root has served as Vice President of Operations since November 1994. From the time Mr. Root joined the Company in July 1992 to November 1994, he managed product development and certain operational matters for the Company. Prior to joining the Company, Mr. Root was the Director of Operations for several Southern California development companies and brings over 20 years of experience to the Company. Mr. Root earned a Bachelor of Science degree from the University of Nevada, and is a licensed general contractor and real estate broker.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the information set forth under the captions "Trading Information" and " Quarterly Stock Price Information" located on page 39 and 43, respectively, of the Company's Annual Report to Shareholders for the year ended September 30, 1997.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference from page 17 of the Company's Annual Report to Shareholders for the year ended September 30, 1997.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The information required by this item is incorporated by reference from pages 18 to 24 of the Company's Annual Report to Shareholders for the year ended September 30, 1997.

ITEM 7(A). QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is not materially affected by any market-risk-sensitive instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference from pages 25 to 38 of the Company's Annual Report to Shareholders for the year ended September 30, 1997.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Upon the recommendation of the Audit Committee, the Board of Directors selected the firm of Deloitte & Touche LLP to serve as the Company's independent auditor for the fiscal years ended September 30, 1997 and 1996. Ernst & Young LLP served as independent auditor for the Company's fiscal years ended September 30, 1995.

Ernst & Young LLP's report on the financial statements of the Company for the fiscal year ended September 30, 1995 did not contain an adverse opinion or a disclaimer of an opinion. Neither in connection with the audit by Ernst & Young LLP for the fiscal year ended September 30, 1995 nor during any subsequent interim period, were there disagreements on any matters of accounting principles or practice, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ernst & Young LLP, would have caused it to make reference to the subject matter of the disagreement in connection with its report.

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Director information is incorporated by reference from pages 3 and 4 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held February 5, 1998. Information regarding the Company's executive officers is set forth herein under Part I as a separate item.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from pages 7 to 11 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held February 5, 1998.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this is incorporated by reference from page 6 of the Company's Proxy Statement for the Annual Meeting of Shareholders to be held February 5, 1998.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The Independent Auditors' Report and the following consolidated financial statements are incorporated by reference from the Company's Annual Report to Shareholders for the fiscal year ended September 30, 1997 in Part II, Item 8 of this report:

Consolidated Statements of Operations for the years ended September 30, 1997, 1996 and 1995.

Consolidated Balance Sheets as of September 30, 1997 and 1996.

Consolidated Statements of Stockholders' Equity for the years ended September 30, 1997, 1996 and 1995.

Consolidated Statements of Cash Flows for the years ended September 30, 1997, 1996 and 1995

Notes to Consolidated Financial Statements.

The Independent Auditors' Report on the consolidated financial statements for the fiscal year ended September 30, 1995 is included in this report on page 19.

2. Financial Statement Schedules

None required

3. Exhibits

EXHIBIT NUMBER			
3.1	(7)	--	Amended and Restated Certificate of Incorporation of Company.
3.2	(7)	--	Amended and Restated Bylaws of the Company
4.1	(1)	--	Indenture dated as of March 2, 1994 among the Company, its subsidiaries party thereto, and Continental Bank, National Association, as trustee, relating to the Company's 9% Senior Notes due 2004.
4.2	(2)	--	Form of 9% Senior Note due 2004.
4.3	(6)	--	Specimen of Common Stock Certificate.
4.4	(4)	--	Form of Certificate of Designations for Series A Cumulative Convertible Exchangeable Preferred Stock, $.01 par value per share
4.5	(4)	--	Form of Certificate representing shares of Series A Cumulative Convertible Exchangeable Preferred Stock, $.01 par value per share.
4.6	(4)	--	Form of Indenture between the Company and the First National Bank of Boston, as trustee, relating to the 8% Convertible Subordinated Debentures due 2005.
4.7	(4)	--	Form of 8% Convertible Subordinated Debenture due 2005
4.8	(5)	--	Retirement Savings and Investment Plan.
4.9	(5)	--	Summary Plan Description.
4.10	(8)	--	Rights Agreement, dated as of June 21, 1996, between the Company and First Chicago Trust Company of New York, as Rights Agent.
10.1	(10)	--	Credit Agreement dated as of October 22, 1996 between the Company and First National Bank of Chicago, as agent.
10.2	(3)	--	Amended 1994 Stock Incentive Plan.
10.3	(3)	--	Non-Employee Director Stock Option Plan.

EXHIBIT NUMBER			
10.4	(2)	--	Asset Purchase Agreement dated as of April 14, 1993 as amended, between Beazer Homes Holdings Inc., Beazer Homes California Inc., Beazer Homes Nevada Inc., Beazer Homes Arizona Inc., Beazzer homes Sales Arizona Inc., Watt Housing Corporation, Watt American, Inc., Watt/Hancock Homes of Arizona, Inc., Watt Homes Inc., Watt Nevada, Inc., Watt Homes of Northern California, Inc., Watt Pacific, Inc., Orange Homes South, Inc., Narcissa Corporation, and WH/Arizona, Inc.
10.5	(9)	--	Amended and Restated Employment Agreement dated as of March 31, 1995 between the Company and Ian J. McCarthy.
10.6	(9)	--	Amended and Restated Employment Agreement dated as of March 31, 1995 between the Company and David S. Weiss.
10.7	(9)	--	Amended and Restated Employment Agreement dated as of March 31, 1995 between the Company and John Skelton.
10.8	(9)	--	Amended and Restated Employment Agreement dated as of March 31, 1995 between the Company and Gary N. Baucom.
10.9	(1)	--	Employment Agreement dated as of March 2, 1994 between the Company and H. Eddie Phillips.
10.11	(10)	--	Supplemental Employment Agreement dated as of July 17, 1996 between the Company and Ian J. McCarthy.
10.12	(10)	--	Supplemental Employment Agreement dated as of July 17, 1996 between the Company and David S. Weiss.
10.13	(10)	--	Supplemental Employment Agreement dated as of July 17, 1996 between the Company and John Skelton.
10.14	(10)	--	Supplemental Employment Agreement dated as of July 17, 1996 between the Company and Peter H. Simons.
10.15	(11)	--	First Amendment dated July 29, 1997 to Credit Agreement.
10.16		--	Second Amendment dated December 10, 1997 to Credit Agreement (filed herewith).
11		--	Earnings Per Share Calculations (filed herewith).
13		--	Annual Report to Shareholders for the year ended September 30, 1997 (filed herewith).
21		--	Subsidiaries of the Company (filed herewith).
23.1		--	Consent of Deloitte & Touche LLP, Independent Auditors (filed herewith).
23.2		--	Consent of Ernst & Young LLP, Independent Auditors (filed herewith).
27		--	Financial Data Schedule (filed herewith).

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(1) Incorporated herein by reference to the exhibits to the Company's report on Form 10-Q for the quarterly period ended March 31, 1994.

(2) Incorporated herein by reference to the exhibits to the Company's Registration Statement on Form S-1 (Registration No. 33-72982) initially filed on December 15, 1993.

(3) Incorporated herein by reference to the exhibits to the Company's report on Form 10-K for the year ended September 30, 1994.

(4) Incorporated herein by reference to the exhibits to the Company's Registration Statement on Form S-3 (Registration No. 33-92892) initially filed on June 15, 1995.

(5) Incorporated herein by reference to the exhibits to the Company's Registration Statement on Form S-8 (Registration No. 33-91904) filed on May 4, 1995.

(6) Incorporated herein by reference to the exhibits to the Company's Registration Statement on Form S-1 (Registration No. 33-72576) initially filed on December 6, 1993.

(7) Incorporated herein by reference to the exhibits to the Company's report on Form 8-K filed on May 30, 1996.

(8) Incorporated herein by reference to the exhibits to the Company's report on Form 8-K filed on June 21, 1996.

(9) Incorporated herein by reference to the exhibits to the Company's report on Form 10-Q for the quarterly period ended March 31, 1995.

(10) Incorporated herein by reference to the exhibits to the Company's report on Form 10-K for the year ended September 30, 1996.

(11) Incorporated herein by reference to the exhibits to the Company's report on Form 10-Q for the quarterly period ended June 30, 1997.

(b) Reports on Form 8-K

The Company did not file any reports on Form 8-K during the fourth quarter of the fiscal year ended September 30, 1997.

(c) Exhibits

Reference is made to Item 14(a)3 above. The following is a list of exhibits, included in item 14(a)3 above, that are filed concurrently with this report.

10.16	--	Second Amendment dated December 10, 1997 to Credit Agreement
11	--	Earnings Per Share Calculations
13	--	The Company's Annual Report to Shareholders for the fiscal year ended September 30, 1997. Except as expressly incorporated by reference in this report on Form 10-K, such Annual Report is furnished only for the information of the Securities and Exchange Commission and is not deemed "filed" as part of this report. The following portions of such Annual Report are incorporated by reference in the indicated items of this report:

PORTIONS OF THE ANNUAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997	ITEM OF THIS REPORT
"Trading Information" and "Quarterly Stock Price Information"	5
Selected Financial Data	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Consolidated Financial Statements	8

21	--	Subsidiaries of the Company
23.1	--	Consent of Deloitte & Touche LLP, Independent Auditors
23.2	--	Consent of Ernst & Young LLP, Independent Auditors
27	--	Financial Data Schedule

(d) Financial Statement Schedules

Reference is made to Item 14(a)2 above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BEAZER HOMES USA, INC.

By: /s/ IAN J. MCCARTHY

Name: Ian J. McCarthy
Title: President and Chief Executive Officer
Date: December 26, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date		
12/26/97	By:	/s/ BRIAN C. BEAZER Brian C. Beazer, Director and Non-Executive Chairman of the Board
12/26/97	By:	/s/ IAN J. MCCARTHY Ian J. McCarthy, Director, President and Chief Executive Officer (Principal Executive Officer)
12/26/97	By:	/s/ DAVID S. WEISS David S. Weiss, Director, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
12/26/97	By:	/s/ THOMAS B. HOWARD, JR. Thomas B. Howard, Jr., Director
12/26/97	By:	/s/ GEORGE W. MEFFERD George W. Mefferd, Director
12/26/97	By:	/s/ D.E. MUNDELL D.E. Mundell, Director
12/26/97	By:	/s/ LARRY T. SOLARI Larry T. Solari, Director
12/26/97	By:	/s/ JOHN SKELTON John Skelton, Secretary, Senior Vice President and Controller (Principal Accounting Officer)

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
and Stockholders of
Beazer Homes USA, Inc.

We have audited the consolidated statements of operations, stockholders' equity and cash flows of Beazer Homes USA, Inc. for the year ended September 30, 1995. These consolidated financial statements are the responsibility of the management of Beazer Homes USA, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Beazer Homes USA, Inc. for the year ended September 30, 1995, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP
Atlanta, Georgia
October 27, 1995

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT ("Amendment") is entered into as of December 10, 1997 among BEAZER HOMES USA, INC., a Delaware corporation (the "Borrower"), BEAZER MORTGAGE CORPORATION, a Delaware corporation, BEAZER HOMES CORP., a Tennessee corporation, BEAZER HOMES SALES ARIZONA INC., a Delaware corporation, BEAZER REALTY CORP., a Georgia corporation, BEAZER/SQUIRES REALTY, INC., a North Carolina corporation, PANITZ HOMES REALTY, Inc., a Florida corporation, BEAZER HOMES HOLDING CORP., a Delaware corporation, BEAZER TEXAS HOLDINGS, INC., a Delaware corporation, and BEAZER HOMES TEXAS, L.P., a Delaware limited partnership (collectively, the "Guarantors") and THE FIRST NATIONAL BANK OF CHICAGO, BANKBOSTON, N.A. (formerly known as The First National Bank of Boston), BANK ONE, ARIZONA, N.A., GUARANTY FEDERAL BANK, F.S.B., BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (successor by merger to Bank of America Illinois), AMSOUTH BANK, COMERICA BANK and SUNTRUST BANK (collectively, the "Banks") and THE FIRST NATIONAL BANK OF CHICAGO as Agent (the "Agent") for the Banks and as Issuing Bank under the Agreement (as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors, the Banks, the Agent and the Issuing Bank are party to that certain Credit Agreement dated as of October 22, 1996, as amended by First Amendment to Credit Agreement dated as of July 29, 1997 (such Credit Agreement, as so amended, being herein referred to as the "Agreement") providing for certain Loans to be made from time to time by the Banks to the Borrower not to exceed, at any time outstanding, the principal sum of $200,000,000; and

WHEREAS, the parties desire to amend the Agreement (a) to permit, at the Borrower's election, or to require, at the Agent's or the Majority Banks' election, the delivery of a Borrowing Base Certificate as of the last day of a calendar month subsequent to the period covered by the most recently required quarterly Borrowing Base Certificate, (b) to permit the Borrower to include, within a Borrowing Base Certificate delivered in anticipation of a Permitted Acquisition, assets to be acquired in such Permitted Acquisition and (c) to permit the Borrower to make certain investments, all on and subject to the terms set forth herein;

NOW, THEREFORE, for good and valuable consideration, the Borrower, the Guarantors, the Banks, the Agent and the Issuing Bank hereby covenant and agree as follows:

1. DEFINITIONS. (a) The definition of the term "Borrowing Base Certificate" is hereby amended by inserting, after the words "fiscal quarter," the words "or (if applicable under Section 2.01(d) or (e)) calendar month."

(b) The definition of the term "EBIDTA" is hereby amended by inserting, after the words "Net Income" the parenthetical phrase "(but excluding from such Net Income for the applicable period any income derived from any Investment referred to in Section 6.07(9) to the extent that such income exceeds the cash distributions thereof received by the Borrower or its Subsidiaries in such period)."

(c) The definition of the term "Inventory Valuation Date" is hereby amended and restated in its entirety as follows:

> "Inventory Valuation Date" means (a) the last day of the most recent fiscal quarter of the Borrower with respect to which the Borrower is required to have delivered a Borrowing Base Certificate pursuant to Section 5.08(6) hereof or (b) if the Borrower elects pursuant to Section 2.01(d) or is required pursuant to Section 2.01(e) to deliver a Borrowing Base Certificate with respect to a calendar month subsequent to such most recent fiscal quarter, the last day of such subsequent calendar month.

2. BORROWING BASE CERTIFICATES. The following subsections (d), (e) and (f) are hereby added at the end of Section 2.01 of the Agreement:

> (d) The Borrower may elect to deliver to the Agent a Borrowing Base Certificate setting forth the Borrowing Base as of the last day of a calendar month subsequent to the most recent fiscal quarter with respect to which a Borrowing Base Certificate was required to be delivered under Section 5.08(6) of the Agreement.
>
> (e) The Agent or the Majority Lenders may, upon notice to the Borrower from the Agent, require the Borrower to deliver a Borrowing Base Certificate determined as of the last day of a calendar month (as designated in such notice) subsequent to the fiscal quarter with respect to which a Borrowing Base Certificate was required to be delivered under Section 5.08(6) of the Agreement, provided that the Borrowing Base Certificate under this Section 2.01(e) shall only be required to be delivered on the later to occur of (i) the tenth (10th) day following the Agent's notice to the Borrower under this Section 2.01(e) or (ii) the twenty-fifth (25th) day after the last day of the applicable calendar month (as designated in such notice).

> (f) The Borrower may elect to include in a Borrowing Base Certificate delivered in anticipation of a Permitted Acquisition all assets that would have been included in the Borrowing Base had the Permitted Acquisition been consummated as of the last day of the most recent fiscal quarter or (if applicable under Section 2.01(d) or (e)) calendar month, provided, however, that such Borrowing Base Certificate shall expressly state that it is delivered in anticipation of, and shall only be effective hereunder for purposes of Borrowings made on or after, the consummation of such Permitted Acquisition (it being understood that, until the consummation of such Permitted Acquisition, the previously delivered Borrowing Base Certificate shall remain in effect).

3. INVESTMENTS. Section 6.07 of the Agreement is hereby amended by deleting (from the next-to-last line thereof) the words "or (9)" and inserting in lieu thereof the following:

> (9) any Investment in a Person that is not a Subsidiary of the Borrower, provided that the amount of all such Investments by the Borrower and its Subsidiaries in all such Persons does not exceed $15,000,000 in the aggregate; or (10)

4. RATIFICATION. The Agreement, as amended hereby, is hereby ratified and remains in full force and effect.

5. COUNTERPARTS. This Amendment may be executed in any number of counterparts and by the different parties to this Amendment in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written.

BORROWER:

BEAZER HOMES USA, INC.

By: ---
David S. Weiss
Executive Vice President and
Chief Financial Officer

GUARANTORS:

BEAZER MORTGAGE CORPORATION

By: ---
David S. Weiss
Vice President

BEAZER HOMES CORP.

By: ---
David S. Weiss
Vice President

BEAZER HOMES SALES ARIZONA INC.

By: ---
David S. Weiss
Vice President

BEAZER REALTY CORP.

By: ---
David S. Weiss
Vice President

BEAZER/SQUIRES REALTY, INC.

By: ---
David S. Weiss
Vice President

PANITZ HOMES REALTY INC.

By: ---
David S. Weiss
Vice President

BEAZER HOMES HOLDINGS CORP.

By: ---
David S. Weiss
Vice President

BEAZER TEXAS HOLDINGS, INC.

By: --

David S. Weiss
Vice President

BEAZER HOMES TEXAS, L.P.

By: --

BEAZER TEXAS HOLDINGS, INC.
its general partner

By: --

David S. Weiss
Vice President

BANKS:

THE FIRST NATIONAL BANK OF CHICAGO,
as a Bank, the Agent and the
Issuing Bank

By: --------------------------

Name: ------------------------

Vice President

BANK ONE, ARIZONA, N.A.

By: --------------------------

Name: ------------------------

Title: -----------------------

GUARANTY FEDERAL BANK, F.S.B.

By: --------------------------

Name: ------------------------

Title: -----------------------

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION (successor by
merger to Bank of America
Illinois)

By: --------------------------

Name:

Title:

BANKBOSTON, N.A. (formerly known as
The First National Bank of Boston)

By:

Name:

Title:

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AMSOUTH BANK

By:

Name:

Title:

COMERICA BANK

By:

Name:

Title:

SUNTRUST BANK, ATLANTA

By:

Name:

Title:

By:

Name:

Title:

EXHIBIT 11

BEAZER HOMES USA, INC.

STATEMENT RE COMPUTATION OF PER SHARE EARNINGS

(Dollars in thousands, except per share amounts)

	YEAR ENDED SEPTEMBER 30,	
	1997	1996
Primary:		
Earnings		
Net income	$ 11,189	$ 18,266
Less: Dividends on preferred shares (a)	4,000	4,000
Net income applicable to common shares	$ 7,189	$ 14,266
Shares		
Weighted average number of unrestricted common shares outstanding	6,088,195	6,374,961
Weighted average number of restricted common shares outstanding, net	141,720	98,809
Dilutive effect of outstanding options as determined by the application of the treasury stock method	44,335	1,397
Weighted average number of shares outstanding, as adjusted	6,274,250	6,475,167
Primary net income per share	$ 1.15	$ 2.20
Fully-diluted:		
Earnings		
Net income	$ 11,189	$ 18,266
Shares		
Weighted average number of unrestricted common shares outstanding	6,088,195	6,374,961
Weighted average number of restricted common shares outstanding, net	141,720	98,807
Dilutive effect of outstanding options as determined by the application of the treasury stock method	44,335	1,397
Assumed conversion of preferred stock (a)	2,624,672	2,624,672
Weighted average number of shares outstanding, as adjusted	8,898,922	9,099,837
Net income per share assuming full dilution	$ 1.26(b)	$ 2.01

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(a) The Company's Series A Cumulative Convertible Exchangeable Preferred Stock (2,000,000 shares of $50,000,000 aggregate liquidation preference, convertible into 2,624,672 shares of common stock), issued in August 1995.

(b) This calculation is submitted in accordance with Regulation S-K item 601(b)(11) although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an anti-dilutive result.

Exhibit 13

GOING PLACES

Beazer Homes has come far since entering the U.S. homebuilding market in 1985 and going public in 1994. We believe that our recent focus on improving profitability will take us even further. Over the past year, we have begun implementing key profitability initiatives - including expanding customer services and installing the latest available technology - designed to expand profit margins in the future. We believe these efforts will allow Beazer Homes to experience healthy, profitable growth. Watch for Beazer Homes to be Going Places in 1998 and beyond.

BUSINESS DESCRIPTION

Beazer Homes USA, Inc., headquartered in Atlanta, Georgia, is one of the nation's largest geographically diversified homebuilders. The Company currently has operations in nine states: five in the Southeast, three in the Southwest, and Texas. Beazer Homes focuses on building quality homes that provide value to entry-level and first move-up home buyers. The Company has been doing business in the United States since 1985 and has been listed on the New York Stock Exchange since 1994. Its common stock is traded under the symbol "BZH."

Note: Market position represents a Company estimate based upon the most recent market data available. Market data consists of homes closed or sold.

TENNESSEE 22 active subdivisions

Key Trends

Nashville is becoming increasingly competitive as more builders enter the market and growth slows.

Key Initiatives

Having anticipated this trend, Beazer entered Knoxville in 1996 as a satellite market managed out of Nashville and became the #1 builder in Knoxville. Beazer intends to continue to expand Knoxville and maintain its position in Nashville.

Market Position #1 in Knoxville
#1 in Nashville

NEVADA 13 active subdivisions

Key Trends

Tremendous scheduled capital investment in the gaming and tourism industries in Las Vegas is expected to continue fueling strong job growth.

Key Initiatives

Focus on phasing out older, lower margin communities and improving margins in newer communities. Gross margins, before interest, in Las Vegas went from under 7% in the second quarter of 1997 to 12% in the fourth quarter, reflecting this trend. Beazer intends to close out its only subdivision in Reno during calendar 1998.

Market Position #5 in Las Vegas

NO. CAROLINA 22 active subdivisions

Key Trends

North Carolina markets are becoming increasingly competitive as growth has slowed and more competitors have entered the markets.

Key Initiatives

Beazer is increasing its focus on affordability, especially in the first time buyer segment of the market.

Market Position #2 in Charlotte
#3 in Raleigh

TEXAS 33 active subdivisions

Key Trends

Having entered Texas in 1995 and grown to over 700 homes in 1997, Beazer expects Texas to continue to be one of its largest growth markets as Beazer expands its market position to the top ten in both Dallas and Houston.

Key Initiatives

Product focus is on in-fill sites and smaller sites for Beazer to develop near master planned communities.

Market Position #12 in Dallas
#14 in Houston

SO. CAROLINA 15 active subdivisions

Key Trends

After some years of slow or no growth, Charleston's economy is expected to grow over the national average in 1998.

Key Initiatives

Beazer focuses on entry level and first time buyers in Charleston. In Columbia, Beazer focuses on value engineering its homes and reducing average price to below $100,000 to focus on the largest segment of the Columbia market.

Market Position #1 in Charleston
#5 in Columbia

CALIFORNIA 17 active subdivisions

Key Trends

Southern California continues to rebound, especially in Orange County, with margins improving. The Sacramento area is also recovering.

Key Initiatives

Beazer is expanding its Sacramento area presence, nearly doubling in 1997 and becoming the #2 builder. Northern California is the first Beazer market to implement the new sales office automation system.

Market Position   #2 in Sacramento Approx.2% market
share in Southern California

FLORIDA 32 active subdivisions

Key Trends

Beazer continues to expand its presence in Florida, a state expected to have one of the highest employment growth rates over the next five years. During 1997 Beazer increased its active subdivision count from 22 to 32.

Key Initiatives

Beazer entered Orlando in November 1997 through acquisition of Calton Homes of Florida. Beazer is expanding its presence in first and second move up price points in northeast Florida markets (Jacksonville and surrounding areas).

Market Position #2 in Jacksonville

GEORGIA 13 active subdivisions

Key Trends

After five years of nearly continual growth, housing starts declined in Atlanta in 1997.

Key Initiatives

Beazer is reducing its number of communities and presence in this increasingly competitive market and focusing on improving margins in a limited number of subdivisions.

Market Position #12 in Atlanta

ARIZONA 30 active subdivisions

Key Trends

Housing starts in Phoenix continued to grow in 1997, contrary to projections at the beginning of the year.

Key Initiatives

Beazer has increased its land bank and its number of active subdivisions, especially in the first time buyer segment, after entering 1997 with its subdivision count down.

Market Position   #3 in Phoenix

BEAZER HOMES USA

COMPANY HIGHLIGHTS
Dollars in thousands, except per share and market data

FINANCIAL HIGHLIGHTS	Year Ended September 30, 1997	1996	1995	1994
STATEMENT OF OPERATIONS DATA				
Homes closed	5,785	5,935	4,363	3,926
Total revenue	$851,101	$866,627	$647,828	$536,526
Earnings before interest and taxes ("EBIT")	$ 33,051(i)	$ 45,327	$ 32,188	$ 37,169
Net income	$ 11,189(i)	$ 18,266	$ 11,352	$ 16,468

Net income per common share				
Primary	$ 1.15(i)	$ 2.20	$ 1.23	$ 1.76(ii)
Fully-diluted	1.15(i)	$ 2.01	$ 1.23	$ 1.76(ii)
BALANCE SHEET DATA AT YEAR END				
Total assets	$399,595	$356,643	$345,240	$314,941
Total debt	$145,000	$115,000	$115,000	$115,000
Stockholders' equity	$179,286	$178,701	$164,544	$150,406
RETURN DATA (iii)				
Return on average assets	8.7%(i)	12.9%	9.8%	13.3%
Return on average capital	10.7%(i)	15.8%	11.8%	15.5%
Return on average equity	6.3%(i)	10.6%	7.2%	13.4%

MAKET DATA	9/30/97 BACKLOG	FISCAL 1997 CLOSINGS	AVERAGE PRICE OF HOMES CLOSED
SELECTED INFORMATION BY STATE			
Arizona	262	1,416	$112,800
California	78	1,035	$151,600
Florida	100	394	$182,600
Georgia	43	174	$164,500
Nevada	139	567	$155,400
North Carolina	172	628	$155,200
South Carolina	109	391	$117,000
Tennessee	81	457	$196,700
Texas	208	723	$155,900
Total	1,192	5,785	$147,100

(i) Fiscal 1997 includes the effect of a $6,326 writedown of inventory in Nevada. EBIT, net income and net income per common share excluding the writedown would be $39,377, $15,079 and $1.70, respectively. Return on average assets, return on average capital and return on average equity excluding the writedown would be 10.4%, 12.7% and 8.4% respectively.

(ii) Pro forma to give effect to the initial public offering and related transactions, as if such transactions were effected as of October 1, 1993.

(iii) Return on average assets is defined as earnings before interest and taxes ("EBIT") divided by average total assets for the year. Return on average capital is defined as EBIT divided by average total debt plus stockholders' equity for the year. Return on average equity is defined as net income divided by average stockholders' equity.

LETTER TO SHAREHOLDERS

During our 1997 fiscal year, Beazer Homes made investments that will provide a framework for future growth and improvements in profitability. Our fourth fiscal quarter showed increased earnings, accelerating growth in new orders and an improving operating profit margin. We believe that as a result of the actions taken in 1997, Beazer Homes will be Going Places in fiscal 1998 and well into the future.

At the same time, however, our number of homes closed declined and our earnings were adversely impacted by issues in certain markets in fiscal 1997. We are disappointed in the reduction in our 1997 earnings, but believe that we have learned from the issues that confronted us and have addressed them in ways that make us a stronger company.

HOME CLOSINGS AND EPS DOWN FROM 1996 - DECREASED PROFITABILITY IN NEVADA; FEWER SUBDIVISIONS IN PHOENIX

After five years of continual growth, Beazer Homes had its first year of reduced home closings in 1997. The number of homes closed declined to 5,785. Net income, before the effect of a writedown in Nevada, declined to $15.1 million ($11.2 million after the writedown) from $18.3 million in fiscal 1996. Earnings per share, before the writedown, were $1.70 ($1.15 after the writedown) compared to $2.01 for fiscal 1996.

The principal contributors to the decline in earnings were:

- decreased profitability in Nevada and
- a reduced number of active subdivisions in early fiscal 1997.

Significant overruns in land development costs resulted in a $6.3 million writedown of two subdivisions in Nevada - one in Reno, the other in Las Vegas. In addition, the Company experienced lower profitability on other subdivisions in Nevada.

Since taking the writedown, we have made changes in the management of our Nevada operations. We have also put in place additional Company-wide controls, including a second independent review of all land purchases involving significant land development. By the fourth quarter of fiscal 1997, overall profit margins in Nevada had improved significantly. We believe that changes made in 1997 have contributed to this improvement and that profit margins will continue to expand into fiscal 1998.

Phoenix, our largest market, experienced a 24% decline in home closings during 1997 as a result of a reduction in the number of active subdivisions in that market earlier in the year. During the first quarter of fiscal 1997, our number of active subdivisions in Phoenix declined from 26 to 16. As fiscal 1997 progressed, however, we purchased and obtained options on some very attractive subdivisions in Phoenix. By September 30, 1997, our number of active subdivisions in Phoenix was up to 30, higher than the level at which it started the year. We expect the recently opened subdivisions to contribute to increased new orders in future quarters in Phoenix.

Similarly, during the second half of fiscal 1997, we acquired a number of attractive pieces of land and opened many new subdivisions throughout the Company. This contributed to a 13% increase in new orders during the quarter ended September 30, 1997 compared to the same quarter in the prior year.

MEASURABLE PROGRESS ON PROFITABILITY INITIATIVES

In our 1996 Annual Report to Shareholders, we reported that we were embarking on a number of initiatives to improve profitability. During fiscal 1997, we made significant progress on these initiatives. This progress has required an investment during the year, both in terms of dollars and management attention, but is beginning to yield measurable results.

Our profitability initiatives can be divided into three general categories:

- Opening design centers and mortgage origination operations
- Redesigning processes and improving systems
- Strengthening focus on return on capital

DESIGN CENTERS AND MORTGAGE ORIGINATION OPERATIONS - Design centers are centralized showrooms within each market where homebuyers choose decorator options and upgrades. Beazer Mortgage allows homebuyers to more easily determine which mortgage lenders have the best programs for which they qualify. With these two extensions of our operations, we are increasing our service to our homebuyers and improving our profitability.

Of the nine states in which we operate, we now have mortgage operations in six and design centers in seven. In the fourth quarter of 1997, design centers and mortgage operations added over 25 basis points (1 basis point = 1/100 of a percent) to our pretax profit margin. We expect the benefits of these operations to increase in fiscal 1998 as we have the benefit of a full year's earnings for both the design centers and mortgage operations in most markets.

PROCESS REDESIGN AND SYSTEMS - In fiscal 1996, we embarked on a project to analyze the homebuying and homebuilding process, breaking it down into eight sub-processes - from land purchasing to servicing our home warranties. We sought to determine the best practices being used across the Company and establish Company-wide systems to support these best practices. During 1997, we made significant progress on a number of the systems initiatives that came out of this study.

The principal technology initiatives on which we have made progress are:

wide area and local area networks linking all of our operations to assist in the sharing of information across the Company and to reduce communication costs,

an executive information system giving managers across the Company access to detailed, current information on sales, costs and profitability,

a sales office automation system giving our sales agents and their customers access to the most current information on homes, options, mortgages available and demographic data, and

a centralized accounting system to increase the consistency of information and reduce the cost of producing that information.

By the end of fiscal 1997, the local area networks, wide area network and executive information system were all in place. In addition, we had finished development of the sales office automation system and had installed it in four markets. We also completed designing the centralized accounting system, which is now being used in its first market. Our systems efforts had costs in fiscal 1997, but by the fourth quarter began to yield benefits which we expect will accelerate and contribute to our improved profitability in fiscal 1998.

We recognize that without appropriate training, even the best systems will not operate as intended. As a result, we have established Company-wide training programs in construction, sales and marketing, and finance programs run principally by our operating managers.

STRENGTHENING FOCUS ON RETURN ON CAPITAL - We have always recognized return-on-capital-employed as the ultimate gauge of profitability. This gauge combines both asset turnover as well as profit margin. We stress the appropriate balance between these two components and closely control the level of investment to improve asset turnover. We believe that by controlling the balance sheet and the level of investment we can provide a superior return on capital with less risk than by focusing on margins alone.

Over the five years from 1992 to 1996, our return-on-capital-employed averaged 15%, which is in excess of the average of 13% for other large public homebuilders. During fiscal 1997, however, as a result of the issues that we discussed previously, our return on capital dropped to 13% before writedown (11% after writedown), below both the Company's average and our goal for the future.

During the year, we have strengthened our focus on return on capital in ways that we believe will contribute to future improvements in profitability. The most significant of these is the development of an incentive compensation system based upon what we call "Value Created," demonstrated as follows:

Value Created = earnings before interest and taxes ("EBIT") - capital charge
Capital Charge = total capital employed x weighted average cost of capital

If an operating division beats its cost of capital, its Value Created is positive. Value Created is now the bottom line of all internal Company income statements. Starting in fiscal 1997, our senior corporate managers were placed on an incentive plan in which their payments are based on a percentage of Value Created. For 1998, managers throughout the Company's operations have been placed on the same plan. We believe that this plan rewards sound strategic decisions and will add value to the business, improve our return on capital and increase returns to our shareholders.

The new incentive plan is just one way that the increased focus on profitability is taking hold at Beazer. Other initiatives are smaller and more subtle - for instance, becoming the first homebuilder to have a captive insurance risk retention group licensed to insure our home warranty liability. We expect this to give us more control over the warranty process while also reducing our costs. Our managers continually strive to increase profits with as little capital as possible, thereby increasing Value Created.

BEAZER STICKS TO ITS DECENTRALIZED MANAGEMENT PHILOSOPHY AND CONSERVATIVE FINANCIAL POLICIES

Since becoming a public company in 1994, we have described our "Formula For Success" - a formula that combines decentralized operations with strong centralized financial controls. Even with the initiatives that we are implementing, this formula remains a critical part of our culture.

Homebuilding is a highly localized, entrepreneurial business. To succeed in homebuilding in any market, you need a depth of knowledge of that particular market. At Beazer we continually rely on our local managers, who possess an average of 20 years of homebuilding experience, to drive the business. The systems that we are trying to centralize are developed by teams that include managers from a cross section of our markets.

We believe that we support our local teams by providing 1) the best and most efficient systems possible, 2) access to information from other markets, and 3) the framework of a prudently managed company with access to adequate capital. We ended fiscal 1997 with a level of debt to total capitalization of 45%, below the industry average of over 55%. In addition, during 1997 we increased our unsecured, revolving credit facility from $150 million to $200 million. With only $30 million of this drawn at September 30, 1997, we believe we have enough financial flexibility to take advantage of opportunities that we expect to arise in a changing economy and a dynamic homebuilding environment.

LOOKING TO FUTURE IMPROVEMENTS IN PROFITABILITY

Over the four years that preceded 1997, revenues increased 579% - a compound annual growth rate of 61%. As we disclosed in our 1996 Annual Report to Shareholders, we now intend to concentrate more heavily on improvements in profitability with more moderate growth. With this objective in mind, 1997 was a transition year as we made the investments that we believe will produce improved profitability in future years.

In our 1996 Annual Report we said of our profitability initiatives, "our near-term objective is to significantly improve our operating profit margin by the fourth quarter of fiscal 1997." In the fourth quarter of this year our EBIT margin increased by 20 basis points, relative to the fourth quarter of last year. While this is consistent with our stated goal, we are only part of the way there and expect further improvements in fiscal 1998. As a result, absent unforeseen adverse economic changes, we expect earnings per share in fiscal 1998 to exceed 1997.

Our employees at Beazer Homes have exerted considerable effort and made substantial investments in 1997 that we expect will pay off in future years. We thank them for their guidance, support and expertise. Because of them, we believe that our shareholders will see Beazer Going Places in 1998 and beyond.

Sincerely,

/S/ BRIAN C. BEAZER	/S/ IAN J. MCCARTHY
Brian C. Beazer	Ian J. McCarthy
Non-Executive Chairman of the Board	President and Chief Executive Officer

OFFERING MORE SERVICES TO OUR HOMEBUYERS

by Sandra Panitz, President Panitz Homes, Jacksonville

For over 20 years, Panitz Homes has enjoyed a sterling reputation as north Florida's premier builder of first- and second-time move-up homes. The foundation of this success - seamless customer service - has recently been significantly expanded with the addition of our Panitz Homes Design Center and our branch of Beazer Mortgage.

When a family decides to purchase a home, it is one of the most important personal and financial commitments they will make. This decision has the potential to be one of the most nerve-wracking as well. It's our job to make sure this is not the case. A happy homebuyer is one who has had all of his or her questions answered and who experiences an efficient home buying process.

In the past, we have been able to assist homebuyers only in limited ways with the interior design and mortgage processes. Today, with the Panitz Homes Design Center and Beazer Mortgage, our customers are able to draw upon the broad range of knowledge and experience possessed by our in-house professionals, providing unparalleled convenience and service. These are quantum leaps forward in the range and quality of our customer service.

After selecting their home, homebuyers meet with Audrey Bishop at Beazer Mortgage. She describes all the mortgage programs available from the extensive network of Beazer Mortgage lenders and helps them decide which mortgage programs best suit them. Audrey also helps them determine how much in upgrades they can finance and explains the tax advantages of financing these at the time of construction. She then provides them with "Beazer Bucks" for the additional amount of financing for which they can qualify above the base price of their home.

Armed with their Beazer Bucks, the buyers go across the hall to our design center to meet with Christi Aldridge, our professional Design Consultant. Christi shows them the many options available in interior and exterior finishes, floor coverings, cabinetry, lighting, fixtures and other designer options. It is like having your own personal decorator. With our design center, buyers get exactly what they want, which increases their satisfaction as well as our profits. We have also developed a satisfied customer who will be a valuable reference and, hopefully, a future repeat homebuyer.

Since joining the Beazer family in 1993, Panitz Homes has more than tripled in size and become north Florida's largest builder of homes over $100,000. We would not have been able to accomplish this without the financial strength of Beazer and the ideas we have adapted from other Beazer markets.

FOCUSING ON EFFICIENT HOME DESIGN

by Robert Polanco, President Squires Homes Raleigh Division

When I moved from Charlotte to help Squires Homes (Beazer's Carolinas operation) start up a Raleigh division in 1992, I knew I had a tough job ahead of me. One thing I did not worry about, however, was the ability to design efficient house plans. I knew that with the resources available to me and my managers, we would have access to some of the most efficient plans in the country.

An efficient plan is one that is both attractive to the buyer and designed to be constructed for the lowest cost given its size and number of rooms. No one wants to pay for additional costs for which they get no benefit. With my 20 years of experience in home construction, I have grown to appreciate how efficient home design eliminates unnecessary costs. A home can be designed within a rectangle - the most efficient way to build - that contains enough interior angles to make it attractive and exciting.

One example of the benefit of efficient design is Squires' Hamlet Series in Charlotte. Because Squires can build these plans so efficiently, Scott Thorson, our Charlotte division President, can offer homes starting under $80,000 at Southern Chase, our subdivision north of Charlotte. These plans were actually adapted by our Southeast Region Design Group from plans originally used by Beazer in Phoenix. The success of these plans is demonstrated by the 45 new orders in Southern Chase in the eight months since it opened. It can also be seen in the profit margins at Southern Chase - among the highest in the Squires organization.

We have adapted these plans for the tastes of the Raleigh market, renamed them the Cottage Series and are now offering them at Homestead Park, in the Apex area west of Raleigh. We expect Homestead Park to be even more successful than Southern Chase.

Efficiency of plan design is important not just in the lower priced segment of the market, but in all segments, right up to luxury housing. It allows a homebuilder to provide the most affordable home to whatever segment of the market is being targeted. Upon my arrival in Raleigh, we completed an analysis of market needs which showed we had an opportunity for success with a larger product line than Squires had customarily built in the Carolinas. With the assistance of our Southeast Design Group, we were able to design a new series of plans that has become an award-winning, top-selling success story - both in Raleigh and throughout the Carolinas.

Since starting Squires' Raleigh division with one home closing in 1992, we have grown it to be the third largest builder in Raleigh - an operation that consistently sells more than 200 homes a year and was named Raleigh's Builder of the Year by the Triangle Sales and Marketing Council. Certainly the sharing of efficient plans from all of our markets has contributed to this success.

SHARING INFORMATION THROUGH SYSTEMS

by Anthony Tonso, President Beazer Homes Northern California, Sacramento

I have always believed that the best solution for every issue has already been implemented somewhere. If we all had access to information on these solutions, our jobs would be much easier. That is why I am such a strong proponent of the latest in information systems.

My background includes over 29 years in homebuilding and real estate sales. So, when I heard that Beazer was working on a sales office automation system, I wanted to make sure that Northern California would be the prototype market.

In 1997, a year in which the number of homes our division sold and closed nearly doubled, our managers devoted significant time and effort to developing and implementing our sales office automation system and training all users in its operation. We know that the system we have developed will help not only us in Northern California, but also others throughout the entire Beazer organization.

With our newly implemented sales office automation system, the sales agents at our communities now have the most current information on mortgage rates and programs available. Our sales people can also generate contracts more easily, because forms are continually updated in a central database and are stored in memory, rather than in file cabinets. The system also maintains a database of prospects and follow-up letters. In addition, current information is reported to our office on a daily basis, giving us an opportunity to make more timely decisions. The improved availability of information from our sales office system also makes our sales agents' jobs easier and more consistent by automating much of what was previously done manually.

The sales office automation system is now being implemented in other Beazer markets. As they are adapting it to fit their needs, we hear about improvements they are making which we can incorporate into an upgrade to our own system here in Northern California. This is another benefit of sharing information.

The sales office automation system is one of several systems for which our staff has provided development support at Beazer. Brendan O'Neill (CFO), Carla Collinge (Controller) and Ann Stamas (Purchasing Manager) have also been heavily involved, along with the corporate office, in the development of the Company-wide executive information and accounting systems. These will all make our jobs easier and make Beazer a better company.

IMPORTANCE OF TRAINING

by Marilyn Gardner, Sales Manager, Beazer Texas and National Sales Trainer

In just two years since our inception in 1995 when we closed 64 homes, Beazer Homes Texas has become an operation with over 700 home closings in two markets - and still looking for further growth. Acquisitions have helped Beazer Homes Texas grow. First there was the acquisition of Bramalea Homes Texas in 1995 followed by the 1996 acquisition of Trendmaker Homes of Dallas. As the person responsible for training all of the new sales people that have come with this growth, I am proud of what we have been able to achieve. I am also glad that Beazer recognizes the importance of training and has expanded this sales training program to other markets.

In any environment, training is important, but most especially so in the case of an acquisition. The people at the acquired company need to know the resources available and the best way to take advantage of them. The company that has made the acquisition also needs a chance to incorporate and adapt to the knowledge and culture of its new group of employees.

After the Trendmaker acquisition, we set up a sales training course at Beazer Homes Texas aimed at teaching the best practices in sales. Even our most experienced people have something to learn from our training classes. Whether it is a reminder of a follow-up technique they know but haven't been using or learning the best use of the latest technology, the classes always have something for all participants.

Our training classes in Texas were so well received that we have now organized both national sales conferences as well as local training classes in other markets throughout Beazer. Some of these are geared to "train the trainer," so that sales managers taking the class can pass along the knowledge to others, including new employees. We are also completing a national sales training manual to be used in all markets.

Beazer also conducts national and regional training sessions and conferences in a number of areas, such as construction, finance and purchasing. Certainly sales is not the only area where training is critical.

Training has been central to our growth at Beazer Homes Texas. We still feel that there is much more growth ahead of us, including expansion to other markets in Texas. Training and access to the resources of a strong, national homebuilder like Beazer will provide the backbone for this growth.

DIRECTORY OF HOMEBUILDERS

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Tempe, AZ 85281

BEAZER HOMES CALIFORNIA
Southern California Division
Executive Tower
1100 Town and Country
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Northern California Division
3009 Douglas Boulevard
Roseville, CA 95661

BEAZER HOMES FLORIDA
Panitz Homes (Jacksonville)
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Jacksonville, FL 32257

Gulfcoast Homes (Ft. Myers/ Naples)
11934 Fairway Lakes Drive Ft. Myers, FL 33913

Tampa Division
1211 N. Westshore Boulevard
Tampa, FL 33607

Orlando Division
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Altamonte Springs, FL 32701

BEAZER HOMES GEORGIA
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BEAZER HOMES NEVADA
Las Vegas Division
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Las Vegas, NV 89119

Reno/Sparks Division
4480 Scott Peak Circle
Sparks, NV 89434

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10235 West Little York
Houston, TX 77040

Dallas Division
1231 Greenway Drive
Irving, TX 75038

PHILLIPS BUILDERS
Nashville Division
2910 Kraft Drive
Nashville, TN 37204

Knoxville Division
1645 Downtown West Blvd.
Knoxville, TN 37919

SQUIRES HOMES
Charlotte Division
5501 Executive Center
Charlotte, NC 28212

Raleigh Division
3701 National Drive
Raleigh, NC 27612

Charleston Division
7410 Northside Drive
North Charleston, SC
29420-4200

Columbia Division
2001 Assembly Street
Columbia, SC 29201

Myrtle Beach Division
710 21st Avenue North
Hampton Park
Myrtle Beach, SC 29577

FINANCIAL REVIEW

1997 ANNUAL REPORT GOING PLACES

BEAZER HOMES USA

MANAGEMENT'S RESPONSIBILITY for Financial Reporting & System of Internal Controls

FINANCIAL STATEMENTS

The accompanying consolidated financial statements are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and, as such, include amounts based on management's best estimates and judgments.

The Company's consolidated financial statements have been audited by Deloitte & Touche LLP, independent auditors, who were given unrestricted access to all financial records and related data. The Company believes that all representations made to the independent auditors during their audit were valid and appropriate. Deloitte & Touche LLP's audit report included on page 25 provides an independent opinion as to the fairness of presentation of the consolidated financial statements.

SYSTEM OF INTERNAL CONTROLS

The Company maintains a system of internal controls over financial recording and reporting which is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded in accordance with the Company's policies and procedures and which ultimately will result in the preparation of reliable financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective internal control system has inherent limitations - including the possibility of the overriding of controls - and therefore can provide only reasonable, not absolute, assurance with respect to financial statement preparation.

The Company assessed its internal control system as of September 30, 1997 in relation to criteria for effective internal control over preparation of its published annual (and interim) financial statements described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commissions. Based on this assessment, the Company believes that, as of September 30, 1997, its system of internal controls over the preparation of its published annual (and interim) financial statements met these criteria. Deloitte & Touche LLP also reviewed and tested the effectiveness of these systems to the extent they deemed necessary to determine the extent of audit procedures needed in connection with their audit of the consolidated financial statements.

The Audit Committee of the Board of Directors, which is composed of Directors who are not officers or employees of the Company, provides oversight to the financial reporting process. The independent auditors have unrestricted access to the Audit Committee.

/S/IAN J. MCCARTHY
Ian J. McCarthy
President and Chief Executive Officer

/S/DAVID S. WEISS
David S. Weiss
Executive Vice President and
Chief Financial Officer

/S/JOHN SKELTON
John Skelton
Senior Vice President and Controller

SELECTED FINANCIAL DATA

(dollars in thousands except per share data)	Year Ended September 30, 1997	1996	1995	1994	1993
STATEMENT OF OPERATIONS DATA:					
Total revenue	$851,101	$866,627	$647,828	$536,526	$275,054
Writedown of inventory	$ 6,326				
Operating income	$ 17,656(i)	$ 30,122	$ 18,629	$ 27,377	$ 19,959
Net income	$ 11,189(i)	$ 18,266	$ 11,352	$ 16,468	$ 16,046(ii)
Net income per common share :					
Primary	$ 1.15(i)	$ 2.20	$ 1.23	$ 1.76(iii)	n/m
Fully-diluted	$ 1.15(i)	$ 2.01	$ 1.23	$ 1.76(iii)	n/m
BALANCE SHEET DATA:					
Cash	$ 1,267	$ 12,942	$ 40,407	$ 35,980	$ 819
Inventory	$361,945	$320,969	$285,268	$253,356	$225,863
Total assets	$399,595	$356,643	$345,240	$314,941	$245,349
Total debt	$145,000	$115,000	$115,000	$115,000	$119,925
Stockholders' equity	$179,286	$178,701	$164,544	$150,406	$ 95,595
SUPPLEMENTAL FINANCIAL DATA:					
EBIT (iv)	$ 33,051(i)	$ 45,327	$ 32,188	$ 37,169	$ 22,713
EBITDA (iv)	$ 35,272(i)	$ 46,855	$ 33,542	$ 38,384	$ 23,609
Interest incurred	$ 16,159	$ 14,176	$ 14,737	$ 11,306	$ 6,553
EBIT/interest incurred	2.05x	3.20x	2.18x	3.29x	3.47x
EBITDA/interest incurred	2.18x	3.31x	2.28x	3.40x	3.60x
FINANCIALS STATISTICS (v):					
Total debt as a percentage of total debt and stockholders' equity	44.7%	39.2%	41.1%	43.3%	55.6%
Asset turnover	2.25x	2.47x	1.96x	1.92x	1.77x
EBIT margin	3.9%(i)	5.2%	5.0%	6.9%	8.3%
Return on average assets	8.7%(i)	12.9%	9.8%	13.3%	14.6%
Return on average capital	10.7%(i)	15.8%	11.8%	15.5%	16.6%
Return on average equity	6.3%(i)	10.6%	7.2%	13.4%	20.8%

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(i) Fiscal 1997 includes the effect of a $6,326 writedown to inventory in Nevada. Excluding the effect of the writedown, operating income, net income and net income per share for fiscal 1997 are $23,982, $15,079 and $1.70, respectively. Excluding the effect of the writedown, EBIT and EBITDA for fiscal 1997 are $39,377 and $41,598, respectively. Excluding the effect of the writedown, EBIT margin, return on assets, return on capital and return on equity for fiscal 1997 are 4.6%, 10.4%, 12.7% and 8.4%, respectively.

(ii) Net income for the year ended September 30, 1993 includes a benefit of $3,776 to reflect the cumulative effect of a change in accounting for income taxes for the adoption of SFAS No. 109.

(iii) Pro forma to give effect to the initial public offering and related transactions, as if such transactions were effected as of October 1, 1993.

(iv) EBIT and EBITDA: EBIT (earnings before interest and taxes) equals net income before (a) previously capitalized interest amortized to costs and expenses; (b) income taxes; and (c) cumulative effect of change in accounting principle. EBITDA (earnings before interest, taxes, depreciation, and amortization) is calculated by adding depreciation and amortization for the period to EBIT. EBITDA is commonly used to analyze companies on the basis of operating performance, leverage, and liquidity. EBITDA is not intended to represent cash flows for the period nor has it been presented as an alternative to net income as an indicator of operating performance.

(v) Asset turnover = (total revenue divided by average total assets); EBIT margin = (EBIT divided by total revenues); Return on average assets = (EBIT divided by average total assets); Return on average capital = (EBIT divided by average total debt plus stockholders' equity); Return on average equity = (net income divided by average stockholders' equity).

n/m - not meaningful
</FN>

1997 ANNUAL REPORT -- GOING PLACES

MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations

OPERATING AND FINANCIAL DATA

The following tables present certain operating and financial data for the periods discussed:

	Year Ended September 30,						
	1997		1996		1995	1994	1993
(dollars in thousands)	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	AMOUNT	AMOUNT
NUMBER OF NEW ORDERS, NET OF CANCELLATIONS(i):							
Southeast Region:							
Georgia	165	(34.8)%	253	(18.4)%	310	274	301
North Carolina	608	(9.4)	671	1.5	661	545	502
South Carolina	393	29.7	303	30.0	233	248	169
Tennessee	413	(9.6)	457	(14.9)	537	418	420
Florida	390	7.1	364	6.4	342	241	
Total Southeast	1,969	(3.9)	2,048	(1.7)	2,083	1,726	1,392
Southwest Region:							
Arizona	1,264	(24.8)	1,681	23.3	1,363	1,146	660
California	1,017	0.9	1,008	17.8	856	472	176
Nevada	536	11.0	483	9.5	441	284	235
Total Southwest	2,817	(11.2)	3,172	19.2	2,660	1,902	1,071
Central Region:							
Texas	765	90.8	401	309.2	98		
Other Markets				n/m	n/m	48	80
Total	5,551	(1.2)%	5,621	16.1%	4,841	3,676	2,543
BACKLOG AT END OF PERIOD:							
Southeast Region:							
Georgia	43	(17.3)%	52	(51.4)%	107	51	68
North Carolina	172	(10.4)	192	(11.9)	218	154	161
South Carolina	109	1.9	107	33.8	80	72	45
Tennessee	81	(35.2)	125	(35.6)	194	128	163
Florida	100	(3.8)	104	(4.6)	109	73	
Total Southeast	505	(12.9)	580	(18.1)	708	478	437
Southwest Region:							

Arizona	262	(36.7)	414	(9.2)	456	348	454
California	78	(18.8)	96	(9.4)	106	88	72
Nevada	139	(18.2)	170	6.3	160	70	151
Total Southwest	479	(29.6)	680	(5.8)	722	506	677
Central Region:							
Texas	208	25.3	166	213.2	53		
Other Markets		n/m		n/m	1	3	74
Total	1,192	(16.4)%	1,426	(3.9)%	1,484	987	1,188

<FN>

(i) New orders for 1996, 1995, 1994 and 1993 do not include 256, 19, 49 and 376 homes in backlog, respectively, from acquired operations at the date of their acquisition.

</FN>

	Year Ended September 30,						
	1997		1996		1995	1994	1993
(dollars in thousands)	AMOUNT	% CHANGE	AMOUNT	% CHANGE	AMOUNT	AMOUNT	AMOUNT
SALES VALUE OF HOMES IN BACKLOG AT END OF PERIOD:							
Southeast region	$ 81,720	(16.7)%	$ 98,092	(4.3)%	$ 102,511	$ 70,129	$ 55,765
Southwest region	73,346	(15.2)	86,539	(14.6)	101,346	72,754	88,290
Central region	35,373	36.0	26,006	219.8	8,133		
Other markets		n/m		n/m	173	515	10,577
Total	$ 190,439	(9.6)%	$ 210,637	(0.7)%	$ 212,163	$ 143,398	$ 154,632
NUMBER OF CLOSINGS:							
Southeast Region:							
Georgia	174	(43.5)%	308	21.3%	254	291	297
North Carolina	628	(9.9)	697	16.8	597	552	460
South Carolina	391	41.7	276	22.7	225	221	167
Tennessee	457	(13.1)	526	11.7	471	453	388
Florida	394	(2.7)	405	32.4	306	217	
Total Southeast	2,044	(7.6)	2,212	19.4	1,853	1,734	1,312
Southwest Region:							
Arizona	1,416	(23.5)	1,852	47.6	1,255	1,252	441
California	1,035	1.7	1,018	21.5	838	456	195
Nevada	567	19.9	473	34.8	351	365	139
Total Southwest	3,018	(9.7)	3,343	36.8	2,444	2,073	775
Central Region:							
Texas	723	90.8	379	492.2	64		
Other Markets		(100.0)	1	(50.0)	2	119	6
Total	5,785	(2.5)%	5,935	36.0%	4,363	3,926	2,093
REVENUES:							
Southeast region	$ 333,648	0.4%	$ 332,159	24.8%	$ 266,228	$ 223,967	$ 153,600
Southwest region	404,760	(14.9)	475,662	28.4	370,369	294,467	120,601
Central region	112,693	92.2	58,621	438.5	10,886		
Other markets		n/m	185	(46.4)	345	18,092	853
Total	$ 851,101	(1.8)%	$ 866,627	33.8%	$ 647,828	$ 536,526	$ 275,054
AVERAGE SALES PRICE PER HOME CLOSED:							
Southeast region	$ 163.2	8.7%	$ 150.2	4.5%	$ 143.7	$ 129.2	$ 117.1
Southwest region	134.1	(5.8)	142.3	(6.1)	151.5	142.0	155.6
Central region	155.9	0.7	154.7	(9.1)	170.1		
Other markets		n/m	185.0	7.2	172.5	152.0	142.2
Total	$ 147.1	0.8%	$ 146.0	(1.7)%	$ 148.5	$ 136.7	$ 131.4
NUMBER OF ACTIVE SUBDIVISIONS AT YEAR END:							
Southeast region	104	5.1%	99	12.5%	88	82	94
Southwest region	60	(3.2)	62	21.6	51	39	50
Central region	33	6.5	31	210.0	10		
Other markets		n/m		n/m		1	1
Total	197	2.6%	192	28.9%	149	122	145

n/a - Not applicable
n/m - Percentage change not meaningful

OVERVIEW

Beazer Homes designs, builds and sells single family homes in the Southeast, Southwest and Central regions of the United States. The Company's Southeast Region includes Georgia, North Carolina, South Carolina, Tennessee and Florida; its Southwest Region includes Arizona, California and Nevada and its Central Region includes Texas. The Company's other markets include a single project in New Jersey which was closed out during fiscal 1996. The Company intends, subject to market conditions, to expand in its current markets and to consider entering new markets through expansion from existing markets ("satellite expansion") or through acquisitions of established regional homebuilders.

The Company's homes are designed to appeal primarily to entry-level and first time move-up homebuyers, and are generally offered for sale in advance of their construction. The majority of homes are sold pursuant to standard sales contracts entered into prior to commencement of construction. Once a contract has been signed, the Company classifies the transaction as a "new order." Such sales contracts are usually subject to certain contingencies such as the buyer's ability to qualify for financing. Homes covered by such sales contracts are considered by the Company as its "backlog." The Company does not recognize revenue on homes in backlog until the sales are closed and the risk of ownership has been transferred to the buyer.

During fiscal 1996 the Company began providing mortgage origination services for its local homebuilders through Beazer Mortgage Company ("Beazer Mortgage"). Beazer Mortgage originates mortgages principally for homebuyers of Beazer Homes. Beazer Mortgage does not hold or service the mortgages. Beazer Mortgage net operating results are included in costs of home construction of the homebuilding operations of the Company.

NEW ORDERS AND BACKLOG - The Company experienced fewer new orders during the year ended September 30, 1997 than the year ended September 30, 1996. The principal reason for this decrease is a reduction in the number of active subdivisions in early fiscal 1997 in the Company's Arizona operations. Excluding the Company's Arizona operations, new orders increased by 347 homes in fiscal 1997. The principal increase was in the Company's Texas operations.

The Company has historically experienced fluctuations in new order activity in periods of significant mortgage rate changes. Additional factors that impact the Company's new order trends include the ability to react to changing customer preferences through product mix and pricing, local economic conditions and product supply (as measured by the number of active subdivisions). The Company believes that during the year ended September 30, 1996, effective product mix and pricing, especially in the affordable first-time homebuyer market in Arizona, contributed to positive order growth in the Company's markets despite the increase in mortgage interest rates that began in January 1996 and continued for the remainder of the Company's fiscal year.

Backlog levels correspond directly with the new order and closing trends experienced by the Company. Despite an accelerating new order trend late in the Company's 1997 fiscal year, increased closings during the fourth quarter contributed to lower backlog levels at September 30, 1997 compared to September 30, 1996.

The comparison of active subdivision levels for the Company has been positive for each of the last two fiscal years. The increase in active subdivisions at September 30, 1997 compared to September 30, 1996 is the result of the Company acquiring favorable land positions and opening a number of new subdivisions during the last two quarters of fiscal 1997, replenishing subdivision levels depleted during the first six months of the fiscal year. In contrast, while the number of active subdivisions at September 30, 1996 is above that of September 30, 1995 many of the subdivisions were nearing close-out status and the number of active subdivisions declined by 30 in the first quarter of 1997.

SEASONALITY AND QUARTERLY VARIABILITY - The Company has historically experienced significant seasonality and quarter-to-quarter variability in homebuilding activity levels. The annual operating cycle generally reflects escalating new orders in the Company's second and third fiscal quarters. Since closings usually trail home sales by four to six months, closings typically are lowest in the first quarter of the fiscal year, and revenues from home closings usually peak in the third and fourth quarters of the fiscal year. The Company believes that this seasonality reflects the preference of homebuyers to shop for a new home in the spring, as well as the scheduling of construction to accommodate seasonal weather conditions. This trend, however, may be altered in periods of extreme fluctuations in economic conditions, such as interest rates and general confidence.

The following table presents certain unaudited quarterly financial and operating data for the Company's last eight fiscal quarters. These historical results are not necessarily indicative of results to be expected for any future period.

	Quarter Ended							
(dollars in thousands)	September 30, 1997	June 30, 1997	March 31, 1997	December 31, 1996	September 30, 1996	June 30, 1996	March 31, 1996	December 31, 1995
Total revenue	$316,647	$195,608	$177,762	$161,083	$294,828	$217,065	$196,505	$158,230
NUMBER OF NEW ORDERS, NET:								
Southeast	472	555	573	369	445	550	617	436
Southwest	750	789	733	545	646	837	995	694
Central	167	250	228	120	134	119	94	54
Other markets								
Total	1,389	1,594	1,534	1,034	1,225	1,506	1,706	1,184
NUMBER OF CLOSINGS:								
Southeast	716	493	457	378	709	554	483	466
Southwest	1,140	651	627	600	1,044	868	836	595
Central	274	171	143	135	202	74	46	57
Other markets	1							
Total	2,130	1,315	1,227	1,113	1,955	1,496	1,365	1,119

The Company's operations can be affected by inflation. All costs and expenses including land, raw materials, subcontracted labor and interest would increase in an inflationary period. The Company's margins could decrease unless the increased costs were recovered through higher sales prices.

RESULTS OF OPERATIONS

The following table shows certain items in the Company's statements of income expressed as a percentage of total revenue.

	Year ended September 30, 1997	1996	1995
Total revenue	100.0%	100.0%	100.0%
Costs and Expenses:			
Costs of home construction and land sales	(84.7)	(84.5)	(85.2)
Amortization of previously capitalized interest	(1.7)	(1.7)	(2.0)
Selling, general and administrative expenses	(10.7)	(10.3)	(9.8)
Writedown of inventory	(0.7)		
Operating income	2.1%	3.5%	3.0%

REVENUES - The decrease in revenues for the year ended September 30, 1997 compared to the year ended September 30, 1996 is the result of a 3% decrease in the number of homes closed offset by a 1% increase in average sales price. The principal reason for the decrease in home closings was a decline in home closings in Arizona, the Company's largest market. This decrease is partially offset by the continued expansion of the Company's Texas operations. The slight increase in the average sales price is the result of the decrease in closings in Arizona where the average sales price is below the Company average.

The increase in revenues for the year ended September 30, 1996 compared to the same period in 1995 is the result of a 36% increase in the number of homes closed and a 1.7% decrease in average sales price. The increase in home closings was experienced in all markets and is a result of the strong order growth early in fiscal 1996, and the expansion of the Texas operations entered initially via the acquisition of Bramalea Homes Texas ("Bramalea") in April 1995 and supplemented through the acquisition of Trendmaker Homes - Dallas in June 1996. The small decrease in average sales price is the result of shifting product mix in the Southeast region, an emphasis on the affordable product mix in the Southwest (especially in Arizona), and decreases in Texas as a result of the Company opening new, lower-priced subdivisions in Dallas.

COST OF HOME CONSTRUCTION AND LAND SALES - Cost of home construction and land sales ("COS") as a percentage of revenues increased for the year ended September 30, 1997 compared to 1996. The principal reason for the increase relates to issues in the Company's Nevada operations. For the fiscal year ended September 30, 1997, the COS as a percentage of revenues was 91.2% for the Nevada operations compared to 84.7% for the total Company. During fiscal 1997, the Company experienced development issues in two subdivisions in Nevada, resulting in a writedown to inventory (see "Writedown of inventory") and reduced margins in other subdivisions in Nevada. The Company has made management changes in its Nevada operations and has implemented additional controls around projects involving significant development expenditures. The Company believes the issues in Nevada have been resolved and anticipates recognizing improving gross margins as a percentage of revenues for the Nevada operations during fiscal 1998. COS as a percentage of revenues decreased for the year ended September 30, 1996 compared to 1995. The decrease is largely attributable to decreases in hard construction costs (material and labor), and an increase in deliveries from homes started subsequent to sale relative to fiscal 1995. Additionally, the Company's Arizona and Texas markets, which typically experience higher gross margins than the Company average, represent a greater percentage of total closings for the year.

WRITEDOWN OF INVENTORY - During the quarter ended March 31, 1997, the Company recorded a pre-tax charge of $6.3 million to write down two properties located in Nevada to their estimated fair market value (based on the sales prices of comparable projects). The two Nevada properties, Craig Ranch in North Las Vegas and Promontory in Reno, had incurred significant development costs that were not anticipated at the beginning of the project. As a result, the estimated future un-discounted cash flows of the projects were less than their respective book values at that time.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - Selling, general and administrative ("SG&A") expenses increased as a percentage of revenues in each of the last two fiscal years. The increase in fiscal 1997 compared to fiscal 1996 is principally the result of increased sales and marketing expenses relating to the opening of new subdivisions within the Company's existing markets. The sales and marketing component of total SG&A as a percentage of revenues increased to 6.5% from 6.1% in fiscal 1996. The general and administrative component of total SG&A was 4.2% for both fiscal 1997 and 1996. The increase in SG&A as a percentage of revenues in fiscal 1996 compared to fiscal 1995 can be attributed primarily to certain consulting and start-up costs relating to various long-term initiatives the Company began in late fiscal 1996.

AMORTIZATION OF PREVIOUSLY CAPITALIZED INTEREST - The decrease in interest amortized to costs and expenses as a percentage of revenues for the year ended September 30, 1996 compared to the same period in 1995 is the result of a favorable interest rate environment and accelerated inventory turnover.

INCOME TAXES - The Company's effective income tax rate was 38.5%, 39.5% and 40.0% for 1997, 1996 and 1995, respectively. The decrease in 1997 and 1996 is principally the result of various tax savings strategies implemented during 1996.

EARNINGS PER SHARE - In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share" ("SFAS 128"). SFAS 128 establishes new standards for computing and presenting earnings per share ("EPS") information. The Company is required to adopt SFAS 128 during the first quarter of fiscal 1998. If the provisions of SFAS 128 had been used to calculate EPS for the years ended September 30, 1997, 1996 and 1995, basic EPS would have been $1.18, $2.24 and $1.26, respectively, and diluted EPS would have approximated reported fully-diluted EPS amounts.

FINANCIAL CONDITION AND LIQUIDITY

At September 30, 1997 the Company had $1.3 million of cash and $30 million outstanding borrowings under its $200 million unsecured revolving credit facility. The Company fulfills its short-term cash requirements with cash generated from its operations and unused funds available from its unsecured revolving credit facility. Available borrowings under this credit agreement are limited to certain percentages of homes under contract, unsold homes, substantially improved lots and accounts receivable. At September 30, 1997 the Company had available additional borrowings of $65 million under the credit agreement.

In October 1996, the Company entered into a $150 million unsecured, revolving credit agreement with a group of banks to replace a similar $80 million unsecured, revolving credit agreement the Company had utilized since January 1995. In July 1997, the Company amended

the credit agreement to increase the available borrowings to $200 million, increase the number of participating banks from seven to eight, reduce the borrowing rates and increase the Company's flexibility under certain covenants.

During fiscal 1996 the Company utilized borrowings under its credit agreement of $21.4 million for acquisitions. All such borrowings were repaid as of September 30, 1996.

The Company has issued $115 million of Senior Notes which mature in March 2004. The Senior Notes bear interest at 9% payable semiannually. The Senior Note Indenture contains certain restrictive covenants, including limitations on payment of dividends. At September 30, 1997, under the most restrictive covenants, approximately $29.5 million of the Company's retained earnings was available for payment of cash dividends and for the acquisition by the Company of its common stock.

All significant subsidiaries of Beazer Homes USA, Inc. are guarantors of the Senior Notes and are jointly and severally liable for the Company's obligations under the Senior Notes. Separate financial statements and other disclosures concerning each of the significant subsidiaries are not included, as the aggregate assets, liabilities, earnings and equity of the subsidiaries equal such amounts for the Company on a consolidated basis and separate subsidiary financial statements are not considered material to investors. The total assets, revenues and operating profit of the non-guarantor subsidiaries are in the aggregate immaterial to the Company on a consolidated basis. Neither the credit agreement nor the Senior Notes restrict distributions to Beazer Homes USA, Inc. by its subsidiaries.

In June 1996, the Company's Board of Directors approved a stock repurchase plan authorizing the repurchase of up to 10% of the Company's then outstanding stock. Such repurchases, if completed, would be effected at various prices from time to time in the open market. The timing of the purchase and the exact number of shares will depend on market conditions. As of September 30, 1997 the Company had purchased 542,510 shares for an aggregate purchase price of approximately $7.3 million under this repurchase plan.

The Company has utilized, and will continue to utilize, land options as a method of controlling and subsequently acquiring land. At September 30, 1997, the Company had 9,817 lots under option. At September 30, 1997, the Company had commitments with respect to option contracts with specific performance obligations of approximately $50.5 million. The Company expects to exercise all of its option contracts with specific performance obligations and, subject to market conditions, substantially all of its option contracts without specific performance obligations.

Management believes that the Company's current borrowing capacity, cash on hand at September 30, 1997, and anticipated cash flows from operations is sufficient to meet liquidity needs for the foreseeable future. There can be no assurance, however, that amounts available in the future from the Company's sources of liquidity will be sufficient to meet the Company's future capital needs. The amount and types of indebtedness that the Company may incur may be limited by the terms of the Indenture governing its Senior Notes and its Credit Agreement. The Company continually evaluates expansion opportunities through acquisition of established regional homebuilders and such opportunities may require the Company to seek additional capital in the form of equity or debt financing from a variety of potential sources, including additional bank financing and/or securities offerings.

In November 1997, the Company utilized approximately $16.7 million in borrowings under the Credit Agreement to acquire the assets of the Orlando, Florida homebuilding operations of Calton Homes.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Beazer Homes USA, Inc.

We have audited the accompanying consolidated balance sheets of Beazer Homes USA, Inc. as of September 30, 1997 and September 30, 1996 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of Beazer Homes USA, Inc. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements for the year ended September 30, 1995 were audited by other auditors, whose report dated October 27, 1995, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beazer Homes USA, Inc. at September 30, 1997 and September 30, 1996 and the consolidated results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Atlanta, Georgia
October 30, 1997
(November 28, 1997 as to Note 13)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended September 30,		
(dollars in thousands, except per share amounts)	1997	1996	1995
Total revenue	$ 851,101	$ 866,627	$ 647,828
Costs and expenses			
Home construction and land sales	720,992	732,395	552,204

Amortization of previously capitalized interest	14,857	15,134	13,268
Selling, general and administrative	91,270	88,976	63,727
Writedown of inventory	6,326		
Operating income	17,656	30,122	18,629
Other income	538	71	291
Income before income taxes	18,194	30,193	18,920
Provision for income taxes	7,005	11,927	7,568
Net income	$ 11,189	$ 18,266	$ 11,352
Preferred dividends	$ 4,000	$ 4,000	$ 611
Net income applicable to common shareholders	$ 7,189	$ 14,266	$ 10,741
Net income per common share			
Primary	$ 1.15	$ 2.20	$ 1.23
Fully-diluted	$ 1.15	$ 2.01	$ 1.23
Weighted average number of shares			
Primary	6,274,250	6,475,167	8,716,965
Fully-diluted	6,274,250	9,099,839	8,716,965

CONSOLIDATED BALANCE SHEETS

	September 30,	
(dollars in thousands)	1997	1996
ASSETS:		
Cash and cash equivalents	$ 1,267	$ 12,942
Accounts receivable	7,114	6,473
Inventory	361,945	320,969
Deferred tax asset	3,142	1,645
Property, plant and equipment, net	11,592	3,123
Goodwill, net	5,664	6,204
Other assets	8,871	5,287
Total assets	$ 399,595	$ 356,643
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Liabilities:		
Trade accounts payable	$ 44,443	$ 31,431
Other liabilities	30,866	31,511
Revolving credit facility	30,000	
Senior notes	115,000	115,000
Total liabilities	220,309	177,942
Stockholders' equity:		
Preferred stock (par value $.01 per share, 5,000,000 shares authorized, 2,000,000 issued and outstanding, $50,000 aggregate liquidation preference)	20	20
Common stock (par value $.01 per share, 30,000,000 shares authorized, 9,355,957 and 9,305,200 issued, 6,064,180 and 6,530,933 outstanding)	93	93
Paid in capital	187,798	187,477
Retained earnings	44,802	37,613
Treasury stock, at cost (3,291,777 and 2,774,267 shares)	(51,983)	(45,056)
Unearned restricted stock	(1,444)	(1,446)
Total stockholders' equity	179,286	178,701
Total liabilities and stockholders' equity	$ 399,595	$ 356,643

See Notes to Consolidated Financial Statements.

1997 ANNUAL REPORT -- GOING PLACES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(dollars in thousands)	PREFERRED STOCK	COMMON STOCK	PAID IN CAPITAL	RETAINED EARNINGS	UNEARNED RESTRICTED STOCK	TREASURY STOCK	TOTAL
BALANCE, SEPTEMBER 30, 1994	$ 92	$ 139,281	$ 12,273	$ (1,240)		$ 150,406	
Purchase of treasury stock (2,749,267 shares)						$ (44,707)	(44,707)
Issuance of preferred stock (2,000,000 shares)	$ 20		47,386				47,406
Issuance of restricted stock (103,000 shares)		1	1,184		(1,185)		
Cancellation of restricted stock (26,250 shares)			(340)		340		
Remeasurement of unearned restricted stock			187		(187)		
Amortization of unearned restricted stock					365		365
Preferred stock dividends paid				(278)	(278)		
Net income				11,352			11,352
BALANCE, SEPTEMBER 30, 1995	20	93	187,698	23,347	(1,907)	(44,707)	164,544
Purchase of treasury stock (25,000 shares)						(349)	(349)
Issuance of restricted stock (46,500 shares)			482		(482)		
Cancellation of restricted stock (38,417 shares)			(458)		458		
Remeasurement of unearned restricted stock			(228)		228		
Amortization of unearned restricted stock					257		257
Preferred stock dividends paid				(4,000)			(4,000)
Other			(17)				(17)
Net income				18,266			18,266
BALANCE, SEPTEMBER 30, 1996	20	93	187,477	37,613	(1,446)	(45,056)	178,701
Purchase of treasury stock (517,510 shares)						(6,927)	(6,927)
Issuance of restricted stock (50,757 shares)			321		(321)		
Amortization of unearned restricted stock					323		323
Preferred stock dividends paid				(4,000)			(4,000)
Net income	11,189	11,189					
BALANCE, SEPTEMBER 30, 1997	$ 20	$ 93	$ 187,798	$ 44,802	$ (1,444)	$ (51,983)	$ 179,286

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)	1997	YEAR ENDED SEPTEMBER 30, 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 11,189	$ 18,266	$ 11,352
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization	2,221	1,528	1,354
Provision for deferred income taxes	(1,280)	588	1,111
Writedown of inventory	6,326		

Changes in operating assets and liabilities, net of effects from acquisitions:			
Increase in inventory	(47,302)	(11,603)	(28,674)
(Decrease) increase in trade accounts payable	13,012	(9,024)	9,409
Other	(4,633)	352	11,650
Net cash provided (used) by operating activities	(20,467)	107	6,202
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(9,445)	(1,866)	(540)
Acquisitions, net of cash acquired		(21,357)	(3,656)
Net cash used by investing activities	(9,445)	(23,223)	(4,196)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from preferred stock issuance			47,406
Net borrowings under revolving credit facility	30,000		
Debt issuance costs	(836)		
Cash dividends paid on preferred stock	(4,000)	(4,000)	(278)
Share repurchases	(6,927)	(349)	(44,707)
Net cash provided (used) by financing activities	18,237	(4,349)	2,421
Increase (decrease) in cash and cash equivalents	(11,675)	(27,465)	4,427
Cash and cash equivalents at beginning of year	12,942	40,407	35,980
Cash and cash equivalents at end of year	$ 1,267	$ 12,942	$ 40,407
SUPPLEMTAL CASH FLOW INFORMATION:			
Interest paid	$ 15,659	$ 13,885	$ 14,023
Income taxes paid	$ 5,399	$ 11,581	$ 2,857

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beazer Homes USA, Inc. ("Beazer" or the "Company") designs, constructs, markets and sells single family homes in Arizona, California, Florida, Georgia, Nevada, North Carolina, South Carolina, Tennessee and Texas.

In March 1994, the Company completed a concurrent initial public offering of common stock and issuance of Senior Notes ("IPO"). Prior to its IPO, the Company was an indirect wholly owned subsidiary of Hanson PLC ("Hanson"), a company registered in the United Kingdom. As a result of the IPO, Hanson's ownership interest in the Company was reduced to approximately 30%. During 1995, the Company repurchased the remaining 30% of the shares, which had been transferred to a former affiliate of Hanson.

BASIS OF PRESENTATION - The accompanying consolidated financial statements include the accounts of Beazer Homes USA, Inc. and its wholly owned subsidiaries. Intercompany balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS - The Company considers cash investments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents as of September 30, 1997 and 1996 include $1.3 million and $1.4 million, respectively, of cash held in escrow for periods of up to three days.

INVENTORY - Inventory consists of residential real estate developments including interest, real estate taxes and development costs capitalized to land and construction costs during the development and construction period.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are recorded at cost. Depreciation is computed on a straight line basis at rates based on estimated useful lives as follows:

Building	15 years

Machinery and equipment	3 - 12 years
Information systems	3 - 5 years
Furniture and fixtures	3 - 5 years

INCOME TAXES - Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

INCOME RECOGNITION AND CLASSIFICATION OF COSTS - Income from the sale of land and residential units is recognized when closings have occurred and the risk of ownership is transferred to the buyer. Sales commissions are included in selling, general and administrative expense.

MORTGAGE COMPANY OPERATIONS - Beazer Mortgage originates mortgages principally for homebuyers of Beazer Homes. Beazer Mortgage net operating results are included in costs of home construction in the accompanying consolidated statements of operations.

GOODWILL - Goodwill represents the excess of the purchase price over the fair value of assets acquired and is amortized over a 15-year period. Amortization expense was $541,000, $541,000, and $538,000, for the years ended September 30, 1997, 1996, and 1995, respectively. Accumulated amortization was $2,449,000 and $1,908,000 at September 30, 1997 and 1996,

respectively. In the event that facts and circumstances indicate that the carrying value of goodwill may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. Fair Value of Financial Instruments p The historical carrying amount of short-term financial instruments is a reasonable estimate of fair value. The fair value of the Senior Notes approximates their book value at September 30, 1997 and was approximately $104 million at September 30, 1996 based upon quoted market prices.

EARNINGS PER SHARE - The computation of primary earnings per common share is based upon the weighted average number of common shares outstanding during the period plus (in periods in which they have a dilutive effect) the effect of common shares contingently issuable, primarily from stock options. Common share equivalents are computed using the treasury stock method.

Fully diluted earnings per share in fiscal 1996 further assumes the conversion of 2,000,000 shares of Series A Cumulative Convertible Exchangeable Preferred Stock issued in August 1995 (see Note 10) into 2,624,672 shares of Common Stock. The conversion of the Preferred Stock into Common Stock is not included in fully diluted earnings per share for fiscal 1997 and fiscal 1995 since such conversion would be anti-dilutive.

In February 1997, the Financial Accounting Standards Board issued Statement ("SFAS") No. 128, "Earnings per Share." SFAS 128 establishes new standards for computing and presenting earnings per share ("EPS"). The Company is required to adopt SFAS 128 during the first quarter of fiscal 1998. If the provisions of SFAS 128 had been used to calculate EPS for the years ended September 30, 1997, 1996 and 1995, basic EPS would have been $1.18, $2.24 and $1.26, respectively, and diluted EPS would have approximated reported fully-diluted EPS amounts.

WARRANTY COSTS - Estimated future home warranty costs are charged to cost of sales in the period when the revenues from home closings are recognized. Such estimated warranty costs range from 0.5% to 1.0% of total revenue and, based upon experience, have been sufficient to cover costs incurred. Other Liabilities p Other liabilities includes home buyer deposits, land purchase obligations, accrued compensation and various other accrued expenses.

USE OF ESTIMATES - 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.

RECLASSIFICATIONS - Certain items in prior period financial statements have been reclassified to conform to the current presentation.

NOTE 2 - ACQUISITIONS

Since October 1, 1994 the Company has acquired substantially all of the assets or all of the outstanding capital stock of each of the following businesses:

COMPANY ACQUIRED	CONSIDERATION (IN THOUSANDS)	ACQUISITION DATE
Trendmaker Homes - Dallas	$22,000	June 1996
Gulfcoast Homes	3,200	May 1996
Bramalea Homes Texas, Inc.	3,100	April 1995
Bauer & Barone, Inc.	200	October 1994

Consideration includes cash paid plus certain borrowings assumed and repaid immediately subsequent to the acquisitions. These acquisitions have been recorded using the purchase method of accounting and, accordingly, the purchase price has been allocated to the assets acquired and the liabilities assumed based on their estimated fair values as of the date of acquisitions. The operating results of the acquired businesses are included in the Company's consolidated statements of income from their respective dates of acquisition. The pro forma effect on the Company's operating results of acquired businesses prior to their acquisition date would not be significant.

NOTE 3 - INVENTORY

Inventory at September 30 includes:

(in thousands)	1997	1996
Finished homes	$69,609	$64,709
Development projects in progress	231,692	197,984
Unimproved land held for future development	34,792	34,040
Model homes	25,852	24,236
	$361,945	$320,969

Development projects in progress consist principally of land, land improvement costs and, if applicable, construction costs for houses which are in various stages of development but not ready for sale. Certain of the finished homes in inventory are reserved by a deposit or sales contract.

In March 1997, the Company recorded a pre-tax charge of $6.3 million to write down two properties located in Nevada to their estimated fair market value (based on the sales prices of comparable projects). The two Nevada properties, Craig Ranch in North Las Vegas and Promontory in Reno, had incurred significant development costs that were not anticipated at the beginning of the projects. As a result, the estimated future undiscounted cash flows of the projects at that time were less than their respective book values.

Inventory located in California, the state with the Company's largest concentration of inventory, was $74.5 million and $72.5 million at September 30, 1997, and 1996, respectively.

The Company acquires certain lots by means of option contracts. Option contracts generally require the payment of cash for the right to acquire lots during a specified period of time at a certain price. Under option contracts without specific performance obligations, the Company's

liability is generally limited to forfeiture of the non-refundable deposits, which aggregated approximately $10.3 million at September 30, 1997 and 1996, and are included in development projects in process. Under option contracts, both with and without specific performance obligations, purchase of the properties is contingent upon satisfaction of certain requirements by the Company and the sellers. Below is a summary of amounts committed under all options at September 30, 1997:

(in thousands)	AGGREGATE PURCHASE PRICE
Options with specific performance	$50,465
Options without specific performance	139,419
Total options	$189,884

NOTE 4 - INTEREST

Information regarding interest is as follows:

Year Ended September 30, (in thousands)	1997	1996	1995
DURING THE PERIOD:			
Interest incurred	$16,159	$ 14,176	$ 14,737
Interest capitalized	(16,159)	(14,176)	(14,737)
Previously capitalized interest amortized to cost of sales	14,857	15,134	13,268
Total interest expensed in statements of operations	$14,857	$ 15,134	$ 13,268
AT THE END OF THE PERIOD:			
Capitalized interest in inventory	$ 6,855	$ 5,553	$ 6,511

NOTE 5 -P PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of :

(in thousands)	September 30, 1997	1996
Land and buildings	$1,041	$ 998
Leasehold improvements	660	378
Machinery and equipment	4,050	2,547
Information systems	4,232	300
Furniture and fixtures	6,517	3,074
	16,500	7,297
Less accumulated depreciation	4,908	4,174
Property, plant and equipment, net	$11,592	$3,123

NOTE 6 - REVOLVING CREDIT FACILITY

The Company maintains a revolving line of credit with a group of banks. The credit agreement at September 30, 1997 provides for up to $200 million of unsecured borrowings. Borrowings under the credit agreement generally bear interest payable monthly at a fluctuating rate based upon the corporate base rate of interest announced by the lead bank, the federal funds rate or LIBOR. All outstanding borrowings under the credit agreement are due in February 2001. The credit agreement contains various operating and financial covenants. Each of the Company's subsidiaries is a guarantor under the credit agreement.

Available borrowings under the credit agreement are limited to certain percentages of homes under contract, unsold homes, substantially improved lots and accounts receivable. At September 30, 1997 the Company had $30 million in borrowings outstanding at an average interest rate of 7.0% and had available additional borrowings of $65 million under the credit agreement.

NOTE 7 - SENIOR NOTES

The Company has $115 million of Senior Notes which mature in March 2004. Interest on the Senior Notes is payable semiannually at 9% annually. The Company may, at its option, redeem the Senior Notes in whole or in part at any time after February 1999, initially at 102.571% of the principal amount, declining to 100% of the principal amount after February 2001. The Senior Notes are unsecured and rank pari passu (except as to collateral) with, or senior in right of payment to, all other existing and future senior indebtedness of the Company. The Senior Notes are guaranteed by all of the subsidiaries of the Company.

The Senior Note Indenture contains certain restrictive covenants, including limitations on payment of dividends. At September 30, 1997, under the most restrictive covenants, approximately $29.5 million of the Company's retained earnings was available for payment of cash dividends and for the acquisition by the Company of its common stock. In addition, the Senior Note Indenture provides that, in the event of defined changes in control, or if the consolidated tangible net worth of the Company falls below a specified level, or in certain circumstances upon sale of assets, the Company is required to offer to repurchase certain specified amounts of outstanding Senior Notes.

NOTE 8 - INCOME TAXES

The provision for income taxes consists of:

(in thousands)	Year Ended September 30, 1997	1996	1995
Current:			
Federal	$7,507	$9,579	$5,231
State	778	1,759	1,226
Deferred:	(1,280)	588	1,111
Total	$7,005	$11,927	$7,568

The provision for income taxes differs from the amount computed by applying the federal income tax statutory rate as follows:

(in thousands)	Year Ended September 30, 1997	1996	1995
Income tax computed at statutory rate	6,368	10,568	6,622
State income taxes, net of federal benefit	506	1,143	784
Goodwill amortization	189	189	162
Other, net	(58)	27	
Total	$7,005	$11,927	$7,568

Deferred tax assets relate principally to differences between book and tax bases of inven-tory and certain accrued costs.

NOTE 9 - LEASES

The Company is obligated under various noncancelable operating leases for office facilities and equipment. Rental expense under these agreements amounted to approximately $2,258,000, $2,485,000 and $1,292,000 for the years ended September 30, 1997, 1996 and 1995, respectively. As of September 30, 1997, future minimum lease payments under noncancelable operating lease agreements are as follows:

Year Ending September 30,	(in thousands)
1998	$2,974
1999	2,479

2000	1,652
2001	829
2002	485
Thereafter	180
Total	$8,599

During the year ended September 30, 1995, the Company sold and leased back (for up to 33 months) model homes in Arizona, California and Nevada for approximately $15.0 million. The transactions were accounted for as a sale-leaseback and resulted in the recognition of a $350,000 gain in that year. Lease payments for these model homes aggregated $499,000, $1,536,000 and $914,000 for fiscal years 1997, 1996 and 1995, respectively.

NOTE 10 - STOCKHOLDERS' EQUITY

PREFERRED STOCK - In August 1995, the Company sold 2,000,000 shares of its Series A Cumulative Convertible Exchangeable Preferred Stock (liquidation preference $25.00 per share). The Preferred Stock pays dividends quarterly at an annual rate of 8%, is convertible at the holder's option into the Company's Common Stock at a conversion price of $19.05 per Common Share and is exchangeable, at the Company's option, into 8% Convertible Subordinated Debentures due 2005. The net proceeds of approximately $48.1 million were used principally to repurchase shares of the Company's Common Stock formerly held by Hanson (See Note 1).

COMMON STOCK REPURCHASE PLAN - In June 1996, the Company's Board of Directors approved a stock repurchase plan authorizing the purchase of up to 10% of the Company's then outstanding common stock. Such repurchases, if completed, would be effected at various prices from time to time in the open market. As of September 30, 1997, the Company had purchased 542,510 shares for an aggregate purchase price of approximately $7.3 million under this repurchase plan.

SHAREHOLDER RIGHTS PLAN - In June 1996 the Company's Board of Directors adopted a Shareholder Rights Plan and distributed a dividend of one preferred share purchase right (a "Right") to purchase one one-hundredth of a share of Series B Junior Participating Preferred Stock, par value $0.01 per share (the "Preferred Shares"), of the Company. The Rights become exercisable in certain limited circumstances involving principally the acquisition of over 20% of the Company's outstanding common stock by any one individual or group. The Rights are initially exercisable at a price of $80.00 per one hundredth of a Preferred Share, subject to adjustment. Following certain other events after the Rights have become exercisable, each Right entitles its holder to purchase, at the Right's then-current exercise price, a number of shares of the Company's common stock having a market value of twice such price, or, in certain circumstances, securities of the acquirer, having a then-current market value of two times the exercise price of the right.

The Rights are redeemable and may be amended at the Company's option before they become exercisable. Until a Right is exercised, the holder of a Right has no rights as a shareholder of the Company. The Rights expire in June 2006.

NOTE 11 - RETIREMENT AND INCENTIVE PLANS

401(k) RETIREMENT PLAN - The Company sponsors a 401(k) Retirement Savings and Investment Plan (the "Plan"). Substantially all employees are eligible for participation in the Plan after completing one year of service with the Company. Participants may defer and contribute to the Plan from 1% to 17% of their salary with certain limitations on highly compensated individuals. The Company matches 50% of the first 6% of the participant's contributions. The participant's contributions vest 100% immediately, while the Company's contributions vest after five years. The Company's total contributions for the years ended September 30, 1997, 1996 and 1995 were approximately $620,000, $587,000 and $495,000, respectively.

RESTRICTED STOCK AWARDS - The Company has issued several restricted stock awards to officers and key employees under the 1994 Stock Incentive Plan (the "Stock Plan"). All restricted stock is awarded in the name of each participant, who have all the rights of other common stockholders subject to restrictions and forfeiture provisions. Accordingly, all restricted stock awards are considered outstanding shares.

Stock awards are valued when granted and associated unearned compensation, if any, is amortized as expense over the vesting period of the awarded shares. Unearned compensation related to such awards is reflected as a reduction of stockholders' equity. Compensation expense recognized for such awards totals $323,000, $257,000 and $365,000 for the years ended September 30, 1997, 1996 and 1995 respectively.

Activity relating to restricted stock awards is summarized as follows:

	Year Ended September 30, 1997	1996	1995
Restricted shares, beginning of period	179,833	171,750	95,000
Shares awarded	50,757	46,500	103,000
Shares forfeited		(38,417)	(26,250)
Restricted shares, end of period	230,590	179,833	171,750

Stock Option Awards p The Company has issued several stock option awards to officers and key employees under the 1994 Stock Incentive Plan and to non-employee directors under the Company's Non-Employee Director Stock Option Plan. Stock options are generally exercisable at the fair market value on the grant date and may be exercised between three to 10 years from the date such options were granted.

Information regarding activity under the Company's stock option plans is summarized as follows:

	1994 STOCK INCENTIVE PLAN	NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN	WEIGHT AVERAGE OPTION PRICE PER SHARE
SHARES UNDER OPTION:			
September 30, 1994	185,000	--	$17.50
Granted at $13.375 - $14.375	127,000	40,000	14.136
September 30, 1995	312,000	40,000	15.901
Granted at $16.875 - $19.125 per share	24,000	18,000	17.721
Canceled at $16.875 - $17.50 per share	(48,000)		16.094
September 30, 1996	288,000	58,000	16.069
Granted at $20.0625 per share	210,500	4,000	20.0625
September 30, 1997	498,500	62,000	$17.567

At September 30, 1997 all options outstanding had an average remaining contractual life of 8.0 years. Also at that date 165,000 options were exercisable at $17.50 per share with a remaining average contractual life of 6.4 years.

The Company applies Accounting Principle Board Opinion No. 25 in accounting for its stock option plans and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS 123, the Company's net income

and net earnings per share would have been reduced by $52,000 and $0.01, respectively in fiscal 1997. Fiscal 1996 net income and net earnings per share would not have changed under SFAS 123 as these awards were issued on the last day of the fiscal year.

For purposes of such computations under SFAS 123, the per share weighted average fair value of stock options granted was estimated as $10.17 for options granted in fiscal 1997 and $9.09 for options granted in fiscal 1996 using the Black-Scholes option-pricing model with the following assumptions:

	1997	1996
Expected volatility	39.3%	42.4%
Expected dividend yield	none	none
Risk-free interest rate	6.1%	6.0%
Expected life of stock options (in years)	6.5	6.5

As of September 30, 1997, the Company has reserved 759,546 shares of common stock for issuance under its various stock incentive plans and has 115,454 shares available for future grants.

NOTE 12 - CONTINGENCIES

The Company had outstanding letters of credit and performance bonds of approximately $7.8 and $60.2 million, respectively, at September 30, 1997 related principally to its obligations to local governments to construct roads and other improvements in various developments. The Company does not believe that any such letters of credit or bonds are likely to be drawn upon.

The Company is a defendant or plaintiff in various legal actions which have arisen in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

NOTE 13 - SUBSEQUENT EVENTS

Effective November 28, 1997 the Company acquired the assets of the Orlando, Florida operations of Calton Homes, for a purchase price, subject to financial adjustment and including the assumption of certain liabilities, of approximately $16.7 million.

QUARTERLY FINANCIAL DATA AND STOCK PRICE INFORMATION

SUMMARIZED QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

	Quarter Ended			
(in thousands, except per share data)	September 30	June 30	March 31	December 31
FISCAL 1997:				
Total revenue	$ 316,647	$ 195,608	$ 177,762	$ 161,083
Operating income (loss)	12,147	5,438	(4,133)	4,199
Net income (loss)	7,537	3,434	(2,460)	2,677
Net income (loss) per common share:				
Primary	$ 1.09	$ 0.40	$ (0.54)	$ 0.26
Fully-diluted	0.87	0.40	(0.54)	0.26
FISCAL 1996:				
Total revenue	$ 294,828	$ 217,065	$ 196,505	$ 158,230
Operating income	11,228	7,979	6,084	4,833
Net income	6,888	4,817	3,663	2,900
Net income per common share:				
Primary	$ 0.91	$ 0.59	$ 0.41	$ 0.29
Fully-diluted	0.76	0.53	0.40	0.29
FISCAL 1995:				
Total revenue	$ 270,604	$ 151,377	$ 123,544	$ 102,303
Operating income	10,472	2,324	2,461	3,372
Net income	6,317	1,417	1,485	2,133

Net income per common share:				
Primary	$ 0.78	$ 0.16	$ 0.16	$ 0.23
Fully-diluted	0.71	n/a	n/a	n/a

QUARTERLY STOCK PRICE INFORMATION:	HIGH	LOW
1997 PERIOD:		
July 1, 1997 through September 30, 1997	$ 20 7/16	$ 16
April 1, 1997 through June 30, 1997	$ 17 1/4	$ 12 3/4
January 1, 1997 through March 31, 1997	$ 18 1/2	$ 14 3/4
October 1, 1996 through December 31, 1996	$ 18 1/2	$ 13 3/4
1996 PERIOD:		
July 1, 1996 through September 30, 1996	$ 16 3/4	$ 14
April 1, 1996 through June 30, 1996	$ 18 3/8	$ 15 1/4
January 1, 1996 through March 31, 1996	$ 20 1/2	$ 16 1/4
October 1, 1995 through December 31, 1995	$ 20 5/8	$ 16 3/8

CAUTIONARY STATEMENT PURSUANT TO SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning the Company's outlook for fiscal 1998, overall and market-specific volume trends, pricing trends and forces in the industry, cost reduction strategies and their results, targeted goals for margins and returns, the Company's expectations as to funding its capital expenditures and operations during fiscal 1998, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements.

As described in this Annual Report, the Company has begun various initiatives designed to improve its operating profit margin. The most significant factors that could prevent the Company from achieving these goals and cause actual results to differ materially from those expressed in the forward-looking statements - include, but are not limited to, the following:

economic changes nationally or in one or more of the Company's local markets

volatility of mortgage interest rates

increased competition in some of the Company's local markets

increased prices for labor, land and raw materials used in the production of homes

increased land development cost on projects under development

any delays in reacting to changing consumer preferences in home design

delays or difficulties in implementing the Company's initiatives to reduce the Company's production and overhead cost structure to a more competitive level.

OPERATING MANAGEMENT

NAME	TITLE	YEARS IN HOMEBUILDING	YEARS IN MARKET
SOUTHEAST REGION			
Florida			

Sandra Panitz	President, Panitz Homes	25	25
Randy Thibaut	President, Gulfcoast Homes	14	14
Jeffrey D. Thorson	President, Tampa Division	16	6
Don Knutson	President, Orlando Division	11	4
Georgia			
Scott A. Hoisington	President	13	2
North and South Carolina			
Gary N. Baucom	Regional Manager and President, Squires Homes	26	26
North Carolina			
Scott K. Thorson	President, Squires Homes - Charlotte	14	3
Robert J. Polanco	President, Squires Homes - Raleigh	20	5
South Carolina			
Frank Finlaw	President, Squires Homes - Charleston	20	5
William J. Mazar	President, Squires Homes - Columbia	15	3
Jeffrey L. Kiefer	City Manager, Squires Homes - Myrtle Beach	10	4
Tennessee			
H. Eddie Phillips	Regional Manager and President, Phillips Builders	30	30
Thomas O. Brooks	President, Phillips Builders - Knoxville	14	11
SOUTWEST REGION			
Arizona			
Joseph C. Thompson	President	23	23
California			
Anthony R. Tonso	President, Northern California Division	29	8
Gerald A. Gates	President, Southern California Division	25	10
Nevada			
Warren D. Kiggins, Jr.	President	25	1
CENTRAL REGION			
Kurt S. Watzek	Regional Manager	20	20
Texas			
Randy Alford	President, Houston Division	24	24
AVERAGE EXPERIENCE OF OPERATING MANAGEMENT		20	12

CORPORATE MANAGEMENT

Ian J. McCarthy
President and Chief Executive Officer

David S. Weiss
Executive Vice President and Chief Financial Officer

Michael H. Furlow
Executive Vice President, Operations

John Skelton
Senior Vice President, Operations and Controller

James A. Moore
Vice President
Process Redesign and Systems Advisory Committee Chairman

Peter H. Simons
Vice President, Corporate Development

Jennifer P. Jones
Vice President, Human Resources

Robert M. Kagenski
Vice President, Management Information Systems

David T. Root
Vice President, Operations

Michael T. Rand
Vice President, Operational and Accounting Controls

BOARD OF DIRECTORS

BRIAN C. BEAZER
Non-Executive Chairman of the Board
Beazer Homes USA, Inc.

Mr. Beazer has served as a non-executive Chairman since March 1994. He began work in the construction industry in the late 1950s. He served as Chief Executive Officer of Beazer PLC, from 1968 to 1991, and Chairman of that company from 1983 to 1991. Mr. Beazer is also a Director of Beazer Japan, Ltd., Seal Mint Ltd., Jade Holdings Pte Ltd., Jade Technologies Singapore Pte Ltd. and U.S. Industries, Inc.

THOMAS B. HOWARD, JR.
Former Chairman and Chief Executive Officer
Gifford-Hill & Company

Mr. Howard has been Director of the Company since 1995. He served as the Chairman and Chief Executive Officer of Gifford-Hill & Company, a construction and aggregates company, from 1969 to 1989. Gifford-Hill & Co. was acquired by Beazer PLC in 1989 and Mr. Howard served as Chairman and Chief Executive Officer of the successor company until 1992. During the period 1957 to 1969, Mr. Howard held various positions with Vulcan Materials Company. Mr. Howard currently serves as a Director of Lennox International, Inc. and on the Board of Trustees of the Methodist Hospitals Foundation.

IAN J. MCCARTHY
President and Chief Executive Officer
Beazer Homes USA, Inc.

Mr. McCarthy has served as a Director and Chief Executive Officer since November 1993. Mr. McCarthy served as President of Beazer Homes, Inc. ("BHI") since October 1992 and as President of Beazer Homes Holdings, Inc. ("BHH") since April 1993. From January 1991 to October 1992, he served as Executive Vice President of BHI, responsible for all U.S. residential home building operations. During the period May 1981 to January 1991, Mr. McCarthy was employed in Hong Kong and Thailand as a Director of Beazer Far East, and from January 1980 to May 1981 was employed by Kier Limited, a company engaged in the U.K. construction industry.

GEORGE W. MEFFERD
Former Group Vice President
Fluor Corporation
Newport Beach, California

Mr. Mefferd has served as a Director since March 1994. In 1986, Mr. Mefferd served as Group Vice President and a Director of Fluor Corporation, an engineering and construction company. From 1974 to 1986, Mr. Mefferd held various positions with Fluor Corporation, an engineering and construction company, including Senior Vice President - Finance, Treasurer, Group Vice President and Chief Financial Officer.

D. E. MUNDELL
Chairman, ORIX USA Corporation
San Francisco, California

Mr. Mundell has served as a Director since March 1994. Mr. Mundell has served as

Chairman of ORIX USA Corporation, a financial services company, since January 1991. During the period 1959 to 1990, Mr. Mundell held various positions within United States Leasing International, Inc., retiring as Chairman in 1990. He is also a Director of Varian Associates and Stockton Holding, Ltd.

LARRY T. SOLARI
Former President, Building Materials Group, Domtar, Inc.
Ann Arbor, Michigan

Mr. Solari has served as a Director since March 1994. He is the Chairman and CEOof Sequentia, Inc., Cleveland, OH. Mr. Solari was the President of the Building Materials Group of Domtar, Inc. He was the President of the Construction Products Group, Owens-Corning Fiberglass from 1986 to 1994. Mr. Solari is a Director of Pacific Coast Building Products, Inc., Sequentia, Inc. and Therma Tree, Inc. and he has been a Director of the Policy Advisory Board of the Harvard Joint Center for Housing Studies and an Advisory Board Member of the National Home Builders Association.

DAVID S. WEISS
Executive Vice President and Chief Financial Officer
Beazer Homes USA, Inc.

Mr. Weiss has served as a Director and as Executive Vice President and Chief Financial Officer since November 1993. Previously he was Assistant Corporate Controller of Hanson Industries from February 1993. He was Manager of Financial Reporting for Colgate - Palmolive Company from November 1991 to February 1993 and was with the firm Deloitte & Touche from 1982 to 1991 at which time he served as a Senior Audit Manager.

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS
Beazer Homes USA, Inc.
5775 Peachtree Dunwoody Road
Suite C-550
Atlanta, GA 30342
Telephone: (404) 250-3420

GENERAL COUNSEL
Paul, Hastings, Janofsky & Walker LLP

INQUIRIES

Individuals seeking financial data should contact David S. Weiss, Executive Vice President and Chief Financial Officer or Scott M. McKelvey, Assistant Corporate Controller.

Others seeking information about the Company and its operations should contact Ian J. McCarthy, President and Chief Executive Officer.

FORM 10 - K

Copies of Beazer Homes USA, Inc.'s Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission will be furnished upon written request to David S. Weiss, Executive Vice President and Chief Financial Officer.

ANNUAL MEETING

The Annual Shareholders' meeting will be held at 9:00 am EST on February 5, 1998 at The Westin Atlanta North at Perimeter, 7 Concourse Parkway, Atlanta, Georgia 30328.

TRANSFER AGENT

First Chicago Trust Company of New York
525 Washington Boulevard
Suite 4694
Jersey City, NJ 07310

INDEPENDENT AUDITORS

Deloitte & Touche LLP

TRADING INFORMATION

Beazer Homes USA, Inc. lists its common shares on the New York Stock Exchange, reading under the symbol BZH, and its preferred shares under the symbol BZH.PrA. On December 2, 1997, the last reported sales price of Company's Common Stock on the New York Stock Exchange was $18.25.

OWNERSHIP

On December 2, 1997, Beazer Homes USA, Inc. had approximately 70 shareholders of record and 6,075,523 shares of Common Stock outstanding.

1997 ANNUAL REPORT -- GOING PLACES

BEAZER
HOMES

Beazer Homes USA, Inc.
5775 Peachtree Dunwoody Road
Suite C-550
Atlanta, GA 30342
404.250.3420

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

Name	Jurisdiction of Incorporation
Squires Homes, Inc.	Delaware
Beazer Homes Corp.	Tennessee
Beazer/Squires Realty, Inc.	North Carolina
Beazer Homes Sales Arizona Inc.	Delaware
Beazer Homes Nevada Inc.	Nevada
Beazer Homes, Inc.	Delaware
Beazer Homes California Inc.	Delaware
Beazer Realty Corp.	Georgia
Panitz Homes Realty, Inc.	Florida
Beazer Homes Holdings Corp.	Delaware
Beazer Homes Texas Holdings Corp.	Delaware
Beazer Homes Texas LP	Texas
Beazer Mortgage Corp	Delaware
United Home Insurance Corp	Vermont

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-91904 of Beazer Homes USA, Inc. ("Beazer Homes") on Form S-8 of our report dated October 30, 1997 (November 28, 1997 as to Note 13) appearing in Beazer Homes' 1997 Annual Report to Shareholders and incorporated by reference in this Annual Report on Form 10-K of Beazer Homes for the year ended September 30, 1997.

/s/ DELOITTE & TOUCHE LLP
Atlanta, Georgia
December 29, 1997

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 33-91904) of Beazer Homes USA, Inc. of our report dated October 27, 1995, with respect to the consolidated financial statements of Beazer Homes USA, Inc. included in this Annual Report (Form 10-K) for the year ended September 30, 1997.

/s/ ERNST & YOUNG LLP

Atlanta, Georgia
December 29, 1997

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<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 30,
1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL
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<F1>The Company presents a condensed balance sheet.
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