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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 1, 1997

MONTEREY HOMES CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	1-9977	86-0611231
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6613 North Scottsdale Road, Suite 200, Scottsdale, Arizona 85250
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (602) 998-8700

NONE
(Former name or former address, if changed since last report.)

Item 2. Acquisition or Disposition of Assets.

On May 29, 1997, Monterey Homes Corporation ("Monterey") signed a definitive agreement with Legacy Homes, Ltd., Legacy Enterprises, Inc., and John Landon and Eleanor Landon (together, the "Legacy Entities"), to acquire substantially all of the assets of Legacy Homes, Ltd. and Legacy Enterprises, Inc. and a related mortgage banking business. The transaction was effective as of July 1, 1997.

The consideration for the assets and stock acquired consisted of $1,581,685 in cash (paid out of working capital and subject to final accounting adjustments), 666,667 shares of Monterey common stock and deferred contingent payments for the four years following the close of the transaction. The deferred contingent payments will be equal to 12% of the pre-tax income of Monterey and 20% of the pre-tax income of the Texas division of Monterey. In no event will the total of the deferred contingent payments exceed $15 million. In addition, Monterey assumed substantially all the liabilities of the Legacy Entities, including indebtedness that was incurred prior to the closing of the transactions to fund distributions to the shareholders of Legacy Homes that reduced its book value to less than $200,000.

The assets purchased from the Legacy Entities principally consist of real property and other residential home building assets located in the Dallas/Ft. Worth, Houston and Austin metropolitan areas. Monterey will continue the operations of the Legacy Entities.

In connection with the transactions, John Landon has entered into a four-year employment agreement with Monterey pursuant to which he has been appointed Chief Operating Officer and Co-Chief Executive Officer of Monterey, and President and Chief Executive Officer of Monterey's newly acquired Texas operations. Mr. Landon has also been granted an option to purchase 166,667 shares of Monterey's common stock, exercisable in equal annual increments over three years, commencing July 1, 1998. In addition, Monterey has agreed to use reasonable best efforts to cause Mr. Landon to be elected to its Board of Directors.

Monterey officials believe that actual 1997 revenues, factoring in the Legacy acquisition, could reach $150 million, and earnings could reach $10 million, or approximately $1.61 per share. Company officials also estimate that pro forma 1997 revenues (giving effect to the transaction as if it had occurred on January 1, 1997) could reach $200 million.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical in nature are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Potential risks and uncertainties

include such factors as the strength and competitive pricing environment of the single-family housing market, changes in the availability and pricing of residential mortgages, changes in the availability and pricing or real estate in the markets in which Monterey operates, demand for and acceptance of Monterey's products, the success of planned marketing and promotional campaigns, the ability of Monterey and acquisition candidates, including the Legacy Entities, to successfully integrate their operations, and other factors identified in Exhibit 99.

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

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<S>	<C>	<C>
(a)	Financial Statements	Page
	It is impractical to file the Report with the financial statements required by Item 7(a) of Form 8-K. Such statements will be filed by amendment as soon as completed and available, but in no event later than 60 days after the date from which this Report is required to be filed.	

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(b)	Pro Forma Financial Information	
	It is impractical to file this Report with the pro forma financial information required by Item 7(b) of Form 8-K. Such information will be filed by amendment as soon as completed and available, but in no event later than 60 days after the date from which this Report is required to be filed.	
(c)	Exhibits	

Exhibit No.	Description	Page
2	Agreement of Purchase and Sale of Assets, dated as of May 29, 1997, by and among Monterey, Legacy Homes, Ltd., Legacy Enterprises, Inc. and John and Eleanor Landon	Incorporated by reference to Form 8-K/A, dated June 18, 1997
99	Private Securities Litigation Reform Act of 1995 Safe Harbour Compliance Statement for Forward-Looking Statements	

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SIGNATURES

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

MONTEREY HOMES CORPORATION

Date: July 15, 1997

By: /s/ Larry W. Seay

Larry W. Seay
Vice President of Finance and
Chief Financial Officer

EXHIBIT 99

Private Securities Litigation Reform Act of 1995
Safe Harbor Compliance Statement for Forward-Looking Statements

In passing the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Congress encouraged public companies to make "forward-looking statements"[1] by creating a safe-harbor to protect companies from securities law liability in connection with forward-looking statements. Monterey Homes Corporation (the "Company" or "Monterey") intends to qualify both its written and oral forward-looking statements for protection under the PSLRA.

To qualify oral forward-looking statements for protection under the PSLRA, a readily available written document must identify important factors that could cause actual results to differ materially from those in the forward-looking statements. Monterey provides the following information in connection with its continuing effort to qualify forward-looking statements for the safe harbor protection of the PSLRA.

Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, the following: (i) changes in national and local economic and other conditions, such as employment levels, availability of mortgage financing, interest rates, consumer confidence, and housing demand; (ii) risks inherent in homebuilding activities, including delays in construction schedules, cost overruns, changes in government regulation, increases in real estate taxes and other local government fees; (iii) changes in costs or availability of land, materials, and labor; (iv) fluctuations in real estate values; (v) the timing of home closings and land sales; (vi) the Company's ability to continue to acquire additional land or options to acquire additional land on acceptable terms; (vii) lack of geographic diversification of the Company's operation, especially when (A) real estate analysts are predicting that new home sales in the Phoenix, Arizona metropolitan area will slow significantly during 1997 and 1998 and (B) new home sales in the Tucson, Arizona metropolitan area are expected to remain relatively flat during 1997; (viii) limited product diversification in that the Company derives most of its revenue from sales of semi-custom luxury homes; (ix) the inability of the Company to obtain sufficient capital on terms acceptable to the Company to fund its planned capital and other expenditures; (x) changes in local, state and federal rules and regulations governing real estate developing and homebuilding activities and environmental matters, including "no growth" or "slow growth" initiatives, building permit allocation ordinances and building moratoriums; (xi) expansion by the Company into new markets in which the Company has no operating experience; (xii) the inability of the Company to identify acquisition candidates that will result in successful combinations; (xiii) the failure of the Company to make acquisitions on terms acceptable to the Company; (xiv) the loss of key employees of the Company, including William W. Cleverly, Steven J. Hilton and John Landon; and (xv) factors that may affect the Company's mortgage assets, including general conditions in the financial markets, changes in prepayment rates and changes in interest rates.

Forward-looking statements express expectations of future events. All forward-looking statements are inherently uncertain as they are based on various expectations and assumptions concerning future events and they are subject to numerous known and unknown risks and uncertainties which could cause actual events or results to differ materially from those projected. Due to these inherent uncertainties, the investment community is urged not to place undue reliance on forward-looking statements. In addition, Monterey undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to projections over time.

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1 "Forward-looking statements" can be identified by use of words such as "expect," "believe," "estimate," "project," "forecast," "anticipate," "plan," and similar expressions.