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

FORM 8-K/A2

Amendment No. 2
to

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.)

The Current Report on Form 8-K/A2 amends the Current Report on Form 8-K/A1 filed by Monterey Homes Corporation on September 12, 1997, solely to add certain financial statements of the business required by Item 7(a) which were omitted from the 8-K/A1, and to correct inaccuracies in the Pro Forma Financial Information.

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

(a) Financial Statements

The required financial statements of the business acquired are attached.

(b) Pro Forma Financial Information

The corrected pro forma financial information is attached.

(c) Exhibits

LEGACY HOMES, LTD.
BALANCE SHEETS
December 31, 1996 and June 30, 1997

	1996	June 30, 1997 (Unaudited)
ASSETS		
Cash and cash equivalents	$ 3,201,007	$ 1,275,168
Due from title companies	27,400	1,088,645
Advances to partners	--	650,000
Notes and other receivables	957,763	206,623
Real estate under development	19,903,066	18,727,774
Other assets	505,143	1,379,650
	$24,594,379	$23,327,860
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued liabilities ...	$ 4,642,360	$ 4,950,103
Home sale deposits	720,546	941,582
Notes payable	7,838,378	17,345,628
Total liabilities	13,201,284	23,237,313
Partners' capital	11,393,095	90,547

	$24,594,379	$23,327,860
	===========	===========

See accompanying notes to financial statements

LEGACY HOMES, LTD.

STATEMENTS OF INCOME

Six Months ended June 30, 1996 and June 30, 1997

(Unaudited)

	Six Months ended June 30, 1996	1997
Revenues	$36,209,614	$39,727,991
Cost of Sales	30,843,043	32,958,779
	5,366,571	6,769,212
Selling, general and administrative	2,760,869	1,511,996
	2,605,702	5,257,216
Other income	726,419	332,836
Net income	$ 3,332,121	$ 5,590,052

See accompanying notes to financial statements

LEGACY HOMES, LTD.

STATEMENTS OF CASH FLOWS

Six Months ended June 30, 1996 and June 30, 1997

(Unaudited)

<TABLE>
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<S>	1996 <C>	1997 <C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,332,121	$ 5,590,052
Depreciation and amortization	77,651	126,353
Increase in due from title companies	--	(1,061,245)
(Increase) decrease in other receivables	(612,687)	247,315
(Increase) decrease in real estate under development	(6,108,053)	1,175,292
Increase in option deposits	--	(812,281)
Increase in other assets	(6,066,460)	(188,579)
Increase (decrease) in accounts payable and accrued liabilities	(1,339,332)	528,779
Net cash provided by (used in) operating activities	(10,716,760)	5,605,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to partners	--	(650,000)
Payment received on note receivables	--	503,825
Payments on loans	(7,808)	--
Net cash used in investing activities	(7,808)	(146,175)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	29,428,848	30,769,151
Repayment of borrowings	(18,889,564)	(21,261,901)
Partner capital distributions	--	(16,892,600)
Net cash provided by (used in) financing activities	10,539,284	(7,385,350)
Net decrease in cash and cash equivalents	(185,284)	(1,925,839)
Cash and cash equivalents at beginning of period	3,996,216	3,201,007
Cash and cash equivalents at end of period	$ 3,810,932	$ 1,275,168

</TABLE>

See accompanying notes to financial statements

LEGACY HOMES, LTD.

NOTES TO UNAUDITED FINANCIAL STATEMENTS

June 30, 1996 and 1997

1. Summary of Significant Account Policies

Organization and Basis of Presentation

The Partnership is primarily engaged in the construction and sale of residential housing in Dallas/Fort Worth, Austin and Houston, Texas. The Partnership designs, builds and sells single-family homes on finished lots which it purchases ready for home construction or which it develops. Certain prior period amounts have been reclassified to be consistent with current financial statement presentation. In the opinion of management, the unaudited financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the Company's financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of results to be expected for a full fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized at the time of the closing of a sale, when title to and possession of the property transfers to the buyer.

Cash Equivalents

The Partnership considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Real Estate Under Development

Real estate under development includes finished lots under development, homes under construction in various stages of completion and completed homes. The Company values its real estate under development in accordance with Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. Accordingly, amounts are carried at cost unless expected future set cash flows (undiscounted and without interest) are less than cost and then amounts are carried at estimated fair value less cost to sell. Costs capitalized include land and direct construction costs for homes, development period interest and certain common costs which benefit the entire subdivisions. Common costs are allocated on a subdivision by subdivision basis to residential lots based on the number of lots to be built in the subdivision, which approximates the relative sales value method.

Deposits paid related to options to purchase land are capitalized and included in option deposits until the related land is purchased. Upon purchase of the land, the related option deposits are transferred to real estate under development.

Income Taxes

The Partnership is not subject to federal income taxes as its income is reported on the partners' income tax returns. Accordingly, no provision for federal income tax liability has been recorded in the financial statements.

2. Notes Payable

Notes payable at June 30, 1997 consisted of interim construction loans payable by Legacy Homes, Ltd. to financial institutions under a master note agreement. Legacy Homes, Ltd. may borrow up to $30 million at the prime interest rate, and the obligation is secured by real estate under development and guaranteed by the general partner. The master note agreement contains various covenants, including net worth requirements, debt to home completion values, liabilities to net worth ratios and restrictions on the payment of distributions. The master note agreement is due July 31, 1998.

3. Disposition of Assets.

On May 29, 1997, the Partnership signed a definitive agreement to sell substantially all of its assets to Monterey Homes Corporation. The transaction became effective as of July 1, 1997.

Unaudited Pro Forma Condensed Combined Balance Sheet
June 30, 1997
(In Thousands, Except Share Data)

<TABLE>
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	Legacy						
	Legacy Ltd	Mortgage Co.	Combined	Monterey Historical	Combined	Pro Forma Adjustments	Combined

Assets:							
Cash and cash equivalents	$ 1,275	$ 32	$ 1,307	$ 7,263	$ 8,570	$ (1,553) (a)	$ 7,017
Real estate under development ...	18,728		18,728	45,107	63,835	--	63,835
Real estate loan & other .... receivables	1,946	94	2,040	1,571	3,611	--	3,611
Option deposits	812	--	812	1,319	2,131	--	2,131
Residual interests	--		--	3,856	3,856	--	3,856
Other assets	567	1	568	800	1,368	(350) (a)	1,018
Deferred tax asset	--	--	--	6,783	6,783	3,621	10,404
Goodwill	--	--	--	1,719	1,719	1,519 (b)	3,238
Total Assets	$ 23,328	127	$ 23,455	$ 68,418	$ 91,873	$ 3,237	$ 95,110
Liabilities and Stockholders' Equity							
Accounts payable & accruals	$ 4,950	$ 20	$ 4,970	$ 7,344	$ 12,314	$ --	$ 12,314
Home sale deposits	942	34	976	7,697	8,673	--	8,673
Notes payable	17,346	--	17,346	23,839	41,185	--	41,185
Total Liabilities	23,238	54	23,292	38,880	62,172	--	62,172
Stockholders Equity							
Common stock	--	--	--	46	46	7 (c)	53
Additional paid-in capital	90	73	163	92,990	93,153	3,230 (c)	96,383
Retained earnings (loss)	--	--	--	(63,088)	(63,088)	--	(63,088)
Treasury stock	--	--	--	(410)	(410)	--	(410)
Total Equity	90	73	163	29,538	29,701	3,237	32,938
Total Liabilities & Stockholders Equity	$ 23,328	$ 127	$ 23,455	$ 68,418	$ 91,873	$ 3,237	$ 95,110

</TABLE>

See Notes to Unaudited Pro Forma Condensed Combined Financial Data

Unaudited Pro Forma Condensed Combined Income Statement
For the Year Ended December 31, 1996
(In Thousands, Except Share Data)

<TABLE>
<CAPTION>

	Pro Forma Monterey	Historical Legacy	Combined	Pro Forma Adjustments	Pro Forma Combined
Home and land sales..........	$ 87,754	$ 85,114	$ 172,868	$ --	$ 172,868
Cost of home and land sales...	75,099	67,715	142,814	1,513 (d)	144,327
Gross margin.................	12,655	17,399	30,054	(1,513)	28,541
Selling, general and admin. expense....................	7,777	8,550	16,327	191 (e) 275 (g) 102 (f)	16,895

Operating income	4,878	8,849	13,727	(2,081)	11,646
Other income, net............	1,998	(248)	1,750	--	1,750
Income before income taxes....	6,876	8,601	15,477	(2,081)	13,396
Income tax expense...........	756		756	115 (h)	871
Net Income	$ 6,120	$ 8,601	$ 14,721	$ (2,196)	$ 12,525
Net income per share:					$ 2.27
Weighted average common shares outstanding					5,520,000

</TABLE>

See Notes to Unaudited Pro Forma Condensed Combined Financial Data

Unaudited Pro Forma Condensed Combined Income Statement
For the Six Months Ended June 30,1997
(In Thousands, Except Share Data)

<TABLE>
<CAPTION>

	Actual Monterey	Historical Legacy	Combined	Pro Forma Adjustments	Pro Forma Combined
<S>	<C>	<C>	<C>	<C>	<C>
Home and land sales...........	$ 37,117	$ 39,728	$ 76,845	$ --	$ 76,845
Cost of home and land sales...	31,829	32,959	64,788	757 (d)	65,545
Gross margin..................	5,288	6,769	12,057	(757)	11,300
Selling, general and admin. expense....................	4,274	1,512	5,786	70 (e) 138 (g) 23 (g)	6,017
Operating income	1,014	5,257	6,271	(988)	5,283
Other income, net............	1,456	333	1,789	0	1,789
Income before income taxes....	2,470	5,590	8,060	(988)	7,072
Income tax expense...........	224		224	236 (h)	460
Net Income	$ 2,246	$ 5,590	$ 7,836	$ (1,224)	$ 6,612
Net income per share:					$ $1.20
Weighted average common shares outstanding					5,520,000

</TABLE>

See Notes to Unaudited Pro Forma Condensed Combined Financial Data

Notes to Unaudited Pro Forma Condensed Combined Financial Data

1. Overview. The Unaudited Pro Forma Condensed Combined Income Statements are presented as if the acquisition of the assets of Legacy Homes, Ltd. and Legacy Enterprises, Inc. by a subsidiary of Monterey Homes Corporation (the "Legacy Acquisition") and the merger of Monterey Mortgage Acquisition Corp. into Texas Home Mortgage Corporation (the "Merger") occurred on January 1, 1996. The Legacy Acquisition and the Merger shall be collectively referred to as the "Legacy Transaction". The Unaudited Pro Forma Condensed Combined Balance Sheet is presented assuming the combination occurred on June 30, 1997.

The combination is recorded as a purchase in accordance with generally accepted accounting principles and, accordingly, the assets and liabilities of the acquired entity (Legacy) are presented at their estimated fair values as of that date.

Pursuant to the Employment Agreement with John Landon, he will be granted options to purchase 166,667 shares of Monterey Homes Common Stock at an exercise price of $5.25, which will vest over the three years following the acquisition and expire June 30, 2001. The value of the options are considered compensation expense for the combined entity which will be recognized over the three-year vesting period.

The historical financial information for Monterey Homes Corporation ("Monterey") is derived from the audited consolidated financial statements of Monterey as of and for the year ended December 31, 1996, and the unaudited consolidated financial statements of Monterey as of and for the six months ended June 30, 1997. The historical financial information for Legacy is derived from the audited financial statements of Legacy Homes, Ltd. and Texas Home Mortgage Corporation, as of and for the year ended December 31, 1996, and the unaudited financial statements of the respective entities as of and for the six months ended June 30,1997. Legacy Enterprises, Inc., had no assets, liabilities or operations for the relevant time period.

The pro forma information does not purport to present the financial position or results of operations of Monterey and Legacy had the Legacy Transaction, the distribution to the partners of Legacy Homes, Ltd. that reduced its book value, and other events assumed therein occurred on the dates specified, nor is it necessarily indicative of the results of operations of Monterey and Legacy, as they may be in the future or as they may have been had the Legacy Transaction and other such events been consummated on the dates shown. The Unaudited Pro Forma Condensed Combined Financial Data should be read in conjunction with the Agreement of Purchase and Sale of Assets dated May 29, 1997 between Monterey, Legacy and John and Eleanor Landon, and the audited and unaudited historical financial statements and notes thereto of Monterey and Legacy included elsewhere in this Form 8-K/A.

2). Pro Forma Condensed Combined Balance Sheet Adjustments at June 30, 1997.

a) To record payment for Legacy Homes, transfer of cash and $350,000 in transaction costs.

b) To record goodwill and the increase in the deferred tax asset associated with the Legacy Transaction.

c) To record the effects of issuance of Monterey Common Stock to Legacy and additional paid-in capital resulting from the Legacy Transaction.

3). Pro Forma Condensed Combined Income Statement Adjustments for the Year Ended December 31, 1996 and the Six Month Period Ended June 30, 1997.

d) To record interest expense related to an additional $17.8M borrowing incurred in connection with the Legacy Transaction.

e) To record amortization of goodwill, which is being amortized over 20 years.

f) To record compensation expense incurred in connection with the issuance of options to purchase 166,667 shares of Monterey Common Stock, to John Landon. Compensation expense is recognized over the three year graded vesting period.

g) To adjust for additional compensation expense expected to be incurred as specified in the Employment Agreement with Mr. Landon.

h) To record the amount of income taxes, which has been estimated at 6.5% of income before income taxes.

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.

October 29, 1997

Monterey Homes Corporation

By: /s/ Larry W. Seay

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