



(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 of the Securities Act of 1933, as amended, based on the average of the high and low prices per share of NVR, Inc. Common Stock, par value \$.01 per share, on May 28, 1996, as reported on the American Stock Exchange.

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PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The documents containing the information specified in Part I will be sent or given to employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). In accordance with the instructions to Part I of Form S-8, such documents will not be filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

NVR, Inc. (the "Registrant") hereby incorporates by reference into this registration statement the following documents filed by it with the Commission:

- (a) The Registrant's Annual Report on Form 10-K for the year ended December 31, 1995.
- (b) All reports filed by NVR with the Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 since December 31, 1995; and
- (c) The description of the Registrant's common stock contained in the Registrant's Registration Statement on Form S-1, No. 33-69436, filed with the Commission on September 24, 1993, which is an exhibit to the Registrant's Form 8-A registration statement filed with the Commission on September 27, 1993.

In addition, all documents and reports filed by the Registrant subsequent to the date hereof pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part of hereof from the date of filing of such documents or reports.

ITEM 4. DESCRIPTION OF SECURITIES.

A description of the Registrant's common stock, par value \$0.01 per share, is incorporated by reference under Item 3.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not Applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Each director and officer of the Registrant is insured and indemnified against liability incurred by him or her in his or her capacity as an officer and/or director, pursuant to the following:

(a) Articles 8 and 9 of the Registrant's Articles of Incorporation, entitled "Indemnification" and "Limitation of Liability of Officers and Directors," respectively, which are set forth as Exhibit 99.1 to this Registration Statement and are incorporated herein by reference; and

(b) Sections 13.1-692.1, 13.1-697, 13.1-698, 13.1-702, 13.1-703 and 13.1-704 of the Virginia Stock Corporation Act, which are set forth as Exhibit 99.2 to this Registration Statement and are incorporated herein by reference.

\* \* \*

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

Exhibit Number	Description
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5	Opinion of Hogan & Hartson L.L.P.
23.1	Consent of KPMG Peat Marwick LLP (independent auditors)
23.2	Consent of Hogan & Hartson L.L.P. (included in their opinion filed as Exhibit 5 hereto)
24	Powers of Attorney, included on the signature page at 4
99.1	Articles 8 and 9 of the Articles of Incorporation of NVR, Inc.
99.2	Sections 13.1-692.1, 13.1-697, 13.1-698, 13.1-702, 13.1-703 and 13.1-704 of the Virginia Stock Corporation Act
99.3	NVR, Inc. Directors' Long-Term Stock Option Plan

ITEM 9. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

PROVIDED, HOWEVER, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3 or Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(c) The undertaking concerning indemnification is as set forth under the response to Item 6.

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the

undersigned, thereunto duly authorized, in the County of Fairfax, Commonwealth of Virginia, on May 30, 1996.

NVR, INC.

By: /s/ Dwight C. Schar

-----  
Dwight C. Schar  
Chairman of the Board, Chief  
Executive Officer and President

POWER OF ATTORNEY

Know all Men by These Presents, that each individual whose signature appears below constitutes and appoints Dwight C. Schar, Paul C. Saville and Dennis M. Seremet, and each of them, his true and lawful attorney-in-fact and agent, with power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their, his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ Dwight C. Schar ----- Dwight C. Schar	Chairman of the Board of Directors, Chief Executive Officer	May 30, 1996
/s/ Paul C. Saville ----- Paul C. Saville	Chief Financial Officer, Senior Vice President and Treasurer	May 30, 1996
/s/ Dennis M. Seremet ----- Dennis M. Seremet	Principal Accounting Officer, Vice President and Controller	May 30, 1996
/s/ C. Scott Bartlett, Jr. ----- C. Scott Bartlett, Jr.	Director	May 30, 1996

/s/ Manuel H. Johnson ----- Manuel H. Johnson	Director	May 30, 1996
/s/ William A. Moran ----- William A. Moran	Director	May 30, 1996
/s/ Richard H. Norair ----- Richard H. Norair	Director	May 30, 1996
/s/ David A. Preiser ----- David A. Preiser	Director	May 17, 1996
/s/ George E. Slye ----- George E. Slye	Director	May 30, 1996
/s/ John M. Toups ----- John M. Toups	Director	May 30, 1996
/s/ Frederick W. Zuckerman ----- Frederick W. Zuckerman	Director	May 19, 1996

EXHIBIT INDEX

Exhibit

Number	Description	Page
5	Opinion of Hogan & Hartson L.L.P.	
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99.1	Articles 8 and 9 of the Articles of Incorporation of NVR, Inc.	
99.2	Sections 13.1-692.1, 13.1-697, 13.1-698, 13.1-702, 13.1-703 and 13.1-704 of the Virginia Stock Corporation Act	
99.3	NVR, Inc. Directors' Long-Term Stock Option Plan	





May 31, 1996

Board of Directors  
NVR, Inc.  
7601 Lewinsville Road  
McLean, VA 22102

Ladies and Gentlemen:

We are acting as counsel to NVR, Inc., a Virginia corporation (the "COMPANY"), in connection with its registration, pursuant to a registration statement on Form S-8 (the "REGISTRATION STATEMENT"), filed with the Securities and Exchange Commission on the date hereof, of 192,000 shares of the Company's common stock, par value \$0.01 per share (the "SHARES"), issuable upon the exercise of options granted pursuant to the Company's Directors' Long Term Stock Option Plan (the "PLAN"). This opinion letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. Section 229.601(b)(5), in connection with the Registration Statement.

For purposes of this opinion letter, we have examined copies of the following documents:

1. An executed copy of the Registration Statement.
2. The Certificate of Incorporation of the Company, as certified by the Secretary of the Company on the date hereof as then being complete, accurate and in effect.
3. The Bylaws of the Company, as certified by the Secretary of the Company on the date hereof as then being complete, accurate and in effect.
4. A copy of the Plan, as certified by the Secretary of the Company on the date hereof as then being complete, accurate and in effect.
5. Resolutions of the Board of Directors of the Company adopted on March 5, 1996, as certified by the Secretary of the Company on the date hereof as then being complete, accurate and in effect, relating to the approval of the Plan and arrangements in connection therewith.
6. A certificate of the Secretary of the Company relating to stockholder approval of the Plan.

In our examination of the aforesaid documents, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity, accuracy and completeness of all documents submitted to us, and the conformity with the original documents of all documents submitted to us as certified, telecopied, photostatic, or reproduced copies. This opinion letter is given, and all statements herein are made, in the context of the foregoing.

This opinion letter is based as to matters of law solely on the Virginia Stock Corporation Act. We express no opinion herein as to any other laws, statutes, regulations, or ordinances.

Based upon, subject to and limited by the foregoing, we are of the opinion that the Shares, when issued and delivered in the manner and on the terms contemplated in the Plan (with the Company having received the consideration therefor, the form of which is in accordance with applicable law), will be validly issued, fully paid and nonassessable under the Virginia Stock Corporation Act.

We assume no obligation to advise you of any changes in the foregoing subsequent to the delivery of this opinion letter. This opinion letter has been prepared solely for your use in connection with the filing of the Registration Statement on the date of this opinion letter and should not be quoted in whole or in part or otherwise be referred to, nor filed with or furnished to any governmental agency or other person or entity, without the prior written consent of this firm.

We hereby consent to the filing of this opinion letter as EXHIBIT 5 to the Registration Statement. In giving this consent, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,  
HOGAN & HARTSON L.L.P.

EXHIBIT 23.1  
CONSENT OF INDEPENDENT AUDITORS

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors  
NVR, Inc.:

We consent to the use of our reports incorporated herein by reference in the prospectus.

Each of our reports incorporated herein by reference contains an explanatory paragraph as to the implementation, on September 30, 1993, of "fresh start" accounting and reporting as set forth in AICPA Statement of Position 90-7, "FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE."

Each of our reports for NVR, Inc. and NVR Financial Services, Inc. incorporated herein by reference contains an explanatory paragraph as to the adoption, effective January 1, 1995, of the provisions of Statement of Financial Accounting Standards No. 122, "ACCOUNTING FOR MORTGAGE SERVICING RIGHTS."

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

Pittsburgh, Pennsylvania  
May 30, 1996

EXHIBIT 99.1  
ARTICLES 8 AND 9 OF  
ARTICLES OF INCORPORATION  
OF NVR, INC.

Articles 8 and 9 of the Registrant's Articles of Incorporation provide as follows:

8. Indemnification

(a) The Corporation shall to the fullest extent permitted by the laws of the Commonwealth of Virginia, as presently in effect or as the same hereafter may be amended and supplemented, indemnify an individual who is or was a director or officer of the Corporation or any constituent corporation or other business entity absorbed by the Corporation in a merger or consolidation, or, at the request of the Corporation or such other corporation or business entity, any other corporation or business entity and who was, is, or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (collectively, a "proceeding") by reason of the fact that such individual is or was a director or officer of the Corporation, against any obligation to pay a judgment, settlement, penalty, fine (including any excise tax assessed with respect to any employee benefit plan) or other liability and reasonable expenses (including counsel fees) incurred with respect to such a proceeding, except such liabilities and expenses as are incurred because of such director's or officer's willful misconduct or knowing violation of the criminal law. The Corporation is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its directors or officers to the same extent provided in this Article 8. The Corporation also shall have the authority to indemnify any of its employees or agents, upon a determination of the board of directors that such indemnification is appropriate, to the same extent as the indemnification of its directors and officers permitted in this Article 8.

(b) Unless a determination has been made that indemnification is not permissible, the Corporation shall make advances and reimbursements for expenses reasonably incurred by a director or officer in a proceeding as described above upon receipt of an undertaking from such director or officer to repay the same if it is ultimately determined that such director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the director or officer and shall be accepted without reference to such director's or officer's ability to make repayment.

(c) The determination that indemnification under this Article 8 is permissible, the authorization of such indemnification (if applicable), and the evaluation as to the reasonableness of expenses in a specific case shall be made as provided by law. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of NOLO CONTENDERE or its equivalent shall not of itself create a presumption that a director or officer acted in such a manner as to make him ineligible for indemnification.

(d) For the purposes of this Article 8, every reference to a director or officer shall include, without limitation, (i) every director or officer of the Corporation, (ii) an individual who, while a director or officer, is or was serving at the Corporation's request as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, (iii) an individual who formerly was a director or officer of the Corporation or occupied any of the other positions referred to in clause (ii) of this sentence, and (iv) the estate, personal representative, heirs, executors and administrators of a director or officer of the Corporation or other person referred to herein. Service as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise controlled by the Corporation shall be deemed service at the request of the Corporation. A director or officer shall be deemed to be serving an employee benefit plan at the Corporation's request if such person's duties to the Corporation also impose duties on, or otherwise involve services by, such person to the plan or to participants in or beneficiaries of the plan.

(e) Indemnification pursuant to this Article 8 shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Corporation and indemnification under policies of insurance purchased and maintained by the Corporation or others. No person shall be entitled to indemnification by the Corporation, however, to the extent such person is actually indemnified by another entity, including an insurer. In addition to any insurance which may be maintained on behalf of any director, officer, or other person, the Corporation is authorized to purchase and maintain insurance against any liability it may have under this Article 8 to protect any of the persons named above against any liability arising from their service to the Corporation or any other entity at the Corporation's request, regardless of the Corporation's power to indemnify against such liability. The provisions of this Article 8 shall not be deemed to preclude the Corporation from entering into contracts otherwise permitted by law with any individuals or entities other than those named in this Article 8.

(f) The provisions of this Article 8 shall be applicable from and after its adoption even though some or all of the underlying conduct or events relating to a proceeding may have occurred before such adoption. No amendment, modification or repeal of this Article 8 shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal. If any provision of this Article 8 or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article 8, and to this end the provisions of this Article 8 are severable.

9. Limitation of Liability of Officers and Directors.

Except as otherwise provided by the laws of the Commonwealth of Virginia, as presently in effect or as the same hereafter may be amended and supplemented, no damages shall be assessed against an officer or director in any proceeding brought by or in the right of the Corporation or brought by or on behalf of shareholders of the Corporation. The liability of an officer or director shall not be eliminated as provided in this Article 9 if the officer or director engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law, including without limitation, any laws prohibiting insider trading or manipulation of the market for any security. The provisions of this Article 9 shall be applicable from and after its adoption even though some or all of the underlying conduct or events relating to a proceeding may have occurred before such adoption.



EXHIBIT 99.2  
SECTIONS OF VIRGINIA STOCK CORPORATION ACT

Sections 13.1-692.1, 13.1-697, 13.1-698, 13.1-702, 13.1-703 and 13.1-704 of the Virginia Stock Corporation Act, which governs the Registrant. Such sections provide as follows:

Section 13.1-692.1 LIMITATION ON LIABILITY OF OFFICERS AND DIRECTORS;  
EXCEPTION.

A. In any proceeding brought by or in the right of a corporation or brought by or on behalf of shareholders of the corporation, the damages assessed against an officer or director arising out of a single transaction, occurrence or course of conduct shall not exceed the lesser of:

1. The monetary amount, including the elimination of liability, specified in the articles of incorporation or, if approved by the shareholders, in the bylaws as a limitation on or elimination of the liability of the officer or director; or

2. The greater of (i) \$100,000 or (ii) the amount of cash compensation received by the officer or director from the corporation during the twelve months immediately preceding the act or omission for which liability was imposed.

B. The liability of an officer or director shall not be limited as provided in this section if the officer or director engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including, without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

C. No limitation on or elimination of liability adopted pursuant to this section may be affected by any amendment of the articles of incorporation or bylaws with respect to any act or omission occurring before such amendment.

Section 13.1-697. AUTHORITY TO INDEMNIFY.

A. Except as provided in subsection D of this section, a corporation may indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if:

1. He conducted himself in good faith; and

2. He believed:

a. In the case of conduct in his official capacity with the corporation, that his conduct was in its best interests; and

b. In all other cases, that his conduct was at least not opposed to its best interests; and

3. In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

B. A director's conduct with respect to an employee benefit plan for a purpose he believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfied the requirement of paragraph 2.b of subsection A of this section.

C. The termination of a proceeding by judgment, order, settlement or conviction is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

D. A corporation may not indemnify a director under this section:

1. In connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or

2. In connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

E. Indemnification permitted under this section in connection with a proceeding by or in the right of the corporation is limited to reasonable expenses incurred in connection with the proceeding.

Section 13.1-698. MANDATORY INDEMNIFICATION.

Unless limited by its articles of incorporation, a corporation shall indemnify a director who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

Section 13.1-702. INDEMNIFICATION OF OFFICERS, EMPLOYEES AND AGENTS.

Unless limited by a corporation's articles of incorporation,

1. An officer of the corporation is entitled to mandatory indemnification under Section 13.1-698, and is entitled to apply for court-ordered indemnification under Section 13.1-700.1, in each case to the same extent as a director; and

2. The corporation may indemnify and advance expenses under this article to an officer, employee, or agent of the corporation to the same extent as to a director.

Section 13.1-703. INSURANCE.

A corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee, or agent of the corporation, or who, while a director, officer, employee, or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, against liability asserted against or incurred by him in that capacity or arising from his status as a director, officer, employee, or agent, whether or not the corporation would have power to indemnify him against the same liability under Section 13.1-697 or Section 13.1-698.

Section 13.1-704. APPLICATION OF ARTICLE.

A. Unless the articles of incorporation or bylaws expressly provide otherwise, any authorization of indemnification in the articles of incorporation or bylaws shall not be deemed to prevent the corporation from providing the indemnity permitted or mandated by this article.

B. Any corporation shall have the power to make any further indemnity, including indemnity with respect to a proceeding by or in the right of a corporation, and to make additional provision for advances and reimbursement of expenses, to any director, officer, employee or agent that may be authorized by the articles of incorporation or any bylaw made by the shareholders or any resolution adopted, before or after the event, by the shareholders, except an indemnity against

(i) his willful misconduct, or (ii) a knowing violation of the criminal law. Unless the articles of incorporation, or any such bylaw or resolution expressly provide otherwise, any determination as to the right to any further indemnity shall be made in accordance with Section 13.1-701B. Each such indemnity may continue as to a person who has ceased to have the capacity referred to above and may inure to the benefit of the heirs, executors and administrators of such a person.

C. No right provided to any person pursuant to this section may be reduced or eliminated by any amendment or the articles of incorporation or bylaws with respect to any act or omission occurring before such amendment.

EXHIBIT 99.3  
NVR, INC. DIRECTORS' LONG-TERM STOCK OPTION PLAN

NVR, INC.

DIRECTORS' LONG-TERM STOCK OPTION PLAN

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NVR, INC.

DIRECTORS' LONG-TERM STOCK OPTION PLAN

NVR, INC., a Virginia corporation (the "Corporation"), sets forth herein the terms of the Directors' Long-Term Stock Option Plan (the "Plan") as follows:

1. PURPOSE

1.1 The Plan is intended to attract and retain the best possible members of the Board and to provide additional incentives to those directors to promote the success of the Corporation. The Plan provides Eligible Directors an opportunity to purchase shares of the Stock pursuant to Options. Options granted under the Plan shall not constitute "incentive stock options" within the meaning of Section 422 of the Code.

1.2 The Plan is intended to constitute a "formula plan," and Eligible Directors are intended to qualify as "disinterested administrators" of other plans maintained by the Corporation, for purposes of Rule 16b-3 under the Exchange Act.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Stock Option Agreements), the following definitions shall apply:

2.1. "Administrator" means the Board.

2.2. "Board" means the board of directors of the Corporation.

2.3. "Code" means the Internal Revenue Code of 1986, as amended.

2.4. "Corporation" means NVR, Inc., a Virginia corporation.

2.5. "Effective Date" means the date of adoption of the Plan by the Board.

2.6. "Eligible Director" means a member of the Board who is not an officer or employee of the Corporation or any of its subsidiaries.

2.7. "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or hereafter amended.

2.8. "Exercise Price" means the Option Price multiplied by the number of shares of Stock purchased pursuant to exercise of an Option.

2.9. "Expiration Date" means the tenth anniversary of the Grant Date or, if earlier, the termination of the Option pursuant to Section 4.2(c) hereof.

2.10. "Fair Market Value" means the value of each share of Stock subject to the Plan determined as follows: If on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on the National



Association of Securities Dealers Automated Quotation System, or otherwise is publicly traded on an established securities market, the Fair Market Value of the Stock shall be the closing price of the Stock on such exchange or in such market (the highest such closing price if there is more than one such exchange or market) on the trading day immediately preceding the Grant Date or other determination date (or, if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day), or, if no sale of the Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be determined by the Administrator in good faith.

2.11. "Grant Date" means the date on which an Option grant takes effect pursuant to Section 7 hereof.

2.12. "Option" means any option to purchase one or more shares of Stock pursuant to the Plan.

2.13. "Optionee" means an Eligible Director who holds an Option.

2.14. "Option Period" means the period during which Options may be exercised as defined in Section 9 hereof.

2.15. "Option Price" means the purchase price for each share of Stock subject to an Option.

2.16. "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.

2.17. "Stock" means the Common Stock, par value \$0.01 per share, of the Corporation.

2.18. "Stock Option Agreement" means the written agreement evidencing the grant of an Option hereunder.

### 3. ADMINISTRATION

The Plan shall be administered by the Administrator. The Administrator's responsibilities under the Plan shall be limited to taking all legal actions necessary to document the Options provided herein, to maintain appropriate records and reports regarding those Options, and to take all acts authorized or required by the Plan.

### 4. STOCK SUBJECT TO THE PLAN

4.1. Options to purchase not more than 192,000 shares of the Stock may be granted under the Plan. If any Option expires, terminates or is terminated or canceled for any reason before it is exercised in full, the shares of Stock that were subject to the unexercised portion of the Option shall be available for future Options granted under the Plan.

4.2(a). If the outstanding shares of Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Corporation by reason of any recapitalization, reclassification, stock split-up, combination of shares, exchange of shares, stock dividend or other distribution payable on capital stock, or other increase or decrease in

such shares effected without receipt of consideration by the Corporation, occurring after the Effective Date, the number and kinds of shares for the purchase of which Options may be granted under the Plan shall be adjusted proportionately and accordingly by the Corporation. In addition, the number and kind of shares for which Options are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the holder of the Option immediately following such event shall, to the extent practicable, be the same as immediately prior to such event. Any such adjustment in outstanding Options shall not change the aggregate Option Price payable with respect to shares subject to the unexercised portion of the Option outstanding but shall include a corresponding proportionate adjustment in the Option Price per share.

4.2(b). Subject to Section 4.2(c) hereof, if the Corporation shall be the surviving corporation in any reorganization, merger or consolidation of the Corporation with one or more other corporations, any Option theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option would have been entitled immediately following such reorganization, merger or consolidation, with a corresponding proportionate adjustment of the Option Price per share so that the aggregate Option Price thereafter shall be the same as the aggregate Option Price of the shares remaining subject to the Option immediately prior to such reorganization, merger or consolidation.

4.2(c). Upon the dissolution or liquidation of the Corporation, or upon a merger, consolidation or reorganization of the Corporation with one or more other corporations in which the Corporation is not the surviving corporation, or upon a sale of substantially all of the assets of the Corporation to another corporation, or upon any transaction (including, without limitation, a merger or reorganization in which the Corporation is the surviving corporation) approved by the Board which results in any person or entity owning 50 percent or more of the combined voting power of all classes of stock of the Corporation, the Plan and all Options outstanding hereunder shall terminate, except to the extent provision is made in writing in connection with such transaction for the continuation of the Plan, the assumption of the Options theretofore granted, or for the substitution for such Options of new options covering the stock of a successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares and exercise prices, in which event the Plan (if applicable) and Options theretofore granted shall continue in the manner and under the terms so provided. In the event of any such termination of the Plan and Options, each individual holding an Option shall have the right immediately prior to the occurrence of such termination and during such period occurring prior to such termination as the Board in its sole discretion shall determine and designate, to exercise such Option to the extent that such Option was otherwise exercisable at the time such termination occurs. The Administrator shall send written notice of an event that will result in such a termination to all individuals who hold Options not later than the time at which the Corporation gives notice thereof to its stockholders.

4.2(d). Adjustments under this Section 4.2 related to stock or securities of the Corporation shall be made by the Administrator, whose determination in that respect shall be final and conclusive. No fractional shares of Stock or units of other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit.

4.2(e). The grant of an Option pursuant to the Plan shall not affect or limit in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all of any part of its business or assets.

## 5. ELIGIBILITY

Eligibility under the Plan is limited to Eligible Directors.

6. OPTION PRICE

The Option Price of the Stock covered by each Option granted under the Plan shall be the greater of the Fair Market Value or the par value of such Stock on the Grant Date. The Option Price shall be subject to adjustment as provided in Section 4.2 hereof.

7. NUMBER OF SHARES AND GRANT DATES

Each Eligible Director shall be granted an Option to purchase 24,000 shares of Stock immediately after the first annual meeting of the Corporation's stockholders after the Effective Date if the Eligible Director continues to be an Eligible Director at such time.

8. VESTING OF OPTIONS

On each of December 31, 1999, December 31, 2000 and December 31, 2001, the Options shall be exercisable in respect of 33 1/3 percent of the number of shares of Stock initially subject to the Option. Subject to Section 9 the foregoing installments, to the extent not exercised, shall accumulate and be exercisable, in whole or in part, at any time and from time to time, after becoming exercisable and prior to the termination of the Option; PROVIDED, that no single exercise of an Option shall be for less than 100 shares of Stock, unless the number of shares of Stock purchased is the total number at the time available for purchase under the Option. In the event of a termination of service as a Director resulting from the Optionee's death or disability, the Option shall become exercisable at the date of such termination whether or not such Option was otherwise exercisable at the time such termination occurs.

9. OPTION PERIOD

Each Option shall be granted for a period of ten (10) years from the date of grant. All Options granted to an Eligible Director will terminate ten (10) years after the date of grant or, if earlier, on a termination of service as an Eligible Director for "Cause". A termination shall be for "Cause" in the event the Optionee ceases to be an Eligible Director of the Corporation if the termination is a result of (i) conviction of a felony or other crime involving moral turpitude; (ii) gross misconduct in connection with the performance of such Optionee's duties including a breach of such Optionee's fiduciary duty of loyalty; (iii) a willful violation of any criminal law involving a felony, including federal or state securities laws; or (iv) a material breach (following notice and an opportunity to cure) of any covenant by the Optionee contained in any agreement between the Optionee and the Corporation.

10. TERMINATION OF SERVICE

An Option granted pursuant to the Plan shall not terminate upon the termination of service of an Optionee with the Corporation until the expiration of the Option under Section 9 above. The Optionee may exercise the Option in whole or in part, at any time subsequent to such termination of service and prior to termination of the Option pursuant to Section 9 above, subject to any installment limitation on exercise imposed pursuant to Section 8 above.

11. RIGHTS IN THE EVENT OF DEATH OR DISABILITY

11.1. If an Optionee dies prior to the termination of the Option, the executors or administrators or legatees or distributees of such Optionee's estate shall have the right (subject to

the general limitations on exercise set forth in Section 9, at any time prior to termination of the Option pursuant to Section 9 above, to exercise any Option held by such Optionee at the date of such Optionee's death, whether or not such Option was exercisable immediately prior to such Optionee's death;

11.2. If an Optionee terminates service with the Corporation by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Optionee, then such Optionee shall have the right (subject to the general limitations on exercise set forth in Section 9 above), any time subsequent to such termination of service and prior to termination of the Option pursuant to Section 9 above, without regard to any installment limitation on exercise imposed pursuant to Section 8 above, to exercise, in whole or in part, any Option held by such Optionee at the date of such termination of service.

## 12. TIMING AND METHOD OF EXERCISE

An Option may be exercised to the extent that shares have become purchasable under the Option, in whole or in part, from time to time, and at any time prior to expiration or termination of the Option, by making full payment of the Option Price to the Corporation in any one or more of the following ways:

(i) in cash, including check, bank draft, or money order;

and/or

(ii) by the assignment and delivery to the Corporation (or any other affiliate designated by the Corporation) of shares of Stock which are not subject to restriction, are owned by the optionee free and clear of all liens and encumbrances and have a fair market value (as determined by the closing price on the national securities exchange on which the shares of Stock are listed on the day preceding the day of exercise or by any other method acceptable to the Committee in its absolute discretion) equal to the applicable Option Price less any portion thereof paid in cash PROVIDED, HOWEVER, that any shares of Stock surrendered in payment must have been held by the optionee for more than six months at the time of surrender.

## 13. NO STOCKHOLDER RIGHTS UNDER OPTION

Neither an Optionee nor any person entitled to exercise an Optionee's rights in the event of an Optionee's death shall have any of the rights of a stockholder with respect to the shares of Stock subject to an Option except to the extent the certificates for such shares shall have been issued upon the exercise of the Option.

## 14. CONTINUATION OF SERVICE

Nothing in the Plan shall confer upon any person any right to continue as a member of the Board or interfere in any way with the right of the Corporation to terminate such relationship.

## 15. STOCK OPTION AGREEMENT

Each Option granted pursuant to the Plan shall be evidenced by a written Stock Option Agreement notifying the Optionee of the grant and incorporating the terms of the Plan. The Stock Option Agreement shall be executed by the Corporation and the Optionee.

16. NON-TRANSFERABILITY OF OPTIONS

Each Option granted pursuant to the Plan shall, during Optionee's lifetime, be exercisable only by Optionee, and neither the Option nor any right thereunder shall be transferable by the Optionee by operation of law or otherwise other than by will or the laws of descent and distribution, and shall not be pledged or hypothecated (by operation of law or otherwise) or subject to execution, attachment or similar processes.

17. USE OF PROCEEDS

The proceeds received by the Corporation from the sale of Stock pursuant to Options granted under the Plan shall constitute general funds of the Corporation.

18. ADOPTION, AMENDMENT, SUSPENSION AND TERMINATION

18.1. The Plan shall be effective as of the date of adoption by the Board, subject to stockholders' approval of the Plan within one year of the Effective Date by a majority of the votes cast at a duly held meeting of the stockholders of the Corporation at which a quorum representing a majority of all outstanding stock is present, either in person or by proxy, and voting on the matter, or by written consent in accordance with applicable state law and the Certificate of Incorporation and Bylaws of the Corporation and in a manner that satisfies the requirements of Rule 16b-3(b) of the Exchange Act; PROVIDED, HOWEVER, that upon approval of the Plan by the stockholders of the Corporation, all Options granted under the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Corporation had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within one year of the Effective Date, any Options granted hereunder shall be null, void and of no effect.

18.2. Subject to the limitation of Section 18.4 hereof, the Board may at any time suspend or terminate the Plan, and may amend it from time to time in such respects as the Board may deem advisable, PROVIDED, HOWEVER, that any amendment which would materially increase benefits under the Plan is subject to approval by the Corporation's stockholders.

18.3. No Option may be granted during any suspension or after the termination of the Plan, and no amendment, suspension or termination of the Plan shall, without the Optionee's consent, alter or impair any rights or obligations under any Stock Option Agreement previously entered into under the Plan. The Plan shall terminate ten years after the Effective Date unless previously terminated pursuant to Section 4.2 hereof or by the Board pursuant to this Section 18.

18.4. Notwithstanding the provisions of Section 18.2 hereof, the Plan shall not be amended more than once in any six-month period other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974, or the rules promulgated thereunder.

19. SECURITIES LAWS

19.1. The Corporation shall not be required to sell or issue any shares of Stock under any Option if the sale or issuance of such shares would constitute a violation by the individual exercising the Option or the Corporation of any provisions of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. Specifically in connection with the Securities Act, upon exercise of any Option, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock covered by such Option, the Corporation shall not be required to sell or issue such shares unless the

Administrator has received evidence satisfactory to the Administrator that the holder of such Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Administrator shall be final and conclusive. The Corporation may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Corporation shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares pursuant thereto to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable unless and until the shares of Stock covered by such Option are registered or are subject to an available exemption from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

19.2. The intent of the Plan is to qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent any provision of the Plan does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative and shall not affect the validity of the Plan. In the event Rule 16b-3 is revised or replaced, the Board of Directors may exercise discretion to modify the Plan in any respect necessary to satisfy the requirements of the revised exemption or its replacement.

## 20. INDEMNIFICATION

20.1. To the extent permitted by applicable law, the Administrator shall be indemnified and held harmless by the Corporation against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by the Administrator in connection with or resulting from any claim, action, suit or proceeding to which the Administrator may be a party or in which the Administrator may be involved by reason of any action taken or failure to act under the Plan, and against and from any and all amounts paid by the Administrator (with the Corporation's written approval) in the settlement thereof, or paid by the Administrator in satisfaction of a judgment in any such action, suit or proceeding except a judgment in favor of the Corporation; subject, however, to the conditions that upon the institution of any claim, action, suit or proceeding against the Administrator, the Administrator shall give the Corporation an opportunity in writing, at its own expense, to handle and defend the same before the Administrator undertakes to handle and defend it on the Administrator's own behalf. The foregoing right of indemnification shall not be exclusive of any other right to which such person may be entitled as a matter of law or otherwise, or any power the Corporation may have to indemnify the Administrator or hold the Administrator harmless.

20.2. The Administrator and each officer and employee of the Corporation shall be fully justified in reasonably relying or acting upon any information furnished in connection with the administration of the Plan by the Corporation or any employee of the Corporation. In no event shall any person who is or shall have been the Administrator, or an officer or employee of the Corporation, be liable for any determination made or other action taken or any omission to act in reliance upon any such information, or for any action (including furnishing of information) taken or any failure to act, if in good faith.

## 21. GOVERNING LAW

The validity, interpretation and effect of the Plan, and the rights of all persons hereunder, shall be governed by and determined in accordance with the laws of Virginia, other than the choice of law rules thereof.

The Plan was duly adopted and approved by the Board on March 5, 1996 and was duly approved by the stockholders of the Corporation on May 7, 1996.

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James M. Sack, Esq.  
Secretary