

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1997

OR

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

For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 1-12378

NVR, Inc

-----  
(Exact name of registrant as specified in its charter)

Virginia

54-1394360

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(IRS employer identification  
number)

7601 Lewinsville Road, Suite 300  
McLean, Virginia 22102  
(703) 761-2000

-----  
(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

(Not Applicable)

-----  
(Former name, former address, and former fiscal year if changed since last  
report)

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

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As of October 21, 1997 there were 11,294,922 total shares of common stock  
outstanding.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS  
DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and  
reports required to be filed by Sections 12, 13, or 15 (d) of the Securities  
Exchange Act of 1934 subsequent to the distribution of securities under a plan  
confirmed by a court.

Yes X No

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PART I

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Item 1.	
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NVR, Inc.  
Consolidated Balance Sheets  
(dollars in thousands, except share data)

ASSETS	September 30, 1997 ----- (unaudited)	December 31, 1996 -----
Homebuilding:		
Cash and cash equivalents	\$ 53,233	\$ 71,533
Receivables	9,095	2,927
Inventory:		
Lots and housing units, covered under sales agreements with customers	157,460	126,456
Unsold lots and housing units	38,074	37,940
Manufacturing materials and other	5,677	7,297
	-----	-----
	201,211	171,693
Property, plant and equipment, net	17,240	17,916
Reorganization value in excess of amounts allocable to identifiable assets, net	70,979	75,818
Contract land deposits	36,915	36,383
Other assets	21,555	21,008
	-----	-----
	410,228	397,278
	-----	-----
Financial Services:		
Cash and cash equivalents	3,862	3,247
Mortgage loans held for sale, net	98,199	75,735
Mortgage servicing rights, net	1,892	6,309

Property and equipment, net	612	917
Reorganization value in excess of amounts allocable to identifiable assets, net	11,972	12,788
Other assets	3,514	4,891
	-----	-----
	120,051	103,887
	-----	-----
Total assets	\$530,279	\$501,165
	=====	=====

See notes to consolidated financial statements.

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NVR, Inc.  
Consolidated Balance Sheets  
(dollars in thousands, except share data)

	September 30, 1997	December 31, 1996
	-----	-----
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Homebuilding:		
Accounts payable	\$ 59,473	\$ 54,894
Accrued expenses and other liabilities	96,718	85,260
Notes payable	81	86
Other term debt	14,022	14,043
Senior notes	120,000	120,000
	-----	-----
	290,294	274,283
	-----	-----
Financial Services:		
Accounts payable and other liabilities	8,645	7,409
Notes payable	90,336	67,463
	-----	-----
	98,981	74,872
	-----	-----
Total liabilities	389,275	349,155
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.01 par value; 60,000,000 shares authorized; 19,970,900 and 19,881,515 shares issued as of September 30, 1997 and December 31, 1996, respectively	200	199
Additional paid-in-capital	156,092	157,842
Retained earnings	70,910	47,098
Less treasury stock at cost- 8,475,478 and 6,307,108 shares at September 30, 1997 and December 31, 1996, respectively	(86,198)	(53,129)
	-----	-----
Total shareholders' equity	141,004	152,010
	-----	-----
Total liabilities and shareholders' equity	\$ 530,279	\$ 501,165
	=====	=====

See notes to consolidated financial statements.

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NVR, Inc.  
Consolidated Statements of Operations  
(dollars in thousands, except per share data)  
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
Homebuilding:				
Revenues	\$ 316,874	\$ 312,658	\$ 837,298	\$ 796,425
Other income	162	238	929	763
Cost of sales	(272,308)	(270,375)	(722,586)	(689,577)
Selling, general and administrative	(23,589)	(20,687)	(56,905)	(50,852)
Amortization of reorganization value in excess of amounts allocable to identifiable assets	(1,613)	(1,761)	(4,839)	(5,283)
Operating income	19,526	20,073	53,897	51,476
Interest expense	(3,936)	(4,136)	(12,257)	(12,536)
Homebuilding income	15,590	15,937	41,640	38,940
Financial Services:				
Mortgage banking fees	6,407	6,225	18,227	19,043
Interest income	1,585	1,632	3,948	4,036
Other income	102	10	263	11
General and administrative	(5,412)	(6,407)	(16,178)	(18,337)
Amortization of reorganization value in excess of amounts allocable to identifiable assets	(272)	(272)	(816)	(816)
Interest expense	(1,074)	(772)	(2,333)	(1,801)
Operating income	1,336	416	3,111	2,136
Total segment income	16,926	16,353	44,751	41,076
Income tax expense	(7,920)	(8,079)	(20,939)	(20,292)
Net Income	\$ 9,006	\$ 8,274	\$ 23,812	\$ 20,784
Earnings per share:				
Primary	\$ 0.68	\$ 0.59	\$ 1.80	\$ 1.37
Fully - diluted	\$ 0.66	\$ 0.59	\$ 1.70	\$ 1.37

See notes to consolidated financial statements.

NVR, Inc.  
Consolidated Statements of Cash Flows  
(dollars in thousands, except share data)  
(unaudited)

	Nine Months Ended September 30,	
	1997	1996
Cash flows from operating activities:		
Net income	\$ 23,812	\$ 20,784
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	9,757	9,236
Interest accrued and added to bond principal	--	446

Mortgage loans closed	(1,043,068)	(949,918)
Proceeds from sales of mortgage loans	1,023,509	960,537
(Gain) loss on sale of mortgage servicing rights	(1,143)	1,104
Gain on sale of loans	(10,904)	(11,531)
Net change in assets and liabilities:		
Increase in inventories	(29,518)	(8,904)
Decrease (increase) in receivables	(4,721)	308
Increase in accounts payable and accrued expenses	16,340	7,745
Other, net	(1,390)	(3,917)
	-----	-----
Net cash provided (used) by operating activities	(17,326)	25,890
	-----	-----
Cash flows from investing activities:		
Decrease (increase) in funds held by trustee	(327)	265
Proceeds from sales of mortgage-backed securities	15,126	32,722
Purchase of property, plant and equipment	(2,108)	(2,890)
Principal payments on mortgage-backed securities	3,001	14,002
Proceeds from sales of mortgage servicing rights	11,829	12,316
Purchases of mortgage servicing rights	--	(112)
Other, net	674	1,771
	-----	-----
Net cash provided by investing activities	28,195	58,074
	-----	-----
Cash flows from financing activities:		
Redemption of bonds	(16,431)	(45,800)
Net borrowings under notes payable	22,695	(226)
Purchases of treasury stock	(35,475)	(23,179)
Other	657	3,314
	-----	-----
Net cash used by financing activities	(28,554)	(65,891)
Net increase (decrease) in cash	(17,685)	18,073
Cash, beginning of the period	74,780	55,567
	-----	-----
Cash, end of period	\$ 57,095	\$ 73,640
	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid during the period	\$ 12,141	\$ 15,996
	=====	=====
Income taxes paid during the period, net of refunds	\$ 19,753	\$ 22,362
	=====	=====

See notes to consolidated financial statements.

NVR, Inc.  
Notes to Consolidated Financial Statements  
(dollars in thousands, except share data)

1. Basis of Presentation

The accompanying unaudited, consolidated financial statements include the accounts of NVR, Inc. ("NVR" or the "Company") and its subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. The statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Because the accompanying condensed financial statements do not include all of the information and footnotes required by generally accepted accounting principles, they should be read in conjunction with the financial statements and notes thereto included in the Company's 1996 Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997.

2. Adoption of New Accounting Principle

During the quarter ended March 31, 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Such adoption did not have a material impact on the Company's financial condition or results of operations.

### 3. Shareholders' Equity

A summary of changes in shareholders' equity is presented below:

	Common Stock -----	Additional Paid-In Capital -----	Retained Earnings -----	Treasury Stock -----
Balance, December 31, 1996	\$ 199	\$ 157,842	\$ 47,098	\$ (53,129)
Net income	--	--	23,812	--
Option activity	1	656	--	--
Purchases of treasury stock	--	--	--	(35,475)
Performance share activity	--	(2,406)	--	2,406
	-----	-----	-----	-----
Balance, September 30, 1997	\$ 200 =====	\$ 156,092 =====	\$ 70,910 =====	\$ (86,198) =====

During the nine months ended September 30, 1997, the Company repurchased approximately 2.3 million shares of its common stock at an aggregate purchase price of \$35,475. Approximately 172,000 of those shares were reissued from the treasury during February 1997 in satisfaction of an employee benefit liability accrued at December 31, 1996. The average cost basis for the shares reissued from the treasury was \$13.97 per share. In addition, approximately 92,900 options were exercised during the first nine months of 1997, with NVR realizing approximately \$657 in aggregate equity proceeds.

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### NVR, Inc. Notes to Consolidated Financial Statements (dollars in thousands, except share data)

### 4. Debt

In June 1997, the Company amended its working capital revolving credit facility with a syndicate of financial institutions (the "Facility") to provide for a three year term expiring on May 31, 2000. The Facility continues to provide for borrowings up to \$60,000. The amended Facility resulted in a more favorable borrowing rate and a reduction in certain fees. The other terms and conditions are substantially the same as those under the facility in effect at December 31, 1996.

In June 1997, NVR Mortgage Finance, Inc. ("NVR Finance") renewed its mortgage warehouse facility for two years. The available borrowing limit remained at \$105,000. The other terms and conditions are substantially the same as those in effect at December 31, 1996.

During the quarter ended March 31, 1997, NVR Finance entered into an additional annually renewable, uncommitted gestation mortgage-backed security repurchase agreement (the "Repo Facility"). The maximum amount available under the Repo Facility is \$45,000, bringing NVR's total available borrowings under all such similar agreements to \$145,000. Amounts outstanding under the Repo Facility accrue interest at various rates tied to the federal funds rate, depending on the type of collateral, and are collateralized by gestation mortgage-backed securities. The covenants under the Repo Facility are consistent with NVR Finance's mortgage warehouse credit facility.

### 5. Earning Per Share

Primary and fully-diluted earnings per share are calculated by dividing

net income by the weighted-average number of shares of the Company's common stock and common stock equivalents outstanding during the period. Common stock equivalents represent the dilutive impact of the assumed exercise of certain outstanding stock options and, in the 1996 period, warrants. Both calculations are made using the modified treasury stock method pursuant to Accounting Principles Board Opinion No. 15, Earnings per Share. Dilution occurs for the three and nine month periods ended September 30, 1997 because the end of period market price for the Company's common stock of \$26.00 per share used to calculate the number of common stock equivalents for fully diluted earnings per share was higher than the weighted average stock prices used to calculate common stock equivalents for primary earnings per share. Earnings per share for each of the periods presented is calculated as follows:

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	1997	1996	1997	1996
Net income	\$ 9,006	\$ 8,274	\$ 23,812	\$ 20,784
Weighted average shares outstanding	11,682	13,643	12,051	14,696
Common stock equivalents - primary	1,531	374	1,205	442
Weighted average number of shares and share equivalents outstanding	13,213	14,017	13,256	15,138
Primary earnings per share	\$ 0.68	\$ 0.59	\$ 1.80	\$ 1.37
Weighted average shares outstanding	11,682	13,643	12,051	14,696
Common stock equivalents - fully-diluted	1,885	374	1,931	442
Weighted average number of shares and share equivalents, assuming full dilution	13,567	14,017	13,982	15,138
Fully diluted earnings per share	\$ 0.66	\$ 0.59	\$ 1.70	\$ 1.37

Item 2.  
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NVR, Inc.  
Management's Discussion and Analysis  
of Financial Condition and Results of Operations  
(dollars in thousands)

NVR, Inc. ("NVR" or the "Company") is a holding company that operates in two business segments: homebuilding and financial services. Holding company general and administrative expenses are fully allocated to the homebuilding and financial services segments in the information presented below.

Homebuilding Segment

Three Months Ended September 30, 1997 and 1996

During the third quarter of 1997, homebuilding operations generated revenues of \$316,874 compared to revenues of \$312,658 in the third quarter of 1996. The change in revenues is primarily due to a 2.0% decrease in the number of homes settled from 1,672 in 1996 to 1,639 in 1997 and to a 3.3% increase in the average settlement price from \$186.0 in 1996 to \$192.1 in 1997. New orders of 1,366 during the third quarter of 1997 increased 41.0% compared with the 969 new orders generated during the same 1996 period. The increase in new orders is attributable to higher sales in the Company's core Baltimore and Washington markets due to an improved interest rate environment in the current period as compared to the prior year third quarter, as well as to sales associated with the Company's expansion markets.

Gross profit margins in the third quarter of 1997 increased to 14.1% compared to 13.5% for the same 1996 quarter. The increase in gross profit margins from the prior year quarter was primarily due to more favorable market conditions in certain of the Company's markets as compared to the prior year quarter, and continued emphasis on controlling construction costs.

SG&A expenses for the third quarter of 1997 increased both in dollars and as a percentage of revenues compared to the prior year 1996 quarter. A portion of the increase was due to a non-recurring \$1,600 incentive payment earned by the Company's Board of Directors pursuant to the terms of the Company's Plan of Reorganization that became effective on September 30, 1993. Additionally, the increase is also partially attributable to a net quarter to quarter increase in costs associated with certain management incentive plans, as well as to costs incurred to grow the Company's expansion markets to full operational levels.

Backlog units and dollars were 2,870 and \$553,409, respectively, at September 30, 1997 compared to 2,398 and \$436,487, respectively, at September 30, 1996. The increase in backlog units and dollars is primarily attributable to a 23% increase in new orders for the six month period ended September 30, 1997 compared to the same 1996 period.

The Company believes that earnings before interest, taxes, depreciation and amortization ("EBITDA") provides a meaningful comparison of operating performance of the homebuilding segment because it excludes the amortization of certain intangible assets. Although the Company believes the calculation is helpful in understanding the performance of the homebuilding segment, EBITDA should not be considered a substitute for net income or cash flow as indicators of the Company's financial performance or its ability to generate liquidity.

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#### Calculation of EBITDA:

	Three Months Ended September 30,	
	1997	1996
Operating income	\$ 19,526	\$ 20,073
Depreciation	840	701
Amortization of excess reorganization value	1,613	1,761
Other non cash expense	2,000	-
Homebuilding EBITDA	\$ 23,979	\$ 22,535
% of Homebuilding revenues	7.6%	7.2%

Homebuilding EBITDA in the third quarter of 1997 was \$1,444 or 6.4% higher than in the third quarter of 1996, and as a percentage of revenues increased to 7.6% from 7.2%.

#### Financial Services Segment

##### Three Months Ended September 30, 1997 and 1996

The financial services segment generated operating income of \$1,336 for the three months ended September 30, 1997 compared to operating income of \$416 during the same period in 1996. Loan closings were \$396,117 and \$338,895 during the respective quarters ended September 30, 1997 and 1996, representing an increase of 17% in 1997. This result was achieved despite continued price competition in the mortgage banking market.

Mortgage banking fees had a net increase of \$182, representing a 3% increase when comparing the respective quarters of September 30, 1997 and 1996. Mortgage banking fees have been impacted by the lower servicing fee income resulting from the decrease in the servicing portfolio. This has been offset by the lower loss on the sale of servicing rights during the 1997 period. A summary



of mortgage banking fees is noted below:

Mortgage Banking Fees:	1997	1996
	-----	-----
Net gain on sale of loans	\$ 4,397	\$ 4,412
Servicing	244	1,239
Title services	1,766	1,678
Loss on sale of servicing rights	-	(1,104)
	-----	-----
	\$ 6,407	\$ 6,225
	=====	=====

Effective during the second quarter of 1997, the mortgage banking operations sold the remaining portion of its core mortgage servicing portfolio. The sale of the core mortgage servicing portfolio and the ongoing sale of servicing rights on a flow basis are the result of the concentration of the mortgage banking operations on the primary business of providing mortgage finance and related services to NVR's homebuyers. The total servicing portfolio at September 30, 1997 was \$180,327 compared with \$583,964 at September 30, 1996.

#### Homebuilding Segment

##### Nine Months Ended September 30, 1997 and 1996

During the first nine months of 1997, homebuilding operations generated revenues of \$837,298 compared to revenues of \$796,425 in the first nine months of 1996. The increase in revenues was primarily due to a 2.6% increase in the number of homes settled from 4,335 in 1996 to 4,448 in 1997, and to a 2.4% increase in the average settlement price from \$182.8 in 1996 to \$187.1 in 1997. New orders

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increased by 13.8% to 4,852 during the first nine months of 1997 compared with 4,262 during the first nine months of 1996. The increase in new orders is attributable to higher sales in the Company's core Baltimore and Washington markets due to an improved interest rate environment in the current period as compared to the prior nine month period, as well as to sales associated with the Company's expansion markets.

Gross profit margins increased to 13.7% in the first nine months of 1997 compared to 13.4% in the first nine months of 1996. The increase in gross profit margins from the prior year was primarily attributable to more favorable market conditions in certain of the Company's markets, fewer additional weather-related costs incurred in the construction of homes as a result of mild winter weather conditions in NVR's principal markets in the first quarter of 1997 as compared to the first quarter of 1996 and continued emphasis on controlling construction costs.

SG&A expenses for the nine month period ending September 30, 1997 increased both in dollars as well as a percentage of revenues compared to the prior year 1996 period. A portion of the increase was due to a non-recurring \$1,600 incentive payment earned by the Company's Board of Directors pursuant to the terms of the Company's Plan of Reorganization that became effective on September 30, 1993. Additionally, the increase is also attributable to a net period to period increase in costs associated with certain management incentive plans, increased costs that correspond to the aforementioned increase in revenues, and costs incurred to grow the Company's expansion markets to full operational levels.

The Company's executive officers and certain other key management personnel participate in the 1994 Management Incentive Plan (the "Plan"), a variable stock award plan adopted by the Board of Directors pursuant to the Company's 1993 Plan of Reorganization. Approximately one-third of the 1,089,200 total shares granted under the Plan are eligible to vest on December 31, 1997 if certain full year earnings targets are met or exceeded. Because the Plan qualifies as a variable plan pursuant to APB Opinion No. 25, Accounting for Stock Issued to Employees, the current year expense, if earned, will be based on

the closing price of NVR common stock as quoted on the American Stock Exchange on December 31, 1997. There are approximately 200,000 more shares eligible for vesting in the current year under the Plan than were available under a similar plan expensed in 1996. Because of the increased number of shares available for vesting under the Plan, and based upon the significant appreciation in the market price of NVR's common stock during the third quarter of 1997, the additional non-cash expense, if fully earned, associated with this Plan in the fourth quarter of 1997 could be significantly greater than the amounts expensed under the similar plan in the fourth quarter of 1996. As of September 30, 1997 the Company has accrued approximately \$3,000 associated with the Plan.

Calculation of Homebuilding EBITDA:

	Nine Months Ended September 30,	
	1997	1996
Operating income	\$ 53,897	\$ 51,476
Depreciation	2,531	2,104
Amortization of excess reorganization value	4,839	5,283
Other non-cash expense	3,000	-
Homebuilding EBITDA	\$ 64,267	\$ 58,863
% of Homebuilding revenues	7.7%	7.4%

Homebuilding EBITDA for the first nine months of 1997 was \$5,404 or 9.2% higher than the first nine months of 1996, and as a percentage of revenues increased to 7.7% from 7.4%.

Financial Services Segment

Nine Months Ended September 30, 1997 and 1996

The financial services segment generated operating income of \$3,111 for the nine months ended September 30, 1997 compared to operating income of \$2,136 during the same period in 1996. Loan closings were \$1,043,068 and \$949,918 during the respective nine month periods in 1997 and 1996, representing an increase of 10%.

Mortgage banking fees had a net decrease of \$816, representing a 4% decrease when comparing the respective nine month periods of 1997 and 1996. This decrease can be primarily attributed to the lower servicing fee income resulting from the decrease in the servicing portfolio, partially offset by the higher gain on sale of servicing rights and the lower gain on sale of loans resulting from continued price competition in the mortgage banking market. A summary of mortgage banking fees is noted below:

Mortgage Banking Fees:	1997	1996
Net gain on sale of loans	\$ 10,904	\$ 11,531
Servicing	1,470	4,046
Title services	4,710	4,570
Gain/(loss) on sale of servicing rights	1,143	(1,104)
	\$ 18,227	\$ 19,043

Effective during the second quarter of 1997, the mortgage banking

operations sold the remaining portion of its core mortgage servicing portfolio. The sale of the core mortgage servicing portfolio and the ongoing sale of servicing rights on a flow basis are the result of the concentration of the mortgage banking operations on the primary business of providing mortgage finance and related services to NVR's homebuyers.

#### Pending Adoption of New Accounting Principles

In February 1997, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings per Share. SFAS No. 128 supersedes APB Opinion No. 15, Earnings per Share ("Opinion No. 15"), and requires the calculation and dual presentation of Basic and Diluted earnings per share ("EPS"), replacing the measures of Primary and Fully-diluted EPS as reported under Opinion No. 15. SFAS No. 128 is effective for financial statements issued for periods ending after December 15, 1997; earlier application is not permitted. Accordingly, EPS for the periods presented on the accompanying statements of income are calculated under the guidance of Opinion No. 15.

Under SFAS No. 128, EPS data would have been as follows:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1997	1996	1997	1996
Basic EPS	\$ 0.77	\$ 0.61	\$ 1.98	\$ 1.41
Diluted EPS	\$ 0.68	\$ 0.58	\$ 1.80	\$ 1.36

In June 1997, the FASB also issued SFAS No. 130, Reporting Comprehensive Income, and SFAS No. 131, Disclosures about Segments of an Enterprise and Related information. Both statements are effective for fiscal years beginning after December 15, 1997. SFAS No. 130 establishes standards

for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Based on the nature of the Company's operations, Management does not expect that, upon adoption of SFAS No. 130, future reported comprehensive income will differ materially from future reported net income. SFAS No. 131 establishes standards for the way that public enterprises report information about operating segments in annual and interim financial statements. Adoption of SFAS No. 131 will have no impact on the Company's results of operations or financial condition.

#### Liquidity and Capital Resources

NVR's homebuilding segment generally provides for its working capital cash requirements using cash generated from operations and a short-term credit facility. The homebuilding segment has available a \$60,000 Working Capital Revolving Credit facility (the "facility") to fund its working capital needs, under which there were no amounts outstanding at September 30, 1997.

NVR's financial services segment provides for its mortgage origination and other operating activities using cash generated from operations as well as various short-term credit facilities. NVR Mortgage Finance, Inc. ("NVR Finance") has available a \$105,000 mortgage warehouse facility to fund its mortgage origination activities, under which \$80,262 was outstanding at September 30, 1997.

During March 1997, NVR Finance entered into an annually renewable, uncommitted gestation mortgage-backed security repurchase agreement (the "Repo Facility"). The maximum amount available under the Repo Facility is \$45,000, bringing NVR's total available borrowings under all such similar agreements to \$145,000. Amounts outstanding under the Repo Facility accrue interest at various rates tied to the federal funds rate, depending on the type of collateral, and are collateralized by gestation mortgage-backed securities. The covenants under the Repo Facility are consistent with NVR Finance's mortgage warehouse credit

facility. There was \$10,074 outstanding under all existing repurchase agreements at September 30, 1997.

The Company believes that internally generated cash and borrowings available under credit facilities will be sufficient to satisfy near term cash requirements for working capital in both its homebuilding and mortgage banking operations.

#### Other Elements Impacting Liquidity

Subsequent to September 30, 1997, NVR Fox Ridge, Inc. ("Fox Ridge"), a wholly owned subsidiary of NVR Homes, Inc., itself an NVR wholly owned subsidiary, purchased substantially all of the assets and assumed certain liabilities of Fox Ridge Homes, Inc. ("FRH"), a leading builder in Nashville, Tennessee. In addition to Fox Ridge assuming approximately \$11,000 of FRH's construction debt plus certain other liabilities, Fox Ridge paid to FRH \$14,250 in cash at settlement on October 31, 1997, and issued a note payable for the remaining \$4,750 purchase price. The note carries terms for interest at a rate tied to NVR's revolving credit facility, and will be paid in three annual installments on October 31, 1998, 1999, and 2000, including accrued interest.

During the nine months ended September 30, 1997, the Company repurchased approximately 2.3 million shares of its common stock at an aggregate purchase price of \$35,475. The Company may, from time to time, repurchase additional shares of its common stock, pursuant to repurchase authorizations by the Board of Directors and subject to the restrictions contained within the Company's debt agreements.

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#### Forward-Looking Statements

Some of the statements in this Form 10-Q, as well as statements made by the Company in periodic press releases, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to, general economic and business conditions, interest rate changes, competition, the availability and cost of land and other raw materials used by the Company in its homebuilding operations, shortages of labor, weather related slow downs, building moratoria, governmental regulation, the ability of the Company to integrate any acquired business, certain conditions in financial markets and other factors over which the Company has little or no control.

#### Part II -----

##### Item 6. Exhibits and Reports on Form 8-K -----

- a. 11. Computation of Earnings per Share.
- b. 27. Financial Data Schedule.
- c. The Company did not file any reports on Form 8-K during the quarter ended September 30, 1997.

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#### Exhibit Index

Exhibit Number	Description	Page
-----	-----	----
11	Computation of Earnings per Share	17
27	Financial Data Schedule	18

SIGNATURE

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 thereunto duly authorized.

October 31, 1997

NVR, Inc.,

By: /s/ Paul C. Saville

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Paul C. Saville  
Senior Vice President Finance and  
Chief Financial Officer

NVR, Inc.  
 Computation of Earnings Per Share  
 (amounts in thousands, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
1. Net income	\$ 9,006	\$ 8,274	\$ 23,812	\$ 20,784
2. Weighted average number of shares outstanding	11,682	13,643	12,051	14,696
3. Shares issuable upon exercise of dilutive options, warrants and subscriptions outstanding during period, based on average market price	1,531	374	1,205	442
4. Shares issuable upon exercise of dilutive options, warrants and subscriptions outstanding during period, based on higher of average or end of period market price	1,885	374	1,931	442
5. Weighted average number of shares and share equivalents outstanding (2 + 3)	13,213	14,017	13,256	15,138
6. Weighted average number of shares outstanding assuming full dilution (2 + 4)	13,567	14,017	13,982	15,138
7. Earnings per share and share equivalents (1/5)	\$ 0.68	\$ 0.59	\$ 1.80	\$ 1.37
8. Earnings per share, assuming full dilution (1/6)	\$ 0.66	\$ 0.59	\$ 1.70	\$ 1.37

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NVR INC.'S CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK> 0000906163

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<F1>ITEM REPRESENTS THE NON-CASH AMORTIZATION OF EXCESS REORGANIZATION VALUE.

</FN>