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

# FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

**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) | (I.R.S. Employer Identification No.) |

**11700 Plaza America Drive, Suite 500**
**Reston, Virginia 20190**
**(703) 956-4000**
(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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ (Do not check if smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2015 there were 3,912,711 total shares of common stock outstanding.

**NVR, Inc.**
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# PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

**NVR, Inc.**

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| | (unaudited) | |
| **ASSETS** | | |
| ***Homebuilding:*** | | |
| Cash and cash equivalents | $ 375,886 | $ 514,780 |
| Receivables | 9,850 | 10,021 |
| Inventory: | | |
| Lots and housing units, covered under sales agreements with customers | 987,933 | 690,955 |
| Unsold lots and housing units | 110,589 | 131,938 |
| Land under development | 53,203 | 33,689 |
| Building materials and other | 9,730 | 12,904 |
| | 1,161,455 | 869,486 |
| Assets related to consolidated variable interest entity | 1,799 | 3,590 |
| Contract land deposits, net | 318,588 | 294,676 |
| Property, plant and equipment, net | 44,911 | 46,242 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 41,580 | 41,580 |
| Goodwill and finite-lived intangible assets, net | 4,327 | 5,364 |
| Other assets | 305,918 | 302,280 |
| | 2,264,314 | 2,088,019 |
| ***Mortgage Banking:*** | | |
| Cash and cash equivalents | 10,407 | 30,158 |
| Mortgage loans held for sale, net | 260,074 | 205,664 |
| Property and equipment, net | 5,502 | 6,189 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 7,347 | 7,347 |
| Other assets | 23,038 | 13,958 |
| | 306,368 | 263,316 |
| **Total assets** | $ 2,570,682 | $ 2,351,335 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| ***Homebuilding:*** | | |
| Accounts payable | $ 260,941 | $ 204,622 |
| Accrued expenses and other liabilities | 301,594 | 289,058 |
| Liabilities related to consolidated variable interest entity | 1,619 | 1,618 |
| Non-recourse debt related to consolidated variable interest entity | — | 64 |
| Customer deposits | 132,072 | 106,755 |
| Senior notes | 599,237 | 599,166 |
| | 1,295,463 | 1,201,283 |
| ***Mortgage Banking:*** | | |
| Accounts payable and other liabilities | 34,729 | 25,797 |
| | 34,729 | 25,797 |
| **Total liabilities** | 1,330,192 | 1,227,080 |
| ***Commitments and contingencies*** | | |
| ***Shareholders' equity:*** | | |
| Common stock, $0.01 par value; 60,000,000 shares authorized; 20,555,330 shares issued as of both September 30, 2015 and December 31, 2014 | 206 | 206 |
| Additional paid-in capital | 1,420,214 | 1,325,495 |
| Deferred compensation trust – 108,614 shares of NVR, Inc. common stock as of both September 30, 2015 and December 31, 2014 | (17,333) | (17,333) |
| Deferred compensation liability | 17,333 | 17,333 |
| Retained earnings | 5,136,110 | 4,887,187 |
| Less treasury stock at cost – 16,573,224 and 16,506,229 shares as of September 30, 2015 and December 31, 2014, respectively | (5,316,040) | (5,088,633) |
| **Total shareholders' equity** | 1,240,490 | 1,124,255 |
| **Total liabilities and shareholders' equity** | $ 2,570,682 | $ 2,351,335 |

See notes to condensed consolidated financial statements.

**NVR, Inc.**
Condensed Consolidated Statements of Income
(in thousands, except per share data)
(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Homebuilding:*** | | | | |
| Revenues | $ 1,374,467 | $ 1,185,160 | $ 3,537,116 | $ 3,068,427 |
| Other income | 643 | 905 | 2,490 | 2,354 |
| Cost of sales | (1,111,672) | (960,055) | (2,880,194) | (2,497,985) |
| Selling, general and administrative | (88,664) | (83,881) | (279,207) | (268,096) |
| Operating income | 174,774 | 142,129 | 380,205 | 304,700 |
| Interest expense | (5,900) | (5,618) | (17,499) | (16,895) |
| Homebuilding income | 168,874 | 136,511 | 362,706 | 287,805 |
| ***Mortgage Banking:*** | | | | |
| Mortgage banking fees | 27,884 | 18,006 | 66,617 | 48,103 |
| Interest income | 1,972 | 1,373 | 4,353 | 3,382 |
| Other income | 363 | 240 | 711 | 493 |
| General and administrative | (13,916) | (12,182) | (37,888) | (37,064) |
| Interest expense | (181) | (157) | (456) | (397) |
| Mortgage banking income | 16,122 | 7,280 | 33,337 | 14,517 |
| ***Income before taxes*** | 184,996 | 143,791 | 396,043 | 302,322 |
| Income tax expense | (68,526) | (53,639) | (147,120) | (120,143) |
| ***Net income*** | $ 116,470 | $ 90,152 | $ 248,923 | $ 182,179 |
| ***Basic earnings per share*** | $ 28.75 | $ 21.49 | $ 61.34 | $ 42.01 |
| ***Diluted earnings per share*** | $ 27.11 | $ 20.70 | $ 58.32 | $ 40.59 |
| ***Basic weighted average shares outstanding*** | 4,050 | 4,196 | 4,058 | 4,336 |
| ***Diluted weighted average shares outstanding*** | 4,296 | 4,354 | 4,268 | 4,489 |

See notes to condensed consolidated financial statements.

**NVR, Inc.**
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | **2015** | **2014** |
| ***Cash flows from operating activities:*** | | |
| Net income | $ 248,923 | $ 182,179 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 16,182 | 12,583 |
| Excess income tax benefit from equity-based compensation | (14,465) | (6,786) |
| Equity-based compensation expense | 39,874 | 44,874 |
| Contract land deposit recoveries | (9,925) | (4,108) |
| Gain on sale of loans | (48,243) | (32,621) |
| Mortgage loans closed | (2,163,472) | (1,714,682) |
| Mortgage loans sold and principal payments on mortgage loans held for sale | 2,153,721 | 1,761,410 |
| Distribution of earnings from unconsolidated joint ventures | 13,069 | 4,790 |
| Net change in assets and liabilities: | | |
| Increase in inventory | (289,754) | (272,457) |
| Increase in contract land deposits | (13,987) | (42,586) |
| Decrease (increase) in receivables | 12 | (1,755) |
| Increase in accounts payable and accrued expenses | 78,935 | 22,224 |
| Increase in customer deposits | 25,317 | 18,401 |
| Other, net | (20,605) | (13,327) |
| Net cash provided by (used in) operating activities | 15,582 | (41,861) |
| ***Cash flows from investing activities:*** | | |
| Investments in and advances to unconsolidated joint ventures | (1,552) | — |
| Distribution of capital from unconsolidated joint ventures | 13,931 | 8,710 |
| Purchase of property, plant and equipment | (13,468) | (27,324) |
| Proceeds from the sale of property, plant and equipment | 476 | 626 |
| Net cash used in investing activities | (613) | (17,988) |
| ***Cash flows from financing activities:*** | | |
| Purchase of treasury stock | (263,446) | (409,436) |
| Repayments under non-recourse debt related to consolidated variable interest entity and note payable | (64) | (2,819) |
| Distributions to partner in consolidated variable interest entity | (300) | (281) |
| Excess income tax benefit from equity-based compensation | 14,465 | 6,786 |
| Proceeds from the exercise of stock options | 76,419 | 65,639 |
| Net cash used in financing activities | (172,926) | (340,111) |
| Net decrease in cash and cash equivalents | (157,957) | (399,960) |
| Cash and cash equivalents, beginning of the period | 545,419 | 866,253 |
| Cash and cash equivalents, end of the period | $ 387,462 | $ 466,293 |
| ***Supplemental disclosures of cash flow information:*** | | |
| Interest paid during the period, net of interest capitalized | $ 24,313 | $ 24,252 |
| Income taxes paid during the period, net of refunds | $ 123,841 | $ 121,772 |

See notes to condensed consolidated financial statements.

## 1. Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements include the accounts of NVR, Inc. ("NVR" or the "Company") and its subsidiaries and certain other entities in which the Company is deemed to be the primary beneficiary (see Notes 2 and 3 to the accompanying condensed consolidated financial statements). Intercompany accounts and transactions have been eliminated in consolidation. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 GAAP for complete financial statements. Because the accompanying condensed consolidated financial statements do not include all of the information and footnotes required by GAAP, they should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of management, all adjustments (consisting only of normal recurring accruals except as otherwise noted herein) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

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

For the three and nine months ended September 30, 2015 and 2014, comprehensive income equaled net income; therefore, a separate statement of comprehensive income is not included in the accompanying condensed consolidated financial statements.

## 2. Variable Interest Entities

***Fixed Price Purchase Agreements***

NVR generally does not engage in the land development business. Instead, the Company typically acquires finished building lots at market prices from various development entities under fixed price purchase agreements. The purchase agreements require deposits that may be forfeited if NVR fails to perform under the agreements. The deposits required under the purchase agreements are in the form of cash or letters of credit in varying amounts, and typically range up to 10% of the aggregate purchase price of the finished lots.

NVR believes this lot acquisition strategy reduces the financial requirements and risks associated with direct land ownership and land development. NVR may, at its option, choose for any reason and at any time not to perform under these purchase agreements by delivering notice of its intent not to acquire the finished lots under contract. NVR's sole legal obligation and economic loss for failure to perform under these purchase agreements is limited to the amount of the deposit pursuant to the liquidated damage provisions contained within the purchase agreements. In other words, if NVR does not perform under a purchase agreement, NVR loses only its deposit. None of the creditors of any of the development entities with which NVR enters fixed price purchase agreements have recourse to the general credit of NVR. NVR generally does not have any specific performance obligations to purchase a certain number or any of the lots, nor does NVR guarantee completion of the development by the developer or guarantee any of the developers' financial or other liabilities.

NVR is not involved in the design or creation of any of the development entities from which the Company purchases lots under fixed price purchase agreements. The developer's equity holders have the power to direct 100% of the operating activities of the development entity. NVR has no voting rights in any of the development entities. The sole purpose of the development entity's activities is to generate positive cash flow returns for the equity holders. Further, NVR does not share in any of the profit or loss generated by the project's development. The profits and losses are passed directly to the developer's equity holders.

The deposit placed by NVR pursuant to the fixed price purchase agreement is deemed to be a variable interest in the respective development entities. Those development entities are deemed to be variable interest entities ("VIE"). Therefore, the development entities with which NVR enters into fixed price purchase agreements, including the joint

(dollars and shares in thousands)

venture limited liability corporations discussed below, are evaluated for possible consolidation by NVR. An enterprise must consolidate a VIE when that enterprise has a controlling financial interest in the VIE. An enterprise is deemed to have a controlling financial interest if it has i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance, and ii) the obligation to absorb losses of the VIE that could be significant to the VIE or the rights to receive benefits from the VIE that could be significant to the VIE.

NVR believes the activities that most significantly impact a development entity's economic performance are the operating activities of the entity. Unless and until a development entity completes finished building lots through the development process to be able to sell, the process of which the development entity's equity investors bear the full risk, the entity does not earn any revenues. The operating development activities are managed solely by the development entity's equity investors.

The development entities with which NVR contracts to buy finished lots typically select the respective projects, obtain the necessary zoning approvals, obtain the financing required with no support or guarantees from NVR, select who will purchase the finished lots and at what price, and manage the completion of the infrastructure improvements, all for the purpose of generating a cash flow return to the development entity's equity holders and all independent of NVR. The Company possesses no more than limited protective legal rights through the purchase agreement in the specific finished lots that it is purchasing, and NVR possesses no participative rights in the development entities. Accordingly, NVR does not have the power to direct the activities of a developer that most significantly impact the developer's economic performance. For this reason, NVR has concluded that it is not the primary beneficiary of the development entities with which the Company enters into fixed price purchase agreements, and therefore, NVR does not consolidate any of these VIEs.

As of September 30, 2015, NVR controlled approximately 67,200 lots through fixed price purchase agreements with deposits in cash and letters of credit totaling $360,600 and $2,200, respectively. As noted above, NVR's sole legal obligation and economic loss for failure to perform under these purchase agreements is limited to the amount of the deposit pursuant to the liquidated damage provisions contained in the purchase agreements and, in very limited circumstances, specific performance obligations. In addition, NVR has certain properties under contract with land owners that are expected to yield approximately 7,100 lots, which are not included in the number of total lots controlled. Some of these properties may require rezoning or other approvals to achieve the expected yield. These properties are controlled with deposits and letters of credit totaling approximately $2,500 and $350, respectively, as of September 30, 2015, of which approximately $2,700 is refundable if NVR does not perform under the contract. NVR generally expects to assign the raw land contracts to a land developer and simultaneously enter into a lot purchase agreement with the assignee if the project is determined to be feasible.

NVR's total risk of loss related to contract land deposits as of September 30, 2015 and December 31, 2014 was as follows:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| Contract land deposits | $ 363,120 | $ 350,750 |
| Loss reserve on contract land deposits | (44,532) | (56,074) |
| Contract land deposits, net | 318,588 | 294,676 |
| Contingent obligations in the form of letters of credit | 2,586 | 4,674 |
| Contingent specific performance obligations (1) | 1,505 | 1,505 |
| Total risk of loss | $ 322,679 | $ 300,855 |

(1) As of both September 30, 2015 and December 31, 2014, the Company was committed to purchase 10 finished lots under specific performance obligations.

(dollars and shares in thousands)

## 3. Joint Ventures

On a limited basis, NVR also obtains finished lots using joint venture limited liability corporations ("JVs"). The JVs are typically structured such that NVR is a non-controlling member and is at risk only for the amount the Company has invested, or has committed to invest, in addition to any deposits placed under fixed price purchase agreements with the joint venture. NVR is not a borrower, guarantor or obligor on any debt of the JVs. The Company enters into standard fixed price purchase agreements to purchase lots from these JVs, and as a result has a variable interest in these JVs.

At September 30, 2015, the Company had an aggregate investment totaling approximately $63,700 in five JVs that are expected to produce approximately 8,100 finished lots, of which approximately 3,300 were not under contract with NVR. In addition, NVR had additional funding commitments totaling approximately $6,800 in the aggregate to two of the JVs at September 30, 2015. The Company has determined that it is not the primary beneficiary of four of the JVs because either NVR and the other JV partner share power or the other JV partner has the controlling financial interest. The aggregate investment in unconsolidated JVs was approximately $63,500 and $80,100 at September 30, 2015 and December 31, 2014, respectively, and is reported in the "Other assets" line item on the accompanying condensed consolidated balance sheets. For the remaining JV, NVR has concluded that it is the primary beneficiary because the Company has the controlling financial interest in the JV. The condensed balance sheets as of September 30, 2015 and December 31, 2014 of the consolidated JV were as follows:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Assets:*** | | |
| Cash | $ 1,169 | $ 481 |
| Restricted cash | — | 160 |
| Other assets | 228 | 332 |
| Land under development | 402 | 2,617 |
| Total assets | $ 1,799 | $ 3,590 |
| | | |
| ***Liabilities and equity:*** | | |
| Debt | $ — | $ 64 |
| Accrued expenses | 1,318 | 1,231 |
| Equity | 481 | 2,295 |
| Total liabilities and equity | $ 1,799 | $ 3,590 |

Distributions received from the unconsolidated JVs are allocated between return of capital and distributions of earnings based on the ratio of capital contributed by NVR to the total expected returns for the respective JVs, and are classified within the accompanying condensed consolidated statements of cash flows as cash flows from investing activities and operating activities, respectively.

## 4. Land Under Development

On a limited basis, NVR directly acquires raw parcels of land already zoned for its intended use to develop into finished lots. Land under development includes the land acquisition costs, direct improvement costs, capitalized interest where applicable, and real estate taxes. During the third quarter of 2015 the Company acquired a raw land parcel for approximately $36,100, which is expected to produce approximately 600 lots. In addition, NVR has additional funding commitments related to this property's development activity currently estimated to be approximately $20,800, a portion of which the Company expects will be offset by development credits of approximately $9,600. As of September 30, 2015, NVR directly owned four separate raw parcels of land with a carrying value of $53,203 that it intends to develop into approximately 970 finished lots. In addition, as of September 30, 2015, the Company had an obligation under a letter of credit in the amount of approximately $2,200 related to one of the land parcels.

(dollars and shares in thousands)

The Company capitalizes interest costs to land under development during the active development of finished lots (see Note 5 for further discussion of capitalized interest). None of the raw parcels had any indicators of impairment as of September 30, 2015. Based on market conditions, NVR may on a limited basis continue to directly acquire additional raw parcels to develop into finished lots.

## 5. Capitalized Interest

The Company capitalizes interest costs to land under development during the active development of finished lots. In addition, the Company capitalizes interest costs to its joint venture investments while the investments are considered qualified assets pursuant to ASC 835-20, *Interest*. Capitalized interest is transferred to sold or unsold inventory as the development of finished lots is completed, then charged to cost of sales upon the Company's settlement of homes and the respective lots. Interest incurred in excess of the interest capitalizable based on the level of qualified assets is expensed in the period incurred. NVR's interest costs incurred, capitalized, expensed and charged to cost of sales during the three and nine months ended September 30, 2015 and 2014 was as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Interest capitalized, beginning of period | $ 4,332 | $ 3,810 | $ 4,072 | $ 3,294 |
| Interest incurred | 6,317 | 6,293 | 18,842 | 18,716 |
| Interest charged to interest expense | (6,081) | (5,775) | (17,955) | (17,292) |
| Interest charged to cost of sales | (288) | (301) | (679) | (691) |
| Interest capitalized, end of period | $ 4,280 | $ 4,027 | $ 4,280 | $ 4,027 |

## 6. Earnings per Share

The following weighted average shares and share equivalents were used to calculate basic and diluted earnings per share for the three and nine months ended September 30, 2015 and 2014:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Weighted average number of shares outstanding used to calculate basic EPS | 4,050 | 4,196 | 4,058 | 4,336 |
| *Dilutive securities:* | | | | |
| Stock options and restricted share units | 246 | 158 | 210 | 153 |
| Weighted average number of shares and share equivalents outstanding used to calculate diluted EPS | 4,296 | 4,354 | 4,268 | 4,489 |

The following stock options and restricted share units issued under equity incentive plans were outstanding during the three and nine months ended September 30, 2015 and 2014, but were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Anti-dilutive securities | 28 | 758 | 37 | 758 |

## 7. Excess Reorganization Value, Goodwill and Other Intangibles

Reorganization value in excess of identifiable assets ("excess reorganization value") is an indefinite-lived intangible asset that was created upon NVR's emergence from bankruptcy on September 30, 1993. Based on the allocation of the reorganization value, the portion of the reorganization value which was not attributed to specific tangible or intangible

(dollars and shares in thousands)

assets has been reported as excess reorganization value, which is treated similarly to goodwill. Excess reorganization value is not subject to amortization. Rather, excess reorganization value is subject to an impairment assessment on an annual basis or more frequently if changes in events or circumstances indicate that impairment may have occurred. Because excess reorganization value was based on the reorganization value of NVR's entire enterprise upon emergence from bankruptcy, the impairment assessment is conducted on an enterprise basis based on the comparison of NVR's total equity to the market value of NVR's outstanding publicly-traded common stock.

As of September 30, 2015, goodwill and net finite-lived intangible assets totaled $441 and $3,886, respectively. The remaining finite-lived intangible assets are amortized on a straight-line basis over a weighted average life of four years. Accumulated amortization as of September 30, 2015 was $4,892. Amortization expense related to the finite-lived intangible assets was $346 and $1,037 for both the three and nine months ended September 30, 2015 and 2014, respectively.

The Company completed the annual impairment assessment of the excess reorganization value and goodwill during the first quarter of 2015 and determined that there was no impairment.

## 8. Shareholders' Equity

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

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Treasury Stock | Deferred Compensation Trust | Deferred Compensation Liability | Total |
|---|---|---|---|---|---|---|---|
| ***Balance, December 31, 2014*** | $ 206 | $ 1,325,495 | $ 4,887,187 | $ (5,088,633) | $ (17,333) | $ 17,333 | $ 1,124,255 |
| Net income | — | — | 248,923 | — | — | — | 248,923 |
| Purchase of common stock for treasury | — | — | — | (263,446) | — | — | (263,446) |
| Equity-based compensation | — | 39,874 | — | — | — | — | 39,874 |
| Tax benefit from equity benefit plan activity | — | 14,465 | — | — | — | — | 14,465 |
| Proceeds from stock options exercised | — | 76,419 | — | — | — | — | 76,419 |
| Treasury stock issued upon option exercise and restricted share vesting | — | (36,039) | — | 36,039 | — | — | — |
| ***Balance, September 30, 2015*** | $ 206 | $ 1,420,214 | $ 5,136,110 | $ (5,316,040) | $ (17,333) | $ 17,333 | $ 1,240,490 |

The Company repurchased 183 shares of its common stock during the nine months ended September 30, 2015. The Company settles option exercises and vesting of restricted share units by issuing shares of treasury stock. Approximately 116 shares were issued from the treasury account during the nine months ended September 30, 2015 in settlement of option exercises and vesting of restricted share units. Shares are relieved from the treasury account based on the weighted average cost basis of treasury shares acquired.

## 9. Product Warranties

The Company establishes warranty and product liability reserves ("warranty reserve") to provide for estimated future expenses as a result of construction and product defects, product recalls and litigation incidental to NVR's homebuilding business. Liability estimates are determined based on management's judgment, considering such factors as historical experience, the likely current cost of corrective action, manufacturers' and subcontractors' participation in sharing the cost of corrective action, consultations with third party experts such as engineers, and discussions with the Company's general counsel and outside counsel retained to handle specific product liability cases. The following table reflects the changes in the Company's warranty reserve during the three and nine months ended September 30, 2015 and 2014:

(dollars and shares in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Warranty reserve, beginning of period | $ 85,874 | $ 97,190 | $ 94,060 | $ 101,507 |
| Provision | 12,674 | 12,103 | 32,899 | 35,556 |
| Payments | (12,617) | (14,981) | (41,028) | (42,751) |
| Warranty reserve, end of period | $ 85,931 | $ 94,312 | $ 85,931 | $ 94,312 |

## 10. Segment Disclosures

The following disclosure includes four homebuilding reportable segments that aggregate geographically the Company's homebuilding operating segments, and the mortgage banking operations presented as a single reportable segment. The homebuilding reportable segments are comprised of operating divisions in the following geographic areas:

| | |
|---|---|
| *Mid Atlantic:* | Maryland, Virginia, West Virginia, Delaware and Washington, D.C. |
| *North East:* | New Jersey and Eastern Pennsylvania |
| *Mid East:* | New York, Ohio, Western Pennsylvania, Indiana and Illinois |
| *South East:* | North Carolina, South Carolina, Florida and Tennessee |

Homebuilding profit before tax includes all revenues and income generated from the sale of homes, less the cost of homes sold, selling, general and administrative expenses and a corporate capital allocation charge. The corporate capital allocation charge is eliminated in consolidation and is based on the segment's average net assets employed. The corporate capital allocation charged to the operating segment allows the Chief Operating Decision Maker ("CODM") to determine whether the operating segment's results are providing the desired rate of return after covering the Company's cost of capital. In addition, certain assets, including goodwill and intangible assets and consolidation adjustments as discussed further below, are not allocated to the operating segments as those assets are neither included in the operating segment's corporate capital allocation charge, nor in the CODM's evaluation of the operating segment's performance. The Company records charges on contract land deposits when it is determined that it is probable that recovery of the deposit is impaired. For segment reporting purposes, impairments on contract land deposits are charged to the operating segment upon the determination to terminate a finished lot purchase agreement with the developer, or to restructure a lot purchase agreement resulting in the forfeiture of the deposit. Mortgage banking profit before tax consists of revenues generated from mortgage financing, title insurance and closing services, less the costs of such services and general and administrative costs. Mortgage banking operations are not charged a corporate capital allocation charge.

In addition to the corporate capital allocation and contract land deposit impairments discussed above, the other reconciling items between segment profit and consolidated profit before tax include unallocated corporate overhead (including all management incentive compensation), equity-based compensation expense, consolidation adjustments and external corporate interest expense. NVR's overhead functions, such as accounting, treasury and human resources, are centrally performed and the costs are not allocated to the Company's operating segments. Consolidation adjustments consist of such items necessary to convert the reportable segments' results, which are predominantly maintained on a cash basis, to a full accrual basis for external financial statement presentation purposes, and are not allocated to the Company's operating segments. External corporate interest expense primarily consists of interest charges on the Company's 3.95% Senior Notes due 2022 (the "Senior Notes") and is not charged to the operating segments because the charges are included in the corporate capital allocation discussed above.

(dollars and shares in thousands)

Following are tables presenting segment revenues, profit and assets, with reconciliations to the amounts reported for the consolidated enterprise, where applicable:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Revenues:*** | | | | |
| Homebuilding Mid Atlantic | $ 792,532 | $ 702,645 | $ 2,094,820 | $ 1,825,500 |
| Homebuilding North East | 120,143 | 96,015 | 317,510 | 267,245 |
| Homebuilding Mid East | 299,157 | 257,649 | 705,670 | 629,385 |
| Homebuilding South East | 162,635 | 128,851 | 419,116 | 346,297 |
| Mortgage Banking | 27,884 | 18,006 | 66,617 | 48,103 |
| Total consolidated revenues | $ 1,402,351 | $ 1,203,166 | $ 3,603,733 | $ 3,116,530 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Profit before taxes:*** | | | | |
| Homebuilding Mid Atlantic | $ 88,058 | $ 76,542 | $ 217,665 | $ 184,900 |
| Homebuilding North East | 10,745 | 9,056 | 29,359 | 23,761 |
| Homebuilding Mid East | 29,958 | 18,374 | 52,607 | 29,241 |
| Homebuilding South East | 17,372 | 10,093 | 38,812 | 26,034 |
| Mortgage Banking | 16,966 | 8,617 | 35,847 | 17,884 |
| Total segment profit | 163,099 | 122,682 | 374,290 | 281,820 |
| ***Reconciling items:*** | | | | |
| Contract land deposit reserve adjustment (1) | 4,705 | 453 | 11,511 | 4,108 |
| Equity-based compensation expense | (13,571) | (18,233) | (39,874) | (44,874) |
| Corporate capital allocation (2) | 45,690 | 42,220 | 124,033 | 105,697 |
| Unallocated corporate overhead | (18,055) | (8,179) | (67,803) | (49,652) |
| Consolidation adjustments and other | 9,147 | 10,464 | 11,477 | 22,093 |
| Corporate interest expense | (6,019) | (5,616) | (17,591) | (16,870) |
| Reconciling items sub-total | 21,897 | 21,109 | 21,753 | 20,502 |
| Consolidated profit before taxes | $ 184,996 | $ 143,791 | $ 396,043 | $ 302,322 |

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Assets:*** | | |
| Homebuilding Mid Atlantic | $ 1,094,256 | $ 917,689 |
| Homebuilding North East | 135,579 | 103,631 |
| Homebuilding Mid East | 249,269 | 192,781 |
| Homebuilding South East | 180,531 | 144,939 |
| Mortgage Banking | 299,021 | 255,969 |
| Total segment assets | 1,958,656 | 1,615,009 |
| ***Reconciling items:*** | | |
| Consolidated variable interest entity | 1,799 | 3,590 |
| Cash and cash equivalents | 375,886 | 514,780 |
| Deferred taxes | 172,032 | 165,189 |
| Intangible assets and goodwill | 53,254 | 54,291 |
| Contract land deposit reserve | (44,532) | (56,074) |
| Consolidation adjustments and other | 53,587 | 54,550 |
| Reconciling items sub-total | 612,026 | 736,326 |
| Consolidated assets | $ 2,570,682 | $ 2,351,335 |

(dollars and shares in thousands)

(1) This item represents changes to the contract land deposit impairment reserve, which are not allocated to the reportable segments.

(2) This item represents the elimination of the corporate capital allocation charge included in the respective homebuilding reportable segments. The corporate capital allocation charge is based on the segment's monthly average asset balance, and was as follows for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Corporate capital allocation charge:*** | | | | |
| Homebuilding Mid Atlantic | $ 28,743 | $ 27,187 | $ 78,412 | $ 67,085 |
| Homebuilding North East | 4,451 | 3,151 | 11,566 | 8,333 |
| Homebuilding Mid East | 7,472 | 7,202 | 20,079 | 18,680 |
| Homebuilding South East | 5,024 | 4,680 | 13,976 | 11,599 |
| Total | $ 45,690 | $ 42,220 | $ 124,033 | $ 105,697 |

## 11. Fair Value

GAAP assigns a fair value hierarchy to the inputs used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets and liabilities. Level 2 inputs are inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

***Financial Instruments***

The estimated fair value of NVR's Senior Notes as of September 30, 2015 was $616,500. The estimated fair value is based on recent market prices of similar transactions, which is classified as Level 2 within the fair value hierarchy. The carrying value of the Senior Notes was $599,237 at September 30, 2015. Except as otherwise noted below, NVR believes that insignificant differences exist between the carrying value and the fair value of its financial instruments, which consist of cash equivalents, due to their short term nature.

***Derivative Instruments and Mortgage Loans Held for Sale***

In the normal course of business, NVR's wholly-owned mortgage subsidiary, NVR Mortgage Finance, Inc. ("NVRM"), enters into contractual commitments to extend credit to buyers of single-family homes with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within time frames established by NVRM. All mortgagors are evaluated for credit worthiness prior to the extension of the commitment. Market risk arises if interest rates move adversely between the time of the "lock-in" of rates by the borrower and the sale date of the loan to a broker/dealer. To mitigate the effect of the interest rate risk inherent in providing rate lock commitments to borrowers, NVRM enters into optional or mandatory delivery forward sale contracts to sell whole loans and mortgage-backed securities to broker/dealers. The forward sale contracts lock in an interest rate and price for the sale of loans similar to the specific rate lock commitments. NVRM does not engage in speculative or trading derivative activities. Both the rate lock commitments to borrowers and the forward sale contracts to broker/dealers are undesignated derivatives and, accordingly, are marked to fair value through earnings. At September 30, 2015, there were contractual commitments to extend credit to borrowers aggregating $683,479 and open forward delivery contracts aggregating $913,334, which hedge both the rate lock loan commitments and closed loans held for sale.

The fair value of NVRM's rate lock commitments to borrowers and the related input levels include, as applicable:

i) the assumed gain/loss of the expected resultant loan sale (Level 2);

ii) the effects of interest rate movements between the date of the rate lock and the balance sheet date (Level 2); and

iii) the value of the servicing rights associated with the loan (Level 2).

(dollars and shares in thousands)

The assumed gain/loss considers the excess servicing to be received or buydown fees to be paid upon securitization of the loan. The excess servicing and buydown fees are calculated pursuant to contractual terms with investors. To calculate the effects of interest rate movements, NVRM utilizes applicable published mortgage-backed security prices, and multiplies the price movement between the rate lock date and the balance sheet date by the notional loan commitment amount. NVRM sells all of its loans on a servicing released basis, and receives a servicing released premium upon sale. Thus, the value of the servicing rights, which averaged 118 basis points of the loan amount as of September 30, 2015, is included in the fair value measurement and is based upon contractual terms with investors and varies depending on the loan type. NVRM assumes an approximate 12% fallout rate when measuring the fair value of rate lock commitments. Fallout is defined as locked loan commitments for which NVRM does not close a mortgage loan and is based on historical experience.

The fair value of NVRM's forward sales contracts to broker/dealers solely considers the market price movement of the same type of security between the trade date and the balance sheet date (Level 2). The market price changes are multiplied by the notional amount of the forward sales contracts to measure the fair value.

Mortgage loans held for sale are carried at the lower of cost or fair value, net of deferred origination costs, until sold. Fair value is measured using Level 2 inputs. The fair value of loans held for sale of $260,074 included on the accompanying condensed consolidated balance sheet has been increased by $3,815 from the aggregate principal balance of $256,259.

The undesignated derivative instruments are included on the accompanying condensed consolidated balance sheet, as of September 30, 2015, as follows:

| | Fair Value | Balance Sheet Location |
|---|---|---|
| ***Rate lock commitments:*** | | |
| Gross assets | $ 11,282 | |
| Gross liabilities | 1,532 | |
| Net rate lock commitments | $ 9,750 | NVRM - Other assets |
| ***Forward sales contracts:*** | | |
| Gross assets | $ 12 | |
| Gross liabilities | 4,713 | |
| Net forward sales contracts | $ 4,701 | NVRM - Accounts payable and other liabilities |

The fair value measurement as of September 30, 2015 was as follows:

| | Notional or Principal Amount | Assumed Gain/(Loss) From Loan Sale | Interest Rate Movement Effect | Servicing Rights Value | Security Price Change | Total Fair Value Measurement Gain/(Loss) |
|---|---|---|---|---|---|---|
| Rate lock commitments | $ 683,479 | $ (1,031) | $ 3,536 | $ 7,245 | $ — | $ 9,750 |
| Forward sales contracts | $ 913,334 | — | — | — | (4,701) | (4,701) |
| Mortgages held for sale | $ 256,259 | (18) | 946 | 2,887 | — | 3,815 |
| Total fair value measurement | | $ (1,049) | $ 4,482 | $ 10,132 | $ (4,701) | $ 8,864 |

For the three and nine months ended September 30, 2015, NVRM recorded a fair value adjustment to income of $3,429 and $5,040, respectively. For the three and nine months ended September 30, 2014, NVRM recorded a fair value adjustment to expense of $1,379 and a fair value adjustment to income of $2,681, respectively. Unrealized gains/losses from the change in the fair value measurements are included in earnings as a component of mortgage banking fees in the accompanying condensed consolidated statements of income. The fair value measurement will be impacted in the future by the change in the value of the servicing rights, interest rate movements, security price fluctuations, and the volume and product mix of NVRM's closed loans and locked loan commitments.

## 12. Debt

As of September 30, 2015, the Company had Senior Notes outstanding with a principal balance of $600,000. The Senior Notes were issued at a discount to yield 3.97% and have been reflected net of the unamortized discount in the accompanying condensed consolidated balance sheet. The Senior Notes mature on September 15, 2022 and bear interest at 3.95%, payable semi-annually in arrears on March 15 and September 15.

NVRM provides for its mortgage origination and other operating activities using cash generated from operations, borrowings from its parent company, NVR, as well as a revolving mortgage repurchase agreement (the "Repurchase Agreement"), which is non-recourse to NVR. The Repurchase Agreement provides for loan purchases up to $25,000, subject to certain sub-limits. At September 30, 2015, there was no outstanding debt under the Repurchase Agreement. Amounts outstanding under the Repurchase Agreement are collateralized by the Company's mortgage loans held for sale. As of September 30, 2015, there were no borrowing base limitations reducing the amount available for borrowings under the Repurchase Agreement. The Repurchase Agreement expires on July 28, 2016.

## 13. Commitments and Contingencies

In June 2010, the Company received a Request for Information from the United States Environmental Protection Agency ("EPA") pursuant to Section 308 of the Clean Water Act. The request sought information about storm water discharge practices in connection with homebuilding projects completed or underway by the Company in New York and New Jersey. The Company cooperated with this request, and provided information to the EPA. The Company was subsequently informed by the United States Department of Justice ("DOJ") that the EPA forwarded the information on the matter to the DOJ, and the DOJ requested that the Company meet with the government to discuss the status of the case. Meetings took place in January 2012, August 2012 and November 2014 with representatives from both the EPA and DOJ. The Company has continued discussions with the EPA and DOJ and is presently engaged in settlement discussions with them. Any settlement is expected to include injunctive relief and payment of a civil penalty. There can be no assurance that a settlement will be reached. Because the Company is unable to determine at this time the amount of any civil penalty the Company might be required to pay if a settlement is reached, the Company has not recorded any associated liabilities on the accompanying condensed consolidated balance sheets.

The Company and its subsidiaries are also involved in various other litigation arising in the ordinary course of business. In the opinion of management, and based on advice of legal counsel, this litigation is not expected to have a material adverse effect on the financial position, results of operations or cash flows of the Company. Legal costs incurred in connection with outstanding litigation are expensed as incurred.

## 14. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective. In July 2015, the FASB delayed the standard's effective date for one year. The standard is effective for the Company as of January 1, 2018. Early adoption is permitted for the annual period beginning January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. The Company has not yet selected a transition method and is currently evaluating the effect that the standard will have on its consolidated financial statements and related disclosures.

In August 2014, FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* The standard requires an entity's management to evaluate at each annual and interim reporting period whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and to provide related footnote disclosures. The standard is effective for the first annual period ending after December 15, 2016, and interim periods thereafter. The Company does not believe that the adoption of this standard will have a material effect on its consolidated financial statements and related disclosures.

In February 2015, FASB issued ASU 2015-02, *Consolidation (Topic 810) – Amendments to the Consolidation Analysis*. The standard changes the manner in which reporting entities evaluate consolidation requirements of certain legal entities. The standard is effective for the Company as of January 1, 2016. The Company does not believe that the adoption of this standard will have a material effect on its consolidated financial statements and related disclosures.

In April 2015, FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) – Simplifying the Presentation of Debt Issuance Costs*. The standard requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the debt liability, rather than as an asset. The standard is effective for the Company for the first annual period beginning after December 15, 2015, and must be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. The Company does not believe that the adoption of this standard will have a material effect on its consolidated financial statements and related disclosures.

In April 2015, FASB issued ASU 2015-05, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)*. The standard adds guidance to Subtopic 350-40 to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The standard provides a basis for evaluating whether a cloud computing arrangement includes a software license or whether the arrangement should be accounted for as a service contract. The standard is effective for the Company as of January 1, 2016. The Company does not believe that the adoption of this standard will have a material effect on its consolidated financial statements and related disclosures.

In July 2015, FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The standard simplifies the subsequent measurement of inventory by requiring inventory to be measured at the lower of cost or net realizable value. The amendments in the standard do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The standard is effective for the Company for the first annual period beginning after December 15, 2016. The amendments in the standard are to be applied prospectively with early adoption permitted. The Company is currently evaluating the impact of adoption on its consolidated financial statements and related disclosures.

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

**Forward-Looking Statements**

Some of the statements in this Quarterly Report on Form 10-Q, as well as statements made by us in periodic press releases or other public communications, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other comparable terminology. All statements other than of historical facts are forward-looking statements. Forward-looking statements contained in this document may include those regarding market trends, NVR's financial position, business strategy, the outcome of pending litigation, investigations or similar contingencies, projected plans and objectives of management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to the following: general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing by NVR and NVR's customers; increased regulation in the mortgage banking industry; the ability of our mortgage banking subsidiary to sell loans it originates into the secondary market; competition; the availability and cost of land and other raw materials used by NVR in its homebuilding operations; shortages of labor; weather related slow-downs; building moratoriums; governmental regulation; fluctuation and volatility of stock and other financial markets; mortgage financing availability; and other factors over which NVR has little or no control. NVR undertakes no obligation to update such forward-looking statements except as required by law. For additional information regarding risk factors, see Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of NVR's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Unless the context otherwise requires, references to "NVR," "we," "us," or "our" include NVR and its consolidated subsidiaries.

**Results of Operations for the Three and Nine Months Ended September 30, 2015 and 2014**

***Overview***

**Business**

Our primary business is the construction and sale of single-family detached homes, townhomes and condominium buildings, all of which are primarily constructed on a pre-sold basis. To fully serve customers of our homebuilding operations, we also operate a mortgage banking and title services business. We primarily conduct our operations in mature markets. Additionally, we generally grow our business through market share gains in our existing markets and by expanding into markets contiguous to our current active markets. Our four homebuilding reportable segments consist of the following regions:

| | |
|---|---|
| *Mid Atlantic:* | Maryland, Virginia, West Virginia, Delaware and Washington, D.C. |
| *North East:* | New Jersey and Eastern Pennsylvania |
| *Mid East:* | New York, Ohio, Western Pennsylvania, Indiana and Illinois |
| *South East:* | North Carolina, South Carolina, Florida and Tennessee |

Our lot acquisition strategy is predicated upon avoiding the financial requirements and risks associated with direct land ownership and development. Historically, we generally have not engaged in land development (see discussion below of our limited land development activities). Instead, we typically have acquired finished lots at market prices from various third party land developers pursuant to fixed price purchase agreements. These purchase agreements require deposits, typically ranging up to 10% of the aggregate purchase price of the finished lots, in the form of cash or letters of credit that may be forfeited if we fail to perform under the purchase agreement. This strategy has allowed us to maximize inventory turnover, which we believe enables us to minimize market risk and to operate with less capital, thereby enhancing rates of return on equity and total capital.

In addition to constructing homes primarily on a pre-sold basis and utilizing what we believe is a conservative lot acquisition strategy, we focus on obtaining and maintaining a leading market position in each market we serve. This strategy allows us to gain valuable efficiencies and competitive advantages in our markets, which we believe contributes to minimizing the adverse effects of regional economic cycles and provides growth opportunities within these markets. Our continued success is contingent upon our ability to control an adequate supply of finished lots on which to build.

In certain specific strategic circumstances we deviate from our historical lot acquisition strategy and engage in joint venture arrangements with land developers or directly acquire raw ground already zoned for its intended use for development. Once we acquire control of any raw ground, we determine whether to sell the raw parcel to a developer and enter into a fixed price purchase agreement with the developer to purchase the finished lots or to hire a developer to develop the land on our behalf. While joint venture arrangements and direct land development activity are not our preferred method of acquiring finished building lots, we may enter into additional transactions in the future on a limited basis where there exists a compelling strategic or prudent financial reason to do so. We expect, however, to continue to acquire substantially all our finished lot inventory using fixed price purchase agreements with forfeitable deposits.

As of September 30, 2015, we controlled approximately 67,200 lots under purchase agreements with deposits in cash and letters of credit totaling approximately $360,600 and $2,200, respectively. Included in the number of controlled lots are approximately 6,700 lots for which we have recorded a contract land deposit impairment reserve of approximately $44,500 as of September 30, 2015. In addition, we had an aggregate investment totaling approximately $63,700 in five separate joint venture limited liability corporations ("JVs"), expected to produce approximately 8,100 lots. Of the lots controlled by the JVs, approximately 3,300 were not under contract with us at September 30, 2015. Further, during the third quarter of 2015, we acquired a raw parcel of land zoned for intended use for approximately $36,100, which is expected to produce approximately 600 lots. We have additional funding commitments related to this property's development activity currently estimated to be approximately $20,800, a portion of which we expect will be offset by development credits of approximately $9,600. As of September 30, 2015, we directly owned four separate raw parcels of land, zoned for their intended use, with a current cost basis, including development costs, of approximately $53,200 that we intend to develop into approximately 970 finished lots. We also had a $2,200 obligation under a letter of credit related to one of our land parcels. See Notes 2, 3 and 4 to the condensed consolidated financial statements included herein for additional information regarding fixed price purchase agreements, JVs and land under development, respectively.

In addition to the lots we currently control as discussed above, we have certain properties under contract with land owners that are expected to yield approximately 7,100 lots. Some of these properties may require rezoning or other approvals to achieve the expected yield. These properties are controlled with deposits and letters of credit totaling approximately $2,500 and $350, respectively, as of September 30, 2015, of which approximately $2,700 is refundable if we do not perform under the contract. We generally expect to assign the raw land contracts to a land developer and simultaneously enter into a lot purchase agreement with the assignee if the project is determined to be feasible.

**Current Business Environment and Key Financial Results**

New home demand continued to improve in the first nine months of 2015. However, new home prices continue to be constrained by an increase in the number of new home communities in many markets. The housing market also continues to face challenges from tight mortgage underwriting standards.

Our consolidated revenues for the third quarter of 2015 totaled $1,402,351, a 17% increase from the third quarter of 2014. Our net income and diluted earnings per share in the current quarter were $116,470 and $27.11, respectively, increases of 29% and 31%, respectively, compared to the third quarter of 2014. Our homebuilding gross profit margin percentage of 19.1% remained relatively flat quarter over quarter. Our new orders, net of cancellations ("New Orders") and the average sales price for New Orders increased 11% and 1%, respectively, compared to the third quarter of 2014.

We believe that a continuation of the housing market recovery is dependent upon a sustained overall economic recovery, driven by continued improvements in job and wage growth and household formation. We expect to continue to face gross margin pressure due to higher land and construction costs, as well as increased competition associated with an increase in the number of new home communities in our markets. We believe that we are well positioned to take advantage of opportunities that may arise from future economic and homebuilding market volatility due to the strength of our balance sheet.

**Homebuilding Operations**

The following table summarizes the results of operations and other data for the consolidated homebuilding operations:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | $ 1,374,467 | $ 1,185,160 | $ 3,537,116 | $ 3,068,427 |
| Cost of sales | $ 1,111,672 | $ 960,055 | $ 2,880,194 | $ 2,497,985 |
| Gross profit margin percentage | 19.1% | 19.0% | 18.6% | 18.6% |
| Selling, general and administrative expenses | $ 88,664 | $ 83,881 | $ 279,207 | $ 268,096 |
| Settlements (units) | 3,607 | 3,236 | 9,316 | 8,390 |
| Average settlement price | $ 380.4 | $ 366.2 | $ 379.2 | $ 365.6 |
| New orders (units) | 3,258 | 2,936 | 10,980 | 9,676 |
| Average new order price | $ 378.9 | $ 375.5 | $ 377.4 | $ 370.3 |
| Backlog (units) | | | 7,139 | 6,231 |
| Average backlog price | | | $ 380.6 | $ 378.9 |
| New order cancellation rate | 16.7% | 15.9% | 14.1% | 13.5% |

***Consolidated Homebuilding - Three Months Ended September 30, 2015 and 2014***

Homebuilding revenues increased 16% for the third quarter of 2015 from the same period in 2014, as a result of an 11% increase in the number of units settled and a 4% increase in the average settlement price quarter over quarter. The increase in the number of units settled is primarily attributable to a 15% higher backlog unit balance entering the third quarter of 2015 compared to backlog entering the third quarter of 2014, partially offset by a slower backlog turnover rate in the third quarter of 2015. The increase in the average settlement price was attributable to the average price of homes in backlog being approximately 2% higher entering the third quarter of 2015 compared to backlog entering the third quarter of 2014.

Gross profit margin percentage in the third quarter of 2015 was flat compared to the third quarter of 2014, as higher revenues were offset by higher lot and construction costs quarter over quarter.

The number of New Orders and the average sales price of New Orders increased 11% and 1%, respectively, in the third quarter of 2015 when compared to the third quarter of 2014. New Orders increased despite a 5% decrease in the average number of active communities quarter over quarter, due to more favorable market conditions in the third quarter of 2015 compared to the same period in 2014, which led to higher sales absorption in each of our market segments.

Selling, general and administrative ("SG&A") expenses in the third quarter of 2015 increased approximately $4,800, or 6%, compared to the third quarter of 2014. SG&A expenses increased due to an approximate $7,900 increase in management incentive compensation expense attributable to the improved operating results in the current year. This increase was partially offset by a decrease in stock compensation expense of approximately $4,000, quarter over quarter, due to the stock options issued in May 2010 becoming fully vested in 2014. As a percentage of revenue, SG&A expense decreased to 6.5% from 7.1% quarter over quarter due to improved leveraging of SG&A expenses.

***Consolidated Homebuilding – Nine Months Ended September 30, 2015 and 2014***

Homebuilding revenues increased 15% for the nine months ended September 30, 2015 compared to the same period in 2014, as a result of an 11% increase in the number of units settled and a 4% increase in the average settlement price year over year. The increase in the number of units settled is primarily attributable to an 11% higher backlog unit balance entering 2015 compared to backlog entering 2014. The increase in the average settlement price was attributable to the average price of homes in backlog being approximately 3% higher entering 2015 compared to backlog entering 2014.

Gross profit margin percentage in the first nine months of 2015 was flat compared to the first nine months of 2014, as higher revenues were offset by higher lot and construction costs year over year.

The number of New Orders and the average sales price of New Orders increased 13% and 2%, respectively, in the first nine months of 2015 compared to the first nine months of 2014. New Orders increased despite a 3% decrease in the average number of active communities year over year, due to more favorable market conditions during the first nine months of 2015 compared to the same period in 2014, which led to higher sales absorption in each of our market segments.

SG&A expenses during the first nine months of 2015 increased approximately $11,100, or 4%, compared to the first nine months of 2014. SG&A expenses increased primarily due to an approximate $12,100 increase in management incentive expense attributable to the improved operating results in the current year. SG&A expenses decreased as a percentage of revenue to 7.9% in 2015 from 8.7% in 2014 due to improved leveraging of SG&A expenses.

Backlog units and dollars were 7,139 units and $2,716,947, respectively, as of September 30, 2015 compared to 6,231 units and $2,360,730, respectively, as of September 30, 2014. The 15% increase in backlog units was primarily attributable to the aforementioned 13% increase in New Orders in the first nine months of 2015 compared to the first nine months of 2014. Backlog dollars were favorably impacted by the increase in backlog units.

Backlog, which represents homes sold but not yet settled with the customer, may be impacted by customer cancellations for various reasons that are beyond our control, such as failure to obtain mortgage financing, inability to sell an existing home, job loss, or a variety of other reasons. In any period, a portion of the cancellations that we experience are related to new sales that occurred during the same period, and a portion are related to sales that occurred in prior periods and therefore appeared in the opening backlog for the current period. Expressed as the total of all cancellations during the period as a percentage of gross sales during the period, our cancellation rate was approximately 14.1% and 13.5% in the first nine months of 2015 and 2014, respectively. During the most recent four quarters, approximately 6% of a reporting quarter's opening backlog cancelled during the fiscal quarter. We can provide no assurance that our historical cancellation rates are indicative of the actual cancellation rate that may occur during the remainder of 2015 or future years.

The backlog turnover rate is impacted by various factors, including, but not limited to, changes in New Order activity, internal production capacity, external subcontractor capacity and other external factors over which we do not exercise control.

**Reportable Segments**

Homebuilding profit before tax includes all revenues and income generated from the sale of homes, less the cost of homes sold, SG&A expenses, and a corporate capital allocation charge determined at the corporate headquarters. The corporate capital allocation charge eliminates in consolidation and is based on the segment's average net assets employed. The corporate capital allocation charged to the operating segment allows the Chief Operating Decision Maker to determine whether the operating segment's results are providing the desired rate of return after covering our cost of capital. We record charges on contract land deposits when we determine that it is probable that recovery of the deposit is impaired. For segment reporting purposes, impairments on contract land deposits are generally charged to the operating segment upon the determination to terminate a finished lot purchase agreement with the developer or to restructure a lot purchase agreement resulting in the forfeiture of the deposit. We evaluate our entire net contract land deposit portfolio for impairment each quarter. For additional information regarding our contract land deposit impairment analysis, see the *Critical Accounting Policies* section within this Management Discussion and Analysis. For presentation purposes below, the contract land deposit reserve at September 30, 2015 and 2014 has been allocated to the respective year's reportable segments to show contract land deposits on a net basis. The net contract land deposit balances below also include approximately $2,600 and $5,700 at September 30, 2015 and 2014, respectively, of letters of credit issued as deposits in lieu of cash. The following tables summarize certain homebuilding operating activity by reportable segment for the three and nine months ended September 30, 2015 and 2014:

**Selected Segment Financial Data:**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Revenues:*** | | | | |
| Mid Atlantic | $ 792,532 | $ 702,645 | $ 2,094,820 | $ 1,825,500 |
| North East | 120,143 | 96,015 | 317,510 | 267,245 |
| Mid East | 299,157 | 257,649 | 705,670 | 629,385 |
| South East | 162,635 | 128,851 | 419,116 | 346,297 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Gross profit margin:*** | | | | |
| Mid Atlantic | $ 149,582 | $ 135,828 | $ 393,406 | $ 348,210 |
| North East | 21,556 | 18,610 | 58,724 | 50,595 |
| Mid East | 53,666 | 42,548 | 120,594 | 98,182 |
| South East | 31,565 | 23,576 | 79,974 | 62,912 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Segment profit:*** | | | | |
| Mid Atlantic | $ 88,058 | $ 76,542 | $ 217,665 | $ 184,900 |
| North East | 10,745 | 9,056 | 29,359 | 23,761 |
| Mid East | 29,958 | 18,374 | 52,607 | 29,241 |
| South East | 17,372 | 10,093 | 38,812 | 26,034 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Gross profit margin percentage:*** | | | | |
| Mid Atlantic | 18.9% | 19.3% | 18.8% | 19.1% |
| North East | 17.9% | 19.4% | 18.5% | 18.9% |
| Mid East | 17.9% | 16.5% | 17.1% | 15.6% |
| South East | 19.4% | 18.3% | 19.1% | 18.2% |

## Operating Activity:

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2015 | | 2014 | |
| | Units | Average Price | Units | Average Price | Units | Average Price | Units | Average Price |
| ***Settlements:*** | | | | | | | | |
| Mid Atlantic | 1,795 | $ 440.3 | 1,650 | $ 425.8 | 4,770 | $ 438.4 | 4,321 | $ 422.4 |
| North East | 337 | $ 356.5 | 276 | $ 347.9 | 899 | $ 353.1 | 780 | $ 342.6 |
| Mid East | 915 | $ 326.8 | 827 | $ 311.4 | 2,171 | $ 324.9 | 2,012 | $ 312.7 |
| South East | 560 | $ 290.3 | 483 | $ 266.7 | 1,476 | $ 283.8 | 1,277 | $ 271.1 |
| Total | 3,607 | $ 380.4 | 3,236 | $ 366.2 | 9,316 | $ 379.2 | 8,390 | $ 365.6 |

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2015 | | 2014 | |
| | Units | Average Price | Units | Average Price | Units | Average Price | Units | Average Price |
| ***New orders, net of cancellations:*** | | | | | | | | |
| Mid Atlantic | 1,662 | $ 436.2 | 1,504 | $ 431.2 | 5,520 | $ 439.2 | 4,930 | $ 429.0 |
| North East | 304 | $ 362.1 | 310 | $ 357.2 | 936 | $ 360.3 | 896 | $ 347.4 |
| Mid East | 730 | $ 324.0 | 653 | $ 324.5 | 2,686 | $ 320.2 | 2,369 | $ 316.2 |
| South East | 562 | $ 290.1 | 469 | $ 280.3 | 1,838 | $ 284.3 | 1,481 | $ 275.2 |
| Total | 3,258 | $ 378.9 | 2,936 | $ 375.5 | 10,980 | $ 377.4 | 9,676 | $ 370.3 |

| | As of September 30, | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Units | Average Price | Units | Average Price |
| ***Backlog:*** | | | | |
| Mid Atlantic | 3,696 | $ 436.3 | 3,319 | $ 432.6 |
| North East | 625 | $ 360.1 | 611 | $ 351.9 |
| Mid East | 1,665 | $ 327.8 | 1,389 | $ 326.2 |
| South East | 1,153 | $ 289.3 | 912 | $ 281.9 |
| Total | 7,139 | $ 380.6 | 6,231 | $ 378.9 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***New order cancellation rate:*** | | | | |
| Mid Atlantic | 17.9% | 16.7% | 14.5% | 13.7% |
| North East | 10.9% | 13.6% | 13.7% | 13.5% |
| Mid East | 17.3% | 14.4% | 13.4% | 12.0% |
| South East | 15.2% | 16.7% | 14.2% | 15.1% |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Average active communities:*** | | | | |
| Mid Atlantic | 232 | 248 | 235 | 245 |
| North East | 38 | 44 | 39 | 44 |
| Mid East | 127 | 128 | 129 | 127 |
| South East | 72 | 73 | 70 | 73 |
| Total | 469 | 493 | 473 | 489 |

## Homebuilding Inventory:

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Sold inventory:*** | | |
| Mid Atlantic | $ 630,579 | $ 435,833 |
| North East | 82,992 | 61,233 |
| Mid East | 171,173 | 115,210 |
| South East | 103,816 | 73,223 |
| Total (1) | $ 988,560 | $ 685,499 |

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Unsold lots and housing units inventory:*** | | |
| Mid Atlantic | $ 77,870 | $ 103,685 |
| North East | 10,649 | 5,528 |
| Mid East | 8,463 | 8,953 |
| South East | 12,398 | 12,051 |
| Total (1) | $ 109,380 | $ 130,217 |

(1) The reconciling items between segment inventory and consolidated inventory include certain consolidation adjustments necessary to convert the reportable segments' results, which are predominantly maintained on a cash basis, to a full accrual basis for external financial statement presentation purposes and are not allocated to our operating segments.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Sold and unsold inventory impairments:*** | | | | |
| Mid Atlantic | $ 280 | $ 268 | $ 365 | $ 488 |
| North East | — | 3 | 62 | 8 |
| Mid East | 160 | 73 | 362 | 150 |
| South East | — | — | — | — |
| Total | $ 440 | $ 344 | $ 789 | $ 646 |

**Lots Controlled and Land Deposits:**

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Total lots controlled:*** | | |
| Mid Atlantic | 35,100 | 32,800 |
| North East | 6,400 | 6,000 |
| Mid East | 17,800 | 17,400 |
| South East | 13,700 | 12,500 |
| Total | 73,000 | 68,700 |

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Lots included in impairment reserve:*** | | |
| Mid Atlantic | 2,900 | 3,700 |
| North East | 700 | 600 |
| Mid East | 2,500 | 2,500 |
| South East | 600 | 1,000 |
| Total | 6,700 | 7,800 |

| | September 30, 2015 | December 31, 2014 |
|---|---|---|
| ***Contract land deposits, net:*** | | |
| Mid Atlantic | $ 202,361 | $ 188,747 |
| North East | 31,340 | 27,900 |
| Mid East | 40,593 | 40,061 |
| South East | 46,880 | 42,642 |
| Total | $ 321,174 | $ 299,350 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Contract land deposit impairments (recoveries):*** | | | | |
| Mid Atlantic | $ 256 | $ 15 | $ 1,311 | $ (45) |
| North East | — | — | 9 | 2 |
| Mid East | 276 | 1,026 | 297 | 1,056 |
| South East | (5) | — | — | 190 |
| Total | $ 527 | $ 1,041 | $ 1,617 | $ 1,203 |

**Mid Atlantic**

***Three Months Ended September 30, 2015 and 2014***

The Mid Atlantic segment had an approximate $11,500, or 15%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was driven by an increase in revenues of approximately $89,900, or 13%, quarter over quarter due to a 9% increase in the number of units settled and a 3% increase in the average settlement price. The increases in the number of units settled and the average settlement price were favorably impacted by an 11% higher backlog unit balance and a 2% higher average price of homes in backlog, respectively, entering the third quarter of 2015 compared to the same period in 2014. The Mid Atlantic segment's gross

profit margin percentage decreased to 18.9% in 2015 from 19.3% in 2014, due primarily to higher lot and construction costs quarter over quarter.

Segment New Orders and the average sales price of New Orders increased 11% and 1%, respectively, in the third quarter of 2015 from the same period in 2014. The number of New Orders increased despite a 6% decrease in the average number of active communities quarter over quarter, due to higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

***Nine Months Ended September 30, 2015 and 2014***

The Mid Atlantic segment had an approximate $32,800, or 18%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014, driven by an increase in revenues of approximately $269,300, or 15%, year over year. The increase in revenues is due primarily to a 10% increase in the number of units settled and a 4% increase in the average settlement price in 2015 compared to 2014. The number of units settled and the average settlement price were favorably impacted by a 9% higher backlog unit balance and a 3% higher average price of homes in backlog, respectively, entering 2015 compared to 2014. The Mid Atlantic segment's gross profit margin percentage decreased to 18.8% in 2015 from 19.1% in 2014, due primarily to higher lot and construction costs year over year.

Segment New Orders and the average sales price for New Orders in the first nine months of 2015 increased 12% and 2%, respectively, compared to the same period in 2014. New Orders increased despite a 4% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014.

**North East**

***Three Months Ended September 30, 2015 and 2014***

The North East segment had an approximate $1,700, or 19%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was driven by an increase in revenues of approximately $24,100, or 25%, quarter over quarter due to a 22% increase in the number of units settled and a 2% increase in the average settlement price. The increase in the number of units settled was due to a 14% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, coupled with a higher backlog turnover rate quarter over quarter. The North East segment's gross profit margin percentage decreased to 17.9% in the third quarter of 2015 from 19.4% in the third quarter of 2014, due primarily to higher construction and lot costs quarter over quarter.

Segment New Orders decreased 2% and the average sales price of New Orders increased 1% in the third quarter of 2015 compared to the same period in 2014. The number of New Orders decreased primarily due to a 14% decrease in the average number of active communities quarter over quarter, offset partially by higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

***Nine Months Ended September 30, 2015 and 2014***

The North East segment had an approximate $5,600, or 24%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $50,300, or 19%, year over year due to a 15% increase in the number of units settled and a 3% increase in the average settlement price. The increase in units settled was attributable to a 19% higher backlog unit balance entering 2015 compared to the backlog unit balance entering 2014, offset partially by a slower backlog turnover rate year over year. The North East segment's gross profit margin percentage decreased to 18.5% in 2015 from 18.9% in 2014 due to higher lot costs.

Segment New Orders and the average sales price of New Orders each increased approximately 4%, during the first nine months of 2015 from the same period in 2014. The number of New Orders increased despite an 11% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014. The increase in the average sales price of New Orders is primarily attributable to a relative shift in New Orders to our higher priced NVHomes product.

**Mid East**

***Three Months Ended September 30, 2015 and 2014***

The Mid East segment had an approximate $11,600, or 63%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $41,500, or 16%, quarter over quarter due to an 11% increase in the number of units settled and a 5% increase in the average settlement price. The number of units settled was favorably impacted by an 18% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate quarter over quarter. The average settlement price in 2015 was favorably impacted by a 3% higher average price of homes in backlog entering the third quarter of 2015 compared to the same period in 2014. The segment's gross profit margin percentage increased to 17.9% in the third quarter of 2015 from 16.5% in the same period in 2014. The segment's gross profit margin percentage was favorably impacted primarily by increased settlement activity, which allowed us to better leverage certain operating costs in 2015, offset partially by higher lot costs quarter over quarter.

Segment New Orders increased 12% and the average sales price of New Orders was flat in the third quarter of 2015 compared to the same period in 2014. New Orders were favorably impacted by higher sales absorption in the third quarter of 2015 compared to the third quarter of 2014 due to improved market conditions.

***Nine Months Ended September 30, 2015 and 2014***

The Mid East segment had an approximate $23,400, or 80%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014. The increase in segment profit was driven by an increase in revenues of approximately $76,300, or 12%, year over year due primarily to an 8% increase in the number of units settled and a 4% increase in the average settlement price. The increase in the number of units settled was favorably impacted by an 11% higher backlog unit balance entering 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate year over year. The average settlement price in 2015 was favorably impacted by a 5% higher average price of homes in backlog entering 2015 compared to the same period in 2014. The segment's gross profit margin percentage increased to 17.1% in 2015 from 15.6% in 2014, due primarily to increased settlement activity, which allowed us to better leverage certain operating costs in 2015, offset partially by higher lot costs year over year.

Segment New Orders and the average sales price of New Orders increased 13% and 1%, respectively, in the first nine months of 2015 compared to the same period in 2014. New Orders were favorably impacted by higher sales absorption in 2015 compared to 2014 due to improved market conditions.

**South East**

***Three Months Ended September 30, 2015 and 2014***

The South East segment had an approximate $7,300, or 72%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $33,800, or 26%, quarter over quarter due to a 16% increase in the number of units settled and a 9% increase in the average settlement price. The number of units settled was favorably impacted by a 24% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate in the third quarter of 2015. The increase in the average settlement price is attributable to a 5% higher average price of homes in backlog entering the third quarter of 2015 compared to the same period in 2014. The South East segment's gross profit margin percentage increased to 19.4% in the third quarter of 2015 from 18.3% in the third quarter of 2014, due to the increased settlement activity, which allowed us to better leverage certain operating costs in the third quarter of 2015. Segment gross profit margin was also favorably impacted by a market mix shift in settlements to markets with higher average gross profit margins. These favorable gross profit margin impacts were partially offset by higher lot costs quarter over quarter.

Segment New Orders and the average sales price of New Orders increased 20% and 3%, respectively, in the third quarter of 2015 compared to the same period in 2014. New Orders increased due to higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

***Nine Months Ended September 30, 2015 and 2014***

The South East segment had an approximate $12,800, or 49%, increase in segment profit in the first nine months of 2015 compared to the same period of 2014. The increase in segment profit was driven by an increase in revenues of approximately $72,800, or 21%, year over year due to a 16% increase in the number of units settled and a 5% increase in the average settlement price. The increase in settlements was driven primarily by a 12% higher backlog unit balance entering 2015 compared to the same period in 2014, coupled with an increase in New Orders in 2015. The increase in the average settlement price is attributable to a 5% higher average price of homes in backlog entering 2015 compared to the same period in 2014. The South East segment's gross profit margin percentage increased to 19.1% in 2015 from 18.2% in 2014, due to the increased settlement activity, which allowed us to better leverage certain operating costs in 2015. Segment gross profit margin was also favorably impacted by a market mix shift in settlements to markets with higher average gross profit margins. These favorable gross profit margin impacts were partially offset by higher lot costs quarter over quarter.

Segment New Orders and the average sales price of New Orders increased 24% and 3%, respectively, in the first nine months of 2015 compared to the same period in 2014. New Orders increased despite a 4% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014.

**Homebuilding Segment Reconciliations to Consolidated Homebuilding Operations**

In addition to the corporate capital allocation and contract land deposit impairments discussed above, the other reconciling items between homebuilding segment profit and homebuilding consolidated profit before tax include unallocated corporate overhead (which includes all management incentive compensation), equity-based compensation expense, consolidation adjustments and external corporate interest expense. Our overhead functions, such as accounting, treasury and human resources, are centrally performed and the costs are not allocated to our operating segments. Consolidation adjustments consist of such items to convert the reportable segments' results, which are predominantly maintained on a cash basis, to a full accrual basis for external financial statement presentation purposes, and are not allocated to our operating segments. External corporate interest expense primarily consists of interest charges on our 3.95% Senior Notes due 2022, and is not charged to the operating segments because the charges are included in the corporate capital allocation discussed above.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Homebuilding consolidated gross profit:*** | | | | |
| Mid Atlantic | $ 149,582 | $ 135,828 | $ 393,406 | $ 348,210 |
| North East | 21,556 | 18,610 | 58,724 | 50,595 |
| Mid East | 53,666 | 42,548 | 120,594 | 98,182 |
| South East | 31,565 | 23,576 | 79,974 | 62,912 |
| Consolidation adjustments and other | 6,426 | 4,543 | 4,224 | 10,543 |
| Homebuilding consolidated gross profit | $ 262,795 | $ 225,105 | $ 656,922 | $ 570,442 |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Homebuilding consolidated profit before taxes:*** | | | | |
| Mid Atlantic | $ 88,058 | $ 76,542 | $ 217,665 | $ 184,900 |
| North East | 10,745 | 9,056 | 29,359 | 23,761 |
| Mid East | 29,958 | 18,374 | 52,607 | 29,241 |
| South East | 17,372 | 10,093 | 38,812 | 26,034 |
| ***Reconciling items:*** | | | | |
| Contract land deposit impairment reserve (1) | 4,705 | 453 | 11,511 | 4,108 |
| Equity-based compensation expense | (12,727) | (16,896) | (37,364) | (41,507) |
| Corporate capital allocation (2) | 45,690 | 42,220 | 124,033 | 105,697 |
| Unallocated corporate overhead | (18,055) | (8,179) | (67,803) | (49,652) |
| Consolidation adjustments and other | 9,147 | 10,464 | 11,477 | 22,093 |
| Corporate interest expense | (6,019) | (5,616) | (17,591) | (16,870) |
| Reconciling items sub-total | 22,741 | 22,446 | 24,263 | 23,869 |
| Homebuilding consolidated profit before taxes | $ 168,874 | $ 136,511 | $ 362,706 | $ 287,805 |

(1) This item represents changes to the contract land deposit impairment reserve which are not allocated to the reportable segments.

(2) This item represents the elimination of the corporate capital allocation charge included in the respective homebuilding reportable segments. The corporate capital allocation charge is based on the segment's monthly average asset balance, and is as follows for the periods presented:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Corporate capital allocation charge:*** | | | | |
| Mid Atlantic | $ 28,743 | $ 27,187 | $ 78,412 | $ 67,085 |
| North East | 4,451 | 3,151 | 11,566 | 8,333 |
| Mid East | 7,472 | 7,202 | 20,079 | 18,680 |
| South East | 5,024 | 4,680 | 13,976 | 11,599 |
| Total | $ 45,690 | $ 42,220 | $ 124,033 | $ 105,697 |

**Mortgage Banking Segment**

***Three and Nine Months Ended September 30, 2015 and 2014***

We conduct our mortgage banking activity through NVR Mortgage Finance, Inc. ("NVRM"), a wholly owned subsidiary. NVRM focuses almost exclusively on serving the homebuilding segment customer base. The following table summarizes the results of our mortgage banking operations and certain statistical data for the three and nine months ended September 30, 2015 and 2014:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| ***Loan closing volume:*** | | | | |
| Total principal | $ 951,872 | $ 803,125 | $ 2,449,902 | $ 1,951,682 |
| ***Loan volume mix:*** | | | | |
| Adjustable rate mortgages | 15% | 19% | 16% | 17% |
| Fixed-rate mortgages | 85% | 81% | 84% | 83% |
| ***Operating profit:*** | | | | |
| Segment profit | $ 16,966 | $ 8,617 | $ 35,847 | $ 17,884 |
| Equity-based compensation expense | (844) | (1,337) | (2,510) | (3,367) |
| Mortgage banking income before tax | $ 16,122 | $ 7,280 | $ 33,337 | $ 14,517 |
| ***Capture rate:*** | 88% | 86% | 88% | 83% |
| ***Mortgage banking fees:*** | | | | |
| Net gain on sale of loans | $ 20,912 | $ 12,116 | $ 48,243 | $ 32,621 |
| Title services | 6,844 | 5,778 | 17,982 | 15,156 |
| Servicing fees | 128 | 112 | 392 | 326 |
| | $ 27,884 | $ 18,006 | $ 66,617 | $ 48,103 |

Loan closing volume for the three and nine months ended September 30, 2015 increased by approximately $148,700, or 19%, and $498,200, or 26%, respectively, from the same periods for 2014. The increase during the three months ended September 30, 2015 was primarily attributable to a 15% increase in the number of loans closed and a 3% increase in the average loan amount over the same period in 2014. The increase during the nine months ended September 30, 2015 was primarily attributable to a 21% increase in the number of loans closed and a 4% increase in the average loan amount over the same period in 2014. The increases in the number of loans closed was primarily attributable to the aforementioned increases in the homebuilding segment's number of settlements in 2015 as compared to 2014 and increases in the number of loans closed by NVRM for our homebuyers who obtain a mortgage to purchase the home (the "Capture Rate") compared to the same period in 2014. The Capture Rate for the three and nine months ended September 30, 2015 increased to 88%, compared to 86% and 83% for the three months and nine months ended September 30, 2014, respectively. The increases in the average loan amount are consistent with the homebuilding segment's increase in average settlement price.

Segment profit for the three and nine months ended September 30, 2015 increased by approximately $8,300 and $18,000, respectively, from the same periods in 2014. These increases were primarily attributable to increases in mortgage banking fees, partially offset by increases in general and administrative expenses. Mortgage banking fees increased by approximately $9,900 and $18,500 during the three and nine months ended September 30, 2015, respectively, resulting from the aforementioned increase in loan closing volumes and higher rate lock commitments. General and administrative expenses increased by approximately $1,700 and $800 during the three and nine months ended September 30, 2015, respectively, resulting from an increase in management incentive compensation attributable to the improved operating results in the current year.

***Mortgage Banking – Other***

We sell all of the loans we originate into the secondary mortgage market. Insofar as we underwrite our originated loans to the standards and specifications of the ultimate investor, we have no further financial obligations from the issuance of loans, except in certain limited instances where early payment default occurs. Those underwriting standards are typically equal to or more stringent than the underwriting standards required by Fannie Mae ("FNMA"), the Department of Veterans Affairs ("VA") and the Federal Housing Administration ("FHA"). Because we sell all of our loans and do not service them, there is often a substantial delay between the time that a loan goes into default and the time that the investor requests us to reimburse them for losses incurred because of the default. We believe that all of the loans that we originate are underwritten to the standards and specifications of the ultimate investor to whom we sell our originated loans. We employ a quality control department to ensure that our underwriting controls are effective, and further assess the underwriting function as part of our assessment of internal controls over financial reporting.

NVRM maintains an allowance for losses on mortgage loans originated that reflects our judgment of the present loss exposure from the loans that we have originated and sold. The allowance is calculated based on an analysis of historical experience and exposure. At September 30, 2015, we had an allowance for loan losses of approximately $11,600. Although we consider the allowance for loan losses reflected on the September 30, 2015 balance sheet to be adequate, there can be no assurance that this allowance will prove to be adequate to cover losses on loans previously originated.

NVRM is dependent on our homebuilding operations' customers for business. If new orders and selling prices of the homebuilding segment decline, NVRM's operations will also be adversely affected. In addition, NVRM's operating results may be adversely affected in future periods due to tightening and volatility of the credit markets, changes in investor funding times, increased regulation of mortgage lending practices and increased competition in the mortgage market.

**Liquidity and Capital Resources**

***Lines of Credit and Notes Payable***

Our homebuilding business segment funds its operations from cash flows provided by operating activities and capital raised in the public debt and equity markets. Our mortgage banking subsidiary, NVRM, provides for its mortgage origination and other operating activities using cash generated from operations, borrowings from its parent company, NVR, as well as a $25,000 revolving mortgage repurchase facility, which is non-recourse to NVR. The agreement expires on July 28, 2016. At September 30, 2015, there was no debt outstanding under the NVRM revolving mortgage repurchase facility and there were no borrowing base limitations.

There have been no material changes in our lines of credit and notes payable during the three and nine months ended September 30, 2015. For additional information regarding lines of credit and notes payable, see Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2014.

***Cash Flows***

For the nine months ended September 30, 2015, cash and cash equivalents decreased by $157,957. Cash provided by operating activities was $15,582. Cash provided by earnings for the nine months ended September 30, 2015 was used to fund the increase in homebuilding inventory of $289,754, as a result of an increase in units under construction at September 30, 2015 when compared to December 31, 2014. Cash was favorably impacted by a $78,935 increase in accounts payable and accrued expenses associated with the increase in homebuilding inventory. Cash was also provided by a $25,317 increase in customer deposits attributable to an increase in our sales backlog at September 30, 2015.

Net cash used in investing activities for the nine months ended September 30, 2015 of $613 included cash used for purchases of property, plant and equipment of $13,468 and investments in our unconsolidated JVs totaling $1,552. These were partially offset by the receipt of capital distributions from our unconsolidated JVs totaling $13,931.

Net cash used in financing activities was $172,926 for the nine months ended September 30, 2015. Cash was used to repurchase 183,128 shares of our common stock at an aggregate purchase price of $263,446 under our ongoing common stock repurchase program, discussed below. Stock option exercise activity provided $76,419 in proceeds, and we realized $14,465 in excess income tax benefits from equity-based compensation plan activity.

***Equity Repurchases***

In addition to funding growth in our homebuilding and mortgage banking operations, we historically have used a substantial portion of our excess liquidity to repurchase outstanding shares of our common stock in open market and privately negotiated transactions. This ongoing repurchase activity is conducted pursuant to publicly announced Board authorizations, and is typically executed in accordance with the safe-harbor provisions of Rule 10b-18 promulgated under the Exchange Act. In addition, the Board resolutions authorizing us to repurchase shares of our common stock specifically prohibit us from purchasing shares from our officers, directors, Profit Sharing/401(k) Plan Trust or Employee Stock Ownership Plan Trust. The repurchase program assists us in accomplishing our primary objective, creating increases in shareholder value. See Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds, of this Quarterly Report on Form 10-Q for further discussion of repurchase activity during the third quarter of 2015.

**Recent Accounting Pronouncements**

See Note 14 to the accompanying condensed consolidated financial statements for discussion of recently issued accounting pronouncements applicable to us.

**Critical Accounting Policies**

***General***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. We continually evaluate the estimates we use to prepare the consolidated financial statements and update those estimates as necessary. In general, our estimates are based on historical experience, on information from third party professionals, and other various assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ materially from those estimates made by management.

***Homebuilding Inventory***

The carrying value of inventory is stated at the lower of cost or market value. The cost of lots and completed and uncompleted housing units represent the accumulated actual cost of the units. Field construction supervisors' salaries and related direct overhead expenses are included in inventory costs. Interest costs are not capitalized into inventory, with the exception of land under development. Upon settlement, the cost of the unit is expensed on a specific identification basis. The cost of building materials is determined on a first-in, first-out basis.

Sold inventory is evaluated for impairment based on the contractual sales price compared to the total estimated cost to construct. Unsold inventory is evaluated for impairment by analyzing recent comparable sales prices within the applicable community compared to the costs incurred to date plus the expected costs to complete. Any calculated impairments are recorded immediately.

***Land Under Development and Contract Land Deposits***

Land Under Development

On a very limited basis, we directly acquire raw parcels of land already zoned for its intended use to develop into finished lots. Land under development includes the land acquisition costs, direct improvement costs, capitalized interest, where applicable, and real estate taxes.

Land under development, including the land under development held by our unconsolidated joint ventures and the related joint venture investments, is reviewed for potential write-downs when impairment indicators are present. In addition to considering market and economic conditions, we assess land under development impairments on a community-by-community basis, analyzing, as applicable, current sales absorption levels, recent sales' gross profit, and the dollar differential between the projected fully-developed cost of the lots and the current market price for lots. If indicators of impairment are present for a community, we perform an analysis to determine if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, and if they are, impairment charges are

required to be recorded in an amount by which the carrying amount of the assets exceeds the fair value of the assets. Our determination of fair value is primarily based on discounting the estimated future cash flows at a rate commensurate with the inherent risks associated with the assets and related estimated cash flow streams.

At September 30, 2015, we had approximately $53,200 in land under development in four separate communities. In addition, at September 30, 2015, we had an aggregate investment totaling approximately $63,700 in five separate JVs that controlled land under development. None of the communities classified as land under development, nor any of the undeveloped land held by the JVs, had any indicators of impairment at September 30, 2015. As such, we do not believe that any of the land under development is impaired at this time. However, there can be no assurance that we will not incur impairment charges in the future due to unanticipated adverse changes in the economy or other events adversely affecting specific markets or the homebuilding industry.

Contract Land Deposits

We purchase finished lots under fixed price purchase agreements that require deposits that may be forfeited if we fail to perform under the contract. The deposits are in the form of cash or letters of credit in varying amounts and represent a percentage of the aggregate purchase price of the finished lots.

We maintain an allowance for losses on contract land deposits that reflects our judgment of the present loss exposure in the existing contract land deposit portfolio at the end of the reporting period. To analyze contract land deposit impairments, we utilize a loss contingency analysis that is conducted each quarter. In addition to considering market and economic conditions, we assess contract land deposit impairments on a community-by-community basis pursuant to the purchase contract terms, analyzing, as applicable, current sales absorption levels, recent sales' gross profit, the dollar differential between the contractual purchase price and the current market price for lots, a developer's financial stability, a developer's financial ability or willingness to reduce lot prices to current market prices, and the contract's default status by either us or the developer along with an analysis of the expected outcome of any such default.

Our analysis is focused on whether we can sell houses profitably in a particular community in the current market with which we are faced. Because we do not own the finished lots on which we had placed a contract land deposit, if the above analysis leads to a determination that we cannot sell homes profitably at the current contractual lot price, we then determine whether we will elect to default under the contract, forfeit our deposit and terminate the contract, or whether we will attempt to restructure the lot purchase contract, which may require us to forfeit the deposit to obtain contract concessions from a developer. We also assess whether an impairment is present due to collectability issues resulting from a developer's non-performance because of financial or other conditions.

Although we consider the allowance for losses on contract land deposits reflected on the September 30, 2015 condensed consolidated balance sheet to be adequate (see Note 2 to the accompanying condensed consolidated financial statements included herein), there can be no assurance that this allowance will prove to be adequate over time to cover losses due to unanticipated adverse changes in the economy or other events adversely affecting specific markets or the homebuilding industry.

***Warranty/Product Liability Accruals***

Warranty and product liability accruals are established to provide for estimated future costs as a result of construction and product defects, product recalls and litigation incidental to our business. Liability estimates are determined based on our judgment considering such factors as historical experience, the likely current cost of corrective action, manufacturers' and subcontractors' participation in sharing the cost of corrective action, consultations with third party experts such as engineers, and evaluations by our General Counsel and outside counsel retained to handle specific product liability cases. Although we consider the warranty and product liability accrual reflected on the September 30, 2015 condensed consolidated balance sheet to be adequate (see Note 9 to the accompanying condensed consolidated financial statements included herein), there can be no assurance that this accrual will prove to be adequate over time to cover losses due to increased costs for material and labor, the inability or refusal of manufacturers or subcontractors to financially participate in corrective action, unanticipated adverse legal settlements, or other unanticipated changes to the assumptions used to estimate the warranty and product liability accrual.

***Equity-Based Compensation Expense***

Compensation costs related to our equity-based compensation plans are recognized within our income statement. The costs recognized are based on the grant date fair value. Compensation cost for share-based grants is recognized on a

straight-line basis over the requisite service period for the entire award (from the date of grant through the period of the last separately vesting portion of the grant). For the recognition of equity-based compensation expense, stock options which are subject to a performance condition are treated as a separate award from the "service-only" stock options, and compensation expense is recognized when it becomes probable that the stated performance target will be achieved.

We calculate the fair value of our non-publicly traded, employee stock options using the Black-Scholes option-pricing model. While the Black-Scholes model is a widely accepted method to calculate the fair value of options, its results are dependent on input variables, two of which, expected term and expected volatility, are significantly dependent on management's judgment. We have concluded that our historical exercise experience is the best estimate of future exercise patterns to determine an option's expected term. To estimate expected volatility, we analyze the historical volatility of our common stock over a period equal to the option's expected term. Changes in management's judgment of the expected term and the expected volatility could have a material effect on the grant-date fair value calculated and expensed within the income statement. In addition, we are required to estimate future grant forfeitures when considering the amount of stock-based compensation costs to record. We have concluded that our historical forfeiture rate is the best measure to base our estimate of future forfeitures of equity-based compensation grants. However, there can be no assurance that our future forfeiture rate will not be materially higher or lower than our historical forfeiture rate, which would affect the aggregate cumulative compensation expense recognized.

In addition, when recognizing stock based compensation cost related to "performance condition" stock option grants, we are required to make a determination as to whether the performance conditions will be met prior to the completion of the actual performance period. The performance metric is based on our return on capital performance during specified three-year periods. While we currently believe that this performance condition will be satisfied at the target level and are recognizing compensation expense related to such stock options accordingly, our future expected activity levels could cause us to make a different determination, resulting in a change to the compensation expense to be recognized related to performance condition option grants that would otherwise have been recognized to date. Although we believe that the compensation costs recognized are representative of the cumulative ratable amortization of the grant-date fair value of unvested stock options outstanding and expected to be exercised, changes to the estimated input values such as expected term and expected volatility and changes to the determination of whether performance condition grants will vest, could produce widely different fair values.

***Mortgage Loan Loss Allowance***

We originate several different loan products to our customers to finance the purchase of their home. We sell all of the loans we originate into the secondary mortgage market generally within 30 days from origination. All of the loans that we originate are underwritten to the standards and specifications of the ultimate investor. Insofar as we underwrite our originated loans to those standards, we bear no increased concentration of credit risk from the issuance of loans, except in certain limited instances where early payment default occurs. Those underwriting standards are typically equal to or more stringent than the underwriting standards required by FNMA, VA and FHA. We employ a quality control department to ensure that our underwriting controls are effectively operating, and further assess the underwriting function as part of our assessment of internal controls over financial reporting. We maintain an allowance for losses on mortgage loans originated that reflects our judgment of the present loss exposure in the loans that we have originated and sold. The allowance is calculated based on an analysis of historical experience and exposure. Although we consider the allowance for loan losses reflected on the September 30, 2015 condensed consolidated balance sheet to be adequate, there can be no assurance that this allowance will prove to be adequate over time to cover losses due to unanticipated changes to the assumptions used to estimate the mortgage loan loss allowance.

**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

There have been no material changes in our market risks during the nine months ended September 30, 2015. For additional information regarding our market risks, see Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2014.

**Item 4. Controls and Procedures**

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these

disclosure controls and procedures were effective. There have been no changes in our internal control over financial reporting in the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

In June 2010, we received a Request for Information from the United States Environmental Protection Agency ("EPA") pursuant to Section 308 of the Clean Water Act. The request sought information about storm water discharge practices in connection with homebuilding projects completed or underway by us in New York and New Jersey. We cooperated with this request, and provided information to the EPA. We were subsequently informed by the United States Department of Justice ("DOJ") that the EPA forwarded the information on the matter to the DOJ, and the DOJ requested that we meet with the government to discuss the status of the case. Meetings took place in January 2012, August 2012 and November 2014 with representatives from both the EPA and DOJ. We have continued discussions with the EPA and DOJ and are presently engaged in settlement discussions with them. Any settlement is expected to include injunctive relief and payment of a civil penalty. There can be no assurance that a settlement will be reached. Because we are unable to determine at this time the amount of any civil penalty we might be required to pay if a settlement is reached, we have not recorded any associated liabilities on the accompanying condensed consolidated balance sheets.

We are also involved in various other litigation arising in the ordinary course of business. In the opinion of management, and based on advice of legal counsel, this litigation is not expected to have a material adverse effect on our financial position, results of operations or cash flows. Legal costs incurred in connection with outstanding litigation are expensed as incurred.

### Item 1A. Risk Factors

There have been no material changes to the risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(dollars in thousands, except per share data)

We had two share repurchase authorizations outstanding during the quarter ended September 30, 2015. On July 31, 2014 and February 18, 2015, we publicly announced the Board of Directors' approval for us to repurchase our outstanding common stock in one or more open market and/or privately negotiated transactions, up to an aggregate of $300,000 per authorization. The repurchase authorizations do not have expiration dates. We repurchased the following shares of our common stock during the third quarter of 2015:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| July 1 - 31, 2015 | 12,438 | $ 1,366.21 | 12,438 | $ 384,303 |
| August 1 - 31, 2015 | 35,342 | $ 1,505.67 | 35,342 | $ 331,090 |
| September 1 - 30, 2015 (1) | 80,317 | $ 1,543.32 | 80,317 | $ 207,134 |
| Total | 128,097 | $ 1,515.74 | 128,097 | |

(1) 20,515 outstanding shares were repurchased under the July 31, 2014 share repurchase authorization, which fully utilized the authorization. The remaining 59,802 outstanding shares were repurchased under the February 18, 2015 share repurchase authorization.

On November 4, 2015, the Board of Directors approved a repurchase authorization providing us authorization to repurchase up to an aggregate of $300,000 of our common stock in one or more open market and/or privately negotiated transactions.

**Item 5. Other Information.**

*Employment Agreements*

On November 4, 2015, NVR, Inc. (the "Company") entered into amended and restated employment agreements ("Agreements") with Paul C. Saville, President and Chief Executive Officer; Daniel D. Malzahn, Vice President, Chief Financial Officer and Treasurer; Robert W. Henley, President of NVR Mortgage Finance, Inc.; and Eugene J. Bredow, Vice President and Controller. The Agreements, which replace current employment agreements expiring on January 1, 2016, are for a five year term beginning on January 1, 2016. Each of the Agreements provides for, among other terms, a minimum base salary, an annual incentive opportunity equal to a maximum of 100% of the officer's annual base salary based on criteria established annually by the Compensation Committee and separation payments in the event of death, disability, retirement, termination without cause, termination with good reason, or termination upon a change in control. Each of the Agreements also includes non-competition and confidentiality provisions and provides that the executive is entitled to participate in employee benefit plans (including health and retirement plans) which are available to other comparable executives of the Company. Copies of the employment agreements for Messrs. Saville, Malzahn, Henley and Bredow are filed herewith as Exhibits 10.1, 10.2, 10.3 and 10.4 and are incorporated by reference into this Item 5. The above referenced summary of the material terms of the Agreements is qualified in its entirety by reference to such exhibits.

*Amendments to Nonqualified Deferred Compensation Plan*

On November 4, 2015, the Board of Directors of the Company approved the Amended and Restated NVR, Inc. Nonqualified Deferred Compensation Plan (the "Plan") pursuant to which eligible employees, as designated by the Board of Directors (the "Board"), may defer up to 100% of salary and/or annual bonus payments on a pre-tax basis. The Plan was originally approved and adopted by the Board on December 15, 2005. The Plan has been amended and restated to make certain clarifying changes to reflect administration consistent the Internal Revenue Service's Code Section 409A regulations (the "Regulations") and certain design changes consistent with the Regulations. A primary purpose of the Plan is to permit eligible employees who are subject to the Company's minimum stock ownership requirements, including the Company's executive officers, to acquire the Company's common stock on a pre-tax basis. Eligible employees may elect a deferral period of two to twenty years or until separation from service. Executive officers participating in the Plan whose benefits are payable upon a separation from service are subject to a statutory six-month waiting period before payments may be issued. Compensation deferred pursuant to the Plan will be invested in the Company's common stock and all distributions from the Plan will be in shares of the Company's common stock. The Plan is filed herewith as Exhibit 10.5 and is incorporated by reference into this Item 5. The above referenced summary of the material terms of the Plan is qualified in its entirety by reference to Exhibit 10.5.

*Amendments to Bylaws*

On November 6, 2015, the Board amended and restated the Company's Bylaws (the "Amended and Restated Bylaws") to implement a proxy access bylaw. Article 3.16 of the Amended and Restated Bylaws permits a shareholder, or a group of up to 20 shareholders, owning 5% or more of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials directors constituting up to 20% of the number of directors in office, or if such amount is not a whole number, the closest whole number below 20%, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in Article 3.16. This description of the amendments to the Bylaws is qualified in its entirety by reference to the text of the Amended and Restated Bylaws, which is attached hereto as Exhibit 3.1 and incorporated by reference into this Item 5.

**Item 6. Exhibits**

(a) Exhibits:

| | |
|---|---|
| 3.1 | Bylaws, as amended, of NVR, Inc. Filed herewith. |
| 10.1* | Amended and Restated Employment Agreement between NVR, Inc. and Paul C. Saville dated November 4, 2015. Filed herewith. |
| 10.2* | Amended and Restated Employment Agreement between NVR, Inc. and Daniel D. Malzahn dated November 4, 2015. Filed herewith. |
| 10.3* | Amended and Restated Employment Agreement between NVR, Inc. and Robert W. Henley dated November 4, 2015. Filed herewith. |
| 10.4* | Amended and Restated Employment Agreement between NVR, Inc. and Eugene J. Bredow dated November 4, 2015. Filed herewith. |
| 10.5* | Amended and Restated NVR, Inc. Nonqualified Deferred Compensation Plan. Filed herewith. |
| 31.1 | Certification of NVR's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 31.2 | Certification of NVR's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 32 | Certification of NVR's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

* Exhibit is a management contract or compensatory plan or arrangement.

## 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.

**NVR, Inc.**

Date: November 6, 2015

By: /s/ Daniel D. Malzahn
Daniel D. Malzahn
*Vice President, Chief Financial Officer and Treasurer*

## Exhibit Index

| Exhibit Number | Description |
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**Exhibit 3.1**

# NVR, INC.
# BYLAWS
**Adopted**
**as of**
**September 30, 1993**
**(and amended as of November 6, 2015)**

**TABLE OF CONTENTS**

**BYLAWS**
**OF**
**NVR, INC.**

## ARTICLE I
## CORPORATE OFFICE

**1.01 Registered Office.**

The address of the registered office of the corporation shall be 8270 Greensboro Drive, Suite 810, McLean, Virginia 22102 and the registered agent at such address shall be James M. Sack.

**1.02 Other Offices.**

The corporation may also have other offices at such locations both within and without the Commonwealth of Virginia as the Board of Directors may from time to time determine or as the business of the corporation may require.

## ARTICLE II
## MEETING OF SHAREHOLDERS

**2.01 Annual Meetings.**

Annual meetings of shareholders shall be held within five months after the end of the corporation's fiscal year, or such other time as may be determined by the Board of Directors, at such plans, date and hour as shall be designated from time to time by the Board of Directors and stated in a notice of the meeting or a duly executed waiver of notice thereof.

**2.02 Place.**

All meetings of shareholders shall be held in the County of Fairfax, in the Commonwealth of Virginia or at such other place within or without Virginia as may be designated for that purpose from time to time by the Board of Directors and stated in the notice of the meeting or a duly executed waiver of notice thereof.

**2.03 Notice.**

(a) The corporation shall notify shareholders of the date, time and place of each annual and special shareholders' meeting. Such notice shall be given no less than ten (10) or more than sixty (60) days before the meeting date, except that notice of a shareholders' meeting to act on an amendment of the Articles of Incorporation, a plan of merger or share exchange, a proposed sale of assets which must be approved by the shareholders, or the dissolution of the corporation shall be given not less than twenty-five (25) nor more than sixty (60) days before the meeting date. Unless otherwise required by the Articles of Incorporation or by law, the corporation is required to give notice only to shareholders entitled to vote at the meeting.

(b) Unless otherwise required by the Articles of Incorporation or by law, notice of an annual meeting need not state the purpose or purposes for which the meeting is called. Notice of a special meeting shall state the purpose or purposes for which the meeting is called.

(c) If an annual or special meeting is adjourned to a different date, time or place, notice need not be given if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is fixed as specified in Section 2.09 of these Bylaws or by law, however, notice of the adjourned meeting shall be given to persons who are shareholders as of the new record date.

(d) Notwithstanding the foregoing, no notice of a shareholders' meeting need be given to a shareholder if (i) an annual report and proxy statements for two consecutive annual meetings of shareholders or (ii) all, and at least two, checks in payment of dividends or interest on securities during a twelve-month period, have been sent by first-class United States mail, addressed to the shareholder at his or her address as it appears on the share transfer books of the corporation, and returned undeliverable. The obligation of the corporation to give notice of shareholders' meetings to any such shareholder shall be reinstated once the corporation has received a new address for such shareholder for entry on its share transfer books.

**2.04 Matters to be Considered at Annual Meeting.**

(a) At an annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the annual meeting (i) pursuant to the notice of meeting delivered to shareholders in accordance with Section 2.03 of this Article II, (ii) by, or at the direction of, the Board of Directors or (iii) by any shareholder of the corporation who was a shareholder of record both at the time of giving notice provided for in this Section 2.04 and at the time of the annual meeting, who is entitled to vote at the annual meeting and who complied with the notice procedures set forth in this Section 2.04. For business (other than nomination of a candidate for director, which shall be governed by Sections 3.03 or 3.16 of these Bylaws, as applicable) to be properly brought before an annual meeting by a shareholder pursuant to clause (iii) of the preceding sentence, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the corporation not earlier than the close of business on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting and not later than the close of business on the 90th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the preceding year or the date of the mailing of the notice for the current year's annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the shareholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to the date of mailing of the notice for such annual meeting and not later than the close of business on the later of the 90th day prior to the date of mailing of the notice for such annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for such meeting is first made by the corporation. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a shareholder's notice as described above.

(b) A shareholder's notice must contain, as of the date of its delivery to the Secretary of the corporation: (i) the name and address of the shareholder delivering the notice, as they appear on the corporation's stock transfer books, and the name and address (if different) of any beneficial owner(s) on whose behalf the proposal is made; (ii) the class and number of shares of stock of the corporation that are owned beneficially and of record by the shareholder and any such beneficial owner; (iii) a representation that the shareholder is a shareholder of record and intends to appear in person or by proxy at the annual meeting to introduce the business specified in the notice; and (iv) a description in reasonable detail of the business proposed to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, the reasons for conducting the proposed business at the annual meeting, and any material interest in the proposed business of the shareholder and any beneficial owner, including any anticipated benefit to the shareholder or beneficial owner.

(c) The presiding officer of the annual meeting shall have the discretion to declare at the annual meeting that any business proposed by a shareholder to be considered at the annual meeting is out of order and shall not be transacted at the annual meeting if the presiding officer concludes that (i) the matter has been proposed in a manner inconsistent with this Section 2.04 (or, with respect to nomination of a candidate for director, Section 3.03 or 3.16 of these Bylaws, as applicable); or (ii) the subject matter of the proposed business is inappropriate for consideration at the annual meeting.

(d) For purposes of this Section 2.04, (i) the "date of mailing of the notice" means the date of the proxy statement for the solicitation of proxies for election of directors and (ii) "public announcement" means disclosure either (1) in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a press release transmitted to the principal securities exchange on which the corporation's common stock is traded, or (2) in a document filed by the corporation with the United States Securities and Exchange Commission.

(e) Notwithstanding the foregoing provisions of this Section 2.04, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations thereunder with respect to matters set forth in this Section 2.04. Nothing in this Section 2.04 shall affect any rights of shareholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

**2.05 Special Meetings.**

Special meetings of shareholders may be called by a majority of the entire Board of Directors. No other person shall be entitled to call a special meeting. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders' meeting.

**2.06 Quorum.**

Action may be taken at a meeting of shareholders with respect to any matter only if a quorum exists with respect to each voting group entitled to vote separately with respect to such matter. Unless more than one voting group is entitled to vote separately with respect to a matter, and unless provided otherwise by the Articles of Incorporation or by law, presence in person or by

proxy of the holders of record of shares representing a majority of the votes entitled to be cast on such matter shall constitute a quorum with respect to such matter. If more than one voting group is entitled to vote separately on such matter, unless provided otherwise by the Articles of Incorporation or by law, presence in person or by proxy of the holders of record of shares representing a majority of the votes entitled to be cast on the matter by each voting group constitutes a quorum of that voting group for action on that matter. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or shall be set for the adjourned meeting. Holders of shares representing less than a quorum may adjourn a meeting.

**2.07 Voting.**

(a) Unless provided otherwise by the Articles of Incorporation or by law, each outstanding share, regardless of class, is entitled to one vote on each matter voted on at a shareholders' meeting. Unless the Articles of Incorporation provide otherwise, in the election of directors each outstanding share, regardless of class, is entitled to one vote for as many persons as there are directors to be elected at that time and for whose election the shareholder has a right to vote.

(b) If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder of record, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder of record, the corporation, if acting in good faith, is nevertheless entitled, but is not required, to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder to the full extent permitted by law. The corporation is entitled to reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

(c) If a quorum exists, action on a matter, other than the election of directors or amendment of these Bylaws in accordance with Article VIII, by any voting group is approved if the votes cast within such voting group favoring the action exceed the votes cast within such voting group opposing the action, unless a greater number of affirmative votes is required by law, the Articles of Incorporation or these Bylaws. If the Articles of Incorporation or law provides for voting only by a single voting group on a matter, action on that matter is taken when voted upon by that voting group as provided in this Section 2.07 or by law or these Bylaws. If the Articles of Incorporation or law provides for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately as provided in this Section 2.07 or by law. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

(d) As provided in the Articles of Incorporation, each director shall be elected by a majority of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present; provided that if the number of nominees exceeds the number of directors to be elected, each director shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. For purposes of this Section 2.07(d), a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of shares voted "against" that director.

**2.08 Proxies.**

A shareholder may vote the shares held in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. An irrevocable appointment is revoked when the interest with which it is coupled is extinguished. The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form and other limitations provide by law, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

**2.09 Fixing Record Date.**

The Board of Directors may fix a future date as the record date for one or more voting groups in order to make a determination of shareholders for any purpose. The record date may not be more than 70 days before the meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notices of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

**2.10 Conduct of Meetings.**

The Chairman of the Board, if any, shall preside over all meetings of the shareholders as chairman of the meeting. In the absence of the Chairman of the Board, the Vice Chairman of the Board, if any, or in his absence the Chief Executive Officer or, in his absence the President, or in his absence a Vice President, or in the absence of any such officer a person designated by the Board of Directors, or in the absence of any such person a chairman chosen at the meeting shall preside over the meeting. The Secretary of the corporation shall act as secretary of all the meetings if he is present. If the Secretary is not present, the chairman shall appoint a secretary of the meeting. The chairman of the meeting may appoint one or more inspectors of election to determine the qualification of voters, the validity of proxies, and the results of ballots.

**2.11 Action Without Meeting.**

Action required or permitted to be taken at a shareholders' meeting may be taken without a meeting and without action by the Board of Directors if the action is taken by all the shareholders entitled to vote on the action in the manner provided in the Virginia Stock Corporation Act.

**2.12 Shareholders' List for Meeting.**

(a) The officer or agent having charge of the share transfer records of the corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, with the address of and the number of shares held by each. The list shall be arranged by voting group and within each voting group by class or series of shares. For a period of ten (10) days prior to the meeting, the list of shareholders shall be kept on file at the registered office of the corporation or at its principal office or at the office of its transfer agent or registrar and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof. The original share transfer records shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer records or to vote at any meeting of shareholders.

(b) If the requirements of this action have not been substantially complied with, the meeting shall, on the demand of any shareholder in person or by proxy, be adjourned until the requirements are complied with. Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting prior to the making of any such demand, but any action taken by the shareholders after the making of any such demand shall be invalid and of no effect.

## ARTICLE III
## DIRECTORS

**3.01 Powers.**

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, the Board of Directors, subject to any limitation set forth in the Articles of Incorporation.

**3.02 Composition of the Board of Directors.**

The Board of Directors shall consist of no less than seven directors and no more than thirteen directors, as determined by the Board of Directors from time to time by resolution. The majority of the directors shall be independent directors. For purposes of these Bylaws, "independent director" shall mean a director who is "independent" under the listing standards of any national securities exchange upon which the corporation's shares are listed (but not the listing standards relating to the independence of the members of audit committees). The Board, acting in good faith, shall determine whether a director is an independent director, and shall have the exclusive right and power to interpret and apply the provisions of this Section 3.02. The validity of any action taken by the Board shall not be affected by the failure to have a majority of independent directors or by the existence of a vacancy at the time such action was taken.

**3.03 Director Nominations.**

(a) Nomination of candidates for election as directors of the corporation at any annual or special meeting of shareholders may be made (i) pursuant to the corporation's notice of meeting, (ii) by, or at the direction of, the Board of Directors or (iii) by any shareholder of the corporation who was a shareholder of record both at the time of giving notice provided for in this Section 3.03 and at the time of the applicable meeting, who is entitled to vote at the applicable meeting and who complied with the notice procedures set forth in this Section 3.03 (and, in the case of a special meeting, provided that the Board of Directors has determined that directors shall be elected at such special meeting). Only persons nominated in accordance with the procedures set

forth in this Section 3.03 or Section 3.16 shall be eligible for election as directors at an annual or special meeting of shareholders. Nominations other than those made by, or at the direction of, the Board of Directors shall be made pursuant to timely notice in writing to the Secretary of the corporation as set forth in this Section 3.03. The public announcement of a postponement or adjournment of an annual or special meeting to a later date or time shall not commence a new time period for the giving of a shareholder's notice pursuant to any provision of this Section 3.03.

(b) With respect to an annual meeting, to be timely, a shareholder's notice (other than a notice pursuant to Section 3.16 of these Bylaws ) must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the corporation not earlier than the close of business on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting and not later than the close of business on the 90th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the preceding year or the date of the mailing of the notice for the current year's annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of mailing of the notice for the preceding year's annual meeting, notice by the shareholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to the date of mailing of the notice for the annual meeting and not later than the close of business on the later of the 90th day prior to the date of mailing of the notice for the annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for the meeting is first made by the corporation.

(c) With respect to a special meeting, to be timely, a shareholder's notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and the nominees proposed by the Board of Directors to be elected at such meeting.

(d) The shareholder's notice required by this Section 3.03 shall set forth, as of the date of delivery of the notice to the Secretary of the corporation (i) as to each person whom the shareholder proposes to nominate for election or re-election as a director: (1) the nominee's name, age, business address and residence address; (2) the nominee's principal occupation or employment; (3) the class and number of shares of the corporation's stock owned beneficially or of record by the nominee on the date of the shareholder's notice; (4) any other information relating to the nominee that would be required to be disclosed in a proxy statement soliciting proxies to elect the nominee pursuant to Regulation 14A under the Exchange Act, or any successor provision, and the nominee's written consent to be named in the proxy statement as a nominee and to serve as a director if elected; and (5) a statement whether such person intends to comply with the Board's corporate governance policies with respect to director resignations; and (ii) as to the shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made: (1) the name and address of the shareholder, as they appear on the corporation's stock transfer books, and name and address, if different, of such beneficial owner; (2) the class and number of shares of stock of the corporation that are owned beneficially or of record by the shareholder or beneficial owner; (3) a representation that the shareholder is a shareholder of record and intends to appear in person or by proxy at the meeting to nominate the person of persons specified in the notice; and (4) a description of all arrangements or understandings between the shareholder or beneficial owner and each nominee pursuant to which the nomination or nominations are to be made by the shareholder.

(e) For purposes of this Section 3.03, (i) the "date of mailing of the notice" means the date of the proxy statement for the solicitation of proxies for election of directors and (ii) "public announcement" means disclosure either (1) in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a press release transmitted to the principal securities exchange on which the corporation's common stock is traded, or (2) in a document filed by the corporation with the United States Securities and Exchange Commission.

**3.04 Election and Term of Office.**

Except as provided in the Articles of Incorporation and Section 3.05 of these Bylaws, directors shall be elected at the annual meeting of shareholders (or at any special meeting in lieu thereof). The terms of all directors shall expire at the next annual meeting of shareholders following their election, or upon their earlier death, resignation or removal. Despite the expiration of a director's term, the director shall continue to hold office until a successor is elected and qualifies or until there is a decrease in the number of directors. A decrease in the number of directors shall not shorten an incumbent director's term. No individual shall be named or elected as a director without his prior consent.

**3.05 Vacancies.**

Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors, the shareholders may fill the vacancy, or a majority of the entire Board of Directors then in office, upon recommendation of the Nominating Committee, may fill the vacancy, or if the directors remaining in

office constitute fewer than a quorum, they may fill the vacancy by the affirmative vote of a majority of directors remaining in office. Unless the Articles of Incorporation provide otherwise, if the vacant office was held by a director elected by a voting group of shareholders, only the holders of that voting group are entitled to vote to fill the vacancy if it is to be filled by the shareholders. A vacancy that will occur at a specific later date may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

**3.06 Resignation and Removal of Directors.**

(a) A director may resign at any time by delivering written notice to the Board of Directors, the Chairman, the Chief Executive Officer, the President, or the Secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor will not take office until the effective date of the resignation.

(b) A director may be removed only for cause, as defined in the Articles of Incorporation, by the shareholders at a meeting (which may be an annual meeting or a special meeting) of the shareholders held in accordance with these Bylaws. The notice for such meeting must state that the purpose, or one of the purposes of the meeting is the removal of such director, specify the alleged grounds for such removal, and include any statement that such director provides in response to such allegations. If a director has been elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him. Unless the Articles of Incorporation require a greater vote, a director may be removed if the number of votes cast to remove him constitutes a majority of the votes entitled to be cast at an election of directors of the voting group or voting groups by which such director was elected.

**3.07 Place of Meetings.**

The Board of Directors may hold regular or special meetings in or out of the Commonwealth of Virginia.

**3.08 Regular Meetings.**

Unless the Articles of Incorporation provide otherwise, regular meetings of the Board of Directors may be held, without notice of the date, time, place, or purpose of the meeting, as may be designated from time to time by resolution of the Board.

**3.09 Special Meetings — Call and Notice.**

(a) Special meetings of the Board of Directors may be called at any time by the Chairman of the Board or, if the Chairman is absent or unable or unwilling to act, the Chief Executive Officer, or if the Chief Executive Officer is absent or unwilling or unable to act, the President (if the President is a director) or the Secretary or three or more directors. Notice of any special meeting shall be given to each director at least 24 hours prior thereto either personally or by telephone, telegram or facsimile transmission, at least 48 hours prior to the meeting by overnight air courier, or at least five days prior thereto by mail, addressed to such director at his address as it appears in the records of the corporation. Such notice shall be deemed to be delivered when sent by facsimile transmission to the facsimile number of a director appearing in the corporation's records, or when delivered to the telegraph company if sent by telegram, or when given to the air courier company, or when deposited in the United States mail so addressed, with postage thereon prepaid. The notice need not describe the purpose of the special meeting unless required by the Articles of Incorporation.

(b) A director may waive any notice required by these Bylaws, the Articles of Incorporation, or law before or after the date and time stated in the notice for a meeting, and such waiver shall be equivalent to the giving of such notice. Except as provided in the next sentence, the waiver shall be in writing, signed by the director entitled to notice, and filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to such director of the meeting, unless the director at the beginning of the meeting or promptly upon his arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

**3.10 Meetings by Telephone.**

Unless the Articles of Incorporation provide otherwise, the Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

**3.11 Quorum; Vote.**

(a) Unless the Articles of Incorporation or these Bylaws require a greater number for the transaction of all business or any particular business, a quorum of a Board of Directors consists of a majority of the number of directors prescribed by the Articles of Incorporation or these Bylaws as constituting the size of the Board of Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors unless the Articles of Incorporation require the vote of a greater number of directors.

(b) Notwithstanding the provisions of Section 3.11(a), the affirmative vote of a majority of the entire Board of Directors shall be required to: (i) amend the Articles of Incorporation or these Bylaws; (ii) adopt a plan of liquidation or dissolution of the corporation; (iii) approve any merger, consolidation or other business combination of the corporation or any of its subsidiaries with any person (other than a wholly owned subsidiary of the corporation), or any acquisition or disposition by the corporation or any of its subsidiaries of assets or businesses (in one transaction or a series of transactions) which assets or businesses have an aggregate market value equal to 10% or more of either (A) the aggregate market value of all the corporation's assets prior to the consummation of the proposed transaction determined on a consolidated basis, or (B) 10% of the aggregate market value of all the outstanding capital stock of the corporation, (iv) issue any shares of capital stock or other securities of the corporation or options, warrants or other rights to acquire capital stock or securities convertible into or exchangeable for capital stock of the corporation (other than as approved by the Compensation Committee); and (v) engage in any line of business from which the corporation would derive material revenue or make a material investment or incur material liabilities other than (A) businesses in which the corporation is engaged on the effective date of the plan of reorganization of NVR L.P. and (B) other homebuilding or related financial services businesses, including any financial services businesses related to mortgage origination, mortgage servicing or residential real estate financing. Approval by the corporation, as shareholder, of any action taken by a subsidiary of the corporation of the type described in clause (iii) shall require prior approval by a majority of the entire Board of Directors.

**3.12 Presumption of Assent.**

A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (i) he objects at the beginning of the meeting, or promptly upon his arrival, to holding it or transacting specified business at the meeting, or (ii) he votes against, or abstains from, the action taken.

**3.13 Board Action Without a Meeting.**

Unless the Articles of Incorporation provide otherwise, action required or permitted by law to be taken at a meeting of the Board of Directors may be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one or more written consents stating the action taken, signed by each director either before or after the action taken, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken under this Section 3.13 is effective when the last director signs the consent unless the consent specifies a different effective date, in which event the action taken is effective as of the date specified therein provided the consent states the date of execution by each director. A consent signed under this Section 3.13 has the effect of a meeting vote and may be described as such in any document.

**3.14 Advisors.**

The Board of Directors may designate, from time to time, individuals who will be retained by the corporation as advisors to the Board of Directors. Advisors to the Board of Directors will have such duties and compensation as may be determined by the Board of Directors and set forth in separate advisory agreements. Advisors to the Board of Directors shall be subject to the same policies regarding corporation opportunities, conflicts of interest, confidentiality, securities trading and affiliate transactions as applicable to directors, and advisors shall be entitled to the same indemnification from the corporation as directors.

**3.15 Compensation.**

Unless the Articles of Incorporation provide otherwise, the Board of Directors may fix the compensation of directors, advisors and members of committees and may provide for reimbursements for expenses. No such compensation shall preclude any director or advisor from serving the corporation in any other capacity and receiving compensation therefor.

**3.16 Proxy Access.**

(a) The corporation shall include in its proxy statement for an annual meeting of shareholders the name, together with the Required Information (as defined below), of any person nominated for election (a "Shareholder Nominee") to the Board of Directors by a shareholder that satisfies, or by a group of no more than twenty (20) shareholders that satisfy, the requirements of this Section 3.16 (an "Eligible Shareholder"), and that expressly elects at the time of providing the notice required by

this Section 3.16 (the "Nomination Notice") to have its nominee included in the corporation's proxy materials pursuant to this Section 3.16.

(b) To be timely, a shareholder's Nomination Notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the corporation not earlier than the close of business on the 150th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting and not later than the close of business on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the annual meeting is called for a date that is more than thirty (30) days before or after the anniversary of the preceding year's annual meeting, notice by the shareholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to the date of mailing of the notice for such annual meeting and not later than the close of business on the later of the 90th day prior to the date of mailing of the notice for such annual meeting or the 10th day following the day on which public announcement of the date of mailing of the notice for such meeting is first made by the corporation. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a Nomination Notice as described above.

(c) For purposes of this Section 3.16, the "Required Information" that the corporation will include in its proxy statement is (i) the information concerning the Shareholder Nominee and the Eligible Shareholder that is required to be disclosed in the corporation's proxy statement by the regulations promulgated under the Exchange Act, and (ii) if the Eligible Shareholder so elects, a Statement (as defined in Section 3.16(g)). To be timely, the Required Information must be delivered to or mailed to and received by the Secretary within the time period specified in this Section 3.16 for providing the Nomination Notice.

(d) The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the corporation's proxy materials pursuant to this Section 3.16 but either are subsequently withdrawn or that the Board of Directors decides to nominate as Board of Director nominees), together with any nominees who were previously elected to the Board of Directors as Shareholder Nominees at any of the preceding two annual meetings and who are re-nominated for election at such annual meeting by the Board of Directors, appearing in the corporation's proxy materials with respect to an annual meeting of shareholders shall not exceed twenty percent (20%) of the number of directors in office as of the last day on which a Nomination Notice may be delivered pursuant to this Section 3.16, or if such amount is not a whole number, the closest whole number below twenty percent (20%). In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 3.16 exceeds this maximum number, each Eligible Shareholder will select one Shareholder Nominee for inclusion in the corporation's proxy materials until the maximum number is reached, going in order of the amount (largest to smallest) of shares of the capital stock of the corporation each Eligible Shareholder disclosed as owned in its respective Nomination Notice submitted to the corporation and confirmed by the corporation. If the maximum number is not reached after each Eligible Shareholder has selected one Shareholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached.

(e) For purposes of this Section 3.16, an Eligible Shareholder shall be deemed to "own" only those outstanding shares of the capital stock of the corporation as to which the shareholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such shareholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such shareholder or any of its affiliates for any purposes or purchased by such shareholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such shareholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such shareholder's or its affiliates' full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such shareholder or affiliate. A shareholder shall "own" shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which (i) the person has loaned such shares, provided that the person has the power to recall such loaned shares on no more than three (3) business days' notice; or (ii) the person has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the person. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the capital stock of the corporation are "owned" for these purposes shall be determined by the Board of Directors, which determination shall be conclusive and binding on the corporation and its shareholders.

(f) An Eligible Shareholder must have owned (as defined above) continuously for at least three (3) years that number of shares of capital stock as shall constitute five percent (5%) or more of the outstanding capital stock of the corporation (the "Required Shares") as of both (i) a date within seven (7) days prior to the date of the Nomination Notice and (ii) the record date for

determining shareholders entitled to vote at the annual meeting. For purposes of satisfying the foregoing ownership requirement under this Section 3.16, (i) the shares of the capital stock of the corporation owned by one or more shareholders, or by the person or persons who own shares of the capital stock of the corporation and on whose behalf any shareholder is acting, may be aggregated, provided that the number of shareholders and other persons whose ownership of shares of capital stock of the corporation is aggregated for such purpose shall not exceed twenty (20), and (ii) a group of funds under common management and investment control shall be treated as one shareholder or person for this purpose. No person may be a member of more than one group of persons constituting an Eligible Shareholder under this Section 3.16. For the avoidance of doubt, if a group of shareholders aggregates ownership of shares in order to meet the requirements under this Section 3.16, all shares held by each shareholder constituting their contribution to the foregoing five percent (5%) threshold must be held by that shareholder continuously for at least three (3) years, and evidence of such continuous ownership shall be provided as specified in this Section 3.16(f).

Within the time period specified in this Section 3.16 for providing the Nomination Notice, an Eligible Shareholder must provide the following information in writing to the Secretary of the corporation:

(i) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three (3)-year holding period) verifying that, as of a date within seven (7) days prior to the date of the Nomination Notice, the Eligible Shareholder owns, and has owned continuously for the preceding three (3) years, the Required Shares, and the Eligible Shareholder's agreement to provide, within five (5) business days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying the Eligible Shareholder's continuous ownership of the Required Shares through the record date;

(ii) the written consent of each Shareholder Nominee to being named in the proxy statement as a nominee and to serving as a director if elected;

(iii) a copy of the Schedule 14N that has been filed with the United States Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act, as such rule may be amended;

(iv) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three years, and any other material relationships, between or among the Eligible Shareholder and its affiliates and associates, or others acting in concert therewith, on the one hand, and each Shareholder Nominee, and each Shareholder Nominee's respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Eligible Shareholder making the nomination or on whose behalf the nomination is made, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of such registrant;

(v) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, the Eligible Shareholder, the effect or intent of which is to mitigate loss, manage risk or benefit from share price change for, or maintain, increase or decrease the voting power of, such Eligible Shareholder with respect to shares of stock of the corporation, and a representation that the Eligible Shareholder will notify the corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed;

(vi) a representation whether the Eligible Shareholder will engage in a solicitation with respect to the nomination or business and, if so, the percentage of shares of the corporation's capital stock entitled to vote on such matter that are believed or intended to be held by the shareholders to be solicited, the approximate number of shareholders to be solicited if less than all, and the name of each participant (as defined in Item 4 of Schedule 14A under the Exchange Act, regardless of whether such solicitation is subject to such provision) in such solicitation;

(vii) a representation that the Eligible Shareholder (including each member of any group of shareholders that together is an Eligible Shareholder under Section 3.16) (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the corporation, and does not presently have such intent, (B) intends to appear in person or by proxy at the annual meeting to present the nomination, (C) intends to continue to own the Required Shares for at least one year following the annual meeting, (D) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 3.16, (E) has not engaged and will not engage in, and has not and will not be a "participant" in, another person's "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee or a nominee of the Board of Directors, (F) will not distribute to any shareholder any form of proxy for the annual meeting other than the form distributed by the corporation and (G) in the case of a nomination by a group of shareholders that

together is an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including any withdrawal of the nomination; and

(viii) an undertaking that the Eligible Shareholder agrees to (A) own the Required Shares through the date of the annual meeting, (B) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the corporation or out of the information that the Eligible Shareholder provided to the corporation, (C) indemnify and hold harmless the corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers or employees arising out of any nomination, solicitation or other activity by the Eligible Shareholder in connection with its efforts to elect the Shareholder Nominee pursuant to this Section 3.16, (D) comply with all other laws and regulations applicable to any solicitation in connection with the annual meeting and (E) provide to the corporation prior to the annual meeting such additional information as necessary with respect thereto.

(g) The Eligible Shareholder may provide to the Secretary of the corporation, at the time the information required by this Section 3.16 is provided, a written statement for inclusion in the corporation's proxy statement for the annual meeting, not to exceed five hundred (500) words, in support of the Shareholder Nominee's candidacy (the "Statement"). Notwithstanding anything to the contrary contained in this Section 3.16, the corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(h) Within the time period specified in this Section 3.16 for delivering the Nomination Notice, a Shareholder Nominee must deliver to the Secretary of the corporation a written representation and agreement that the Shareholder Nominee (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, and (iii) will comply with all of the corporation's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other corporation policies and guidelines applicable to directors, as well as any applicable law, rule or regulation or listing requirement. At the request of the corporation, the Shareholder Nominee must submit all completed and signed questionnaires required of the corporation's directors and officers. The corporation may request such additional information as necessary to permit the Board of Directors to determine whether each Shareholder Nominee is independent under the listing standards of the principal U.S. exchange upon which the corporation's capital stock is listed, any applicable rules of the United States Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the corporation's directors (the "Applicable Independence Standards"). If the Board of Directors determines that a Shareholder Nominee is not independent under the Applicable Independence Standards, the Shareholder Nominee will not be eligible for inclusion in the corporation's proxy materials.

(i) Any Shareholder Nominee who is included in the corporation's proxy materials for a particular annual meeting of shareholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting, or (ii) does not receive at least twenty-five percent (25%) of the votes cast "for" the Shareholder Nominee's election, will be ineligible to be a Shareholder Nominee pursuant to this Section 3.16 for the next two (2) annual meetings.

(j) The corporation shall not be required to include, pursuant to this Section 3.16, any Shareholder Nominees in its proxy materials for any meeting of shareholders (i) for which the Secretary of the corporation receives a notice that a shareholder has nominated a person for election to the Board of Directors pursuant to the advance notice requirements for shareholder nominees for director set forth in Section 3.03 of Article III and such shareholder does not expressly elect at the time of providing the notice to have its nominee included in the corporation's proxy materials pursuant to this Section 3.16, (ii) if the Eligible Shareholder who has nominated such Shareholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the meeting other than its Shareholder Nominee(s) or a nominee of the Board of Directors, (iii) who is not independent under the Applicable Independence Standards, as determined by the Board of Directors, (iv) whose election as a member of the Board of Directors would cause the corporation to be in violation of these Bylaws, the Articles of Incorporation, the listing standards of the principal exchange upon which the corporation's capital stock is traded, or any applicable law, rule or regulation, (v) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vi) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years, (vii) who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (viii) if such Shareholder Nominee or the applicable Eligible Shareholder shall have provided information to the corporation in respect to such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading, as determined by the Board of Directors, or (ix) if the Eligible Shareholder or applicable

Shareholder Nominee otherwise contravenes any of the agreements or representations made by such Eligible Shareholder or Shareholder Nominee or fails to comply with its obligations pursuant to this Section 3.16.

(k) Notwithstanding anything to the contrary set forth herein, the Board of Directors or the person presiding at the meeting shall declare a nomination by an Eligible Shareholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the corporation, if (i) the Shareholder Nominee(s) and/or the applicable Eligible Shareholder shall have breached its or their obligations, agreements or representations under this Section 3.16, as determined by the Board of Directors or the person presiding at the annual meeting of shareholders, or (ii) the Eligible Shareholder (or a qualified representative thereof) does not appear at the annual meeting of shareholders to present any nomination pursuant to this Section 3.16.

(l) The Eligible Shareholder (including any person who owns shares of capital stock of the corporation that constitute part of the Eligible Shareholder's ownership for purposes of satisfying Section 3.16(f) hereof) shall file with the United States Securities and Exchange Commission any solicitation or other communication with the corporation's shareholders relating to the meeting at which the Shareholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act.

(m) For purposes of this Section 3.16, (i) the "date of mailing of the notice" means the date of the proxy statement for the solicitation of proxies for election of directors and (ii) "public announcement" means disclosure either (1) in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, or in a press release transmitted to the principal securities exchange on which the corporation's common stock is traded, or (2) in a document filed by the corporation with the United States Securities and Exchange Commission.

## ARTICLE IV
## COMMITTEES

**4.01 Standing Committees.**

(a) The Board of Directors shall have four standing committees: an Audit Committee, a Compensation Committee, a Nominating Committee and an Executive Committee. Each standing committee shall have not less than four members, who will be appointed by a majority of the entire Board of Directors. Each member of the Audit, Compensation and Nominating Committees shall be an independent director.

(b) Compensation Committee.

The Compensation Committee shall have such powers, authority and responsibilities as may be determined by a majority of the entire Board of Directors.

(c) Nominating Committee.

The Nominating Committee shall have such powers, authority and responsibilities as may be determined by a majority of the entire Board of Directors.

(d) Executive Committee.

The Executive Committee shall have such powers, authority and responsibilities as may be determined by a majority of the entire Board of Directors.

**4.02 Other Committees.**

Unless the Articles of Incorporation provide otherwise, the Board of Directors may create other committees and appoint members of the Board of Directors to serve on them. Each such other committee shall have three or more members, who will be appointed by a majority of the entire Board of Directors.

**4.03 Committee Authority.**

(a) The creation of a committee, the appointment of its members and the determination of its functions and duties shall be approved by a majority of the entire Board of Directors. Board or committee members shall have the right to request and receive such information, reports and/or backup data from employees of the corporation or the corporation's auditors, as the case

may be, as they deem necessary to assist them in the conduct of their duties, and any committee shall have the right upon the affirmative vote of the majority of the entire Board of Directors to retain such advisors and consultants as it deems necessary or appropriate to assist the members in carrying out the committee's responsibilities.

(b) To the extent specified by the Board of Directors or in the Articles of Incorporation, each committee may exercise the authority of the Board of Directors, except that a committee may not: (i) approve or recommend to shareholders action that is required by law to be approved by shareholders; (ii) fill vacancies on the Board or on any of its committees; (iii) amend the Articles of Incorporation; (iv) adopt, amend, or appeal these Bylaws; (v) approve a plan of merger not requiring shareholder approval; (vi) authorize or approve a distribution or dividend; (vii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board of Directors may authorize a committee, or a senior executive officer of the corporation, to do so within limits specifically prescribed by the Board of Directors; or (viii) take any other action that is not permitted to be taken by a committee under applicable law.

**4.04 Conduct of Meetings.**

Each committee referred to or provided for in these Bylaws shall have authority, except as may otherwise be required by law or by resolutions of the Board of Directors, to fix its own rules of procedure and to meet where and as provided by such rules; *provided*, *however*, not less than a majority in number of the designated members of any committee shall be required to constitute a quorum for any committee meeting, and where a quorum is present, the affirmative vote of a majority of the directors present at any committee meeting shall be required to approve any action taken by the committee.

## ARTICLE V
## OFFICERS

**5.01 Required Officers; Other Officers.**

The corporation shall have a President and a Secretary and may have such other officers as are appointed by the Board of Directors or by other officers authorized by the Board to appoint additional officers. Each officer shall perform the duties prescribed by the Board of Directors or by direction of an officer authorized by the Board of Directors to prescribe the duties of other officers. The Board may appoint a Chairman of the Board and, if the Board so designates, the Chairman of the Board may be an officer of the corporation. The same individual may simultaneously hold more than one office.

**5.02 Appointment and Term of Office.**

Each officer of the corporation shall be appointed by the Board of Directors, or by another officer authorized by the Board to appoint additional officers, and shall serve at the pleasure of the Board of Directors or such other officer and until his successor shall have been chosen and qualified, or until his earlier death, resignation or removal. Appointment of an officer shall not of itself create any contractual rights of the officer or the corporation.

**5.03 Resignation and Removal of Officers.**

An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the corporation accepts the future date, the Board of Directors may fill the pending vacancy before the effective date if the successor does not take office until the effective date. The Board of Directors may remove any officer at any time with or without cause and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

**5.04 Compensation of Officers.**

The Compensation Committee may fix the compensation of officers and provide for reimbursement of expenses.

## ARTICLE VI
## SHARE PROVISIONS

**6.01 Issuance of Shares.**

Any issuances of shares must be authorized by the Board of Directors. Shares may be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed, or other securities of the corporation. A good faith determination by the Board of Directors that the consideration received or to be received for the shares to be issued is adequate is conclusive insofar as the adequacy of

consideration relates to whether the shares are validly issued, fully paid and nonassessable. When the Board of Directors has made such a determination and the corporation has received the consideration, the shares issued therefore are fully paid and nonassessable. Where it cannot be determined that outstanding shares are fully paid and nonassessable, there shall be a conclusive presumption that such shares are fully paid and nonassessable if the Board of Directors makes a good faith determination that there is no substantial evidence that the full consideration for such shares has not been paid.

**6.02 Liability for Shares Issued before Payment.**

A purchaser of shares from the corporation is not liable to the corporation with respect to the shares except to pay the consideration for which the shares were authorized to be issued as provided in Section 6.01.

**6.03 Certificates Evidencing Shares.**

Every owner of stock of the corporation shall be entitled to have a certificate or certificates, to be in such form as the Board shall prescribe consistent with these Bylaws and applicable law, certifying the number and class or series of shares of the stock of the corporation owned by such person. Each share certificate shall state on its face (i) the name of the corporation and that the corporation is organized under the law of the Commonwealth of Virginia, (ii) the name of the person to whom such shares are issued, and (iii) the number and class of shares and the designation of the series, if any, that the certificate represents. If the corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations and rights, preferences, and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate for shares of such class or series. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge. Each share certificate shall be signed (i) by the Treasurer or Assistant Treasurer and (ii) by the Secretary or Assistant Secretary and may bear the corporate seal or its facsimile. The signatures on any certificates may be by facsimile.

**6.04 Transfers of Stock.**

Transfers of shares of stock of the corporation shall be made only on the books of the corporation by the registered holder thereof, or by such holder's attorney authorized to make such transfer by a power of attorney duly executed and filed with the Secretary, or with the transfer agent appointed as provided in Section 6.05 hereof, and upon surrender of the certificate or certificates for such shares properly endorsed and payment of all taxes thereon. The person in whose name shares of stock stand on the books of the corporation shall be deemed the owner thereof for all purposes as regards the corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the corporation for transfer, both the transferor and the transferee request the corporation to do so.

**6.05 Regulations.**

The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws or applicable law, concerning the issue, transfer, and registration of certificates for shares of the stock of the corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

**6.06 Lost, Stolen, Destroyed, or Mutilated Certificates.**

In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place, upon the making of an affidavit of that fact by the person claiming the certificates for shares to be lost, stolen, destroyed, or mutilated and upon the giving of a bond of indemnity to the corporation in such form and amount as the Board, or any officer or agent authorized by the Board, may direct. A new certificate may be issued without requiring any bond when, in the judgment of the Board or such officer or agent, it is proper to do so.

## ARTICLE VII
## MISCELLANEOUS

**7.01 Corporate Records.**

The corporation shall keep as permanent records minutes of all meetings of the shareholders and the Board of Directors, a record of all actions taken by the shareholders or the Board of Directors without a meeting and a record of all actions taken by a committee of the Board of the Directors in place of the Board of Directors on behalf of the corporation. The corporation shall maintain appropriate accounting records. The corporation or its agent shall maintain a record of the shareholders, in a form that

permits preparation of a list of names and addresses of all shareholders, in alphabetical order by class and series, if any, of shares showing the number and class and series, if any, of shares held by each. The corporation also shall keep a copy of those additional records required by Section 13.1-770 of the Virginia Stock Corporation Act.

**7.02 Corporate Seal.**

The corporation may elect to have a corporate seal. The seal of the corporation, if any, shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Corporate Seal" and "Virginia," and shall be in such form as shall be approved from time to time by the Board of Directors. The seal, or a facsimile of it, may be used by impressing or affixing it or in any other manner reproducing it.

**7.03 Fiscal Year.**

The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

**7.04 Contracts, Checks, Notes and Drafts.**

The Board, except as may be otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the corporation. Such authority may be general or confirmed to specific instances. Checks, notes, drafts, and other orders for the payment of money shall be signed by such person or persons as the Board of Directors may from time to time designate. The signature of any such person or persons may be a facsimile when authorized by the Board of Directors.

**7.05 Transactions with Affiliates.**

The corporation shall not enter into any contract or other transaction with any director, officer, holder of 5% or more of the voting stock of the corporation or any of its subsidiaries, or any business entity (other than direct or indirect wholly owned subsidiaries of the corporation) in which any such person is a director, officer, or holder of 10% or more of the equity interests, unless the contract or other transaction is approved or ratified by a majority of the directors of the corporation who do not have any personal interest in the transaction after disclosure of such relationship or interest.

## ARTICLE VIII
## AMENDMENT OF BYLAWS

These Bylaws may be amended or repealed or new Bylaws may be adopted (a) by the shareholders at any annual or special meeting, if the notice thereof states that amendment or repeal or the adoption of new Bylaws is one of the purposes of such meeting, or (b) by the affirmative vote of a majority of the entire Board of Directors, provided that the affirmative vote of holders of a majority of the outstanding shares of the corporation will be necessary to amend Sections 3.02, 3.11, 4.01, 7.05 and this Article VIII of these Bylaws.

Adopted by the Board of Directors on
September 30, 1993, amended by the
shareholders and the Board of Directors on
November 2, 2005, and further amended by the
Board of Directors on May 4, 2007, and
further amended by the shareholders and the
Board of Directors on May 4, 2010, and
further amended by the Board of Directors on
November 6, 2015.

**Exhibit 10.1**

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** ("Agreement") is hereby entered into by NVR, INC., a Virginia corporation (the "Company") and PAUL C. SAVILLE (the "Executive") on this 4th day of November 2015.

WHEREAS, the Company and the Executive are currently parties to an Employment Agreement, dated December 21, 2010 (the "Prior Employment Agreement"), and desire to amend and restate the terms and conditions of the Prior Employment Agreement in their entirety to read as set forth herein;

WHEREAS, the Company desires to continue the Executive's employment in the capacity of President and Chief Executive Officer and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to continue such employment and render such services; and

WHEREAS, the Company and the Executive have agreed that, as of the Effective Date, the terms and conditions of such employment relationship shall henceforth be as set out herein.

ACCORDINGLY, the parties agree as follows:

1. Employment, Duties and Acceptance.

1.1 Employment by the Company. The Company hereby employs the Executive, for itself and its affiliates, to render exclusive and full-time services to the Company. The Executive will serve in the capacity of President and Chief Executive Officer. The Executive will perform such duties as are imposed on the holder of that office by the By-laws of the Company and such other duties as are customarily performed by one holding such position in the same or similar businesses or enterprises as those of the Company. The Executive will perform such other related duties as may be assigned to him from time to time by the Company's Board of Directors. The Executive will devote his entire full working time and attention to the performance of such duties and to the promotion of the business and interests of the Company. This provision, however, will not prevent the Executive from investing his funds or assets in any form or manner, or from acting as a member of the board of directors of any companies, businesses, or charitable organizations, so long as such investments or companies do not compete with the Company, subject to the limitations set forth in Section 7.1.

1.2 Acceptance of Employment by the Executive. The Executive accepts such employment and shall render the services described above.

1.3 Place of Employment. The Executive's principal place of employment shall be the Washington, D.C. metropolitan area, subject to such reasonable travel as the rendering of services associated with such position may require.

1.4 Acknowledgement. By signing this Agreement, the Executive acknowledges that he has received copies of the Company's current Code of Ethics and Standards of Business Conduct (collectively, the "Code"), has read and understood the Code's content, and agrees to comply with the Code in all respects.

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for five years from January 1, 2016 through December 31, 2020. It may be extended beyond December 31, 2020 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.3, 6.5, 6.7 and 6.8 of this Agreement.

3. Compensation.

3.1 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual Base Salary of ONE MILLION FIVE HUNDRED THIRTY-SEVEN THOUSAND AND FIVE HUNDRED DOLLARS ($1,537,500) payable in equal monthly installments of ONE HUNDRED TWENTY-EIGHT THOUSAND AND ONE HUNDRED TWENTY-FIVE DOLLARS ($128,125). The Company's

Compensation Committee of the Board of Directors (the "Compensation Committee") in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.2 Annual Bonus. The Executive shall be eligible to be paid a bonus annually in cash pursuant to the Company's annual incentive plan, as determined by the Compensation Committee (the "Annual Bonus"), in a maximum amount of 100% of the Executive's annual base salary. The Annual Bonus (if any) shall be earned on the last day of the calendar year to which it relates, and shall be paid at the same time (or times) and in the same manner as annual bonuses for other senior executives of the Company. Entitlement to the Annual Bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company, and shall be subject to the approval of the Compensation Committee.

3.3 Participation in Employee Benefit Plans. The Executive shall be permitted during the term of this Agreement, if and to the extent eligible, to participate in any group life, hospitalization or disability insurance plan, health program, pension plan, employee stock ownership plan or similar benefit plan of the Company, which may be available to other comparable executives of the Company generally, on the same terms as such other executives. The Executive shall be entitled to paid vacation and all customary holidays each year during the term of this Agreement in accordance with the Company's policies.

3.4 Expenses. Subject to such policies as may from time to time be established by the Company's Board of Directors, the Company shall pay or reimburse the Executive for all reasonable expenses actually incurred or paid by the Executive in the performance of the Executive's services under this Agreement upon presentation of expense statements or vouchers or such other supporting information as it may require.

3.5 Stock Holding Requirement. The Executive is required to continuously hold at all times NVR, Inc. common stock with a value equal to eight (8) times the Executive's base salary as then in effect, subject to the Company's policy titled the NVR, Inc. Stock Holding Requirement for NVR's Board of Directors ("Directors") and Certain Members of Senior Management ("Senior Management"), which is incorporated herein by reference. The stock holding requirement described in this Section 3.5 may be adjusted at any time by the Company's Board of Directors upon thirty days' written notice, but not more than once in any twelve (12) month period.

4. Equity Incentive And Long-Term Incentive Plans.

The Executive is a participant in one or more of the Company's equity incentive plans or programs available to senior executives of the Company (collectively, the "Equity Incentive Plans"). The Executive has entered into separate agreements governing the terms of his participation in the Equity Incentive Plans. The Executive is eligible to participate in any future equity or long-term incentive plan adopted by the Company.

5. Deferred Compensation Plan.

The Executive has certain amounts fully earned under previous annual and long-term incentive plans deferred within the Company's Deferred Compensation Plan adopted on December 15, 1999 and the Company's Deferred Compensation Plan adopted on December 15, 2005, and the Executive has the opportunity to defer additional amounts fully earned under annual and long-term incentive plans into the Company's deferred compensation plan, as available to senior management from time to time (all such deferred compensation plans collectively referred to as the "Deferred Compensation Plan"). The amounts deferred will be held in a fixed number of shares of NVR, Inc. common stock within a Rabbi Trust, and will be distributed to the Executive upon separation of service from the Company. All amounts held for the Executive by the Rabbi Trust pursuant to the Deferred Compensation Plan will be fully vested and not subject to forfeiture for any reason, regardless of the reason for termination. Distributions will be made pursuant to the terms of the Deferred Compensation Plan, subject to the Company's Financial Policies and Procedures File 1.21, *Deferred Compensation Plan Administration*, and File 1.34, *Insider Information, Trading, Tipping and Compliance (Executive Officers and Directors)*.

6. Termination, Disability or Retirement.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. For purposes of this Section 6.1, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which Executive died divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such

year). Payments due under this Section 6.1 will be made in a lump sum within 10 days following six months and one day after the date of death.

6.2 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, as determined by the Company's Board of Directors in its sole discretion taking into account the Executive's eligibility for benefits under Company-sponsored long-term disability plans or programs, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status, he would be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. For purposes of this Section 6.2, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.2 will be made in a lump sum within 10 days following six months and one day after the date the Executive transferred to disability status.

6.3 Retirement. As of the effective date of this Agreement, Executive has served the Company for over 34 consecutive years. In the event that the Executive informs the Company's Board of Directors that he is retiring from the Company and voluntarily terminates employment at least 30 days thereafter, regardless of the Executive's age at the time of such announcement, the Executive will be entitled to receive the Executive's Base Salary for the period ending on the last day worked. Any Annual Bonus amounts due to the Executive shall be payable, in the same form and at the same time that all other employees receive their bonus payment, to the extent performance goals for the year are achieved. The Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days, multiplied by the percent of the maximum Annual Bonus achieved pursuant to the performance goals in place in the year of retirement. In addition, the Executive shall be entitled to payment of ONE HUNDRED PERCENT (100%) of his then annual Base Salary. Payments other than the Annual Bonus due under this Section 6.3, if any, will be made in a lump sum within 10 days following six months and one day after the date of retirement.

6.4 Termination for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time by written notice to the Executive. In such event, the Executive is not entitled to any severance pay. A termination of the Executive under this Section 6.4 does not affect the Executive's rights pursuant to Section 5 of this Agreement. "Cause" means, as determined by the Board of Directors and described herein, (i) conviction of (a) a felony, (b) a willful or knowing violation of any federal or state securities law, or (c) a crime involving moral turpitude; (ii) gross negligence or gross misconduct in connection with the performance of the Executive's duties as described in Section 1.1 herein (which shall include a breach of the Executive's fiduciary duty of loyalty); or (iii) a material breach of any covenants by the Executive contained in any agreement between the Executive and the Company or its affiliates (including but not limited to breaching affirmative or negative covenants or undertakings set forth in Section 7 herein).

6.5 Termination Without Cause. The Company may on sixty (60) days' notice terminate the Executive's employment without Cause (as such term is defined in Section 6.4) during the term of this Agreement. In the event of a termination without Cause, as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to receive (i) the Executive's Base Salary and accrued Annual Bonus for the period ending on the date of termination and (ii) an amount equal to TWO HUNDRED PERCENT (200%) of his then annual Base Salary, paid in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Section 6.4, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed ONE HUNDRED THOUSAND DOLLARS ($100,000.00).

6.6 Voluntary Termination. The Executive may on ninety (90) days' notice terminate his employment hereunder at any time during the term of this Agreement. In such event, he shall not be entitled to any severance pay except in the circumstances described in Sections 6.7 and 6.8 below.

6.7 Voluntary Termination With Good Reason. In the event of a voluntary termination by the Executive with Good Reason, the Executive shall be entitled to receive the same severance pay and benefits due upon a termination

without Cause pursuant to Section 6.5 above. "Good Reason" means (i) a material diminution in the Executive's authority, duties or responsibilities as described herein; (ii) a requirement that the Executive report to a corporate officer rather than the Company's Board of Directors; (iii) a material change in the Executive's principal place of employment to a location that is more than 50 miles from Reston, Virginia; (iv) the failure of any successor of the Company to expressly in writing assume the Company's obligations under this Agreement; or (v) any other action or inaction that constitutes a material breach by the Company of any agreement between the Executive and the Company or its successor. Notwithstanding the foregoing, the Executive shall not be treated as having terminated with Good Reason unless (a) the Executive notifies the Company in writing of the event or condition constituting Good Reason within sixty (60) days after he knows, or with the exercise of reasonable diligence would have known, of the occurrence of such event or condition; (b) the Company fails within thirty (30) days after receipt of such notice to cure such event and return the Executive to the position he would have been in had the event or condition not occurred; and (c) within thirty (30) days after the end of the cure period described in clause (b), the Executive notifies the Company in writing of his intent to terminate employment; provided, however, that in no event shall the Executive's failure to notify the Company of the occurrence of any event constituting Good Reason, or to voluntarily terminate as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of his right to resign for Good Reason as a result thereof.

6.8 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a single lump sum payment in an amount equal to TWO HUNDRED PERCENT (200%) of his then annual Base Salary, as well as his accrued pro-rata Annual Bonus through the date of termination (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payment of such amount shall be made in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Agreement, "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction or series of transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company, and where there has been a material diminution in the Executive's authority, duties or responsibilities as described herein.

6.9 Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy. If the Company elects a new Chairman (the "New Chairman") and provided that on or after the date of such election, the Board of Directors or the New Chairman enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide ninety (90) days' notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Chairman accompanied by any of the changes described in this Section 6.9, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

6.10 Continuing Payments. In the event any of the events described in this Section 6 should occur during the term of this Agreement, and result in payments to the Executive which would in their normal course continue beyond the term of this Agreement, such payments shall be made at such times and in such amounts as if the term of this Agreement had not expired.

6.11 Effect of Termination. Except as otherwise expressly agreed to in writing by the Executive and the Company, in the event of the Executive's termination of employment for any reason, he shall automatically be deemed to have resigned from all assignments or appointments by or positions with the Company and its affiliates. Any such resignation shall not affect the characterization of the Executive's termination of employment as voluntary or involuntary or with or without Cause or Good Reason.

7. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable during the employment term and for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.3 "Retirement", Section 6.4 for "Cause", Section 6.5 "Without Cause", or Section 6.6 "Voluntary".

In the event that the Executive terminates pursuant to Section 6.7 "Voluntary With Good Reason", Section 6.8 "Voluntary Termination – Change of Control" or Section 6.9 "Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy", the non-competition provisions of Section 7 become void. All other provisions in Section 7 remain in full force and effect.

7.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that he shall not, at any time, directly or indirectly, anywhere in the Restricted Area (i) own more than 5% of outstanding shares or control any residential Homebuilding, Mortgage Financing, or Settlement Services Business that competes with the Company or an affiliate; or (ii) work for, become employed by, or provide services to (whether as an employee, consultant, independent contractor, partner, officer, director, or board member) any person or entity that competes with the Company or an affiliate in the residential Homebuilding Business, Mortgage Financing Business, or Settlement Services Business (including but not limited to an entity owned or managed by a Family member). "Restricted Area" means the counties and other units of local government in which the Company engaged in the residential Homebuilding Business, Mortgage Financing Business or Settlement Services Business, within the 24-month period prior to Executive's termination of employment. Further, Executive will not (a) hire or solicit for hiring, any person, who, during the last twelve (12) months prior to Executive's termination of employment, was an employee of the Company or provided services as a subcontractor to the Company; (b) utilize or solicit the services of, or acquire or attempt to acquire real property, goods, or services from, any developer or subcontractor utilized by the Company; or (c) solicit any customer or client or prospective customer or client of the Company with whom the Executive had any communications with or about whom the Executive had any access to information during the 12-month period prior to the Executive's termination of employment. Any investments made by the Executive in private equity or hedge funds/vehicles for which the Executive does not hold a controlling financial or management interest is not considered a violation of this Section 7.1.

7.2 Definitions. For purposes of this Agreement, (i) the term "Family" shall mean Executive, Executive's spouse, and any minor children and any entity that Executive, Executive's spouse, and any minor children control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); (iii) the term "Homebuilding Business" shall mean the business of designing and constructing single family homes; (iv) the term "Mortgage Financing Business" shall mean the origination, underwriting, closing, placement or sale of residential home mortgages (new home construction only); and (v) the term "Settlement Services Business" shall mean the brokering of title insurance and the performance of title searches related to loan closings in connection with the Mortgage Financing Business.

7.3 Reasonableness. The Executive acknowledges that the restrictions contained in this Section 7 are reasonable and necessary to protect the business and interests of the Company, and that it would be impossible to measure in money the damages that would accrue to the Company by reason of the Executive's failure to perform his obligations under this Section 7. Therefore, the Executive hereby agrees that in addition to any other remedies that the Company may have at law or at equity with respect to this Section 7, the Company shall have the right to have all obligations, undertakings, agreements, and covenants set forth herein specifically performed, and that the Company shall have the right to obtain an order of such specific performance (including preliminary and permanent injunctive relief to prevent a breach or contemplated breach of any provision of this Section 7) in any court of the United States or any state or political subdivision thereof, without the necessity of proving actual damage; provided that the Company is not in breach of any of its obligations hereunder.

7.4 Confidentiality. In connection with the Executive's employment with the Company, Executive has had or may have access to confidential, proprietary, and non-public information concerning the business or affairs of the Company, including but not limited to trade secrets (as defined in Virginia Code § 59.1-336) and other information concerning the Company's customers, developers, lot positions, subcontractors, employees, pricing, procedures, marketing plans, business plans, operations, business strategies, and methods (collectively, "Confidential Information"). Accordingly, both during and after termination of the Executive's employment with the Company (regardless of whether he, or the Company or an affiliate terminates his employment), he shall not misappropriate, use or disclose to any third party any Confidential Information for any reason other than as intended within the scope of his employment. In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof, to the extent possible, and to provide the Company, if requested, with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure. Upon termination of the Executive's employment for any reason, or at any other time upon request of the Company, the Executive shall immediately deliver to the Company all documents, forms, blueprints, designs, policies, memoranda, or other data (and copies hereof), in tangible, electronic, or intangible form, relating

to the business of the Company or any of its affiliates. Notwithstanding the foregoing, Confidential Information shall not include information that (i) the Executive had in his possession as of the commencement of his employment with the Company or its affiliates, provided that such information is not subject to a confidentiality agreement with, or other obligation of secrecy to, the Company or its affiliates, or (ii) becomes publicly available other than through disclosure by the Executive in violation of this Agreement or any other applicable agreement.

7.5 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Equity Incentive Plans and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed, telexed, or sent by facsimile transmission, or if mailed, four days after the date of mailing as follows:

(i) if the Company, to:
NVR, Inc.
Attn: Senior Vice President of Human Resources
11700 Plaza America Drive
Suite 500
Reston, VA 20190

(ii) if the Executive, to:
Paul C. Saville

8.2 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver by the Company or the Executive of a breach of, or of a default under, any of the provisions of this Agreement, nor the Company's or the Executive's failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

8.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

8.5 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement.

8.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8.7 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

8.8 Indemnification. The Company agrees to indemnify the Executive, to the fullest extent permitted under Virginia and any other applicable law, against any and all expenses reasonably incurred by the Executive, including attorney's fees, in connection with any action, suit, or proceeding, whether civil, criminal, or administrative and whether formal or informal, including but not limited to any judgment, settlement, fine or penalty or any excise tax

related to any employee benefit plan, (each a "proceeding"), to which the Executive is a party (whether as plaintiff, defendant or otherwise) in which any person (including but not limited to the Company or any governmental agency) seeks to (i) impose on the Executive any sanction or liability by reason of any action the Executive took or failed to take in his capacity as an executive officer of the Company or by reason of the Executive's status as an executive officer of the Company, or (ii) recover or withhold from the Executive any compensation, equity award or other benefit paid or payable to him by the Company or allocated or granted to him under any plan maintained or administered by the Company. Unless a determination has been made that indemnification is not permissible, the Company shall make advances and reimbursements for expenses reasonably incurred by the Executive in a proceeding as described above upon receipt of an undertaking from the Executive to repay the same if it is ultimately determined that the Executive is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the Executive and shall be accepted without reference to the Executive's ability to make repayment. The determination that indemnification under this Section 8.8 is permissible and the authorization of such indemnification (if applicable) in a specific case shall be made in accordance with applicable law; provided that liabilities and expenses incurred because of the Executive's willful misconduct or a knowing violation of criminal law for which the Executive is convicted shall not be indemnifiable under this Section 8.8. The termination of a proceeding by judgment, order, settlement, conviction (except in the case of a conviction of a knowing violation of criminal law), or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the Executive acted in such a manner as to make him ineligible for indemnification. The Executive's right to indemnification under this Section 8.8 does not limit any right to indemnification the Executive may have under the Company's certificate of incorporation, the Company's bylaws, this Agreement, or any other agreement to which the Executive is a party. The Company shall also use its best efforts to obtain coverage for the Executive under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. This Section 8.8 shall survive the termination of this Agreement. This Section 8.8 shall also survive termination of Executive's employment.

8.9 Termination of Employment.The Executive will be deemed to have a termination of employment for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Internal revenue Code Section 409A.

9. Effective Date.

This Agreement shall be effective as of January 1, 2016.

IN WITNESS WHEREOF, The parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

NVR, INC.

By: /s/ James Repole
JAMES REPOLE

/s/ Paul C. Saville
PAUL C. SAVILLE

**Exhibit 10.2**

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** ("Agreement") is hereby entered into by NVR, INC., a Virginia corporation (the "Company") and DANIEL D. MALZAHN (the "Executive") on this 4th day of November 2015.

WHEREAS, the Company and the Executive are currently parties to an Employment Agreement, dated February 19, 2013 (the "Prior Employment Agreement"), and desire to amend and restate the terms and conditions of the Prior Employment Agreement in their entirety to read as set forth herein;

WHEREAS, the Company desires to continue the Executive's employment in the capacity of Vice President of Finance, Chief Financial Officer and Treasurer and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to continue such employment and render such services; and

WHEREAS, the Company and the Executive have agreed that, as of the Effective Date, the terms and conditions of such employment relationship shall henceforth be as set out herein.

ACCORDINGLY, the parties agree as follows:

1. Employment, Duties and Acceptance.

1.1 Employment by the Company. The Company hereby employs the Executive, for itself and its affiliates, to render exclusive and full-time services to the Company. The Executive will serve in the capacity of Vice President of Finance, Chief Financial Officer and Treasurer. The Executive will perform such duties as are imposed on the holder of that office by the By-laws of the Company and such other duties as are customarily performed by one holding such position in the same or similar businesses or enterprises as those of the Company. The Executive will perform such other related duties as may be assigned to him from time to time by the Company's Board of Directors or Chief Executive Officer. The Executive will devote his entire full working time and attention to the performance of such duties and to the promotion of the business and interests of the Company. This provision, however, will not prevent the Executive from investing his funds or assets in any form or manner, or from acting as a member of the board of directors of any companies, businesses, or charitable organizations, so long as such investments or companies do not compete with the Company, subject to the limitations set forth in Section 7.1.

1.2 Acceptance of Employment by the Executive. The Executive accepts such employment and shall render the services described above.

1.3 Place of Employment. The Executive's principal place of employment shall be the Washington, D.C. metropolitan area, subject to such reasonable travel as the rendering of services associated with such position may require.

1.4 Acknowledgement. By signing this Agreement, the Executive acknowledges that he has received copies of the Company's current Code of Ethics and Standards of Business Conduct (collectively, the "Code"), has read and understood the Code's content, and agrees to comply with the Code in all respects.

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for five years from January 1, 2016 through December 31, 2020. It may be extended beyond December 31, 2020 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.3, 6.5, 6.7 and 6.8 of this Agreement.

3. Compensation.

3.1 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual Base Salary of FOUR HUNDRED SEVENTY-FIVE THOUSAND DOLLARS ($475,000) payable in equal monthly installments of THIRTY-NINE THOUSAND FIVE HUNDRED AND EIGHTY-THREE DOLLARS AND 33 CENTS ($39,583.33). The Company's Compensation Committee of the Board of Directors

(the "Compensation Committee") in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.2 Annual Bonus. The Executive shall be eligible to be paid a bonus annually in cash pursuant to the Company's annual incentive plan, as determined by the Compensation Committee (the "Annual Bonus"), in a maximum amount of 100% of the Executive's annual base salary. The Annual Bonus (if any) shall be earned on the last day of the calendar year to which it relates, and shall be paid at the same time (or times) and in the same manner as annual bonuses for other senior executives of the Company. Entitlement to the Annual Bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company, and shall be subject to the approval of the Compensation Committee.

3.3 Participation in Employee Benefit Plans. The Executive shall be permitted during the term of this Agreement, if and to the extent eligible, to participate in any group life, hospitalization or disability insurance plan, health program, pension plan, employee stock ownership plan or similar benefit plan of the Company, which may be available to other comparable executives of the Company generally, on the same terms as such other executives. The Executive shall be entitled to paid vacation and all customary holidays each year during the term of this Agreement in accordance with the Company's policies.

3.4 Expenses. Subject to such policies as may from time to time be established by the Company's Board of Directors, the Company shall pay or reimburse the Executive for all reasonable expenses actually incurred or paid by the Executive in the performance of the Executive's services under this Agreement upon presentation of expense statements or vouchers or such other supporting information as it may require.

3.5 Stock Holding Requirement. The Executive is required to continuously hold at all times NVR, Inc. common stock with a value equal to six (6) times the Executive's base salary as then in effect, subject to the Company's policy titled the NVR, Inc. Stock Holding Requirement for NVR's Board of Directors ("Directors") and Certain Members of Senior Management ("Senior Management"), which is incorporated herein by reference. The stock holding requirement described in this Section 3.5 may be adjusted at any time by the Company's Board of Directors upon thirty days' written notice, but not more than once in any twelve (12) month period.

4. Equity Incentive And Long-Term Incentive Plans.

The Executive is a participant in one or more of the Company's equity incentive plans or programs available to senior executives of the Company (collectively, the "Equity Incentive Plans"). The Executive has entered into separate agreements governing the terms of his participation in the Equity Incentive Plans. The Executive is eligible to participate in any future equity or long-term incentive plan adopted by the Company.

5. Deferred Compensation Plan.

The Executive has the opportunity to defer certain amounts fully earned under annual and long-term incentive plans into the Company's deferred compensation plan, as available to senior management from time to time (the "Deferred Compensation Plan"). The amounts deferred will be held in a fixed number of shares of NVR, Inc. common stock within a Rabbi Trust, and will be distributed to the Executive upon separation of service from the Company. All amounts held for the Executive by the Rabbi Trust pursuant to the Deferred Compensation Plan will be fully vested and not subject to forfeiture for any reason, regardless of the reason for termination. Distributions will be made pursuant to the terms of the Deferred Compensation Plan, subject to the Company's Financial Policies and Procedures File 1.21, *Deferred Compensation Plan Administration*, and File 1.34, *Insider Information, Trading, Tipping and Compliance (Executive Officers and Directors)*.

6. Termination, Disability or Retirement.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. For purposes of this Section 6.1, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which Executive died divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.1 will be made in a lump sum within 10 days following six months and one day after the date of death.

6.2 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, as determined by the Company's Board of Directors in its sole discretion taking into account the Executive's eligibility for benefits under Company-sponsored long-term disability plans or programs, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status, he would be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. For purposes of this Section 6.2, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.2 will be made in a lump sum within 10 days following six months and one day after the date the Executive transferred to disability status.

6.3 Retirement. If the Executive elects to terminate employment upon meeting the established criteria for Retirement prior to the end of the term of this agreement, the Executive will be entitled to receive the Executive's Base Salary for the period ending on the last day worked. "Retirement" means voluntary termination of employment after attainment of age 65. Any Annual Bonus amounts due to the Executive shall be payable, in the same form and at the same time that all other employees receive their bonus payment, to the extent performance goals for the year are achieved. The Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days, multiplied by the percent of the maximum Annual Bonus achieved pursuant to the performance goals in place in the year of retirement. In addition, the Executive shall be entitled to payment of ONE HUNDRED PERCENT (100%) of his then annual Base Salary. Payments other than the Annual Bonus due under this Section 6.3, if any, will be made in a lump sum within 10 days following six months and one day after the date of retirement.

6.4 Termination for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time by written notice to the Executive. In such event, the Executive is not entitled to any severance pay. A termination of the Executive under this Section 6.4 does not affect the Executive's rights pursuant to Section 5 of this Agreement. "Cause" means, as determined by the Board of Directors and described herein, (i) conviction of (a) a felony, (b) a willful or knowing violation of any federal or state securities law, or (c) a crime involving moral turpitude; (ii) gross negligence or gross misconduct in connection with the performance of the Executive's duties as described in Section 1.1 herein (which shall include a breach of the Executive's fiduciary duty of loyalty); or (iii) a material breach of any covenants by the Executive contained in any agreement between the Executive and the Company or its affiliates (including but not limited to breaching affirmative or negative covenants or undertakings set forth in Section 7 herein).

6.5 Termination Without Cause. The Company may on sixty (60) days' notice terminate the Executive's employment without Cause (as such term is defined in Section 6.4) during the term of this Agreement. In the event of a termination without Cause, as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to receive (i) the Executive's Base Salary and accrued Annual Bonus for the period ending on the date of termination and (ii) an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, paid in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Section 6.4, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed ONE HUNDRED THOUSAND DOLLARS ($100,000.00).

6.6 Voluntary Termination. The Executive may on ninety (90) days' notice terminate his employment hereunder at any time during the term of this Agreement. In such event, he shall not be entitled to any severance pay except in the circumstances described in Sections 6.7 and 6.8 below.

6.7 Voluntary Termination With Good Reason. In the event of a voluntary termination by the Executive with Good Reason, the Executive shall be entitled to receive the same severance pay and benefits due upon a termination without Cause pursuant to Section 6.5 above. "Good Reason" means (i) a material diminution in the Executive's authority, duties or responsibilities as described herein; (ii) a requirement that the Executive report to a corporate officer other than the Company's Chief Executive Officer; (iii) a material change in the Executive's principal place of employment to a location that is more than 50 miles from Reston, Virginia; (iv) the failure of any successor of the

Company to expressly in writing assume the Company's obligations under this Agreement; or (v) any other action or inaction that constitutes a material breach by the Company of any agreement between the Executive and the Company or its successor. Notwithstanding the foregoing, the Executive shall not be treated as having terminated with Good Reason unless (a) the Executive notifies the Company in writing of the event or condition constituting Good Reason within sixty (60) days after he knows, or with the exercise of reasonable diligence would have known, of the occurrence of such event or condition; (b) the Company fails within thirty (30) days after receipt of such notice to cure such event and return the Executive to the position he would have been in had the event or condition not occurred; and (c) within thirty (30) days after the end of the cure period described in clause (b), the Executive notifies the Company in writing of his intent to terminate employment; provided, however, that in no event shall the Executive's failure to notify the Company of the occurrence of any event constituting Good Reason, or to voluntarily terminate as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of his right to resign for Good Reason as a result thereof.

6.8 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a single lump sum payment in an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, as well as his accrued pro-rata Annual Bonus through the date of termination (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payment of such amount shall be made in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Agreement, "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction or series of transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company, and where there has been a material diminution in the Executive's authority, duties or responsibilities as described herein.

6.9 Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy. If the Company elects a new Chairman and/or appoints a Chief Executive Officer (the "New Senior Leader") and provided that on or after the date of such election and/or appointment, the Board of Directors or New Senior Leader enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide ninety (90) days' notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Senior Leader accompanied by any of the changes described in this Section 6.9, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

6.10 Continuing Payments. In the event any of the events described in this Section 6 should occur during the term of this Agreement, and result in payments to the Executive which would in their normal course continue beyond the term of this Agreement, such payments shall be made at such times and in such amounts as if the term of this Agreement had not expired.

6.11 Effect of Termination. Except as otherwise expressly agreed to in writing by the Executive and the Company, in the event of the Executive's termination of employment for any reason, he shall automatically be deemed to have resigned from all assignments or appointments by or positions with the Company and its affiliates. Any such resignation shall not affect the characterization of the Executive's termination of employment as voluntary or involuntary or with or without Cause or Good Reason.

7. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable during the employment term and for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.3 "Retirement", Section 6.4 for "Cause", Section 6.5 "Without Cause", or Section 6.6 "Voluntary".

In the event that the Executive terminates pursuant to Section 6.7 "Voluntary With Good Reason", Section 6.8 "Voluntary Termination – Change of Control" or Section 6.9 "Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy", the non-competition provisions of Section 7 become void. All other provisions in Section 7 remain in full force and effect.

7.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that he shall not, at any time, directly or indirectly, anywhere in the Restricted Area (i) own more than 5% of outstanding shares or control any residential Homebuilding, Mortgage Financing, or Settlement Services Business that competes with the Company or an affiliate; or (ii) work for, become employed by, or provide services to (whether as an employee, consultant, independent contractor, partner, officer, director, or board member) any person or entity that competes with the Company or an affiliate in the residential Homebuilding Business, Mortgage Financing Business, or Settlement Services Business (including but not limited to an entity owned or managed by a Family member). "Restricted Area" means the counties and other units of local government in which the Company engaged in the residential Homebuilding Business, Mortgage Financing Business or Settlement Services Business, within the 24-month period prior to Executive's termination of employment. Further, Executive will not (a) hire or solicit for hiring, any person, who, during the last twelve (12) months prior to Executive's termination of employment, was an employee of the Company or provided services as a subcontractor to the Company; (b) utilize or solicit the services of, or acquire or attempt to acquire real property, goods, or services from, any developer or subcontractor utilized by the Company; or (c) solicit any customer or client or prospective customer or client of the Company with whom the Executive had any communications with or about whom the Executive had any access to information during the 12-month period prior to the Executive's termination of employment. Any investments made by the Executive in private equity or hedge funds/vehicles for which the Executive does not hold a controlling financial or management interest is not considered a violation of this Section 7.1.

7.2 Definitions. For purposes of this Agreement, (i) the term "Family" shall mean Executive, Executive's spouse, and any minor children and any entity that Executive, Executive's spouse, and any minor children control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); (iii) the term "Homebuilding Business" shall mean the business of designing and constructing single family homes; (iv) the term "Mortgage Financing Business" shall mean the origination, underwriting, closing, placement or sale of residential home mortgages (new home construction only); and (v) the term "Settlement Services Business" shall mean the brokering of title insurance and the performance of title searches related to loan closings in connection with the Mortgage Financing Business.

7.3 Reasonableness. The Executive acknowledges that the restrictions contained in this Section 7 are reasonable and necessary to protect the business and interests of the Company, and that it would be impossible to measure in money the damages that would accrue to the Company by reason of the Executive's failure to perform his obligations under this Section 7. Therefore, the Executive hereby agrees that in addition to any other remedies that the Company may have at law or at equity with respect to this Section 7, the Company shall have the right to have all obligations, undertakings, agreements, and covenants set forth herein specifically performed, and that the Company shall have the right to obtain an order of such specific performance (including preliminary and permanent injunctive relief to prevent a breach or contemplated breach of any provision of this Section 7) in any court of the United States or any state or political subdivision thereof, without the necessity of proving actual damage; provided that the Company is not in breach of any of its obligations hereunder.

7.4 Confidentiality. In connection with the Executive's employment with the Company, Executive has had or may have access to confidential, proprietary, and non-public information concerning the business or affairs of the Company, including but not limited to trade secrets (as defined in Virginia Code § 59.1-336) and other information concerning the Company's customers, developers, lot positions, subcontractors, employees, pricing, procedures, marketing plans, business plans, operations, business strategies, and methods (collectively, "Confidential Information"). Accordingly, both during and after termination of the Executive's employment with the Company (regardless of whether he, or the Company or an affiliate terminates his employment), he shall not misappropriate, use or disclose to any third party any Confidential Information for any reason other than as intended within the scope of his employment. In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof, to the extent possible, and to provide the Company, if requested, with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure. Upon termination of the Executive's employment for any reason, or at any other time upon request of the Company, the Executive shall immediately deliver to the Company all documents, forms, blueprints, designs, policies, memoranda, or other data (and copies hereof), in tangible, electronic, or intangible form, relating to the business of the Company or any of its affiliates. Notwithstanding the foregoing, Confidential Information shall not include information that (i) the Executive had in his possession as of the commencement of his employment with the Company or its affiliates, provided that such information is not subject to a confidentiality

agreement with, or other obligation of secrecy to, the Company or its affiliates, or (ii) becomes publicly available other than through disclosure by the Executive in violation of this Agreement or any other applicable agreement.

7.5 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Equity Incentive Plans and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed, telexed, or sent by facsimile transmission, or if mailed, four days after the date of mailing as follows:

(i) if the Company, to:
NVR, Inc.
Attn: Senior Vice President of Human Resources
11700 Plaza America Drive
Suite 500
Reston, VA 20190

(ii) if the Executive, to:
Daniel D. Malzahn

8.2 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver by the Company or the Executive of a breach of, or of a default under, any of the provisions of this Agreement, nor the Company's or the Executive's failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

8.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

8.5 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement.

8.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8.7 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

8.8 Indemnification. The Company agrees to indemnify the Executive, to the fullest extent permitted under Virginia and any other applicable law, against any and all expenses reasonably incurred by the Executive, including attorney's fees, in connection with any action, suit, or proceeding, whether civil, criminal, or administrative and whether formal or informal, including but not limited to any judgment, settlement, fine or penalty or any excise tax related to any employee benefit plan, (each a "proceeding"), to which the Executive is a party (whether as plaintiff, defendant or otherwise) in which any person (including but not limited to the Company or any governmental agency) seeks to (i) impose on the Executive any sanction or liability by reason of any action the Executive took or

failed to take in his capacity as an executive officer of the Company or by reason of the Executive's status as an executive officer of the Company, or (ii) recover or withhold from the Executive any compensation, equity award or other benefit paid or payable to him by the Company or allocated or granted to him under any plan maintained or administered by the Company. Unless a determination has been made that indemnification is not permissible, the Company shall make advances and reimbursements for expenses reasonably incurred by the Executive in a proceeding as described above upon receipt of an undertaking from the Executive to repay the same if it is ultimately determined that the Executive is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the Executive and shall be accepted without reference to the Executive's ability to make repayment. The determination that indemnification under this Section 8.8 is permissible and the authorization of such indemnification (if applicable) in a specific case shall be made in accordance with applicable law; provided that liabilities and expenses incurred because of the Executive's willful misconduct or a knowing violation of criminal law for which the Executive is convicted shall not be indemnifiable under this Section 8.8. The termination of a proceeding by judgment, order, settlement, conviction (except in the case of a conviction of a knowing violation of criminal law), or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the Executive acted in such a manner as to make him ineligible for indemnification. The Executive's right to indemnification under this Section 8.8 does not limit any right to indemnification the Executive may have under the Company's certificate of incorporation, the Company's bylaws, this Agreement, or any other agreement to which the Executive is a party. The Company shall also use its best efforts to obtain coverage for the Executive under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. This Section 8.8 shall survive the termination of this Agreement. This Section 8.8 shall also survive termination of Executive's employment.

8.9 Termination of Employment.The Executive will be deemed to have a termination of employment for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Internal revenue Code Section 409A.

9. Effective Date.

This Agreement shall be effective as of January 1, 2016.

IN WITNESS WHEREOF, The parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

NVR, INC.

By: /s/ James Repole
JAMES REPOLE

/s/ Daniel D. Malzahn
DANIEL D. MALZAHN

**Exhibit 10.3**

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** ("Agreement") is hereby entered into by NVR, INC., a Virginia corporation (the "Company") and ROBERT W. HENLEY (the "Executive") on this 4th day of November 2015.

WHEREAS, the Company and the Executive are currently parties to an Employment Agreement, dated December 21, 2010, as amended effective June 1, 2012 and February 19, 2013 (the "Prior Employment Agreement"), and desire to amend and restate the terms and conditions of the Prior Employment Agreement in their entirety to read as set forth herein;

WHEREAS, the Company desires to continue the Executive's employment in the capacity of President of NVR Mortgage Finance, Inc. and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to continue such employment and render such services; and

WHEREAS, the Company and the Executive have agreed that, as of the Effective Date, the terms and conditions of such employment relationship shall henceforth be as set out herein.

ACCORDINGLY, the parties agree as follows:

1. Employment, Duties and Acceptance.

1.1 Employment by the Company. The Company hereby employs the Executive, for itself and its affiliates, to render exclusive and full-time services to the Company. The Executive will serve in the capacity of President of NVR Mortgage Finance, Inc. The Executive will perform such duties as are imposed on the holder of that office by the By-laws of the Company and such other duties as are customarily performed by one holding such position in the same or similar businesses or enterprises as those of the Company. The Executive will perform such other related duties as may be assigned to him from time to time by the Company's Board of Directors or Chief Executive Officer. The Executive will devote his entire full working time and attention to the performance of such duties and to the promotion of the business and interests of the Company. This provision, however, will not prevent the Executive from investing his funds or assets in any form or manner, or from acting as a member of the board of directors of any companies, businesses, or charitable organizations, so long as such investments or companies do not compete with the Company, subject to the limitations set forth in Section 7.1.

1.2 Acceptance of Employment by the Executive. The Executive accepts such employment and shall render the services described above.

1.3 Place of Employment. The Executive's principal place of employment shall be the Washington, D.C. metropolitan area, subject to such reasonable travel as the rendering of services associated with such position may require.

1.4 Acknowledgement. By signing this Agreement, the Executive acknowledges that he has received copies of the Company's current Code of Ethics and Standards of Business Conduct (collectively, the "Code"), has read and understood the Code's content, and agrees to comply with the Code in all respects.

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for five years from January 1, 2016 through December 31, 2020. It may be extended beyond December 31, 2020 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.3, 6.5, 6.7 and 6.8 of this Agreement.

3. Compensation.

3.1 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual Base Salary of FOUR HUNDRED FORTY-FIVE THOUSAND DOLLARS ($445,000) payable in equal monthly installments of THIRTY-SEVEN THOUSAND AND EIGHTY-THREE DOLLARS AND 33 CENTS ($37,083.33). The Company's Compensation Committee of the Board of Directors (the "Compensation Committee") in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.2 Annual Bonus. The Executive shall be eligible to be paid a bonus annually in cash pursuant to the Company's annual incentive plan, as determined by the Compensation Committee (the "Annual Bonus"), in a maximum amount of 100% of the Executive's annual base salary. The Annual Bonus (if any) shall be earned on the last day of the calendar year to which it relates, and shall be paid at the same time (or times) and in the same manner as annual bonuses for other senior executives of the Company. Entitlement to the Annual Bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company, and shall be subject to the approval of the Compensation Committee.

3.3 Participation in Employee Benefit Plans. The Executive shall be permitted during the term of this Agreement, if and to the extent eligible, to participate in any group life, hospitalization or disability insurance plan, health program, pension plan, employee stock ownership plan or similar benefit plan of the Company, which may be available to other comparable executives of the Company generally, on the same terms as such other executives. The Executive shall be entitled to paid vacation and all customary holidays each year during the term of this Agreement in accordance with the Company's policies.

3.4 Expenses. Subject to such policies as may from time to time be established by the Company's Board of Directors, the Company shall pay or reimburse the Executive for all reasonable expenses actually incurred or paid by the Executive in the performance of the Executive's services under this Agreement upon presentation of expense statements or vouchers or such other supporting information as it may require.

3.5 Stock Holding Requirement. The Executive is required to continuously hold at all times NVR, Inc. common stock with a value equal to four (4) times the Executive's base salary as then in effect, subject to the Company's policy titled the NVR, Inc. Stock Holding Requirement for NVR's Board of Directors ("Directors") and Certain Members of Senior Management ("Senior Management"), which is incorporated herein by reference. The stock holding requirement described in this Section 3.5 may be adjusted at any time by the Company's Board of Directors upon thirty days' written notice, but not more than once in any twelve (12) month period.

4. Equity Incentive And Long-Term Incentive Plans.

The Executive is a participant in one or more of the Company's equity incentive plans or programs available to senior executives of the Company (collectively, the "Equity Incentive Plans"). The Executive has entered into separate agreements governing the terms of his participation in the Equity Incentive Plans. The Executive is eligible to participate in any future equity or long-term incentive plan adopted by the Company.

5. Deferred Compensation Plan.

The Executive has the opportunity to defer certain amounts fully earned under annual and long-term incentive plans into the Company's deferred compensation plan, as available to senior management from time to time (the "Deferred Compensation Plan"). The amounts deferred will be held in a fixed number of shares of NVR, Inc. common stock within a Rabbi Trust, and will be distributed to the Executive upon separation of service from the Company. All amounts held for the Executive by the Rabbi Trust pursuant to the Deferred Compensation Plan will be fully vested and not subject to forfeiture for any reason, regardless of the reason for termination. Distributions will be made pursuant to the terms of the Deferred Compensation Plan, subject to the Company's Financial Policies and Procedures File 1.21, *Deferred Compensation Plan Administration*, and File 1.34, *Insider Information, Trading, Tipping and Compliance (Executive Officers and Directors)*.

6. Termination, Disability or Retirement.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. For purposes of this Section 6.1, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which Executive died divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.1 will be made in a lump sum within 10 days following six months and one day after the date of death.

6.2 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, as determined by the Company's Board of Directors in its sole discretion taking

into account the Executive's eligibility for benefits under Company-sponsored long-term disability plans or programs, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status, he would be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. For purposes of this Section 6.2, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.2 will be made in a lump sum within 10 days following six months and one day after the date the Executive transferred to disability status.

6.3 Retirement. If the Executive elects to terminate employment upon meeting the established criteria for Retirement prior to the end of the term of this agreement, the Executive will be entitled to receive the Executive's Base Salary for the period ending on the last day worked. "Retirement" means voluntary termination of employment after attainment of age 65. Any Annual Bonus amounts due to the Executive shall be payable, in the same form and at the same time that all other employees receive their bonus payment, to the extent performance goals for the year are achieved. The Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days, multiplied by the percent of the maximum Annual Bonus achieved pursuant to the performance goals in place in the year of retirement. In addition, the Executive shall be entitled to payment of ONE HUNDRED PERCENT (100%) of his then annual Base Salary. Payments other than the Annual Bonus due under this Section 6.3, if any, will be made in a lump sum within 10 days following six months and one day after the date of retirement.

6.4 Termination for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time by written notice to the Executive. In such event, the Executive is not entitled to any severance pay. A termination of the Executive under this Section 6.4 does not affect the Executive's rights pursuant to Section 5 of this Agreement. "Cause" means, as determined by the Board of Directors and described herein, (i) conviction of (a) a felony, (b) a willful or knowing violation of any federal or state securities law, or (c) a crime involving moral turpitude; (ii) gross negligence or gross misconduct in connection with the performance of the Executive's duties as described in Section 1.1 herein (which shall include a breach of the Executive's fiduciary duty of loyalty); or (iii) a material breach of any covenants by the Executive contained in any agreement between the Executive and the Company or its affiliates (including but not limited to breaching affirmative or negative covenants or undertakings set forth in Section 7 herein).

6.5 Termination Without Cause. The Company may on sixty (60) days' notice terminate the Executive's employment without Cause (as such term is defined in Section 6.4) during the term of this Agreement. In the event of a termination without Cause, as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to receive (i) the Executive's Base Salary and accrued Annual Bonus for the period ending on the date of termination and (ii) an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, paid in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Section 6.4, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed ONE HUNDRED THOUSAND DOLLARS ($100,000.00).

6.6 Voluntary Termination. The Executive may on ninety (90) days' notice terminate his employment hereunder at any time during the term of this Agreement. In such event, he shall not be entitled to any severance pay except in the circumstances described in Sections 6.7 and 6.8 below.

6.7 Voluntary Termination With Good Reason. In the event of a voluntary termination by the Executive with Good Reason, the Executive shall be entitled to receive the same severance pay and benefits due upon a termination without Cause pursuant to Section 6.5 above. "Good Reason" means (i) a material diminution in the Executive's authority, duties or responsibilities as described herein; (ii) a requirement that the Executive report to a corporate officer other than the Company's Chief Executive Officer; (iii) a material change in the Executive's principal place of employment to a location that is more than 50 miles from Reston, Virginia; (iv) the failure of any successor of the Company to expressly in writing assume the Company's obligations under this Agreement; or (v) any other action or inaction that constitutes a material breach by the Company of any agreement between the Executive and the

Company or its successor. Notwithstanding the foregoing, the Executive shall not be treated as having terminated with Good Reason unless (a) the Executive notifies the Company in writing of the event or condition constituting Good Reason within sixty (60) days after he knows, or with the exercise of reasonable diligence would have known, of the occurrence of such event or condition; (b) the Company fails within thirty (30) days after receipt of such notice to cure such event and return the Executive to the position he would have been in had the event or condition not occurred; and (c) within thirty (30) days after the end of the cure period described in clause (b), the Executive notifies the Company in writing of his intent to terminate employment; provided, however, that in no event shall the Executive's failure to notify the Company of the occurrence of any event constituting Good Reason, or to voluntarily terminate as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of his right to resign for Good Reason as a result thereof.

6.8 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a single lump sum payment in an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, as well as his accrued pro-rata Annual Bonus through the date of termination (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payment of such amount shall be made in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Agreement, "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction or series of transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company, and where there has been a material diminution in the Executive's authority, duties or responsibilities as described herein.

6.9 Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy. If the Company elects a new Chairman and/or appoints a Chief Executive Officer (the "New Senior Leader") and provided that on or after the date of such election and/or appointment, the Board of Directors or New Senior Leader enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide ninety (90) days' notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Senior Leader accompanied by any of the changes described in this Section 6.9, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

6.10 Continuing Payments. In the event any of the events described in this Section 6 should occur during the term of this Agreement, and result in payments to the Executive which would in their normal course continue beyond the term of this Agreement, such payments shall be made at such times and in such amounts as if the term of this Agreement had not expired.

6.11 Effect of Termination. Except as otherwise expressly agreed to in writing by the Executive and the Company, in the event of the Executive's termination of employment for any reason, he shall automatically be deemed to have resigned from all assignments or appointments by or positions with the Company and its affiliates. Any such resignation shall not affect the characterization of the Executive's termination of employment as voluntary or involuntary or with or without Cause or Good Reason.

7. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable during the employment term and for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.3 "Retirement", Section 6.4 for "Cause", Section 6.5 "Without Cause", or Section 6.6 "Voluntary".

In the event that the Executive terminates pursuant to Section 6.7 "Voluntary With Good Reason", Section 6.8 "Voluntary Termination – Change of Control" or Section 6.9 "Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy", the non-competition provisions of Section 7 become void. All other provisions in Section 7 remain in full force and effect.

7.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that he shall not, at any time, directly or indirectly, anywhere in the Restricted Area (i) own more than 5% of outstanding shares or control any residential Homebuilding, Mortgage Financing, or Settlement Services Business that competes with the Company or an affiliate; or (ii) work for, become employed by, or provide services to (whether as an employee, consultant, independent contractor, partner, officer, director, or board member) any person or entity that competes with the Company or an affiliate in the residential Homebuilding Business, Mortgage Financing Business, or Settlement Services Business (including but not limited to an entity owned or managed by a Family member). "Restricted Area" means the counties and other units of local government in which the Company engaged in the residential Homebuilding Business, Mortgage Financing Business or Settlement Services Business, within the 24-month period prior to Executive's termination of employment. Further, Executive will not (a) hire or solicit for hiring, any person, who, during the last twelve (12) months prior to Executive's termination of employment, was an employee of the Company or provided services as a subcontractor to the Company; (b) utilize or solicit the services of, or acquire or attempt to acquire real property, goods, or services from, any developer or subcontractor utilized by the Company; or (c) solicit any customer or client or prospective customer or client of the Company with whom the Executive had any communications with or about whom the Executive had any access to information during the 12-month period prior to the Executive's termination of employment. Any investments made by the Executive in private equity or hedge funds/vehicles for which the Executive does not hold a controlling financial or management interest is not considered a violation of this Section 7.1.

7.2 Definitions. For purposes of this Agreement, (i) the term "Family" shall mean Executive, Executive's spouse, and any minor children and any entity that Executive, Executive's spouse, and any minor children control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); (iii) the term "Homebuilding Business" shall mean the business of designing and constructing single family homes; (iv) the term "Mortgage Financing Business" shall mean the origination, underwriting, closing, placement or sale of residential home mortgages (new home construction only); and (v) the term "Settlement Services Business" shall mean the brokering of title insurance and the performance of title searches related to loan closings in connection with the Mortgage Financing Business.

7.3 Reasonableness. The Executive acknowledges that the restrictions contained in this Section 7 are reasonable and necessary to protect the business and interests of the Company, and that it would be impossible to measure in money the damages that would accrue to the Company by reason of the Executive's failure to perform his obligations under this Section 7. Therefore, the Executive hereby agrees that in addition to any other remedies that the Company may have at law or at equity with respect to this Section 7, the Company shall have the right to have all obligations, undertakings, agreements, and covenants set forth herein specifically performed, and that the Company shall have the right to obtain an order of such specific performance (including preliminary and permanent injunctive relief to prevent a breach or contemplated breach of any provision of this Section 7) in any court of the United States or any state or political subdivision thereof, without the necessity of proving actual damage; provided that the Company is not in breach of any of its obligations hereunder.

7.4 Confidentiality. In connection with the Executive's employment with the Company, Executive has had or may have access to confidential, proprietary, and non-public information concerning the business or affairs of the Company, including but not limited to trade secrets (as defined in Virginia Code § 59.1-336) and other information concerning the Company's customers, developers, lot positions, subcontractors, employees, pricing, procedures, marketing plans, business plans, operations, business strategies, and methods (collectively, "Confidential Information"). Accordingly, both during and after termination of the Executive's employment with the Company (regardless of whether he, or the Company or an affiliate terminates his employment), he shall not misappropriate, use or disclose to any third party any Confidential Information for any reason other than as intended within the scope of his employment. In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof, to the extent possible, and to provide the Company, if requested, with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure. Upon termination of the Executive's employment for any reason, or at any other time upon request of the Company, the Executive shall immediately deliver to the Company all documents, forms, blueprints, designs, policies, memoranda, or other data (and copies hereof), in tangible, electronic, or intangible form, relating to the business of the Company or any of its affiliates. Notwithstanding the foregoing, Confidential Information shall not include information that (i) the Executive had in his possession as of the commencement of his employment with the Company or its affiliates, provided that such information is not subject to a confidentiality agreement with, or other obligation of secrecy to, the Company or its affiliates, or (ii) becomes publicly available other than through disclosure by the Executive in violation of this Agreement or any other applicable agreement.

7.5 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Equity Incentive Plans and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed, telexed, or sent by facsimile transmission, or if mailed, four days after the date of mailing as follows:

(i) if the Company, to:
NVR, Inc.
Attn: Senior Vice President of Human Resources
11700 Plaza America Drive
Suite 500
Reston, VA 20190

(ii) if the Executive, to:
Robert W. Henley

8.2 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver by the Company or the Executive of a breach of, or of a default under, any of the provisions of this Agreement, nor the Company's or the Executive's failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

8.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

8.5 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement.

8.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8.7 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

8.8 Indemnification. The Company agrees to indemnify the Executive, to the fullest extent permitted under Virginia and any other applicable law, against any and all expenses reasonably incurred by the Executive, including attorney's fees, in connection with any action, suit, or proceeding, whether civil, criminal, or administrative and whether formal or informal, including but not limited to any judgment, settlement, fine or penalty or any excise tax related to any employee benefit plan, (each a "proceeding"), to which the Executive is a party (whether as plaintiff, defendant or otherwise) in which any person (including but not limited to the Company or any governmental agency) seeks to (i) impose on the Executive any sanction or liability by reason of any action the Executive took or failed to take in his capacity as an executive officer of the Company or by reason of the Executive's status as an executive officer of the Company, or (ii) recover or withhold from the Executive any compensation, equity award or

other benefit paid or payable to him by the Company or allocated or granted to him under any plan maintained or administered by the Company. Unless a determination has been made that indemnification is not permissible, the Company shall make advances and reimbursements for expenses reasonably incurred by the Executive in a proceeding as described above upon receipt of an undertaking from the Executive to repay the same if it is ultimately determined that the Executive is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the Executive and shall be accepted without reference to the Executive's ability to make repayment. The determination that indemnification under this Section 8.8 is permissible and the authorization of such indemnification (if applicable) in a specific case shall be made in accordance with applicable law; provided that liabilities and expenses incurred because of the Executive's willful misconduct or a knowing violation of criminal law for which the Executive is convicted shall not be indemnifiable under this Section 8.8. The termination of a proceeding by judgment, order, settlement, conviction (except in the case of a conviction of a knowing violation of criminal law), or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the Executive acted in such a manner as to make him ineligible for indemnification. The Executive's right to indemnification under this Section 8.8 does not limit any right to indemnification the Executive may have under the Company's certificate of incorporation, the Company's bylaws, this Agreement, or any other agreement to which the Executive is a party. The Company shall also use its best efforts to obtain coverage for the Executive under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. This Section 8.8 shall survive the termination of this Agreement. This Section 8.8 shall also survive termination of Executive's employment.

8.9 Termination of Employment.The Executive will be deemed to have a termination of employment for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Internal revenue Code Section 409A.

9. Effective Date.

This Agreement shall be effective as of January 1, 2016.

IN WITNESS WHEREOF, The parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

NVR, INC.

By: /s/ James Repole
JAMES REPOLE

/s/ Robert W. Henley
ROBERT W. HENLEY

**Exhibit 10.4**

# AMENDED AND RESTATED EMPLOYMENT AGREEMENT

**THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT** ("Agreement") is hereby entered into by NVR, INC., a Virginia corporation (the "Company") and EUGENE J. BREDOW (the "Executive") on this 4th day of November 2015.

WHEREAS, the Company and the Executive are currently parties to an Employment Agreement, dated May 31, 2012, as amended effective February 19, 2013 (the "Prior Employment Agreement"), and desire to amend and restate the terms and conditions of the Prior Employment Agreement in their entirety to read as set forth herein;

WHEREAS, the Company desires to continue the Executive's employment in the capacity of Vice President and Controller and to ensure the continued availability to the Company of the Executive's services, and the Executive is willing to continue such employment and render such services; and

WHEREAS, the Company and the Executive have agreed that, as of the Effective Date, the terms and conditions of such employment relationship shall henceforth be as set out herein.

ACCORDINGLY, the parties agree as follows:

1. Employment, Duties and Acceptance.

1.1 Employment by the Company. The Company hereby employs the Executive, for itself and its affiliates, to render exclusive and full-time services to the Company. The Executive will serve in the capacity of Vice President and Controller. The Executive will perform such duties as are imposed on the holder of that office by the By-laws of the Company and such other duties as are customarily performed by one holding such position in the same or similar businesses or enterprises as those of the Company. The Executive will perform such other related duties as may be assigned to him from time to time by the Company's Board of Directors, Chief Executive Officer or Chief Financial Officer. The Executive will devote his entire full working time and attention to the performance of such duties and to the promotion of the business and interests of the Company. This provision, however, will not prevent the Executive from investing his funds or assets in any form or manner, or from acting as a member of the board of directors of any companies, businesses, or charitable organizations, so long as such investments or companies do not compete with the Company, subject to the limitations set forth in Section 7.1.

1.2 Acceptance of Employment by the Executive. The Executive accepts such employment and shall render the services described above.

1.3 Place of Employment. The Executive's principal place of employment shall be the Washington, D.C. metropolitan area, subject to such reasonable travel as the rendering of services associated with such position may require.

1.4 Acknowledgement. By signing this Agreement, the Executive acknowledges that he has received copies of the Company's current Code of Ethics and Standards of Business Conduct (collectively, the "Code"), has read and understood the Code's content, and agrees to comply with the Code in all respects.

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for five years from January 1, 2016 through December 31, 2020. It may be extended beyond December 31, 2020 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.3, 6.5, 6.7 and 6.8 of this Agreement.

3. Compensation.

3.1 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual Base Salary of THREE HUNDRED THIRTY THOUSAND DOLLARS ($330,000) payable in equal monthly installments of TWENTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS ($27,500.00). The Company's Compensation Committee of the Board of Directors (the "Compensation Committee") in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.2 Annual Bonus. The Executive shall be eligible to be paid a bonus annually in cash pursuant to the Company's annual incentive plan, as determined by the Compensation Committee (the "Annual Bonus"), in a maximum amount of 100% of the Executive's annual base salary. The Annual Bonus (if any) shall be earned on the last day of the calendar year to which it relates, and shall be paid at the same time (or times) and in the same manner as annual bonuses for other senior executives of the Company. Entitlement to the Annual Bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company, and shall be subject to the approval of the Compensation Committee.

3.3 Participation in Employee Benefit Plans. The Executive shall be permitted during the term of this Agreement, if and to the extent eligible, to participate in any group life, hospitalization or disability insurance plan, health program, pension plan, employee stock ownership plan or similar benefit plan of the Company, which may be available to other comparable executives of the Company generally, on the same terms as such other executives. The Executive shall be entitled to paid vacation and all customary holidays each year during the term of this Agreement in accordance with the Company's policies.

3.4 Expenses. Subject to such policies as may from time to time be established by the Company's Board of Directors, the Company shall pay or reimburse the Executive for all reasonable expenses actually incurred or paid by the Executive in the performance of the Executive's services under this Agreement upon presentation of expense statements or vouchers or such other supporting information as it may require.

3.5 Stock Holding Requirement. The Executive is required to continuously hold at all times NVR, Inc. common stock with a value equal to four (4) times the Executive's base salary as then in effect, subject to the Company's policy titled the NVR, Inc. Stock Holding Requirement for NVR's Board of Directors ("Directors") and Certain Members of Senior Management ("Senior Management"), which is incorporated herein by reference. The stock holding requirement described in this Section 3.5 may be adjusted at any time by the Company's Board of Directors upon thirty days' written notice, but not more than once in any twelve (12) month period.

4. Equity Incentive And Long-Term Incentive Plans.

The Executive is a participant in one or more of the Company's equity incentive plans or programs available to senior executives of the Company (collectively, the "Equity Incentive Plans"). The Executive has entered into separate agreements governing the terms of his participation in the Equity Incentive Plans. The Executive is eligible to participate in any future equity or long-term incentive plan adopted by the Company.

5. Deferred Compensation Plan.

The Executive has the opportunity to defer certain amounts fully earned under annual and long-term incentive plans into the Company's deferred compensation plan, as available to senior management from time to time (the "Deferred Compensation Plan"). The amounts deferred will be held in a fixed number of shares of NVR, Inc. common stock within a Rabbi Trust, and will be distributed to the Executive upon separation of service from the Company. All amounts held for the Executive by the Rabbi Trust pursuant to the Deferred Compensation Plan will be fully vested and not subject to forfeiture for any reason, regardless of the reason for termination. Distributions will be made pursuant to the terms of the Deferred Compensation Plan, subject to the Company's Financial Policies and Procedures File 1.21, *Deferred Compensation Plan Administration*, and File 1.34, *Insider Information, Trading, Tipping and Compliance (Executive Officers and Directors)*.

6. Termination, Disability or Retirement.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. For purposes of this Section 6.1, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which Executive died divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.1 will be made in a lump sum within 10 days following six months and one day after the date of death.

6.2 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, as determined by the Company's Board of Directors in its sole discretion taking into account the Executive's eligibility for benefits under Company-sponsored long-term disability plans or

programs, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status, he would be entitled to receive the Executive's Base Salary and accrued Annual Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. For purposes of this Section 6.2, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day of the second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payments due under this Section 6.2 will be made in a lump sum within 10 days following six months and one day after the date the Executive transferred to disability status.

6.3 Retirement. If the Executive elects to terminate employment upon meeting the established criteria for Retirement prior to the end of the term of this agreement, the Executive will be entitled to receive the Executive's Base Salary for the period ending on the last day worked. "Retirement" means voluntary termination of employment after attainment of age 65. Any Annual Bonus amounts due to the Executive shall be payable, in the same form and at the same time that all other employees receive their bonus payment, to the extent performance goals for the year are achieved. The Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days, multiplied by the percent of the maximum Annual Bonus achieved pursuant to the performance goals in place in the year of retirement. In addition, the Executive shall be entitled to payment of ONE HUNDRED PERCENT (100%) of his then annual Base Salary. Payments other than the Annual Bonus due under this Section 6.3, if any, will be made in a lump sum within 10 days following six months and one day after the date of retirement.

6.4 Termination for Cause. The Company may terminate the Executive's employment hereunder for Cause at any time by written notice to the Executive. In such event, the Executive is not entitled to any severance pay. A termination of the Executive under this Section 6.4 does not affect the Executive's rights pursuant to Section 5 of this Agreement. "Cause" means, as determined by the Board of Directors and described herein, (i) conviction of (a) a felony, (b) a willful or knowing violation of any federal or state securities law, or (c) a crime involving moral turpitude; (ii) gross negligence or gross misconduct in connection with the performance of the Executive's duties as described in Section 1.1 herein (which shall include a breach of the Executive's fiduciary duty of loyalty); or (iii) a material breach of any covenants by the Executive contained in any agreement between the Executive and the Company or its affiliates (including but not limited to breaching affirmative or negative covenants or undertakings set forth in Section 7 herein).

6.5 Termination Without Cause. The Company may on sixty (60) days' notice terminate the Executive's employment without Cause (as such term is defined in Section 6.4) during the term of this Agreement. In the event of a termination without Cause, as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to receive (i) the Executive's Base Salary and accrued Annual Bonus for the period ending on the date of termination and (ii) an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, paid in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Section 6.4, the accrued Annual Bonus shall be calculated as one hundred percent (100%) of Base Salary multiplied by the fraction of (x) the number of days in the calendar year through the last day worked by the Executive divided by (y) 365 days (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed ONE HUNDRED THOUSAND DOLLARS ($100,000.00).

6.6 Voluntary Termination. The Executive may on ninety (90) days' notice terminate his employment hereunder at any time during the term of this Agreement. In such event, he shall not be entitled to any severance pay except in the circumstances described in Sections 6.7 and 6.8 below.

6.7 Voluntary Termination With Good Reason. In the event of a voluntary termination by the Executive with Good Reason, the Executive shall be entitled to receive the same severance pay and benefits due upon a termination without Cause pursuant to Section 6.5 above. "Good Reason" means (i) a material diminution in the Executive's authority, duties or responsibilities as described herein; (ii) a requirement that the Executive report to a corporate officer other than the Company's Chief Executive Officer or Chief Financial Officer; (iii) a material change in the Executive's principal place of employment to a location that is more than 50 miles from Reston, Virginia; (iv) the failure of any successor of the Company to expressly in writing assume the Company's obligations under this Agreement; or (v) any other action or inaction that constitutes a material breach by the Company of any agreement between the Executive and the Company or its successor. Notwithstanding the foregoing, the Executive shall not be

treated as having terminated with Good Reason unless (a) the Executive notifies the Company in writing of the event or condition constituting Good Reason within sixty (60) days after he knows, or with the exercise of reasonable diligence would have known, of the occurrence of such event or condition; (b) the Company fails within thirty (30) days after receipt of such notice to cure such event and return the Executive to the position he would have been in had the event or condition not occurred; and (c) within thirty (30) days after the end of the cure period described in clause (b), the Executive notifies the Company in writing of his intent to terminate employment; provided, however, that in no event shall the Executive's failure to notify the Company of the occurrence of any event constituting Good Reason, or to voluntarily terminate as a result of such event, be construed as a consent to the occurrence of future events, whether or not similar to the initial occurrence, or a waiver of his right to resign for Good Reason as a result thereof.

6.8 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a single lump sum payment in an amount equal to ONE HUNDRED PERCENT (100%) of his then annual Base Salary, as well as his accrued pro-rata Annual Bonus through the date of termination (regardless of whether the performance goals established pursuant to Section 3.2 are actually met for such year). Payment of such amount shall be made in a lump sum within 10 days following six months and one day after the date of termination. For purposes of this Agreement, "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction or series of transactions (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company, and where there has been a material diminution in the Executive's authority, duties or responsibilities as described herein.

6.9 Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy. If the Company elects a new Chairman and/or appoints a Chief Executive Officer (the "New Senior Leader") and provided that on or after the date of such election and/or appointment, the Board of Directors or New Senior Leader enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide ninety (90) days' notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Senior Leader accompanied by any of the changes described in this Section 6.9, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

6.10 Continuing Payments. In the event any of the events described in this Section 6 should occur during the term of this Agreement, and result in payments to the Executive which would in their normal course continue beyond the term of this Agreement, such payments shall be made at such times and in such amounts as if the term of this Agreement had not expired.

6.11 Effect of Termination. Except as otherwise expressly agreed to in writing by the Executive and the Company, in the event of the Executive's termination of employment for any reason, he shall automatically be deemed to have resigned from all assignments or appointments by or positions with the Company and its affiliates. Any such resignation shall not affect the characterization of the Executive's termination of employment as voluntary or involuntary or with or without Cause or Good Reason.

7. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable during the employment term and for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.3 "Retirement", Section 6.4 for "Cause", Section 6.5 "Without Cause", or Section 6.6 "Voluntary".

In the event that the Executive terminates pursuant to Section 6.7 "Voluntary With Good Reason", Section 6.8 "Voluntary Termination – Change of Control" or Section 6.9 "Voluntary Termination-Change in Senior Leadership Accompanied by Change in Business Philosophy", the non-competition provisions of Section 7 become void. All other provisions in Section 7 remain in full force and effect.

7.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that he shall not, at any time, directly or indirectly, anywhere in the Restricted Area (i) own more than 5% of outstanding shares or control any residential Homebuilding, Mortgage Financing, or Settlement Services Business that competes with the Company or an affiliate; or (ii) work for, become employed by, or provide services to (whether as an employee, consultant, independent contractor, partner, officer, director, or board member) any person or entity that competes with the Company or an affiliate in the residential Homebuilding Business, Mortgage Financing Business, or Settlement Services Business (including but not limited to an entity owned or managed by a Family member). "Restricted Area" means the counties and other units of local government in which the Company engaged in the residential Homebuilding Business, Mortgage Financing Business or Settlement Services Business, within the 24-month period prior to Executive's termination of employment. Further, Executive will not (a) hire or solicit for hiring, any person, who, during the last twelve (12) months prior to Executive's termination of employment, was an employee of the Company or provided services as a subcontractor to the Company; (b) utilize or solicit the services of, or acquire or attempt to acquire real property, goods, or services from, any developer or subcontractor utilized by the Company; or (c) solicit any customer or client or prospective customer or client of the Company with whom the Executive had any communications with or about whom the Executive had any access to information during the 12-month period prior to the Executive's termination of employment. Any investments made by the Executive in private equity or hedge funds/vehicles for which the Executive does not hold a controlling financial or management interest is not considered a violation of this Section 7.1.

7.2 Definitions. For purposes of this Agreement, (i) the term "Family" shall mean Executive, Executive's spouse, and any minor children and any entity that Executive, Executive's spouse, and any minor children control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); (iii) the term "Homebuilding Business" shall mean the business of designing and constructing single family homes; (iv) the term "Mortgage Financing Business" shall mean the origination, underwriting, closing, placement or sale of residential home mortgages (new home construction only); and (v) the term "Settlement Services Business" shall mean the brokering of title insurance and the performance of title searches related to loan closings in connection with the Mortgage Financing Business.

7.3 Reasonableness. The Executive acknowledges that the restrictions contained in this Section 7 are reasonable and necessary to protect the business and interests of the Company, and that it would be impossible to measure in money the damages that would accrue to the Company by reason of the Executive's failure to perform his obligations under this Section 7. Therefore, the Executive hereby agrees that in addition to any other remedies that the Company may have at law or at equity with respect to this Section 7, the Company shall have the right to have all obligations, undertakings, agreements, and covenants set forth herein specifically performed, and that the Company shall have the right to obtain an order of such specific performance (including preliminary and permanent injunctive relief to prevent a breach or contemplated breach of any provision of this Section 7) in any court of the United States or any state or political subdivision thereof, without the necessity of proving actual damage; provided that the Company is not in breach of any of its obligations hereunder.

7.4 Confidentiality. In connection with the Executive's employment with the Company, Executive has had or may have access to confidential, proprietary, and non-public information concerning the business or affairs of the Company, including but not limited to trade secrets (as defined in Virginia Code § 59.1-336) and other information concerning the Company's customers, developers, lot positions, subcontractors, employees, pricing, procedures, marketing plans, business plans, operations, business strategies, and methods (collectively, "Confidential Information"). Accordingly, both during and after termination of the Executive's employment with the Company (regardless of whether he, or the Company or an affiliate terminates his employment), he shall not misappropriate, use or disclose to any third party any Confidential Information for any reason other than as intended within the scope of his employment. In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof, to the extent possible, and to provide the Company, if requested, with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure. Upon termination of the Executive's employment for any reason, or at any other time upon request of the Company, the Executive shall immediately deliver to the Company all documents, forms, blueprints, designs, policies, memoranda, or other data (and copies hereof), in tangible, electronic, or intangible form, relating to the business of the Company or any of its affiliates. Notwithstanding the foregoing, Confidential Information shall not include information that (i) the Executive had in his possession as of the commencement of his employment with the Company or its affiliates, provided that such information is not subject to a confidentiality agreement with, or other obligation of secrecy to, the Company or its affiliates, or (ii) becomes publicly available other than through disclosure by the Executive in violation of this Agreement or any other applicable agreement.

7.5 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Equity Incentive Plans and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

8.1 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed, telexed, or sent by facsimile transmission, or if mailed, four days after the date of mailing as follows:

(i) if the Company, to:
NVR, Inc.
Attn: Senior Vice President of Human Resources
11700 Plaza America Drive
Suite 500
Reston, VA 20190

(ii) if the Executive, to:
Eugene J. Bredow

8.2 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto.

8.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. No waiver by the Company or the Executive of a breach of, or of a default under, any of the provisions of this Agreement, nor the Company's or the Executive's failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

8.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia.

8.5 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement.

8.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8.7 Headings. The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

8.8 Indemnification. The Company agrees to indemnify the Executive, to the fullest extent permitted under Virginia and any other applicable law, against any and all expenses reasonably incurred by the Executive, including attorney's fees, in connection with any action, suit, or proceeding, whether civil, criminal, or administrative and whether formal or informal, including but not limited to any judgment, settlement, fine or penalty or any excise tax related to any employee benefit plan, (each a "proceeding"), to which the Executive is a party (whether as plaintiff, defendant or otherwise) in which any person (including but not limited to the Company or any governmental agency) seeks to (i) impose on the Executive any sanction or liability by reason of any action the Executive took or failed to take in his capacity as an executive officer of the Company or by reason of the Executive's status as an executive officer of the Company, or (ii) recover or withhold from the Executive any compensation, equity award or

other benefit paid or payable to him by the Company or allocated or granted to him under any plan maintained or administered by the Company. Unless a determination has been made that indemnification is not permissible, the Company shall make advances and reimbursements for expenses reasonably incurred by the Executive in a proceeding as described above upon receipt of an undertaking from the Executive to repay the same if it is ultimately determined that the Executive is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the Executive and shall be accepted without reference to the Executive's ability to make repayment. The determination that indemnification under this Section 8.8 is permissible and the authorization of such indemnification (if applicable) in a specific case shall be made in accordance with applicable law; provided that liabilities and expenses incurred because of the Executive's willful misconduct or a knowing violation of criminal law for which the Executive is convicted shall not be indemnifiable under this Section 8.8. The termination of a proceeding by judgment, order, settlement, conviction (except in the case of a conviction of a knowing violation of criminal law), or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that the Executive acted in such a manner as to make him ineligible for indemnification. The Executive's right to indemnification under this Section 8.8 does not limit any right to indemnification the Executive may have under the Company's certificate of incorporation, the Company's bylaws, this Agreement, or any other agreement to which the Executive is a party. The Company shall also use its best efforts to obtain coverage for the Executive under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. This Section 8.8 shall survive the termination of this Agreement. This Section 8.8 shall also survive termination of Executive's employment.

8.9 Termination of Employment.The Executive will be deemed to have a termination of employment for purposes of determining the timing of any payments or benefits hereunder that are classified as deferred compensation only upon a "separation from service" within the meaning of Internal revenue Code Section 409A.

9. Effective Date.

This Agreement shall be effective as of January 1, 2016.

IN WITNESS WHEREOF, The parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

NVR, INC.

By: /s/ James Repole
JAMES REPOLE

/s/ Eugene J. Bredow
EUGENE J. BREDOW

# NVR, INC.
# NONQUALIFIED DEFERRED COMPENSATION PLAN

**(Originally Effective December 15, 2005, as Amended and Restated)**

## ARTICLE 1
## PURPOSE

NVR, Inc. (the "Company") established the NVR, Inc. Nonqualified Deferred Compensation Plan (the "Plan") for the benefit of executives of the Company and certain affiliates, effective December 15, 2005, with respect to pay received on or after January 1, 2006. The Plan is hereby amended and restated as of November 4, 2015. The Company intends that the Plan shall be treated as an unfunded plan for purposes of the Code, and the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and as a plan for a select group of management and highly compensated employees for purposes of ERISA. A significant purpose of this Plan is to permit Eligible Persons who have a Company stock ownership requirement to purchase shares of the Company's common stock on a pre-tax basis.

## ARTICLE 2
## ELIGIBILITY AND PARTICIPATION

2.1 Eligibility

Eligibility to participate in the Plan shall be limited to Employees who are designated by the Board to participate in the Plan (hereafter, each an "Eligible Person"). An Eligible Person may elect to defer a portion of Base Compensation and any Bonus payable with respect to services to be performed as an Employee by making a deferral election as further provided in Section 3.1.

2.2 Cessation of Participation

An Employee who qualifies as an Eligible Person for a particular calendar year will continue to be an Eligible Person until such time as the Board determines otherwise, including that the Eligible Person no longer satisfies the Plan's eligibility requirements or is not a member of a select group of management or highly compensated employees. Any determination of ineligibility shall be effective for an immediately following calendar year. Any individual who ceases to be an Eligible Person shall continue to be a Participant with respect to amounts credited to his or her Account until such amounts are completely distributed to him or her in accordance with the Plan.

## ARTICLE 3
## ELECTIVE DEFERRALS

3.1 Deferral Election

An Eligible Person may make a deferral election with respect to an upcoming calendar year pursuant to the provisions of this Section 3.1. Any deferral election and any revocation of the election permitted under this Plan shall be in writing, in the form designated by the Plan Administrator and may be subject to guidelines of the Plan Administrator establishing a minimum deferral amount for participation.

(a) Compensation Deferral

An Eligible Person may elect to defer up to 100% of his or her Base Compensation payable during an upcoming calendar year net of any required tax withholding, and any deferrals and/or salary reduction amounts as described in Section 3.1(d), by completing and filing an election with the Plan Administrator during the enrollment

period established by the Plan Administrator for deferral of that Base Compensation. The enrollment period shall end no later than December 31 of the current year for deferrals in the upcoming calendar year. Except as provided in Section 4.4 and Section 4.5, a Base Compensation deferral election shall become irrevocable as of the close of the enrollment period applicable to the Base Compensation. The Base Compensation deferral election may be revoked in writing up to the end of the applicable enrollment period by submitting a revocation to the Plan Administrator by that date. The Eligible Person shall set forth the amount to be deferred as a full percentage or dollar amount of Base Compensation payable during the calendar year.

(b) Bonus Deferral

An Eligible Person may elect to defer up to 100% of his or her Bonus, if any, payable with respect to the upcoming calendar year net of any required tax withholding, and any deferrals and/or salary reduction amounts as described in Section 3.1(d), by completing and filing an election with the Plan Administrator during the enrollment period established by the Plan Administrator for deferral of that Bonus. In the case of a performance-based Bonus (within the meaning of Section 409A of the Code and the regulations issued thereunder), the enrollment period shall end no later than the date six (6) months prior to the end of the performance measurement period to which such Bonus relates and, in the case of a Bonus that is not performance-based, no later than December 31 of the calendar year prior to the calendar year to which the Bonus relates.

Except as provided in Section 4.4 and Section 4.5, a Bonus deferral election shall become irrevocable as of the close of the enrollment period applicable to the Bonus. The Bonus deferral election may be revoked in writing up to the end of the applicable enrollment period by submitting a revocation to the Plan Administrator by that date. The Eligible Person shall set forth the amount to be deferred as a full percentage or dollar amount of the Bonus payable during the upcoming calendar year.

(c) First Year Participation

If an Eligible Person first becomes eligible to participate in the Plan during a calendar year and has never previously participated in an account-based deferred compensation plan with the Company, any Participating Employer and certain affiliates, then notwithstanding the general requirement stated in Section 3.1(a) or Section 3.1(b), as applicable, that the election be completed and submitted before the calendar year of commencement (but in accordance with all other applicable provisions of Section 3.1(a) and Section 3.1(b)), an election may be submitted to the Plan Administrator within thirty (30) days after the Participant first becomes an Eligible Person. However, such election shall be effective only with respect to Base Compensation and Bonus payments earned and payable following submission of the election to the Plan Administrator.

(d) Net Deferral Affected by 401(k) Deferrals and Other Pay Deductions

In determining the actual amount of Base Compensation and Bonus deferral to be credited to a Participant's Account under the Plan for a calendar year, the total deferral election amount for the calendar year shall be reduced by the following amounts but only to the extent necessary to cover these contributions or the withholding obligation: (i) any elective deferrals contributed by the Participant for such year under the NVR, Inc. Profit Sharing Plan (or any other 401(k) plan maintained by a Participating Employer); (ii) contributions by the Participant for such year to any flexible spending account, health savings account, cafeteria plan or similar arrangement; and (iii) FICA amounts withheld from the Participant's pay for such year. Accordingly, only the net deferral shall be credited under this Plan in a calendar year.

3.2 Application of Election and Vesting

An election for the deferral of Base Compensation and the deferral of Bonus amounts must be completed for each calendar year with respect to which amounts are deferred under the Plan, in accordance with this ARTICLE 3. A Participant shall at all times be 100% vested in his or her elective deferrals of Base Compensation and Bonus amounts and any earnings thereon.

3.3 Effect of Employment Termination

If a Participant ceases to be an Employee, at a time when he or she has in effect for the calendar year one or more deferral elections, the deferral election or elections shall terminate with respect to any amount not yet paid at the time the individual ceases to be an Employee. Amounts already deferred into the Participant's Account shall remain so credited and shall be distributed in accordance with the terms of this Plan.

## ARTICLE 4
## PAYMENT OF DEFERRED COMPENSATION

4.1 Selecting the Payment Commencement Date

(a) Subject to the provisions of ARTICLE 6, with each deferral election under the Plan and relating solely to the amount so deferred and earnings on such amounts (the "Annual Account"), an Eligible Person shall designate the time as of which payment of his or her Annual Account under the Plan is to commence as one of the following alternatives:

(i) Payment shall be paid or begin to be paid as soon as administratively feasible following the Participant's Termination Date and before the later of (i) December 31 of the calendar year of the Participant's Termination Date, or (ii) the fifteenth (15th) day of the third (3rd) month following the Participant's Termination Date. Notwithstanding the foregoing, distributions made to a Key Employee upon such separation shall be paid or begin to be paid no earlier than the first (1st) day following the six (6th) month anniversary of the Participant's Termination Date; or

(ii) The January 31 of the calendar year designated by the Eligible Person, which must be at least two (2) calendar years after the year in which the amount is actually deferred, but not later than the twentieth (20th) calendar year following the year in which the deferral election is made (hereafter, the "Specified Payment Date"). Payment shall be made as soon as administratively feasible following the Specified Payment Date and before the later of (i) December 31 of the calendar year of the Specified Payment Date, or (ii) the fifteenth (15th) day of the third (3rd) month following the Specified Payment Date.

If a payment commencement date for the Annual Account under this Section 4.1(a) is not established at the time an Eligible Person submits his or her deferral election form, payment of the applicable Annual Account shall be made on the last day of the month in which occurs the six (6) month anniversary of the Participant's Termination Date.

(b) Notwithstanding any provision to the contrary in this Article 4, if an Eligible Person experiences a Separation from Service prior to attainment of the Retirement Age and prior to complete distribution of his or her Account, then the portion of the Account remaining unpaid as of the Participant's Termination Date shall be paid in a single lump sum as of the last day of the month in which occurs the six (6) month anniversary of the Participant's Termination Date.

(c) Notwithstanding any provision to the contrary in this ARTICLE 4:

(i) If the Company, in its sole discretion, determines that payment of an Annual Account in accordance with Section 4.1(a)(ii) would exceed the deduction limit under Section 162(m) of the Code, pursuant to Treasury Regulation Section 1.409A-2(b)(7)(i) such payment shall be delayed until the last day of the month in which occurs the six (6) month anniversary of the Participant's Termination Date; and

(ii) If the Company, in its sole discretion, reasonably anticipates that payment will violate Federal securities law or other applicable law, pursuant to Treasury Regulation Section 1.409A-2(b)(7)(ii) such payment shall be delayed until the earliest day at which the Company reasonably anticipates that the payment will not cause a violation of such laws. For purposes of this paragraph (ii), a violation of "other applicable law" does not include a payment which would cause inclusion of the payment in the Participant's gross income or which would subject the Participant to any Code penalty or other Code provision.

(d) Notwithstanding any provision to the contrary in this Article 4 the Plan Administrator, in its sole discretion, may accelerate payment of all or a portion of a Participant's Annual Account upon the occurrence of any of the events set forth below and in accordance with Treasury Regulation Section 1.409A-3(j)(4):

(i) to the extent that (A) the aggregate amount in the Participant's Account does not exceed the applicable dollar amount under Section 402(g)(1)(B) of the Code, (B) the payment results in the termination of the Participant's entire interest in the Plan and any plans that are aggregated with the Plan pursuant to Treasury Regulation Section 1.409A-1(c)(2), and (C) the Plan Administrator's decision to cash out the Participant's Account is evidenced in writing no later than the date of payment;

(ii) to pay (A) the Federal Insurance Contributions Act ("FICA") tax imposed under Sections 3010, 3121(a) and 3121(v)(2) of the Code (the "FICA Amount"), or (B) the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA Amount and the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes; provided, however, that the total payment under this Section shall not exceed the FICA Amount and the income tax withholding related to the FICA Amount;

(iii) to the extent necessary to comply with a domestic relations order (as defined in Section 414(p)(1)(B) of the Code);

(iv) as satisfaction of the Participant's debt to the Company, provided the debt is incurred in the ordinary course of the Participant's employment relationship, the entire amount of the reduction does not exceed $5,000 in any calendar year and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant; and/or

(v) where the accelerated payment occurs as part of a settlement between the Participant and the Company of an arm's length, bona fide dispute as to the Participant's right to the deferred amount. Such accelerated payment must reflect at least a twenty-five percent (25%) reduction in the value of the amount that would have been payable had there been no dispute as to the Participant's right to the payment.

(e) Notwithstanding anything to the contrary in the Plan:

(i) If any portion of a Participant's Account remains unpaid at the time of his or her death, payment shall be made in accordance with the provisions of Section 6.1 and Section 6.2, and this ARTICLE 4 shall be inapplicable to such payment.

(ii) If any portion of a Participant's Account remains unpaid at the time of his or her Separation from Service due to Disability, payment shall be made in accordance with the provisions of Section 6.3, and this ARTICLE 4 shall be inapplicable to such payment.

4.2 Form of Payment

In each deferral election completed and submitted pursuant to Section 4.1(a), the Eligible Person also shall select the form of payment for distribution of his or her Annual Account under the Plan, from one of the following forms:

(a) A single lump sum; or

(b) Subject to Sections 4.1(b), (c) and (d), a series of annual installments for three (3), five (5), or ten (10) such consecutive years, as elected by the Eligible Person. If an Eligible Person, who designated payment to be made pursuant to this option, does not attain the Retirement Age prior to his or her Separation from Service, payment shall be made in a single lump sum.

If a form of payment under this Section 4.2 is not established at the time an Eligible Person

submits his or her initial deferral election form and there is no default form of payment determined in accordance with Section 4.1, the payment form of his or her Annual Account shall be in a single lump sum. All payments under the Plan shall be in the form of shares of common stock of the Company.

4.3 Change of Form or Timing of Payment

Subject to approval of the Plan Administrator, a Participant may change his or her election as to the form or timing of payment for each deferral election under this ARTICLE 4, contingent on the following requirements having been satisfied:

(a) the change must be made in writing and in the form designated by the Plan Administrator;

(b) the change must be made at a time when the Participant is still an Employee, and must be consistent with Sections 4.1, 4.2 and 4.3;

(c) the change may not take effect until at least twelve (12) months after such election is filed;

(d) the change must be made at least twelve (12) months prior to the date that would have been the payment or commencement of payment date for that deferral election; and

(e) the change must delay the payment date or, in the case of installments, each of the payment dates by at least five (5) years.

4.4 Unforeseen Emergency

The Plan Administrator may, in its sole discretion, make distributions to a Participant from his or her Account prior to the date that amounts would otherwise become payable if the Plan Administrator determines that the Participant has incurred an Unforeseeable Emergency. The amount of any such distribution shall be limited to the amount reasonably necessary to meet the Participant's needs created by the Unforeseeable Emergency, plus the amount necessary to pay the taxes thereon, after taking into account reimbursement from insurance and liquidation of the Participant's available assets (including any additional compensation available to the Participant in the event that his or her deferral election under the Plan is cancelled pursuant to this Section).

In addition, the Plan Administrator in its discretion may at any time cancel a deferral election with respect to the remainder of the amount to be deferred under such deferral election upon determining that the Participant has suffered an Unforeseeable Emergency. The deferral election made by a Participant next following the cancellation of his or her deferral election due to an Unforeseeable Emergency shall be treated as an initial deferral election, subject to the requirements of ARTICLE 3 and ARTICLE 4.

4.5 Effect on this Plan of a 401(k) Plan Hardship Withdrawal

To the extent required to comply with Treasury Regulation §1.401(k)-1(d)(3)(iv)(E)(2), or any amendment or successor thereto, a Participant's "elective and employee contributions" (within the meaning of such Treasury Regulation) under this Plan shall be terminated following the Participant's receipt of a hardship distribution made in reliance on such Treasury Regulation from any plan containing a cash or deferred arrangement under Section 401(k) of the Code maintained by the Company or a related party within the provisions of subsections (b), (c), (m) or (o) of Section 414 of the Code. The deferral election under the Plan made by the Participant next following the termination of his or her deferral election due to receipt of a hardship distribution shall be subject to the requirements of ARTICLE 3 and ARTICLE 4.

## ARTICLE 5
## PLAN ACCOUNTS

5.1 Accounts

Bookkeeping deferral election Accounts shall be established and maintained by the Plan Administrator for each Participant in which shall be recorded the amounts deferred by the Participant under the Plan for each deferral election (credited as of the date that they would otherwise be currently payable).

5.2 Investment Performance

A Participant's Account shall be treated as invested in deferred stock units on Company Common Stock ("Common Stock"), and adjusted to reflect increases or decreases thereon. Accordingly, each deferred stock unit credited to the account represents the value of a share of Common Stock. Dividend equivalents shall be credited to each deferred stock unit on each dividend payment date (based on deferred stock units held as of the dividend record date) to the extent of dividends issued on Common Stock. Such dividend equivalents shall themselves be converted into deferred stock units as of the dividend payment date by dividing the amount of the dividend equivalents by the value of the Common Stock as of the applicable dividend payment date. Any such additional deferred stock units (or fraction thereof) resulting from dividend equivalent credits shall be treated as deferred stock units and credited to the Participant's Account.

5.3 Valuation Date

A Participant's Account shall be valued as of each December 31, and as of each distribution payment date, at which point credits under Section 5.2 shall be made with respect to the Account balance remaining in the Plan as of the Valuation Date. The Company also may establish such other date or dates as Valuation Dates with respect to all Accounts, particular investments in the Accounts or particular Accounts with respect to which payment or another transaction is to occur. A Participant's Account shall be valued based on the average of the high and low price of the Company's Common Stock on the Valuation Date.

## ARTICLE 6
## DEATH AND DISABILITY BENEFITS

6.1 Death Benefit

Each Participant may designate a Beneficiary to receive payment of his or her Account balance in the event of his or her death. Each Beneficiary designation: (i) shall be made on a form filed in the manner prescribed by the Plan Administrator, (ii) shall be effective when, and only if made and filed in such manner during the Participant's lifetime, and (iii) upon such filing, shall automatically revoke all previous Beneficiary designations. Upon the death of a Participant, the full amount of the Participant's Account (or the remaining amount of the Account in the event that installment payments have commenced) shall be paid to the Participant's Beneficiary in a single lump sum as soon as administratively practicable but before the later of (i) December 31 of the calendar year of the Participant's death, or (ii) the fifteenth (15th) day of the third (3rd) month following the Participant's death.

6.2 Failure to Designate Beneficiary

If the payments to be made pursuant to this Section are not subject to a valid Beneficiary designation at the time of the Participant's death (because the designated Beneficiary predeceased the Participant or for any other reason), the estate of the Participant shall be the Beneficiary. If a Beneficiary designated by the Participant to receive all or any part of the Participant's Account dies after the Participant but before complete distribution of that portion of the Account, and at the time of the Beneficiary's death there is no valid designation of a contingent Beneficiary, the estate of such Beneficiary shall be the Beneficiary of the portion in question.

6.3 Disability Benefit

In the event a Participant experiences a Separation from Service due to Disability, payment will be made as a lump sum as soon as practicable but before the later of (i) December 31 of the calendar year the Participant is determined to be disabled, or (ii) the fifteenth (15th) day of the third (3rd) month following a determination that the Participant is disabled. Payment shall be made in the form of shares of common stock of the Company.

## ARTICLE 7
## CLAIMS PROCEDURE

7.1 Presentation of Claim

No application is required for the commencement of benefits under the Plan. However, if a Participant or Beneficiary ("Claimant") believes that he or she is entitled to a greater benefit under the Plan, the Claimant may submit a written claim to Attention: Chief Financial Officer, NVR, Inc., Plaza America Tower, 11700 Plaza America Drive Suite 500, Reston, Virginia 20190 for such a greater benefit. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 90 days after such notice was received by the Claimant. All other claims shall be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim shall state with particularity the determination desired by the Claimant. A claim shall be considered to have been made when a written communication made by the Claimant or the Claimant's representative is received by the Chief Financial Officer or his authorized delegate.

7.2 Decision on Initial Claim

The Chief Financial Officer shall consider a Claimant's claim and provide written notice to the Claimant of any denial within a reasonable time, but no later than 90 days after receipt of the claim. If an extension of time beyond the initial 90-day period for processing is required, written notice of the extension shall be provided to the Claimant before the initial 90-day period expires indicating the special circumstances requiring an extension of time and the date by which the Chief Financial Officer expects to render a final decision. In no event shall the period, as extended, exceed 180 days. If the Chief Financial Officer denies, in whole or in part, the claim, the notice shall set forth in a manner calculated to be understood by the Claimant:

(a) The specific reasons for the denial of the claim, or any part thereof;

(b) Specific references to pertinent Plan provisions upon which such denial was based;

(c) A description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(d) An explanation of the claim review procedure, which explanation shall also include a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following a denial of the claim upon review.

Notwithstanding the foregoing, the Chief Financial Officer shall not have authority to consider, review or render a decision on any matter involving his own participation in, or benefit under, the Plan. In any such matter, the Company's Senior Vice President of Human Resources shall have the authority otherwise delegated to the Chief Financial Officer under this Section 7.2.

7.3 Right to Review

A Claimant is entitled to appeal any claim that has been denied in whole or in part. To do so, the Claimant must submit a signed, written request for review with the Chief Financial Officer within 60 days after receiving a notice from the Chief Financial Officer that a claim has been denied, in whole or in part. Absent receipt

by the Chief Financial Officer of a written request for review within such 60-day period, the claim shall be deemed to be conclusively denied. The Claimant (or the Claimant's duly authorized representative) may:

(a) Review and/or receive copies of, upon request and free of charge, all documents, records, and other information relevant to the Claimant's claim; and/or

(b) Submit written comments, documents, records or other information relating to her claim, which the Chief Financial Officer shall take into account in considering the claim on review, without regard to whether such information was submitted or considered in the initial review of the claim.

If a Claimant requests to review and/or receive copies of relevant information pursuant to subsection (a) above before filing a written request for review, the 60-day period for submitting the written request for review will be tolled during the period beginning on the date the Claimant makes such request and ending on the date the Claimant reviews or receives such relevant information

7.4 Decision on Review

The Plan Administrator or its delegate shall render its decision on review promptly, and not later than 60 days after it receives a written request for review of the denial, unless other special circumstances require additional time. In such case, the Plan Administrator or its delegate will notify the Claimant, before the expiration of the initial 60-day period and in writing, of the need for additional time, the reason the additional time is necessary, and the date (no later than 60 days after expiration of the initial 60-day period) by which the Plan Administrator or its delegate expects to render its decision on review. Notwithstanding the foregoing, if the Plan Administrator or its delegate determines that an extension of the initial 60-day period is required due to the Claimant's failure to submit information necessary for the Plan Administrator or its delegate to decide the claim, the time period by which the Plan Administrator or its delegate must make his determination on review shall be tolled from the date on which the notification of the extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information. The decision on review shall be written in a manner calculated to be understood by the Claimant, and shall contain:

(a) Specific reasons for the decision;

(b) Specific references to the pertinent Plan provisions upon which the decision was based;

(c) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records or other information relevant (within the meaning of Department of Labor Regulation Section 2560.503-1(m)(8)) to the Claimant's claim;

(d) A statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following a wholly or partially denied claim for benefits; and

(e) Such other matters as the Plan Administrator or its delegate deems relevant.

Notwithstanding the foregoing, no individual shall have authority to consider, review or render a decision on any matter involving his own participation in, or benefit under, the Plan. In any such matter, the Plan Administrator shall delegate one or more other individuals to render a decision on such matter in accordance with this Section 7.4.

7.5 Legal Action

Any final decision by the Plan Administrator or its delegate shall be binding on all parties. A Claimant's compliance with the foregoing provisions of this Article is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under the Plan. Any such legal action must be initiated no later than 180 days after the Plan Administrator or its delegate renders its final decision pursuant to Section 7.4.

## ARTICLE 8
## MANAGEMENT AND ADMINISTRATION

8.1 Administration

The Company shall serve as the Plan Administrator. The Plan Administrator shall have the full power and authority to control and manage the operation and administration of the Plan, including the authority, in its sole discretion: (a) to promulgate and enforce such rules and regulations as deemed necessary or appropriate for the administration of the Plan; (b) to interpret the Plan consistent with the terms and intent thereof; and (c) to resolve any possible ambiguities, inconsistencies and omissions in the Plan. All such actions shall be in accordance with the terms and intent of the Plan.

The Company may designate, by written instrument acknowledged by the parties, one or more persons to carry out its fiduciary responsibilities as Plan Administrator. To the extent of any such delegation, the delegate shall become the Plan Administrator responsible for the matters assigned by the Company, and references to the Company in such capacity shall apply instead to the delegate. Additionally, the Company may assign any of its responsibilities to specific persons who are directors, officers, or employees of the Company, or a committee composed of such persons, in order to execute its actions as the Plan Administrator. Any action by the Company assigning any of its responsibilities to specific persons who are directors, officers, or employees of the Company, or a committee composed of such persons, shall not constitute delegation of the Company's responsibility as Plan Administrator, but rather shall be treated as the manner in which the Company has determined internally to discharge such responsibility. One such assignment is hereby made to the Chief Financial Officer, who shall have the power on behalf of the Company to execute Plan documents, trust agreements or other contracts relating to the Plan or Plan administration, and who shall serve generally as the Plan Administrator, except with respect to any matter requiring him to render a decision regarding his own participation in, or benefit under, the Plan. In any such matter, the Company's Senior Vice President of Human Resources shall have the authority otherwise delegated to the Chief Financial Officer under this Section 8.1.

The Plan Administrator may engage the services of accountants, attorneys, actuaries, consultants and such other professional personnel as deemed necessary or advisable to assist them in fulfilling responsibilities of the Plan Administrator under the Plan. The Plan Administrator, and its delegates and assistants, shall be entitled to act on the basis of all tables, valuations, certificates, opinions and reports furnished by such professional personnel.

8.2 Amendment and Termination of the Plan

The Company may, in its sole discretion, amend, modify or terminate this Plan at any time or from time to time, in whole or in part, and for any reason. However, no amendment shall reduce the amount accrued in any Account as of the date of such amendment. The Company may terminate the Plan with respect to the Participants employed or formerly employed by the Company, as follows:

(a) Partial Termination

The Company may partially terminate the Plan by instructing the Plan Administrator not to accept any additional deferral elections under this Plan. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to deferral elections properly completed and filed prior to the effective date of such partial termination.

(b) Complete Termination

The Company may completely terminate the Plan by instructing the Plan Administrator not to accept any additional deferral elections, and by terminating all existing Plan deferrals. Upon termination of the Plan, the Company reserves the discretion to accelerate distribution of each Account to the appropriate Participant in accordance with regulations and other guidance promulgated by the Department of Treasury under Section 409A of the Code.

## ARTICLE 9
## GENERAL PROVISIONS

9.1 Alienation of Benefits

No Account payable under the Plan shall be subject to alienation, sale, transfer, assignment, pledge, attachment, garnishment, lien, levy or like encumbrance. Neither the Company nor the Plan shall in any manner be liable for or subject to the debts or liabilities of any person entitled to payment under the Plan.

9.2 Overpayments

If any overpayment of an Account is made under the Plan, (a) the amount of the overpayment may be set off against further amounts payable to or on account of the person who received the overpayment until the overpayment has been recovered in full, or (b) the recipient shall be required to return the amount of the overpayment to the Plan Administrator. The foregoing remedy is not intended to be exclusive.

9.3 FICA Obligation

An Eligible Person's deferrals of Base Compensation and Bonus payments are subject to taxation under FICA. The Plan Administrator, without the Eligible Person's consent, shall withhold the FICA taxes payable by the Eligible Person with respect to these amounts from such Eligible Person's Base Compensation and Bonus payments that are not deferred.

9.4 Withholding Taxes

The Company and the Plan Administrator shall withhold such taxes and make such reports to governmental authorities as they reasonably believe to be required by law.

9.5 Distributions to Minors and Incompetents

If the Plan Administrator determines that any Participant or Beneficiary receiving or entitled to receive payment of an Account under the Plan is incompetent to care for his or her affairs, and in the absence of the appointment of a legal guardian of the property of the incompetent, payments due under the Plan (unless prior claim thereto has been made by a duly qualified guardian, committee or other legal representative) may be made to the spouse, parent, brother or sister or other person, including a hospital or other institution, deemed by the Plan Administrator to have incurred or to be liable for expenses on behalf of such incompetent. In the absence of the appointment of a legal guardian of the property of a minor, any minor's share of an Account under the Plan may be paid to such adult or adults as in the opinion of the Plan Administrator have assumed the custody and principal support of such minor.

The Plan Administrator, however, in its sole discretion, may require that a legal guardian for the property of any such incompetent or minor be appointed before authorizing the payment of the Account in such situations. Benefit payments made under the Plan in accordance with determinations of the Plan Administrator pursuant to this Section 9.5 shall be a complete discharge of any obligation arising under the Plan with respect to such Benefit payments.

9.6 No Right to Employment

Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of the Company or to interfere with the right of the Company to demote, discharge or discipline any Employee at any time without regard to the effect that such demotion, discharge or discipline may have upon the Employee under the Plan.

9.7 Unfunded Plan

The Plan shall be an unfunded, unsecured obligation of the Company. The Company shall not be required to segregate any assets to provide payment of Accounts, and the Plan shall not be construed as providing for such segregation. Any liability of the Company to any Participant or Beneficiary with respect to the payment of Accounts shall be based solely upon any contractual obligations created by the Plan. Any such obligation shall not be deemed to be secured by any pledge or other encumbrance or any property of the Company.

9.8 Trust Fund

At its discretion, the Company may establish one or more irrevocable rabbi trusts for the purpose of assisting in the payment of Accounts, provided the establishment of such a trust is not in connection with a change in the financial health of the Company within the meaning of Section 409A of the Code. Any assets of the Company transferred to such trusts shall not be diverted to the Company, except in the event of the Company's bankruptcy or insolvency. To the extent payments provided for under the Plan are made from any such trust, the Company shall not have any further obligation to make such payments. The establishment and maintenance of any such trust shall not alter the nature of Accounts under the Plan as unfunded and unsecured.

The provisions of the Plan shall govern the rights of Participants to receive distributions pursuant to the Plan. The provisions of the trust shall govern the rights of the Company, Participants and the creditors of the Company to the assets transferred to the trust.

9.9 Change in Control; Merger or Other Reorganization

The Company may assign its obligations under this Plan to a successor, whether by merger, consolidation, asset sale or other business reorganization or transaction ("Business Transaction") to the extent such assignment would not give rise to imposition of the additional tax under Section 409A of the Code. Upon a Change in Control, the Plan shall be terminated and all Accounts shall be paid to Participants in a single lump sum in common stock of the Company or its successor.

9.10 Miscellaneous

(a) Construction

Unless the contrary is plainly required by the context, wherever any words are used herein in the masculine gender, they shall be construed as though they were also used in the female gender, and vice versa, and wherever any words are used herein in the singular form, they shall be construed as though they were also used in the plural form, and vice versa. Furthermore, the terms of this Plan shall be construed in accordance with Section 409A of the Code so as to avoid the imposition of the penalty tax under Section 409A, and, in the event of any inconsistency between the Plan and Section 409A of the Code, Section 409A shall control.

(b) Severability

If any provision of the Plan is held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provision had never been included in it.

(c) Titles and Headings Not to Control

The titles to Articles and the headings of Sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than the titles or headings, shall control.

(d) Complete Statement of Plan

This document is a complete statement of the Plan. The Plan may be amended, modified or terminated only in writing and then only as provided herein.

9.11 Governing Law

The Plan shall be governed by ERISA, and to the extent not preempted by ERISA, the laws of the Commonwealth of Virginia without regard to its choice of law provisions.

## ARTICLE 10
## DEFINITIONS

In addition to those definitions set forth in ARTICLE 1 or otherwise in the text of this Plan, the following terms shall have the meaning assigned below in this ARTICLE 10:

10.1 "Account" means the book entry account and subaccounts, if any, established under the Plan for each Participant in which shall be reflected all amounts deferred or contributed under the Plan and allocable returns and losses under ARTICLE 5.

10.2 "Annual Bonus" means, with respect to an Employee, the Employee's annual incentive bonus payable with respect to services for a calendar year.

10.3 "Base Compensation" means, the Eligible Person's base pay payable with respect to services rendered as an Employee during the calendar year (but excluding any amounts paid for employment taxes and remittances to pay premiums under any Company welfare benefit plan), less the elective deferral limit applicable under Section 402(g) of the Code.

10.4 "Beneficiary" means the person or persons designated by a Participant to receive payment of the amounts provided in the Plan, in accordance with ARTICLE 6, in the event of his or her death.

10.5 "Bonus" means, with respect to an Eligible Person, the Eligible Person's Annual Bonus or Long-Term Incentive Award.

10.6 "Change in Control" shall have the meaning provided in Section 409A of the Code and the rules and regulations thereunder.

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

10.8 "Company" means NVR, Inc.

10.9 "Disability" means that a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan of the Company.

10.10 "Employee" means a common law employee of the Company, a Participating Employer or any other employer treated as a single employer with the Company under Section 409A of the Code.

10.11 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

10.12 "Key Employee" means, for any calendar year, each individual identified by the Company as of September 30 of the immediately preceding calendar year as a "key employee," as defined under Section 416(i) of the Code, disregarding Section 416(i)(5) of the Code.

10.13 "Long-Term Incentive Award" means, with respect to a Participant, the Participant's long-term incentive bonus, if applicable, payable with respect to services as an Employee for a period longer than a calendar year.

10.14 "Participant" means an Employee or former Employee who has an Account under the Plan.

10.15 "Participating Employer" means the Company and all entities which are part of the same "controlled group" as the Company, as determined under Sections 414(b) or (c) of the Code, provided such an entity has adopted the Plan in writing with the consent of the Board. Non-U.S. entities or subsidiaries shall not be treated as part of the controlled group for this purpose. A business entity shall be treated as a Participating Employer only while a member of the controlled group that includes the Company.

10.16 "Plan Administrator" means the Company.

10.17 "Retirement Age" means age 65.

10.18 "Separation from Service" means termination of the Participant's employment relationship (within the meaning of Section 409A of the Code and regulations issued thereunder) with the Company and its affiliates and any other service relationship defined in such applicable regulations, other than by reason of death. For purposes of the foregoing, whether an entity is affiliated with the Company shall be determined pursuant to the controlled group rules of Section 414 of the Code, as modified by Section 409A of the Code. However, the Participant's employment relationship with the Employer shall be treated as continuing intact while the individual is on a military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed six months (or longer, if required by statute or contract). If the period of the leave exceeds six months and the Participant's right to reemployment is not provided either by statute or contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period for purposes of Section 409A of the Code only.

10.19 "Termination Date" means the date the Participant has a Separation from Service.

10.20 "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from an illness or accident to the Participant or the Participant's spouse, beneficiary, or dependent (as defined in section 152 of the Code); loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, not as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

10.21 "Valuation Date" means the date or dates as of which Accounts are valued, as set forth in Section 5.3.

* * * * *

To reflect the adoption of the restated Plan document, dated November 4, 2015, the authorized officer hereby executes this Plan document on behalf of the Company.

**NVR, INC.**

By: /s/ Daniel D. Malzahn
Daniel D. Malzahn
*Vice President, Chief Financial Officer and Treasurer*

**Exhibit 31.1**

## SARBANES-OXLEY ACT SECTION 302 CERTIFICATIONS

I, Paul C. Saville, certify that:

1. I have reviewed this report on Form 10-Q of NVR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

By: /s/ Paul C. Saville
Paul C. Saville
*President and Chief Executive Officer*

**Exhibit 31.2**

## SARBANES-OXLEY ACT SECTION 302 CERTIFICATIONS

I, Daniel D. Malzahn, certify that:

1. I have reviewed this report on Form 10-Q of NVR, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2015

By: /s/ Daniel D. Malzahn
Daniel D. Malzahn
*Vice President, Chief Financial Officer and Treasurer*

**Exhibit 32**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NVR, Inc. for the period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of NVR, Inc., hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of NVR, Inc.

Date: November 6, 2015

By: /s/ Paul C. Saville
Paul C. Saville
*President and Chief Executive Officer*

By: /s/ Daniel D. Malzahn
Daniel D. Malzahn
*Vice President, Chief Financial Officer and Treasurer*