

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NVR, INC.
(Exact name of registrant as specified in its charter)

Virginia 7601 Lewinsville Road 54-1394360
(State or other jurisdiction of McLean, Virginia 22102 (IRS employer
incorporation or organization) (703) 761-2000 identification number)

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

PROFIT SHARING PLAN OF NVR, INC. AND AFFILIATED COMPANIES
(Full title of the plan)

Dwight C. Schar
7601 Lewinsville Road
McLean, Virginia 22102
(703) 761-2000
(Name, address, including zip code, and telephone
number, including area code, of agent for service)

Copy to:
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Eve N. Howard, Esq.
Hogan & Hartson L.L.P.
555 Thirteenth Street, N.W.
Washington, D.C. 20004-1109
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CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee
Common Stock, par value \$0.01 per share	300,000	\$15.25	\$4,575,000	\$1,386

(1) Pursuant to Rule 416(c), this registration statement covers an indeterminate amount of interests to be offered or sold pursuant to the Profit Sharing Plan of NVR, Inc. and Affiliated Companies.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 of the Securities Act of 1933, as amended, based on the average of the high and low prices per share of NVR, Inc. Common Stock, par value \$.01 per share, on June 9, 1997, as reported on the American Stock Exchange.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

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

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

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

- (a) The Registrant's Annual Report on Form 10-K for the year ended December 31, 1996.
- (b) All reports filed by NVR with the Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 since December 31, 1996;
- (c) The description of the Registrant's common stock contained in the Registrant's Registration Statement on Form S-1, No. 33-69436, as amended, originally filed with the Commission on September 24, 1993, which is an exhibit to the Registrant's Form 8-A registration statement filed with the Commission on September 27, 1993; and
- (d) All documents and reports filed by the Registrant subsequent to the date hereof pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part of hereof from the date of filing of such documents or reports.

The Profit Sharing Plan of NVR, Inc. and Affiliated Companies (the "Plan") hereby incorporates by reference into this Registration Statement the Plan's Annual Report on Form 11-K for the year ended December 31, 1996 and all documents and reports filed by the Plan subsequent to the date hereof pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold.

Any statement contained in a document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The documents required to be modified or superseded shall not be deemed to constitute a part of the Registration Statement, except as so modified or superseded.

To the extent that any proxy statement is incorporated by reference herein, such incorporation shall not include any information contained in such proxy statement which is not, pursuant to the Commission's rules, deemed to be "filed" with the Commission or subject to the liabilities of Section 18 of the Exchange Act.

Item 4. Description of Securities.

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

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

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

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

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

* * *

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

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Description
4.1	Profit Sharing Plan of NVR, Inc. and Affiliated Companies
4.2	Trust Agreement for the Profit Sharing Plan of NVR, Inc. and Affiliated Companies effective as of January 1, 1984 by NVR, Inc. and Affiliated Companies with Mellon Bank, N.A. (successor to Pittsburgh National Bank), as Trustee.
5	Internal Revenue Service letter of determination dated May 10, 1996, concerning the Plan's qualification under Section 401 of the Internal Revenue Code.
23	Consent of KPMG Peat Marwick LLP (independent auditors)
24	Powers of Attorney, included on the signature page at 5
99.1	Articles 8 and 9 of the Articles of Incorporation of NVR, Inc.
99.2	Sections 13.1-692.1, 13.1-697, 13.1-698, 13.1-702, 13.1-703 and 13.1-704 of the Virginia Stock Corporation Act

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

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

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

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

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

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

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration

statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Fairfax, Commonwealth of Virginia, on June 13, 1997.

NVR, INC.

By: /s/ Dwight C. Schar

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

Pursuant to the requirements of the Securities Act of 1933, the trustees (or other persons who administer the Profit Sharing Plan of NVR, Inc. and Affiliated Companies), have duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Fairfax, Commonwealth of Virginia, on June 13, 1997.

PROFIT SHARING PLAN OF NVR, INC. AND
AFFILIATED COMPANIES

By: /s/ Tom Ford

Name: Tom Ford

Title: Plan Administrator

POWER OF ATTORNEY

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

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

Signature

Title

Date

/s/ Dwight C. Schar

Dwight C. ScharChairman of the Board of Directors, Chief
Executive Officer

06/13/97

/s/ Paul C. Saville

Paul C. SavilleChief Financial Officer, Senior Vice
President-Finance and Treasurer

06/13/97

/s/ Dennis M. Seremet

Dennis M. SeremetPrincipal Accounting Officer, Vice
President and Controller

06/13/97

/s/ C. Scott Bartlett, Jr.

C. Scott Bartlett, Jr.

Director

06/13/97

/s/ Manuel H. Johnson

Manuel H. Johnson

Director

06/13/97

/s/ William A. Moran

William A. Moran

Director

06/13/97

/s/ Richard H. Norair

Richard H. Norair

Director

06/05/97

/s/ David A. Preiser

David A. Preiser

Director

06/13/97

/s/ George E. Slye

George E. Slye

Director

06/13/97

/s/ John M. Toups

John M. Toups

Director

06/13/97

/s/ Frederick W. Zuckerman

Frederick W. Zuckerman

Director

06/13/97

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Exhibit 4.1

Profit Sharing Plan of NVR, Inc.
and Affiliated Companies

PROFIT SHARING PLAN
OF
NVR, INC.
AND
AFFILIATED COMPANIES

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1. DEFINITIONS

In this Plan the initially capitalized words shall have the following meanings unless the context clearly requires otherwise:

"Account" means a Member's interest in the Trust Fund at any pertinent time. Account includes, individually and collectively, a Member's Noncontributory Account, Voluntary Salary Deferment Contribution Account, Matching Contribution Account, Qualified Matching Contribution Account, Nondeductible Voluntary Contribution Account, Voluntary Contribution Account, and Rollover Account, if any.

"Active Member" means any Member who is currently performing services for an Employer.

"Actual Deferral Percentage" means the average of the ratios, calculated separately for each Eligible Employee, of the amount of Voluntary Salary Deferment Contributions paid under the Plan on behalf of each such Eligible Employee during the Plan Year, to such Eligible Employee's compensation during such Plan Year. For purposes of determining the ratios for Eligible Employees, the Employer may choose to count only the compensation received by Eligible Employees during the portion of the Plan Year in which they are eligible to make Voluntary Salary Deferment Contributions. In any event, the Employer must determine compensation in a uniform manner. Also, for purposes of determining such ratios, "compensation" is determined in accordance with Code Section 414(s).

"Additional Contributions" shall mean the discretionary contributions made under Section 3.1. of the Plan as it existed on December 31, 1988.

"Affiliated Company" means a member of a controlled group of corporations of which any Employer is a member or an unincorporated trade or business or affiliated service group which is under common control with any Employer as determined in accordance with Code Sections 414(b), 414(c) and 414(m) and regulations issued thereunder or any other entity required to be aggregated with an Employer pursuant to Code Section 414(o) and the regulations promulgated thereunder.

"Authorized Leave of Absence" means any absence authorized by an Employer under its standard personnel practices, provided that all Employees are treated alike in the authorization of absences and that the Employee returns within the period of authorized absence. The following shall automatically be deemed to constitute an Authorized Leave of Absence:

(a) Suspension or temporary layoff for a period of 120 days or less followed by return to work within 30 days after recall to employment.

(b) Disability, causing an absence, followed by resumption of employment within 30 days after the termination of such disability.

(c) Absence due to the operation of any compulsory military service law or due to enlistment in lieu of the operation of any compulsory military service law which requires service in the armed forces of the United States, or service in the armed forces of any nation allied with the United States during a time of national emergency, provided that the Employee does not voluntarily reenlist and return to the employ of the Employer within the time during which employment rights are guaranteed by law.

"Average Contribution Percentage or ACP" shall mean the average (expressed as a percentage) of the Contribution Percentages of the Eligible Employees in a group.

"Beneficiary" means the person or persons or trust or estate designated by a Member to receive any death benefit which may be payable under this Plan, or if no effective designation of Beneficiary is in effect upon his death, the persons determined under Section 6.5 of this Plan. A Member who is married and who wishes to designate a primary Beneficiary other than his spouse shall furnish the written consent of his spouse thereto in such form as may be required by the Committee. This spousal consent must be acknowledged by a notary public and unless otherwise specified by law or regulation, the designation of a nonspousal Beneficiary shall be ineffectual absent such notarized consent.

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

"Committee" means the Profit Sharing Committee appointed by the Board of Directors of the Company to act on behalf of the Company in Administering the Plan as provided in Article 8.

"Company" means Ryan Homes, Inc. and its Successors. Effective October 1, 1993, Company shall mean NVR, Inc. and its successors.

"Compensation" means gross compensation paid during a Plan Year and shall include all salary, bonuses, wages, Voluntary Salary Deferment Contributions, Nondeductible Voluntary Contributions, salary reduction contributions made to the NVR, Inc. Flexible Benefit Plan (or successor plan), overtime and commissions paid to a Member by an Employer, but shall not include fees and reimbursements, noncash trips or prizes, credits and benefits under this Plan (other than Voluntary Salary Deferment Contributions and Nondeductible Voluntary Contributions), any excess contributions made under this Plan which are returned to a Member pursuant to Section 4.8.(d), or amounts contributed by an Employer to any employee pension, welfare, or health insurance plan, or any taxable income to a Member attributable to any present or future stock or deferred compensation plans. In the case of a Member whose Employment Date is on or after July 2, "Compensation" for the Plan Year in which he first qualifies for membership under Section 2.1. shall include gross compensation paid to such Member by one or more of the Employers for the period commencing with his Employment Date and ending on December 31 of such Plan Year in which he first qualifies for membership. For Plan Years commencing after December 31, 1988, a Member's Compensation in excess of \$200,000 will not be taken into account. The \$200,000 limit shall be adjusted as permitted under Code Section 415(d). For Plan Years commencing after December 31, 1993, a Member's Compensation in excess of \$150,000 will not be taken into account. The \$150,000 limit shall be adjusted as permitted under Code Section 401(a)(17)(B).

"Contribution Percentage" shall mean the ratios (expressed as a percentage) of the Eligible Employee's Contribution Percentage Amounts over the Eligible Employee's compensation during the Plan Year. For purposes of determining the ratios for Eligible Employees, the Employer may choose to count only the compensation received by Eligible Employees during the portion of the Plan Year in which they are eligible to make Voluntary Salary Deferment Contributions or Nondeductible Voluntary Contributions. In any event, the Employer must determine compensation in a uniform manner. Also, for purposes of determining such ratios, "compensation" is determined in accordance with Code Section 414(s).

"Contribution Percentage Amounts" shall mean the sum of the Matching Contributions and Nondeductible Voluntary Contributions under the Plan on behalf of the Members for the Plan Year. Such Contribution Percentage Amounts shall include forfeitures of Excess Aggregate Contributions or Matching Contributions allocated to the Member's Account, which shall be taken into account in the year in which such forfeiture is allocated. An Employer may elect to include Voluntary Salary Deferment Contribution and Qualified Matching Contributions in the Contribution Percentage Amounts.

"Covered Compensation" means Compensation adjusted to exclude Voluntary Salary Deferment Contributions and salary reduction contributions made to the NVR, Inc. Flexible Benefit Plan (or successor plan).

"Early Retirement Date" means the Member's fifty-fifth (55th) birthday.

"Effective Date" means January 1, 1996, the date on which the provisions of this amended and restated Plan are effective.

"Eligible Employee" means any Employee who is entitled to participate in the cash and deferred portion of the Plan pursuant to Section 6.9 of Article 5.

"Employee" means any person who customarily receives remuneration for personal services rendered to an Employer or who would receive such remuneration except for an Authorized Leave of Absence. Any person who is a "leased employee" of an Employer (within the meaning of Code Section 414(n)) shall not be considered to be an Employee.

"Employer" means the Company, its respective successors, and each other corporation which has adopted this Plan for the benefit of its Employees in the manner set forth in Section 10.3.

"Employer Contributions" means the aggregate amounts contributed by an Employer to the Trust Fund on behalf of a Member pursuant to Article 3.

"Employment Date" means the first day an Employee completes one Hour of Service for an Employer following employment or reemployment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

"Excess Contribution" shall mean the amount of any deferral which exceeds the allowable deferral under Section 5.9

"Excess Aggregate Contributions" shall mean the excess of the aggregate Contribution Percentage Amounts taken into account in computing the ACP of Highly Compensated Employees for the Plan Year over the maximum amount of contributions permitted by the ACP Test (determined by reducing contributions made on behalf of Highly Compensated Employees, in order of the ACPs beginning with the highest of such percentages). The determination of Excess Aggregate Contributions shall be made after first determining Excess Deferrals pursuant to Section 5.11 then determining Excess Contributions pursuant to Section 5.20.

"Excess Deferral" shall mean an Eligible Employee's Voluntary Salary Deferment Contribution in excess of \$7,000 (as adjusted).

"Family Member" shall mean an individual described in Code Section 414(q)(6)(B).

"Five Percent Owner" shall mean a Member who owns more than five percent (5%) of the voting rights or value of any Affiliated Company. The Committee shall determine which Members are Five Percent Owners in accordance with Code Section 416(i)(1)(B)(i) and the regulations thereunder.

"Forfeiture" means the portion of a Member's Noncontributory Account which is forfeited due to termination of employment before full vesting.

"Highly Compensated Eligible Employee" shall mean any Eligible Employee who is classified as a Highly Compensated Employee.

"Highly Compensated Employee" means an employee who during the Plan Year or the preceding year: (1) was at any time a Five Percent Owner; (2) earned more than \$75,000 (or such amount as may be determined in the future by applicable index) in Covered Compensation; (3) earned more than \$50,000 (or such amount as may be determined in the future by applicable index) in Covered Compensation and was a member of the top-paid group of employees (i.e., the top

20 percent of employees by pay during the same year); or (4) was an officer receiving Covered Compensation in excess of 50 percent of the amount in effect under Code Section 415(b)(1)(A). If for any year no officer of the Employer received Covered Compensation in excess of this level, the highest paid officer of the Employer is treated as a Highly Compensated Employee. The term "Highly Compensated Employee" shall also include a former Employee who had a separation year prior to the determination year and who was a highly compensated active Employee for either (1) such Employee's separation year or (2) any determination year ending on or after the Employee's 55th birthday. For purposes of this definition, a separation year is the year the Employee separates from service with the Company. With respect to a former Employee who separated from service with the Company before January 1, 1987, such former Employee will be treated as a Highly Compensated Employee only if the former Employee was a Five Percent Owner or received Covered Compensation in excess of \$50,000 during (1) the former Employee's separation year (or the year preceding such separation year) or (2) any year ending on or after such former Employee's 55th birthday (or the last year before such Employee's 55th birthday). In addition to the above, a Family Member shall not be considered a separate Employee and any Covered Compensation paid to such Family Member shall be treated as if paid to the Five Percent Owner or Highly Compensated Employee. The Committee shall determine which employees of the Affiliated Companies are Highly Compensated Employees in accordance with Code Section 414(q) and regulations thereunder. For

purposes of determining whether an Employee is a Highly Compensated Employee during the preceding year, the Company may elect, pursuant to regulations (S)1.414(q)-IT Q&A 14(b), to have the preceding year determined on the basis of the calendar year ending with or within the Plan Year.

"Hour of Service" means each hour (1) for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer during a Plan Year (including periods of vacation, jury duty, sickness, disability or Authorized Leave of Absence for which an Employee is paid or entitled to payment), and (2) for which back pay (irrespective of mitigation of damages) has either been awarded or agreed to by an Employer; provided that hours shall not be credited under both (1) and (2) above. As an alternative to crediting Hours of Service on an hour for hour basis, Hours of Service may be credited to all Employees in a consistent manner at the rate of ten (10) hours per day if at least one Hour of Service would have been credited during that day. In any event, no more than 501 Hours of Service shall be credited under this Section on account of any single continuous period during which an Employee performs no duties, and no Hours of Service shall be credited if the payments are made or due either (a) under a Plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance law, or (b) to reimburse an Employee solely for medical or medically related expenses incurred by the Employee. Except as specifically provided herein, Hours of Service shall be credited as provided in Department of Labor Regulation Section 2530.200b-2. The provisions of the Department of Labor Regulation Sections 2530.200b-2(b) and (c) are incorporated herein by reference.

Any Employee who (i) is absent from work by reason of pregnancy, birth of a child, placement of a child in connection with the adoption by the Employee of such a child or for purposes of caring for such a child during the period beginning immediately upon such birth or placement, (ii) does not otherwise receive credit for such period under the preceding paragraph, and (iii) furnishes the Committee in a timely manner with a written statement of the number of days of absence and that such absence was for a purpose described above shall receive credit for the number of hours which normally would have been credited to such individual but for such absence, or in the event that the Committee is unable to determine such number of hours, 8 hours of service per day of absence; provided, that the number of hours credited by reason of any such birth or placement shall not exceed 501. Hours of Service to be credited pursuant to this paragraph shall be credited to the year in which the absence begins, if the Employee would be prevented from incurring a One Year Break in Service in such year solely because of the crediting of the hours attributable to such absence or, in any other case, to the immediately succeeding year.

"Matching Contribution" shall mean a contribution to the Plan made by an Employer for the Plan Year and allocated to an Eligible Employee's Account by reason of the Eligible Employee's Voluntary Salary Deferment Contribution.

"Matching Contribution Account" shall mean the Account used to record the Eligible Employee's interest in the Plan attributable to an Employer's Matching Contribution.

"Member" means any Employee or former Employee who is participating in this Plan or has any interest in the Trust Fund. For purposes of Sections 3.1., 4.1. and 4.3., "Member" means any Member who during that Plan Year in the aggregate for one or more Employers, completed 1,000 Hours of Service and is employed by an Employer on the last day of the Plan Year or, if terminated prior to the end of said Plan Year, such termination is due to death, disability or retirement.

"Noncontributory Account" means the account maintained for a Member to record his share of Employer Contributions and Forfeitures, and adjustments relating thereto.

"Nondeductible Voluntary Contribution" shall mean a contribution to the Plan made by an Eligible Employee as provided in Section 4.11.

"Nondeductible Voluntary Contribution Account" shall mean the Account used to record an Eligible Employee's interest in the Plan attributable to the Eligible Employee's Nondeductible Voluntary Contribution.

"Non-Highly Compensated Eligible Employee" shall mean any Eligible Employee who is not a Highly Compensated Employee.

"Non-Highly Compensated Employee" shall mean an Employee of the Company who is neither a Highly Compensated Employee nor a Family Member.

"One Percent Owner" shall mean a Member who owns more than one percent (1%) of any Affiliated Company. The Committee shall determine which Members are One Percent Owners in accordance with Code Section 416(i)(1)(B)(ii) and the regulations thereunder.

"One-Year Break in Service" means any Plan Year during which an Employee completes fewer than 500 Hours of service.

"Plan" means the Profit Sharing Plan of NVR L.P. and Affiliated Companies, consisting of this document, as now in effect or hereafter amended from time to time. Effective October 1, 1993, the Plan shall mean the Profit Sharing Plan of NVR, Inc. and Affiliated Companies.

"Plan Year" means each 12-month period commencing January 1, and ending December 31.

"Profits" means an Employer's net income or profits for any Plan Year without any deduction for taxes or for contributions made by an Employer under this Plan.

"Qualified Investment Manager" means any legal entity that (1) is either (a) registered as an Investment Adviser under the Investment Advisers Act of 1940 (the "Act"), or (b) a bank as defined in the Act, or (c) an insurance company qualified to manage, acquire and dispose of Plan assets in more than one state; (2) acknowledges in writing that it is a fiduciary with respect to the Plan; and (3) is granted the power by the Committee to manage, acquire or dispose of any asset of the Trust Fund.

"Qualified Matching Contributions" shall mean Matching Contributions which are subject to the distribution and nonforfeiture requirements under Code Section 401(k) when made and are designated as such by an Employer.

"Qualified Matching Contribution Account" shall mean the Account used to record the Eligible employee's interest in the Plan attributable to Qualified Matching Contributions.

"Retirement Date" means the Member's sixtieth (60th) birthday.

"Rollover Account" means a Member's account pursuant to Section 3.3.

"Rollover Contribution" means a contribution made by a Member pursuant to Section 3.3.

"Service" means for purposes of determining eligibility, vesting or accrual computation periods, all Service of the Employee with the Employer.

Notwithstanding the above, special Service rules apply to former Employees of Ryan Homes, Inc. or an affiliate. These rules are as follows: (1) former Ryan Homes, Inc. Employees who have incurred a five (5) year break in service, and who did not directly or immediately go to work for NVHomes L.P. or an affiliate will have their Employment Commencement Date at NVHomes L.P. or an affiliate used for eligibility and vesting purposes; (2) Employees who went directly to work for NVHomes L.P. or an affiliate will have their original Employment Commencement Date with Ryan Homes, Inc. or an affiliate used for vesting purposes; and (3) former Ryan Homes, Inc. Employees who did not incur a five (5) year break in service, and who did not either directly or immediately go to work for NVHomes L.P. or an affiliate, will have their Service with Ryan Homes, Inc. or an affiliate and NVHomes L.P. or an affiliate combined for purposes of vesting and eligibility.

"Trust" means the Trust maintained in accordance with the Trust Agreement, as it may be amended from time to time.

"Trust Agreement" means the Trust Agreement for the Profit Sharing Plan of NVR, Inc. and Affiliated Companies, entered into effective as of January 1, 1984, by the Employers with Pittsburgh National Bank, as Trustee, or as the same may hereafter be further amended from time to time.

"Trust Fund" means all funds received by the Trustee under the Trust Agreement, together with all income and gains thereon, as the same may be held or invested from time to time, including money, securities, and other properties, tangible and intangible, held by the Trustee, less any payment made by the Trustee as authorized under the Trust Agreement and any losses thereto.

"Trustee" means the trustee under the Trust Agreement and its successors in trust selected by the Board of Directors of the Company.

"Valuation Date" means the last day of each month of each Plan Year.

"Voluntary Contribution Account" means the account used to record a Member's voluntary contributions as provided in Section 4.6.

"Voluntary Salary Deferral Contribution" means the amount contributed to the cash and deferred portion of the Plan, as set forth in Article 5, by the Employer on behalf of an Eligible Employee in accordance with a salary reduction agreement between the Employer and such Eligible Employee.

"Voluntary Salary Deferral Contribution Account" means the account used to record the Eligible Employee's fully vested interest in this Plan which is attributable to Voluntary Salary Deferral Contributions.

"Year of Service" means any Plan Year in which an Employee has completed at least 1,000 Hours of Service. For purposes of determining a Member's vested percentage under Section 6.3 hereof, a Member shall be considered as having completed a Year of Service for each period of 12 months elapsed since the date he first became a Member in the Plan (but not including any period which constitutes a One-Year Break in Service). In addition, a Member will be credited with Years of Service from his date of employment by an Affiliated Company. For purposes of eligibility to make Voluntary Salary Deferral Contributions to the Plan under Section 5.1 hereof, an Employee's initial Year of Service shall consist of the twelve-consecutive month period beginning on the date the Employee first performs an Hour of Service for the Employer. Succeeding eligibility computation periods shall be based on the Plan Year.

2. MEMBERSHIP

2.1. Eligibility.

Each Employee of one or more of the Employers who has been employed by one or more of the Employers for a period of six (6) full calendar months shall become a Member (as defined in Section 1.35 of Article 1) of the Plan, on the last day of said sixth (6th) full calendar month, effective retroactively to his Employment Date.

2.2. Notice.

The Employer shall give written notice to every Employee, when and as he becomes a Member for the first time, of the existence of this Plan and of such Employee's participation therein. Such notice shall be given within such period and in such form as is required by law.

2.3. Reemployment.

Following a One-Year Break in Service, an Employee who was a Member shall be entitled to again become a Member as of the date of reemployment.

3. CONTRIBUTIONS

3.1. Employer Contributions.

Each Employer shall contribute with respect to its Members such amounts as the Board of Directors, in its sole discretion, may determine. In addition, and effective as of January 1, 1994, an Employer may declare a program of Matching Contributions and/or Qualified Matching Contributions. The amount of such Matching Contributions and/or Qualified Matching Contributions is discretionary with the Board of Directors, and is subject to change at any time and for any reason. The aggregate of all Employer contributions for all Employers shall not exceed the maximum amount allowable as a deduction for federal income tax purposes under Code Section 404. The Employer shall, notwithstanding any other provision of this Plan, make all contributions to the Plan without regard to its current or accumulated earnings and profits for the taxable year or years ending with or within such Plan Year. Notwithstanding the foregoing, the Plan is hereby designated as a profit sharing plan for purposes of Code Sections 401(a), 402, 412 and 417.

3.2. Form and Time of Contribution.

Payments on account of the contributions due from any Employer for any year may be made in cash or in kind or in any other form authorized by the Board of Directors of the Company, and shall be made on or before the due date of the Employer's federal income tax return for that year including extensions.

3.3. Rollover Contributions and Accounts.

Any Employee may, with the prior consent of the Committee and the Trustee, make a Rollover Contribution or a direct transfer from another qualified plan to the Trust Fund; provided that no direct transfer shall be permitted which directly or indirectly represents a distribution from a plan described in clauses (i) or (ii) of Code Section 401(a)(11)(B). Amounts transferred to the Trust Fund by an Employee shall constitute a Rollover Contribution if all of the following conditions are met:

(a) The transfer is made on or before the sixtieth (60th) day following the Employee's receipt of a distribution from a plan which meets the requirements of Code Section 401(a), or if such distribution had previously been deposited in an Individual Retirement Account (as defined in Code Section 408), is made on or before the sixtieth (60th) day following his receipt of such distribution plus earnings thereon from the Individual Retirement Account; and

(b) The distribution from such other plan qualifies as an eligible rollover distribution described in Code Section 402(c)(4); and

(c) The amount transferred is reduced by the amount, if any, considered contributed by him in accordance with Code Section 402(d)(4)(D)(i) (i.e., after-tax contributions).

All Rollover Contributions shall be credited for accounting purposes to a Rollover Account as of the next Valuation Date. An Employee's Rollover Account shall be accounted for separately from the Employee's Noncontributory Account, Voluntary Contribution Account, Nondeductible Voluntary Contribution Account, and Voluntary Salary Deferral Account, but it shall be entitled to its proportionate share of the income, gains, losses and expenses of the Trust Fund as provided in Section 4.2. At the election of the Employee, his Rollover Account may be invested as provided in Section 4.5 of the Plan. At the Employee's retirement, discharge, resignation, death or termination of service for other reasons, his Rollover Account shall be disbursed as provided in Article VI of the Plan, or, at the Employee's request, be transferred along with such other of his accounts as he may designate, to another qualified plan. An Employee shall be fully vested in his Rollover Account at all times, and such Account shall be excluded from the vesting provisions of Sections 6.3 and 6.4 of the Plan for all purposes.

4. MEMBER'S ACCOUNTS

4.1. Allocation of Employer Contributions.

The Employer Contributions for any Plan Year shall be allocated proportionately among the Members as of the last day of such Plan Year in the following manner:

(a) Each Member shall be credited with the amount of his Compensation.

(b) The amount of each Member's share of Employer Contributions for each Plan Year shall be separately determined by dividing the amount of the Employer's Contribution, if any, for that Plan Year by the aggregate amount of Compensation paid to all Members of such Employer who are entitled to share in such Contributions, respectively, and multiplying the quotient by the amount of such Member's Compensation.

(c) If a Member ceases to be employed by an Employer during a Plan Year and receives Compensation attributable to such Plan Year in the next Plan Year, such Member shall not receive an allocation of any Employer Contributions in the next Plan Year. However, if a Member ceases to be employed by an Employer during a Plan Year and receives Compensation within such Plan Year, but after termination from employment, Employer Contributions shall be allocated to such employment, Employer Contributions shall be allocated to such Member provided that the requirements of Section 1.35 are satisfied.

4.2. Allocation of Income, Gains and Losses.

On each Valuation Date the Trustee (prior to the allocation of the Employer's Contributions and Forfeitures) shall make a reevaluation of all the Trust Fund assets to reflect the effect of the trust income collected and accrued, realized and unrealized gains and losses, trust expenses and all other Trust transactions which occurred since the previous Valuation Date.

(a) The valuation of Trust Fund assets for all purposes of this Plan shall be determined as follows: stocks and mutual fund shares listed on a registered stock exchange shall be valued at the last trade price on the Valuation Date, and stock traded on a regular over-the-counter market shall be valued at its last bid price on the Valuation Date or, in either case, if the Valuation Date falls on a weekend or holiday, the last day prior to the weekend or holiday on which securities were regularly traded. If no sale has been reported that day, the mean between the closing bid and asked prices shall be used. The value of any stocks or mutual funds which are unlisted and not regularly traded shall be determined as nearly as may be practicable by using any published quotation in common usage, or, in the discretion of the Trustee, quotations by a reputable broker knowledgeable about such securities. Commercial paper and bonds shall be valued at fair market value. Mortgages acquired prior to January 1, 1973, shall be valued at their unpaid balances less unamortized purchase discount; all other mortgages shall be valued at fair market value.

(b) Subject to the limitations in Sections 4.2(c) and (d) and except as provided in the last sentence of this paragraph, the net asset value of the Trust Fund shall be determined as of each Valuation Date in accordance with Section 4.2(a) above and the terms of the Trust Agreement. The gain or loss in the net asset value of the Trust Fund since the preceding Valuation Date shall be allocated among the Accounts of all Members in the ratio that the Account of each Member as of the immediately preceding Valuation Date bears to the Accounts of all other Members as of such Valuation Date. Loan fees, annual maintenance fees and check fees shall be charged to the specific account to which they relate.

(c) The Account of any Member who has died, retired or became totally disabled since the last Valuation Date shall become fully vested and shall be paid in accordance with the applicable provisions of Article 6. Such Member's Account shall also be paid its share of the Employer Contributions and applicable Forfeitures for the Plan Year.

(d) Effective as of October 1, 1993, for any Member who has funds in the NVR Stock Fund pursuant to Section 4.10, such NVR Stock Fund shall be separately accounted for and shall not share in the income, gains and losses of the Trust fund assets as provided in Section 4.2(b), but shall be credited or debited, as the case may be, with the income, gains, losses and expenses attributable to the amounts held in the NVR Stock Fund pursuant to Section 4.10 since the last Valuation Date, allocated among the accounts of all Members with amounts in the Funds, including Members who died, were discharged, resigned, retired or became disabled since the last Valuation Date, in the proportion in at the amount of such Member's interest in the NVR Stock Fund bears to the aggregate interests of all Members' interests in the NVR Stock Fund since the last Valuation Date. Expenses of the NVR Stock Fund shall be charged against the assets in the NVR Stock Fund.

4.3. Allocation of Forfeitures.

At the end of each Plan Year and following the adjustments for which provision is made in Section 4.2, the Forfeiture attributable to any terminated Member shall be allocated among the Accounts of all remaining Members employed by all Employers, in the proportion which the total Employer Contributions, if any, received by each such remaining Member bears to the total of all Employer Contributions for the Plan Year with respect to the remaining Members. If there is no Employer Contribution in a Plan Year, Forfeitures shall be allocated in the same manner as Employer Contributions. If a Member ceases to be employed by an Employer during a Plan Year and receives Compensation attributable to such Plan Year in the next Plan Year, such Member shall not receive an allocation of any Forfeitures in the next Plan Year. However, if a Member ceases to be employed by an Employer during a Plan Year and receives Compensation within such Plan Year, but after termination from employment, Forfeitures shall be allocated to such Member provided the requirements of Section 1.35 are satisfied.

4.4. Reinstatement of Forfeiture.

If the terminated Member is reemployed by an Employer before five (5) consecutive One-Year Breaks in Service occur, and if the Member repays (within two (2) years after his reemployment or within five (5) years after the distribution, if later) the amount of the distribution, if any, he received from his Noncontributory Account and Matching Contribution Account upon his previous termination of employment, the repaid amount and an amount required to reinstate his Forfeiture shall become the new balance in his Account upon his requalification as a Member. The amount required to reinstate a reemployed Member's Forfeiture under the preceding sentence shall be credited to his Account as of the end of the Plan Year in which he is reemployed and shall be paid from the amounts forfeited by other Members during that year before the reallocation of Forfeitures provided under Section 4.3.

4.5. Optional Member Directed Accounts.

A Member who is (i) fully vested, or (ii) not fully vested but has an Account of \$10,000 or more, may elect to have all or any portion of his Account, transferred to a Member Directed Account. Any Member may elect to have all or any portion of his Voluntary Salary Deferral Contribution Account, Matching Contribution Account, Qualified Matching Contribution Account and Nondeductible Voluntary Contribution Account transferred to a Member Directed Account. Any Member Directed Account thus established and any directed amounts established pursuant to Sections 5.10, 6.1 and 6.3 shall be collectively invested at the direction of an eligible Member in such investment funds as are selected by the Committee. The Committee shall provide to Members with directed accounts a description of the funds available to such Members for investment. The funds available to Members for investment may vary from time to time. Rules regulating a Member's ability to transfer from a Member Directed Account to a non-Member Directed Account and to retransfer to a Member Directed Account shall be established from time to time by the Committee. The Committee shall notify all eligible Members of the prevailing rules in writing. To the extent a Member has elected to establish a Member Directed Account, the Committee, Investment Manager and Trustee shall not have responsibility for the investment fund elections made by the Member.

4.6. Voluntary Contribution Account.

Voluntary contributions from Members were permitted prior to December 31, 1972, but have not been permitted since that date. Effective April 1, 1994, Eligible Employees are permitted to make Nondeductible Voluntary Contributions under Section 4.11. Voluntary contributions are accounted for separately from the Member's interest in the Employer's Contributions, but they are entitled to their proportionate share of the income and gains and liable for their proportionate share of the expenses and losses of the Trust Fund. Any Member may elect to withdraw the entire amount of his Voluntary Contribution Account as of the end of the calendar quarter in which such withdrawal is requested, which amount shall be paid within a period of sixty (60) days from the end of such quarter or as soon as practicable thereafter; provided, however, that upon special written request of the Member, the Committee shall instruct the Trustee to immediately advance to the Member, as part of such withdrawal, fifty percent (50%) of such Member's Voluntary Contribution Account as of the end of the preceding calendar quarter.

4.7. Voluntary Salary Deferral Contribution Account.

Voluntary Salary Deferral Contributions are accounted for separately from the Member's other Accounts, but they shall be credited or debited with their proportionate share of the income, gains, losses and expenses of the Trust Fund, as provided in the applicable subsection of Section 4.2. Withdrawals from a Member's Voluntary Salary Deferral Contribution Account are permitted only as provided in Section 5.6.

4.8. General Limitation on Additions to Accounts.

(a) Notwithstanding any other provision of this Plan, the total of the "annual addition," as hereinafter defined, to a Member's Account for any Plan Year shall not exceed the lesser of:

(1) thirty thousand dollars (\$30,000) (or, if greater, 1/4 of the dollar limit in effect under Code Section 415(b)(1)(A)).

(2) 25% of the Covered Compensation of such Member for that Plan Year.

(b) The term "annual addition" to a Member's Account for any limitation year, as hereinafter defined, shall mean the sum of:

(1) such Member's allocable share of the Employer Contribution for the Plan Year ending within such limitation year;

(2) the amount of such Member's Voluntary Salary Deferment Contributions, Matching Contributions, Qualified Matching Contributions, and Nondeductible Voluntary Contributions for the Plan Year ending within such limitation year;

(3) such Member's allocable share of Forfeitures for the Plan Year ending within such limitation year;

(4) any amount described in Code Section 419A(d)(2) for the Plan Year ending within such limitation year; and

(5) any amount described in Code Section 415(l)(1) for the Plan Year ending within such limitation year.

(c) In the event the Employer also maintains a defined benefit plan in addition to this Plan, the limitation for any Eligible Employee shall be in accordance with Code Section 415(e). In the case where any Eligible Employee's Account may exceed these limitations of Code Section 415(e) for a given year, the contributions will be reduced in this Plan in the same manner as described in subsection 4.8(d) below.

(d) In the event that the limitation imposed by this Section 4.8 is exceeded, the Nondeductible Voluntary Contributions, if any, and Voluntary Salary Deferment Contributions, if any, made by the Member shall be returned to him (in their respective order) to the extent necessary to reduce such excess adjusted for any income, gains or losses allocable to such amount. If an excess still exists, the Employer Contributions allocated to the Member shall be reallocated among the Accounts of the other Active Members as a Forfeiture for the year to the extent necessary to reduce such excess, subject to the limitations of Section 4.8(a). If an excess still exists, any Employer Contributions shall be held in a suspense account until reallocated pursuant to Section 3.1 in the next Plan Year in which reallocation will not violate the limitations of Section 4.8(a).

(e) For the purposes of this subsection, "limitation year" shall mean the twelve-month period specified as the Plan Year.

4.9. Distribution of Voluntary Contribution Account.

At the Member's retirement, discharge, resignation, death or termination of service for other reasons, he may elect to receive the amount of his Voluntary Contribution Account in cash, or, with the approval of the Committee, he may agree to have such amount coupled with his vested interest in his Noncontributory Account and disbursed as provided in Article VI hereof.

4.10. NVR Stock Fund.

(a) Effective as of October 1, 1993, the Employers may from time to time make contributions to the Trust Fund in the form of NVR, Inc. securities (or other securities of an Employer which is an Affiliated Company). All such securities shall constitute "qualifying employer securities" within the meaning of Section 407(d)(5) of ERISA. In such case, the contribution of Employer securities shall be held in a separate fund, to be known as the NVR Stock Fund.

(b) The assets in the NVR Stock Fund shall be invested in NVR, Inc. securities (or other securities of an Employer which is an Affiliated Company) which shall constitute "qualifying employer securities" within the meaning of Section 407(d)(5) of ERISA.

(c) Amounts in the NVR Stock Fund shall not share in the allocation of income, gains, losses and expenses under Section 4.2(b) but shall be credited or debited, as the case may be, with income, gains, losses and expenses as provided in Section 4.2(d).

(d) Notwithstanding any other provisions of the Plan, amounts in the NVR Stock Fund may not be (i) withdrawn as a hardship withdrawal under Section 6.8 or (ii) borrowed against under the Plan's loan provisions in Article VII.

(e) Notwithstanding any other provision of the Plan, in no case shall amounts in the NVR Stock Fund be distributed in kind to Members. Upon a distributable event, the Committee shall direct the sale of the interest of the Member in the NVR Stock Fund, subject to compliance with applicable Federal securities laws. The Employer securities in the NVR Stock Fund may be sold to any person, including any of the Employers, provided that if a sale is made to any person who is a party in interest (as defined in Section 4(14) of ERISA), such sale (i) will be made at a price not less than fair market value and in accordance with Section 408(e)(1) of ERISA and (ii) no commission will be charged to the Plan, directly or indirectly, on any such sale. All sales proceeds of Employer securities will be credited to the accounts of Members on whose behalf such sales were made and the proceeds shall be distributed to the Member, as soon as practicable following the sale and as otherwise provided in Article VI of the Plan.

4.11. Nondeductible Voluntary Contributions.

Effective as of April 1, 1994, an Eligible Employee (as defined in Section 5.1) may elect, by filing the form required by the Human Resources Department, to make Nondeductible Voluntary Contributions to the Plan in each Plan Year during which he is an Eligible Employee in any whole percentage between one percent (1%) and thirteen percent (13%) of his Compensation, or dollar amount not exceeding thirteen percent (13%) of Compensation, for that Plan Year, subject to the limitations under Sections 4.8, 5.2 and 5.20 of the Plan. An Eligible Employee may increase, decrease, discontinue or reactivate such contributions at any time by filing the form required by the Human Resources Department. All changes shall be effective as soon as recorded by the Human Resources Department. Unless modified, Nondeductible Voluntary Contributions shall be withheld at the same rate as long as an Eligible Employee is employed by any of the participating Employers. Eligible Employees who reach the maximum amount permitted in any Plan Year will cease having amounts withheld for the balance of that Plan Year, but withholding will be made at the same rate commencing with the first pay period in the following year. Nondeductible Voluntary Contributions made on behalf of Eligible Employees shall be collected by the Employer through regular payroll deductions made pursuant to the Eligible Employee's salary reduction agreement, all in accordance with the uniform rules which may be adopted by the Committee from time to time. All Nondeductible Voluntary Contributions shall be fully vested at all times.

If an Eligible Employee ceases to be employed by an Employer during a Plan Year and receives Compensation attributable to such Plan Year in the next Plan Year, Nondeductible Voluntary Contributions will not be made from such amounts in the next Plan Year. However, if an Eligible Employee ceases to be employed by an Employer during a Plan Year and receives Compensation within such Plan Year but after termination from employment, Nondeductible Voluntary Contributions will continue to be withheld for such Eligible Employee pursuant to the Eligible Employee's current election, subject to change by the Eligible Employee.

5. VOLUNTARY SALARY DEFERMENT CONTRIBUTIONS

5.1. Eligibility to Make Voluntary Salary Deferment Contributions.

An Employee who has (i) completed one Year of Service; and (ii) attained the age 21 shall become an Eligible Employee.

5.2. Amount of Voluntary Salary Deferment Contributions.

This Section 5.2 is restated in its entirety effective as of July 1, 1994. An Eligible Employee may elect, by filing the form required by the Human Resource Department, to make Voluntary Salary Deferment Contributions equal to the lesser of: (1) \$7,000 (as adjusted by Code Section 402(g)(5)); or (2) any whole percentage between one percent (1%) and thirteen percent (13%) of Compensation, or dollar amount not exceeding thirteen percent (13%) of Compensation. In addition, both Voluntary Salary Deferment Contributions and Nondeductible Voluntary Contributions (as provided under Section 4.11) are limited to a total maximum contribution of thirteen percent (13%) of Compensation. An Eligible Employee may increase, decrease, discontinue or reactivate such contributions at any time by filing the form required by the Human Resources Department. All changes shall be effective as soon as recorded by the Human Resources Department. Unless modified, contributions shall be withheld at the same rate as long as an Eligible Employee is employed by any of the participating Employers.

If an Eligible Employee ceases to be employed by an Employer during a Plan Year and receives Compensation attributable to such Plan Year in the next Plan Year, Voluntary Salary Deferment Contributions will not be made from such amounts in the next Plan Year. However, if an Eligible Employee ceases to be employed by an Employer during a Plan year and receives Compensation within such Plan Year but after termination from employment, Voluntary Salary Deferment Contributions will continue to be withheld for such Eligible Employee pursuant to the Eligible Employee's current election, subject to change by the Eligible Employee. Eligible Employees who reach the maximum amount permitted in any Plan Year will cease having amounts withheld for the balance of that Plan Year, but withholding will be made at the same rate commencing with the first pay period in the following year.

5.3. Payroll Deductions.

The Voluntary Salary Deferment Contributions made on behalf of Eligible Employees shall be collected by the Employer through regular payroll deductions made pursuant to the Member's salary reduction agreement, all in accordance with the uniform rules which may be adopted by the Committee from time to time. All such contributions shall be paid monthly to the Trustee by the Employer and shall be credited to the Eligible Employee's Voluntary Salary Deferment Contribution Account.

5.4. Vesting of Voluntary Contributions.

The interest of each Member in his Voluntary Salary Deferment Contribution Account at any Valuation Date shall be its value, determined as of that Valuation Date, plus, if the Member is an Eligible Employee, any amounts contributed by such Eligible Employee before that Valuation Date and received by the Trustee after such Valuation Date. This entire interest shall be fully vested at all times and shall not be subject to Forfeiture for any reason.

5.5. Allocation of Income.

As of each Valuation Date, the credit balance in the Voluntary Salary Deferment Contribution Account of each Member who has such an Account will be adjusted to reflect the earnings and appreciation or depreciation of the assets attributable to such Account pursuant to Section 4.2.

5.6. In-Service Distributions of Voluntary Salary Deferment Contributions.

Upon the written application of a Member, the Committee may authorize the Trustee to make a hardship distribution to such Member, at any time. For purposes of this Plan, a "hardship"

shall be an immediate and heavy financial need which cannot be reasonably satisfied from other resources of the Member. To ensure that the Plan operates in a uniform and nondiscriminatory manner, an immediate and heavy financial need will only be recognized if the event triggering the Member's request for hardship withdrawal is described in subsection 5.6(a). Distributions under this Section shall be limited to the lesser of (i) the amount needed to satisfy the hardship, or (ii) the amount credited to the Member's Voluntary Salary Deferment Contribution Account. However, such amount shall not include any earnings credited to Voluntary Salary Deferment Contributions after December 31, 1988.

(a) Events Which Are Deemed to Constitute a Financial Hardship. For

purposes of this Section, the following events will be deemed to constitute an immediate and heavy financial need:

(i) expenses incurred or are necessary for medical treatment (as that term is defined in Code Section 213(d)) by a Member, Member's spouse or dependent of the Member;

(ii) tuition and related educational fees for post-secondary education of a Member, Member's spouse or dependent, but limited to the next twelve months;

(iii) purchase (excluding mortgage payments) of a Member's principal residence; or

(iv) distributions necessary to prevent the Member from being either evicted from his principal residence or having the mortgage on it foreclosed.

After the Committee has determined that a hardship exists, it must determine whether other financial resources of the Member are reasonably available before granting a hardship distribution.

(b) Circumstances Which Illustrate a Lack of Alternative Resources.

For purposes of this Section, a Member will be deemed to lack alternative resources if, on a form supplied by the Committee, the Member represents that:

(i) the hardship distribution does not exceed the amount reasonably required to meet the financial need created by the hardship. An amount distributed on account of a hardship may include any amount necessary to pay federal, state or local income taxes or penalties resulting from such distribution;

(ii) the Member has exhausted all other in-Service distributions from the Plan or any other plan maintained by the Employer, and is precluded from receiving any further loans from the Plan because of the limits set forth in Code Section 72(p);

(iii) the need cannot be satisfied through reimbursement or compensation by insurance or otherwise; and (iv) the reasonable liquidation of the Member's assets to satisfy such need would create additional financial burdens.

The Committee shall inform a Member who requests a hardship distribution prior to age 59 1/2 that such distribution will be subject to a 10% early distribution penalty unless it is used to pay certain medical expenses deductible under Code Section 213.

5.7. Treatment as Employer Contributions.

Notwithstanding anything herein to the contrary, Voluntary Salary Deferment Contributions shall be considered Employer Contributions for tax purposes and not "employee contributions" within the meaning of Code Section 414(h).

5.8. Loans.

A Member may borrow against his Voluntary Salary Deferment Contribution Account subject to the loan restrictions set forth in Article 7.

5.9. Return of Voluntary Salary Deferral Contributions.

All Voluntary Salary Deferral Contributions are expressly conditioned on such contributions being deductible under Code Section 404. If any Voluntary Salary Deferral Contribution could cause such contribution and/or other Voluntary Contributions to fail to meet the "actual deferral percentage test" or to be nondeductible, the Voluntary Salary Deferral Contributions causing such failure or nondeductibility, as the case may be, shall not be contributed to the Plan, or if already contributed shall be immediately distributed from the Plan to the Employee. The Committee shall have the right to adopt uniform rules which will set forth the methods to be used to insure compliance with the "actual deferral percentage test." The "actual deferral percentage test" is satisfied if either:

(i) The Actual Deferral Percentage ("ADP") for Highly Compensated Eligible Employees for the Plan Year shall not exceed the ADP for Non-highly Compensated Eligible Employees for the same Plan Year by 1.25; or

(ii) The ADP for Highly Compensated Eligible Employees for the Plan Year shall not exceed the ADP for Non-highly Eligible Compensated Employees for the same Plan Year multiplied by two (2), provided that the ADP for Highly Compensated Eligible Employees does not exceed the ADP for Non-highly Compensated Eligible Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any highly Compensated Employee.

5.10. Special Rules Regarding the Actual Deferral Percentage Test.

(a) The Actual Deferral Percentage for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to have Voluntary Salary Deferral Contributions allocated to his or her accounts under two or more cash or deferred arrangements (described in Code Section 401(k)) that are maintained by an Employer shall be determined as if the total of such Voluntary Salary Deferral Contributions were attributable to a single arrangement.

(b) For purposes of determining the Actual Deferral Percentage of a Member who is a Highly Compensated Employee and either a Five Percent Owner or one of the ten most Highly Compensated Employees the Voluntary Salary Deferral Contributions and Compensation of such Member shall include the Voluntary Salary Deferral Contributions and Compensation for the Plan Year of Family Members. Family Members shall be disregarded as separate employees for purposes of determining the Actual Deferral Percentage for both Members who are Non-highly Compensated Employees and for Members who are Highly Compensated Employees. In this situation, the Member and his or her Family Member shall be treated as a single Highly Compensated Employee without regard to whether the Family Member is also a Highly Compensated Employee.

(c) In the event that this Plan satisfies the requirements of Code Section 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of Code Section 410(b) only if aggregated with this Plan, then this Section shall be applied by determining the Actual Deferral Percentage of Employees as if all such plans were a single plan.

(d) The determination and treatment of the Voluntary Salary Deferral Contributions and actual deferral percentage of any Member shall satisfy such other requirements as may be prescribed by the Secretary of Treasury.

5.11. Investment of Voluntary Salary Deferral Contributions.

A Member's Voluntary Salary Deferral Contribution Account shall be invested by the Trustee in the same manner as Employer Contributions; however, each Member shall have the right to cause his Voluntary Salary Deferral Contribution Account to be invested in a Member Directed Account pursuant to Section 4.5 in accordance with the rules prescribed thereunder by the Committee from time to time.

5.12. Limitation on Voluntary Salary Deferment Contributions.

An Eligible Employee's Voluntary Salary Deferment Contributions may not exceed \$7,000 (as adjusted). This annual limit applies to the Eligible Employee on the basis of his or her taxable year.

5.13. Distribution of Excess Deferrals.

If any Eligible Employee exceeds the \$7,000 limit (as adjusted) the following rules will apply:

(i) Not later than March 1st of the following year, he or she may allocate the amount of Excess Deferrals among the plans under which the deferrals were made and may notify each such plan of the portion allocated to it;

(ii) Not later than the following April 15th, each such plan may distribute to the Eligible Employee the Excess Deferrals allocated to it, together with any income allocable to that amount; and

(iii) A distribution of Excess Deferrals (and the income thereon) in accordance with the preceding clause may be made without regard to any other provision of law precluding distributions.

If Excess Deferrals are distributed, the amount of such Excess Deferrals shall be reduced by the amount of any Excess Contributions previously distributed for the taxable year ending in the same Plan Year.

5.14. Taxation of Excess Deferrals.

An Excess Deferral is includible in the Eligible Employee's gross income in the year of deferral.

5.15. Taxation of Distribution of Excess Deferral.

The following rules will apply with respect to the amount of the Voluntary Salary Deferment Contribution in excess of the \$7,000 limit (as adjusted):

(i) If the amount in excess of the \$7,000 limit (plus earnings thereon) is not distributed in the taxable year in which the Deferment Contribution was made, the Excess Deferral will not be treated as part of the Eligible Employee's investment for Code Section 72 purposes.

(ii) If the Excess Deferral (plus earnings thereon) is distributed by April 15th of the following year, the distribution is includible in the Eligible Employee's gross income in the year of deferral but is not included in the Eligible Employee's gross income for the year in which it is distributed and is not subject to the additional 10% income tax on early distributions.

(iii) If the Excess Deferral (plus earnings thereon), is not distributed before April 15th of the following year, the excess will be included in the Eligible Employee's taxable income in the year it is distributed (as well as for the year in which the Voluntary Salary Deferment Contribution was made) and will be subject to the 10% penalty on early distributions. In addition, the Excess Deferral will be taken into account in applying the Code Section 401(k) nondiscrimination test. This amount cannot be recharacterized as a Voluntary Contribution.

5.16. Avoidance of Disqualification.

The Plan will not be disqualified for violating the Actual Deferral Percentage limits for any Plan Year if, before the close of the following Plan Year:

(i) The Excess Contributions for the year (and any earnings thereon) are distributed, or

(ii) To the extent provided in regulations, the Eligible Employee elects to treat the amount of the Excess Contributions as an amount distributed to the Eligible Employee and then contributed to the Plan by the Eligible Employee.

(iii) Any distribution of Excess Contributions (and any earnings thereon) may be made without regard to any other provision of law.

5.17. Distribution of Excess Contributions.

Any Excess Contributions must be distributed to the Highly Compensated Eligible Employees having the highest deferral percentage, reducing the percentage to the extent necessary to satisfy the "Actual Deferral Percentage test" or cause such ratio to equal the deferral percentage of the Highly Compensated Eligible Employee with the next highest ratio. This process is repeated until the Actual Deferral Percentage test is satisfied. If the Highly Compensated Employee's Actual Deferral Percentage was determined under the Family Member aggregation rules, the Highly Compensated Employee's ratio under the Actual Deferral Percentage test will be reduced as described above. The resulting Excess Contributions are allocated among the Family Members in proportion to the Voluntary Salary Deferral Contributions of each Family Member that have been combined.

The amount of any Excess Contributions to be distributed shall be reduced by the amount of any Excess Deferrals previously distributed for the taxable year ending in the same Plan Year. The 10% early withdrawal penalty under Code Section 72(t) will not be imposed on such distributions.

5.18. Excise Tax.

The Employer is subject to a 10% excise tax on its Excess Contributions unless the Excess Contributions (plus earnings) are distributed within the first 2 1/2 months of the following Plan Year. The amount distributed within the 2 1/2 month period will be included in the Eligible Employee's income as if received in the taxable year in which the deferral was made. If the Excess Contributions (plus earnings) are distributed more than 2 1/2 months after the close of the Plan Year, but before the close of the next Plan Year, the Employer

will be subject to the 10% excise tax under Code Section 4979; the distribution

will be included in the Eligible Employee's income in the taxable year of distribution. Failure to distribute Excess Contributions (plus earnings) before the close of the second Plan Year will result in disqualification of the Code Section 401(k) feature for the Plan Year to which the Excess Contributions relate.

5.19. Matching Contributions.

From time to time, an Employer may declare a program of Matching Contributions in accordance with Section 3.1. The amount of such Matching Contributions shall be calculated by reference to the Eligible Employee's Voluntary Salary Deferral Contributions. If the Employer makes such Matching Contributions in the form of NVR, Inc. securities (or other securities of an Employer which is an Affiliated Company) which shall constitute "qualifying employer securities" within the meaning of Section 407(d)(5) of ERISA, pursuant to Section 3.2, such securities shall be held in the NVR, Inc. Stock Fund subject to the terms of Section 4.10.

(a) Vesting. Matching Contributions will vest in accordance

with Section 6.3 of the Plan. In any event, Matching Contributions shall be 100 percent vested upon attainment of Normal Retirement Age or upon the complete or partial termination of the Plan.

(b) Forfeitures. Forfeitures of Matching Contributions other

than Excess Aggregate Contributions shall be made in accordance with the forfeiture provision otherwise applicable to Company Contributions in Section 4.3 of the Plan.

5.20. Qualified Matching Contributions.

The Board of Directors of an Employer may declare that Matching Contributions shall be Qualified Matching Contributions.

5.21. Discrimination Test for Matching Contributions.

The Average Contribution Percentage ("ACP") for Highly Compensated Employees who are Eligible Employees and the ACP for Eligible Employees who are Non-highly Compensated Employees for the same Plan Year must satisfy one of the following tests:

(a) The ACP for Highly Compensated Eligible Employees for the Plan Year shall not exceed the ACP for Non-highly Compensated Eligible Employees for the same Plan Year by 1.25; or

(b) The ACP for Highly Compensated Eligible Employees for the Plan Year shall not exceed the ACP for Non-highly Compensated Eligible Employees for the same Plan Year multiplied by two (2), provided that the ACP for Highly Compensated Eligible Employees does not exceed the ACP for Non-Highly Compensated Eligible Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Treasury shall prescribe to prevent the multiple use of this alternative limitation with respect to any Highly Compensated Employee.

5.22. Special Rules Regarding the ACP Test.

(a) For purposes of this Article 5, the Contribution Percentage for any Eligible Employee who is a Highly Compensated Employee and who is eligible to have Contribution Percentage Amounts allocated to his or her or her account under two or more plans described in Code Section 401(a), or arrangements described in Code Section 401(k), that are maintained by an Employer, shall be determined as if the total of such Contribution Percentage Amounts were made under a single plan.

(b) In the event that this Plan satisfies the requirements of Code Section 410(b) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of Code Section 410(b) only if aggregated with this Plan, then this Section shall be applied by determining the Contribution Percentage of Employees as if all such plans were a single plan.

(c) For purposes of determining the Contribution Percentage of an Eligible Employee who is a Highly Compensated Employee, the Contribution Percentage Amounts and Compensation of such Eligible Employee shall include the Contribution Percentage Amounts and Compensation of Family Members. Family Members, with respect to Highly Compensated Employees, shall be disregarded as separate Employees in determining the Contribution Percentage both for Employees who are Non-highly Compensated Employees and for Employees who are Highly Compensated Employees.

(d) The determination and treatment of the Contribution Percentage of any Eligible Employee shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

5.23. Distributions of Excess Aggregate Contributions.

Notwithstanding any other provision of this Plan, Excess Aggregate Contributions and income allocable thereto shall be forfeited, if otherwise forfeitable under the terms of the Plan, or if not forfeitable, distributed no later than the last day of each Plan Year to Eligible Employees to whose Accounts such Excess Aggregate Contributions were allocated for the preceding Plan Year. Excess Aggregate Contributions shall be allocated to Eligible Employees who are subject to the Family Member aggregation rules of Code Section 414(g)(6) in the manner prescribed by the regulations. If such Excess Aggregate Contributions are distributed more than two and one-half (2-

1/2) months after the last day of the Plan Year in which such excess amounts arose, a 10 percent excise tax will be imposed on the Employer maintaining the Plan with respect to those amounts. Excess Aggregate Contributions shall be treated as annual additions.

(a) Determination of Income. Excess Aggregate Contributions shall be

adjusted for any income or loss up to the date of distribution. The income or loss allocable to Excess Aggregate Contributions is the sum of the income or loss allocable to the Eligible Employee's Matching Contributions for the Plan Year multiplied by a fraction, the numerator of which is the Excess Aggregate Contributions on behalf of the Eligible Employee for the preceding Plan Year and the denominator of which is the sum of the Eligible Employee's Contribution Percentage Amounts on the last day of the preceding Plan Year. The income which would otherwise be allocable to Excess Aggregate Contributions for the period between the end of the Plan Year during which such Excess Aggregate Contributions were made and the date of distribution will not be allocated to such Excess Aggregate Contribution and therefore will not be part of the corrective distribution.

(b) Maximum Distribution Amount. The Excess Aggregate Contributions

to be distributed to an Eligible Employee shall be adjusted for income, and if there is a loss allocable to the Excess Aggregate Contribution, shall in no event be less than the lesser of (i) the sum of the Eligible Employee's Matching Contribution Account and Nondeductible Voluntary Contribution Account under the Plan and (ii) the sum of the Eligible Employee's Matching Contributions and Nondeductible Voluntary Contributions for the Plan Year.

(c) Accounting for Excess Aggregate Contributions. Excess Aggregate

Contributions shall be distributed from the Eligible Employee's Nondeductible Voluntary Contribution and Matching Contribution Accounts (in their respective order) and forfeited, if forfeitable under the terms of the Plan (or, if not forfeitable, distributed) from the Eligible Employee's Account in proportion to the Eligible Employee's Voluntary Salary Deferral Contribution for the Plan Year.

(d) Allocation of Forfeitures. Amounts forfeited by Highly

Compensated Employees under this Article V shall be treated as annual additions under Section 4.8 of this Plan and shall be either:

(i) Applied to reduce Employer Contributions, if any; or

(ii) Allocated, after all other Forfeitures under the Plan, and subject to Section 5.22(d)(iii) of this Plan, to the same Eligible Employees and in the same manner as such other Forfeitures of Employer Contributions are allocated to other Eligible Employees under the Plan.

(iii) Notwithstanding the foregoing, no Forfeitures arising under this Section 5.22 shall be allocated to the Account of any Highly Compensated Employee.

6. DISTRIBUTION OF BENEFITS

6.1. Retirement; Form of Benefits.

A Member shall be entitled to retire on his Retirement Date or Early Retirement Date. If a Member continues in the active service of an Employer beyond his Retirement Date, he shall continue as a Member of the Plan. Notwithstanding continued employment and participation hereunder, an Employee who has attained his Retirement Date shall be fully vested in any and all amounts credited to his Account and may retire as of the end of any calendar quarter thereafter at his own request. Upon normal, late, or disability retirement, the entire amount in the Member's Account and in the case of retirement on his Early Retirement Date, the amount vested in accordance with Section 6.3, shall be vested and paid to him by whichever of the following methods is selected by him or his beneficiary:

(a) Payment in a lump-sum within sixty (60) days after the end of the calendar quarter in which he retired, or as soon thereafter as practicable; or

(b) Payment in ten (10) or fewer approximately equal annual installments, the first installment being due and payable within sixty (60) days after the end of the calendar quarter in which he retired, or as soon thereafter as practicable; and subsequent annual payments within sixty (60) days after such date in each year thereafter, or as soon thereafter as practicable, until the balance has been fully paid, with any deferred balance being held in a Member Directed Account pursuant to Section 4.5; provided, however, that the period of distribution shall not exceed the life expectancy of the Member, or the joint life expectancy of the Member and his spouse unless such Member has made an effective election of a longer period of distribution prior to January 1, 1984.

(c) Notwithstanding any other provision of this Article 6, except the limitations on the period of distribution to a Member or a Beneficiary under subparagraph (b) above and Section 6.5 which shall apply to this subparagraph, a Member who is fully vested and is entitled to a distribution of benefits may, by written notice to the Committee, elect to have the distribution of all or a specified portion of his benefits deferred; provided, however, that distribution shall commence not later than April 1 of the year following the year in which the Member attains the age of seventy and a half (70-1/2) or dies, whichever is earlier, and shall be completed within ten (10) years of such date. The period of distribution of such deferred benefits shall in no event exceed the limitations in Sections 6.1 or 6.5. The portion of such Member's Account which is deferred shall be held in a Member Directed Account pursuant to Section 4.5; provided that the Member's interest in the NVR Stock Fund, if any, shall be transferred to a Member Directed Account under Section 4.5 and invested at the Member's discretion, unless the Member specifically directs that his interest be held in the NVR Stock Fund. If a Member who has elected to defer receipt of a distribution does not direct his Account pursuant to Section 4.5, or cannot be located, his Account shall be invested 100% in such fund as in the discretion of the Committee best preserves the Account balance with the least amount of risk. A Member who has elected to defer receipt of all or a portion of his Account may, by written notice to the Committee, withdraw all or any portion of the income or principal of his Account not more frequently than annually; the Trustee's charge for making each such distribution shall be deducted from the distribution.

(d) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section 6.1 and effective as of January 1, 1993, a Distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution in excess of \$200.00 paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(i) Notice.

As provided in Code Section 402(f), the Committee is required to provide a Distributee with a Notice of the Direct Rollover Option within a reasonable period of time prior to an Eligible Rollover Distribution. The Internal Revenue Service ("IRS") has interpreted this reasonable period of time to be thirty (30) days prior to an Eligible Rollover Distribution. As permitted under applicable IRS procedures, a Distributee may elect to waive the thirty (30) day prior notice provision, provided that:

(1) The Committee clearly informs the Distributee that he/she has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether to elect an Eligible Rollover Distribution (or another distribution option); and

(2) The Distributee, after receiving the Notice, affirmatively elects a distribution.

(ii) Definitions.

(1) Eligible Rollover Distribution: an Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); and the portion of any

distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(2) Eligible Retirement Plan: An Eligible Retirement Plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), or a qualified trust described in Code Section 401(a), that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

(3) Distributee: A Distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are Distributees with regard to the interest of the spouse or former spouse.

(4) Direct Rollover: A Direct Rollover is a payment by the plan to the Eligible Retirement Plan specified by the Distributee.

6.2. Disability Retirement.

Any Member shall be deemed to have retired from service, and shall accordingly be entitled to his fully vested Account at the end of any calendar quarter in which in the opinion of a doctor selected by the Committee (which opinion shall be conclusive for purposes of this Plan) he has become totally and permanently disabled. Such Member shall be entitled to share in the Employer Contribution and Forfeitures for that Plan Year.

6.3. Vesting.

In case of the discharge or resignation of a Member prior to his Retirement Date, the Member's benefits in his Noncontributory Account and Matching Contribution Account shall be limited to his vested equity. A Member's vested equity shall be determined based on his number of full Years of Service as follows:

Full Years of Service -----	Vested Percentage -----
less than 3	0%
3	20%
4	40%
5	60%
6	80%
7	100%

The value of the Account shall be determined at the end of the calendar quarter in which his discharge or resignation occurs. Upon such termination of employment, if the Member's vested equity in his Noncontributory Account and Matching Contribution Account exceeds \$3,500 and if the Member does not agree to a lump-sum payment of such Account, the amount of such vested equity shall be transferred to a Member Directed Account pursuant to Section 4.5, with payment commencing within sixty (60) days, or as soon as practicable thereafter, after the end of the calendar quarter in which he attains the age of sixty (60) years or dies, if earlier. If such Member's vested equity in his Noncontributory Account and Matching Contribution Account is \$3,500 or less, such amount shall be paid to him within seventy-five (75) days after the end of the calendar quarter in which his severance occurs, or as soon as practicable thereafter. Notwithstanding the foregoing, the terminating Member may request a lump-sum payment of the entire balance of the Member's vested equity within seventy-five (75) days after the end of the calendar quarter in which his severance

occurs or as soon as practicable thereafter, based on asset values at the end of that calendar quarter. For purposes of this Section, if the value of a Member's vested Account is zero, the Member shall be deemed to have received a distribution of such vested Account.

6.4. Computation of Years of Service for Vesting Purposes.

For purposes of determining a Member's vested Account under Section 6.3, all Years of Service with an Employer shall be included. However, if an Employee is reemployed after incurring five (5) or more consecutive One-year Breaks in Service and if such Employee had no vested interest in the Trust Fund prior to his termination: (i) Years of Service credited to the Employee prior to the five (5) or more consecutive One-Year Breaks in Service shall not be included in determining his vested interest in amounts credited to his Account after his reemployment; and (ii) Years of Service credited to the Employee after his reemployment shall not be considered in determining his vested interest in amounts credited to his Account before he incurred five (5) or more consecutive One-Year Breaks in Service

6.5. Death Benefits

If a Member dies while actively employed by an Employer, \$10,000 shall be paid immediately as an advance and the entire amount in his Account as of the end of the calendar quarter in which such Member died, as determined in accordance with Section 4.2, less the \$10,000 advance shall be paid as a death benefit to the Beneficiary or Beneficiaries named by the Member in the then most recent designation filed with the Committee, or, if no designation of Beneficiary is then in effect, in equal shares to the persons who shall be shown, to the reasonable satisfaction of the Committee, to be within the first of the following five classes of Beneficiaries which shall contain one or more members surviving at the death of the Member: (1) spouse, (2) issue per stirpes, (3) parents, (4) brothers and sisters, (5) executors or administrators; provided, however, if the entire amount in such Member's Noncontributory Account

as of the calendar quarter in which he died would have been less than \$10,000 if no advance had been made, the difference between such entire amount and \$10,000 shall be paid by the NVR, Inc. Employee Stock Ownership Plan to the person or persons determined above. If the entire amount in such Member's Noncontributory Account and in the Member's Account in the NVR, Inc. Employee Stock Ownership Plan as of the calendar quarter in which he died would have been less than \$10,000 if no advances had been made, the difference between such entire amount and \$10,000 shall be paid by the Employer to the Trust Fund by the Employer within ten (10) days after the Employer receives notice of the amount due. If a Member's Beneficiary is his surviving spouse, any death benefit payable under this Plan as a result of such Member's death either before or after retirement shall be paid to his surviving spouse either in a lump-sum or in installments over a period not longer than such surviving spouse's life expectancy as the surviving spouse may elect. Any death benefit payable under this Plan as a result of Member's death before or after retirement shall be paid to any Beneficiary or Beneficiaries other than his surviving spouse either in a lump-sum or in installments over a period not longer than five years as the Beneficiary may elect; provided, however, that if distributions have already commenced to the Member over a period not longer than the life expectancy of the Member, or the joint life expectancy of the Member and his spouse, then the Beneficiary may elect to continue receiving distributions over such period. Notwithstanding any provision in this Section 6.5 to the contrary, benefits may be distributed over a longer period of time to a Member's Beneficiary if such Member elected such distribution period in an effective election made prior to January 1, 1984. Such payments shall commence not later than sixty (60) days after the end of the calendar quarter in which such Member died.

6.6. Discharge for Cause.

Notwithstanding any other provision of this Plan to the contrary, if (1) an Employer discharges a Member on grounds of dishonesty, including without limitation, theft, embezzlement, solicitation of bribes, kickbacks, or other illegal payments, or usurpation of corporate opportunity,

and (2) such discharge occurs before the fifth (5th) anniversary of such Member's original employment date with an Employer, such Member shall forfeit the entire amount of his Noncontributory Account and shall be entitled to no benefits under this Plan other than the return of his own contributions, if any. This Section shall be inapplicable to any vested benefits attributable to Top Heavy Plan status.

6.7. Withdrawal of Additional Contribution.

Any Member who has completed at least three (3) Years of Service shall have the right to withdraw an amount of cash from his Account equal to the product of (i) the amount of Additional Contributions, if any, made by the Employer to such Member's Noncontributory Account for the next preceding Plan Year, multiplied by (ii) such Member's vested percentage, as determined under Section 6.3, as of the end of the next preceding Plan Year; provided, however, that such withdrawals shall be paid by the Trustee only from those assets in such Member's Noncontributory Account which are vested and have been actually held by the Trustee under the Trust for at least two (2) years. Such Member shall elect such a withdrawal by filing a written notice with the Committee within thirty (30) days following the date of his Employer's announcement of the amount of such Additional Contribution. The withdrawal shall be treated as an advance distribution from such Member's Account and shall be subtracted from such Member's vested equity, determined pursuant to Section 6.3, for all purposes. Such withdrawals will normally be subject to a 10% early withdrawal penalty.

6.8. In-Service Distributions of Employer Contributions.

A Member may make written application to the Committee for distribution of all or a portion of the vested portion of his Noncontributory Account as of the Valuation Date coincident with or immediately preceding the date of application for the distribution, without terminating his employment with the Employer, in such amounts and under such conditions as specified hereunder. The minimum distribution shall be five hundred dollars (\$500), and the amount distributed may not be repaid.

(a) The reasons for the distribution must be to enable the Member to meet unusual or special situations in his financial affairs resulting in immediate and heavy financial needs of the Member. Such situations shall be limited to payment of major uninsured family medical expenses. Any distribution hereunder may not exceed the amount required to meet the immediate financial need, nor may it be less than five hundred dollars (\$500).

(b) In granting or refusing any request for distribution, the Committee shall apply uniform standards consistently, and such discretionary power shall not be applied to discriminate in favor of officers, shareholders, or Highly-Compensated Employees.

(c) Distributions under this Section 6.8 shall in no way affect the Member's continued participation in this Plan except by the reduction in Account balances caused by such distribution.

(d) Any amount distributed under this Section 6.8 shall be taken from the Member's Noncontributory Account.

The Committee shall inform a Member who requests a hardship distribution prior to age 59 1/2 that such distribution will be subject to a 10% early distribution penalty unless it is used to pay certain medical expenses deductible under Code Section 213.

6.9 Distributions to Alternate Payees.

(a) Despite any other Plan provisions to the contrary, the Administrator must comply with the terms of a Qualified Domestic Relations Order, as defined in Section 6.9(b). This Plan specifically permits distribution to an Alternate Payee (as defined in Section 6.9(c))

under a Qualified Domestic Relations Order, prior to the earliest distribution date with respect to a Member and regardless of whether or not the Member has attained the Earliest Retirement Age (as defined in Section 6.9(d)) if: (1) the order specifies distribution at that time or permits an agreement between the Plan and the Alternate Payee to authorize an earlier distribution; and (2) if the present value of the Alternate Payee's benefits under the Plan exceeds \$3,500, the order requires the Alternate Payee's consent to any distribution occurring prior to the earliest distribution date with respect to a Member and prior to the Member attaining Earliest Retirement Age. Nothing in this Section 6.9 shall give a Member a right to receive a distribution at any time otherwise not permitted under the Plan, nor shall it permit the Alternate Payee to receive a form of payment not permitted under the Plan. If the Member whose benefit is subject to a Qualified Domestic Relations Order described in the preceding sentence dies before the date on which the Member attains or would have attained the Earliest Retirement Age, the Alternate Payee is entitled to benefits only if the order requires survivor benefits to be paid. For purposes of the two preceding sentences, the amount to be paid to the Alternate Payee is computed by using the benefit that would be payable to the Member if the Member had retired on the date on which payment is to begin under that order. The payment of early retirement benefits with respect to a Member who has not yet retired is not to be considered to violate the no-increased-benefits provision in this Plan's definition of a Qualified Domestic Relations Order. The Administrator must establish reasonable procedures for determining the qualified status of a Domestic Relations Order (as defined in Section 6.9(e)) and for administering distributions under a Qualified Domestic Relations Order. The Administrator must also promptly notify the Member and each Alternate Payee that it received the order and also notify them of the procedures for determining the order's qualified status. Within a reasonable period (as defined by Treasury regulations) after it receives a Domestic Relations Order, the Administrator must determine whether the order is a Qualified Domestic Relations Order and notify the Member and each Alternate Payee of the determination.

(b) "Qualified Domestic Relations Order" refers to a Domestic Relations Order that satisfies the conditions in clauses (i) through (v).

(i) The order creates or recognizes the right of an Alternate Payee to receive all or a portion of the benefit payable with respect to the Member under the Plan or assigns to an Alternate Payee the right to receive all or a portion of the benefits payable to the Member under the Plan.

(ii) The order clearly specifies: the name and last known mailing address (if available) of the Member and the name and mailing address of each Alternate Payee, unless the Administrator has reason to know the address independently of the order; the amount or percentage to be determined; the number of payments or period to which the order applies; and each plan to which the order applies.

(iii) The order does not require the Plan to provide any type or form of benefit or any option not otherwise provided under the Plan.

(iv) The order does not require the Plan to provide increased benefits (a Domestic Relations Order does not require the Plan to provide increased benefits if it does not provide for the payment of benefits in excess of the actuarial equivalent of the benefits to which the Member would be entitled in the absence of the Domestic Relations Order).

(v) The order does not require the payment of benefits to an Alternate Payee that are required to be paid to another Alternate Payee under another order determined previously to be a Qualified Domestic Relations Order.

(c) "Alternate Payee" refers to a Member's spouse, former spouse, child, or other dependent who is recognized by a Domestic Relations Order as having a right to receive all or a portion of the benefits payable under the Plan with respect to that Member.

(d) "Earliest Retirement Age," for purposes of Qualified Domestic Relations Orders and according to section 414(p)(4)(B) of the Code, means the earlier of the date on which the Member is entitled to a distribution under the Plan and the later of the date on which the Member attains age 50 or the earliest date on which the Member could begin receiving benefits under the Plan if the Member separated from service.

7. LOANS

7.1. Authorization of Loans.

Upon the written application of any Active Member or Beneficiary who is a Party in Interest as defined in ERISA Section 3(14) (hereinafter referred to as an "Eligible Loan Candidate"), the Committee may authorize the Trustee to make a loan to such Eligible Loan Candidate. The terms of this Article 7 are effective as of October 18, 1989. The terms of the prior Article 7 existing on December 31, 1988 shall apply from January 1, 1989 through October 17, 1989.

7.2. Minimum Requirements for Loans.

To the extent the Committee authorizes loans to Eligible Loan Candidates all such loans shall meet the following requirements and such other terms as the Committee may establish from time to time:

(a) Principal Amount. The principal amount of a loan to an Eligible

Loan Candidate may not exceed the lesser of: (a) \$50,000, reduced by the excess, if any, of the highest outstanding loan balance owed by the Eligible Loan Candidate during the one-year period ending on the day before the date the loan was made, over the outstanding balance of any loan from the Plan to the Eligible Loan Candidate on the date on which such loan was made or (b) 50% of the vested portion of such Eligible Loan Candidate's Account.

(b) Amount of Loan. The Committee is authorized to adopt rules

regarding the portion of the Eligible Loan Candidate's Account that may be loaned to such Eligible Loan Candidate. The Committee's decision shall be conclusive.

(c) Maximum Term. The term of the loan may not exceed five (5) years

unless the loan principal is used to acquire the principal residence of the Eligible Loan Candidate. For purposes of this Article, the determination of whether a dwelling qualifies as a Eligible Loan Candidate's principal residence shall be made at the time of the loan.

(d) Number of Loans. An Eligible Loan Candidate may have a maximum of

two loans outstanding at any time. Each outstanding loan must be repaid in accordance with its specific amortization schedule. An Eligible Loan Candidate may request a loan under this Article 7 no more frequently than once during any full twelve (12) month period. All loans shall be made as of the first business day of any month; provided, however, that each Eligible Loan Candidate makes a written application for such loan to the Committee prior to the 15th day of the preceding month for which the loan is to be effective.

(e) Interest Rate. The interest rate shall be the prevailing rate as

set from time to time by the Committee.

(f) Repayment. This Section 7.1(f) is restated in its entirety

effective as of January 1, 1994. If the Eligible Loan Candidate is an Active Member, the loan shall be repaid by payroll withholding over its term in level installment payments in each payroll period. As a condition

precedent to approval of the loan, the Eligible Loan Candidate shall be required to authorize irrevocably payroll withholding in the amount of each installment. Notwithstanding anything herein to the contrary, no loan amount shall be permitted if the Committee determines pursuant to uniform standards adopted from time to time that the Eligible Loan Candidate does not have the financial capability to repay such loan through payroll withholding or otherwise.

(g) Repayment Allocations. Each loan made prior to and after October

18, 1989 shall be treated as an investment of the Eligible Loan Candidate's Account, rather than an investment of the Trust Fund. Accordingly, the Committee shall deposit loan repayments (principal and interest) by an Eligible Loan Candidate directly into such Eligible Loan Candidate's Account.

(h) Collateral. The loan shall be secured by the Eligible Loan

Candidate's nonforfeitable interest in his Account equivalent to the principal amount of the loan. The Eligible Loan Candidate shall sign such security agreements or other documents as the Committee may deem appropriate for adequate security.

(i) Termination of Employment. This Section 7.2(i) is restated in

its entirety as of January 1, 1994. The outstanding balance of any loan granted to a Member who, for any reason, terminates his or her employment with the Employer shall continue to be repayable to the Trust together with interest due in accordance with the existing amortization schedule. No Member who has terminated employment (except for a Beneficiary who is a Party in Interest) shall be eligible for any loans, and no Member who has terminated employment with an outstanding balance of any loan shall be eligible for any additional loans, nor to delay payments of any outstanding loans following his or her termination. If a Member with an outstanding loan balance terminates employment with an Employer but continues employment with a nonparticipating Affiliated Company, the loan shall be repaid by the Affiliated Company's payroll withholdings over the loan's term and under the loan amortization schedules previously provided. If such terminated Member then terminates employment from the nonparticipating Affiliated Company, he or she will be required to payoff any existing loan balances in the same manner as other terminated Members. If such a terminated Member is not employed by an Affiliated Company, the Committee will arrange other procedures to assure repayment.

In the event that any Member terminates employment with the Employer with an outstanding loan that becomes delinquent or in default, the Committee is empowered, to the extent permitted under the Code, to require the Member to accept a partial distribution of his or her Account balances to satisfy the outstanding balance of the loan, plus interest owed to the Trust. When a Member terminates employment with the Employer, has a loan balance, and wishes to take distribution of his or her Account balance, the Committee, to the extent permitted by the Code, shall satisfy the outstanding balance of any loan, plus interest owed to the Trust by the Member before making any distribution under this Plan.

(j) Funding of Loans. Each loan issued shall be funded by the

liquidation of the Eligible Loan Candidate's interests in his Account.

8. PROFIT SHARING COMMITTEE

8.1. Membership.

The Company is the Plan administrator and named fiduciary (as defined in ERISA), and is responsible for the general management and administration of the Plan, including all fiduciary decisions relating to the management and administration of the Plan. The Company will act through the Profit Sharing Committee which shall consist of such persons as may be designated from time to time by the Board of Directors of the Company. The Board of Directors of the Company shall have the power to change the membership of the Committee at any time and from time to time hereafter. The Committee at all times shall consist of not fewer than three (3) individuals who must be

employees or officers of an Employer. If a Committee member ceases to be an employee or officer of an Employer, the Committee member shall, as of the effective date of termination with such Employer, automatically cease membership on this Committee. Members of the Committee shall not be considered fiduciaries with respect to the Plan. Members of the Committee shall serve without compensation. Any member of the Committee may resign at any time by delivery of a written notice of resignation to the chairman or secretary of the Board of Directors of the Company. Vacancies shall be filled promptly by persons appointed by the Board of Directors of the Company; any vacancy remaining unfilled for a period of forty (40) days may be filled by action of the Chairman of the Board or President of the Company. Members of the Committee shall not independently exercise any discretionary responsibility or authority with respect to the Plan.

8.2. Majority Vote.

The action of the Committee shall be determined by the vote or other affirmative expression of a majority of its members.

8.3. Chairman, Secretary, Signature.

The Board of Directors of the Company shall appoint a chairman and a secretary of the Committee, who shall be members of the Committee, and may designate other positions within the membership of the Committee. The chairman or secretary may execute all documents on behalf of the Committee. Any document so executed shall be conclusive in favor of any party acting in reliance on it.

8.4. Regulations, Records.

The Committee may adopt such by-laws and regulations as it deems desirable for the conduct of its affairs. The secretary shall keep minutes of the Committee's proceedings and all dates, records, accounts and documents pertaining to the administration of the Plan. No Member or Beneficiary shall have any right to inspect any such records, except that the Committee may, upon request of a Member, make available the record of such Member's Account.

8.5. Powers and Duties.

Other than the administration of the Trust, with which the Trustee shall be charged to the extent provided in the Trust Agreement, the Company shall have complete control of the administration of this Plan, with all powers necessary to enable it properly to carry out its duties in that respect. Not in limitation, but in amplification of the foregoing, the Committee, on behalf of the Company, shall have power to interpret this Plan, and any ambiguities arising hereunder, and to determine all questions that may arise hereunder. It shall determine all questions relating to the eligibility of an Employee to participate in this Plan and the amount of benefit to which a Member may become entitled hereunder. All disbursements by the Trustee, except for the ordinary expense of administration of the Trust Fund, shall be made only in accordance with the direction of the Committee as evidenced in writing and signed by the chairman or secretary of the Committee. By way of specification and not in limitation, the Committee is authorized:

(a) To enact uniform and nondiscriminatory rules and restrictions to carry out the provisions of the Plan;

(b) To make any finding of fact necessary or appropriate for any purpose under the Plan, including, but not limited to, the determination of eligibility for and the amount of any benefit under the Plan;

(c) To interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan or in connection with the administration thereof, including, without

limitation, the right to remedy or resolve possible ambiguities, inconsistencies or omissions by general rule or particular decision;

(d) To conduct the day to day administration of the Plan;

(e) To set uniform policies in order that the Plan may be operated in a nondiscriminatory manner;

(f) To evaluate administrative procedures;

(g) To establish reasonable procedures to determine the qualified status of a domestic relations order as provided in Code Section 414(p) which relates to the Plan, and to administer distributions under such orders;

(h) To receive and request from the Members and Beneficiaries such information and factual materials as may be necessary for the proper administration of the Plan;

(i) To compute the amount of benefits payable hereunder to any Member, former Member or Beneficiary;

(j) To authorize all disbursements by the Trustee; and

(k) To give instructions to the Trustee as provided in the Trust Agreement and to the Investment Manager as provided in the agreement with such Investment Manager.

The decision of the Committee upon all matters within the scope of its authority shall be conclusive and binding on all parties and will not be overturned unless found to be arbitrary and capricious by a court of law.

8.6. Direction of Investments.

The Committee shall designate itself, the Trustee, or a Qualified Investment Manager or Managers to direct the investment of the Trust Fund to the extent provided in the Trust Agreement. Any such designation shall be in writing or confirmed in writing, and may be revoked or modified by the Committee at any time.

8.7. Appointment of Agents.

The Committee may appoint such accountants, counsel, specialists, and other agents as it deems necessary or appropriate in connection with the administration of the Plan. Such accountants and counsel may, but need not, be accountants and counsel for the Company. The Committee shall be entitled to rely conclusively upon, and shall be fully protected by the Employers in any action taken by it in good faith in relying upon, any opinions or reports which shall be furnished to it by any accountants, counsel or other specialist.

8.8. Expenses.

All expenses of the Committee connected with its administration of the Plan, including the reasonable fees, expenses, and charges of any independent contractor, Qualified Investment Manager or agent appointed pursuant to Sections 8.6 or 8.7, shall be paid from the Trust Fund unless otherwise paid by the Employers.

8.9. Member Not to Vote on Own Participation.

A member of the Committee shall not vote on any question relating solely to his own participation in the Plan, although this limitation shall not apply as to any vote that may be taken which may incidentally affect a member of the Committee along with other members. In the event that the remaining members of the Committee are unable to come to a determination of any such

question by majority vote thereof, the same shall be determined by the vote of the Chairman of the Board or President of the Company, acting ex officio.

8.10. Employers to Furnish Information.

Upon request of the Committee, the Employers shall furnish such information in their possession as will aid the Committee in the performance of its duties hereunder. The officers and employees of the Employers are hereby authorized and directed to make available to the Committee upon its request such information as the Employers may have.

8.11. Indemnification.

The Employers shall indemnify and save each of the members of the Committee and their duly constituted agents harmless from the effects and consequences of their acts and conduct, except to the extent that such effects and consequences flow from their own willful misconduct.

8.12. Claims Procedure.

(a) Claim for Benefits. A claim for benefits under the Plan shall

be filed with the chairman of the Committee. If a claim is wholly or partially denied by the chairman, written notice of such denial shall be sent to the claimant within sixty (60) days after receipt of the claim. Such notice shall contain (1) the specific reason or reasons for the denial; (2) specific reference to pertinent Plan provisions on which the denial is based; (3) 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 (4) an explanation of the Plan's claims review procedure.

(b) Review Procedure. Within ninety (90) days after receipt of a

written notice of denial, the claimant may file with the chairman of the Committee a written request for review of the chairman's decision. At the time a request for review is filed, the claimant or his duly authorized representative may submit issues and comments in writing and may review any pertinent documents. Within sixty (60) days after receipt of a request for review, the entire Committee shall render a written decision to the claimant, in language calculated to be understood by the claimant, containing the reasons for the decision and specific references to the pertinent plan provisions on which the decision is based.

(c) Exhaustion of Remedies. No legal action with respect to a

claim for benefits under the Plan shall be instituted unless the claimant shall have first exhausted the claims procedure set forth in this Section 8.12.

9. TRUSTEE AND TRUST FUND

9.1. Trustee.

All contributions made pursuant to this Plan shall be paid to the Trustee under the terms of the Trust Agreement, a copy of which is attached hereto.

9.2. Trust Fund.

The Trust Fund shall be administered by the Trustee strictly in accordance with the terms of the Trust Agreement. As provided in the Trust Agreement, the Trustee, at the direction of the Qualified Investment Manager, the Committee or exercising its discretion as directed by the Committee as provided in Section 12.4, may invest in shares of common stock of the Company or any of the Employers which is an Affiliated Company.

9.3. Statement of Accounts.

As soon as is practicable after the end of each Plan Year, the Committee, or the Trustee as its agent, shall prepare and deliver to each Member a statement of his Account in the Trust Fund as of the end of such year. Such statement shall contain such additional information as may be required by law or as may be deemed appropriate by the Committee.

9.4. Records.

The Trustee shall maintain such financial records of the Trust Fund and of the Accounts of each Member as shall reasonably be deemed satisfactory by the Committee. The Committee, or the Trustee as its agent, shall be authorized to retain the Company's accountant or other accountants, in its discretion, and at the expense of the Trust Fund, to establish and keep such financial records, prepare tax returns and provide other accounting services necessary or convenient to the proper performance of the duties of the Committee or the Trustee as its agent.

9.5. Expenses and Compensation.

The expenses incurred by the Trustee in the administration of the Trust Fund, including fees for legal services rendered to the Trustee, such compensation to the Trustee and Qualified Investment Manager as may be agreed upon from time to time, and all other proper charges and expenses of the Trustee, its agents and counsel, shall be paid from the Trust Fund unless otherwise paid by the Employers.

9.6. Removal, Resignation, Successors.

The Trustee may be removed by the Company at any time upon thirty (30) days' notice in writing to the Trustee. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Company. In either case, the necessity for such notice may be waived by the mutual agreement of the Trustee and the Company. In the event of a vacancy in the office of the Trustee, the Company shall appoint a successor Trustee which, upon acceptance of such appointment, shall have the same powers and duties as those conferred upon the present Trustee; and, upon receipt by the Trustee of the written acceptance of such appointment by the successor Trustee, the Trustee shall, within a reasonable time, assign, transfer, and pay over to such successor Trustee the funds and properties then constituting the Trust Fund. No successor Trustee shall be in any way liable or responsible for anything done or omitted in the administration of the Trust prior to the date it became a Trustee.

10. AMENDMENT, TERMINATION AND TRANSFER OF ASSETS

10.1. Not a Contractual Obligation.

It is the expectation of each Employer that it will continue this Plan and the payment of Employer contributions hereunder indefinitely; but the continuance of the Plan is not assumed as a contractual obligation of any Employer; and the right is reserved by each Employer to suspend or to discontinue making Employer Contributions hereunder at any time.

10.2. Amendment and Termination.

(a) The Plan, as well as any part thereof, is subject to change by the Company at any time and from time to time, may be terminated at any time by the Company, and any Employer may suspend its liability for contributions for a fixed or indeterminate period; provided, however, that no change may be made in the Plan which shall vest in an Employer directly or indirectly any interest,

ownership, or control in any assets of the Trust Fund; and provided further that no change may be made which would divest a Member of any interest then vested in him, except that any rights accrued or vested under this Plan may be adjusted among Members by amendments made in order to secure continued approval of this Plan by the Commissioner of Internal Revenue as a qualified employee benefit plan under the Code. No changes in this Plan shall be effective until approved by the Board of Directors of the Company, or its delegee, and evidenced in writing. No person other than the Board of Directors of the Company, or its delegee, may amend this Plan or any of its provisions.

(b) In the event of the termination or partial termination of this Plan, the Accounts of all Members shall immediately vest, no new funds shall be contributed by the Employers, and the assets on hand shall be administered and distributed by the Trustee as if all Members then actively employed by the Employers had retired. Notwithstanding anything to the contrary provided in Section 6.3, in the event an Employer suspends Employer Contributions indefinitely, but without terminating this Plan, the Accounts of its Members shall fully vest at the values determined by the Trustee as of the close of the Plan Year in which contributions have been suspended indefinitely, and all adjustments in Members' Accounts thereafter made under the terms of Section 4.2, with respect to the amount so vested shall similarly fully vest in favor of each Member; but no distribution shall be made of any amount so vested except upon the occurrence of any of the events stipulated in Sections 6.1, 6.2, 6.3 and 6.5, and then only in the manner provided in Article 6. Upon the resumption of contributions by an Employer following any such indefinite suspension, the vesting of all Employer Contributions and Forfeitures thereafter made and of any adjustments made under Section 4.2 shall be governed by the terms of Article VI.

10.3. Additional Employers.

This Plan may be adopted by any corporation or other business entity which is acceptable to the Company, and which shall assume the obligations of the Trust Agreement by executing a proper supplemental agreement with the Company and the Trustee.

10.4. Successor Entity.

In the event that any Employer shall be merged, consolidated or otherwise cease to exist, the liability of such Employer may be assumed by an appropriate written instrument approved by the Board of Directors of any successor to the business of such Employer, or by any other business organization which employs a substantial number of such Employer's employees who are Members of the Plan.

10.5. Transfer of Plan Assets.

In the case of any merger or consolidation with, or transfer of assets or liabilities of this Plan to, any other Plan, each Member and each Beneficiary of a former Member will receive a benefit immediately after the merger, consolidation, or transfer (if either this Plan or the other Plan then terminated) which is equal to or greater than the benefit which he would have been entitled to receive immediately before the merger, consolidation, or transfer (if this Plan had then terminated).

11. TOP HEAVY PROVISIONS

11.1. Definitions.

For the purpose of this Article 11, the following definitions shall apply:

(a) "Determination Date" means the last day of the preceding Plan Year.

(b) "Key Employee" means any Employee or former Employee (and the Beneficiary of any such Employee) who at any time during the Plan Year containing the Determination Date or the four preceding Plan Years, is or was (1) an officer of the Company whose annual Compensation exceeds 50% of the dollar limitation under Code Section 415(b)(1)(A) for the calendar year in which such Plan Year ends, (2) an owner (or considered as owning within the meaning of Code Section 318) of both more than a one-half percent interest and one of the ten (10) largest total interests in the Company and also having annual Compensation greater than the dollar amount set forth in clause (1) of Section 4.8(a) hereof, (3) a Five Percent Owner of the Company, or (4) a One Percent Owner of the Company who received annual Compensation of more than \$150,000 from an Affiliated Company. For purposes of determining Five Percent and One Percent Owners, neither the constructive ownership rules of Code Section 318 nor the aggregation rules of Code Sections 414(b), (c) and (m) shall apply.

For purposes of this definition, no more than the lesser of (1) 50 employees or (2) the greater of (x) ten percent (10%) of the employees of the Affiliated Companies or (y) three (3) such employees shall be treated as officers; provided, however, that in the event that this limitation applies, those individual officers who had the highest one-year compensation during the five (5) years preceding the Determination Date shall be considered as officers. For purposes of clause (2) of this definition, if two Employees have the same interest in the Company, the Employee having the greater annual Compensation shall be treated as having a larger interest. Also, inherited benefits will retain the character of the benefits of the Employee who performed services for the Company. The Committee shall determine which participants are Key Employees in accordance with Code Section 416(i)(1) and the regulation thereunder.

(c) "Permissive Aggregation Group" means any plan of any Affiliated Company which is not included in the definition of a Required Aggregation Group provided such group continues to meet the requirements of Code Section 401(a)(4) and Code Section 410.

(d) "Required Aggregation Group" means (i) each plan of an Affiliated Company in which a Key Employee is a member, and (ii) each other plan of an Affiliated Company which enables a plan described in (i) to meet the requirements of Code Section 401(a)(4) or Code Section 410.

(e) "Super Top Heavy" has the same meaning as Top Heavy except that 90% is substituted in place of 60%. If the Plan is Super Top Heavy in any Plan Year, it shall also be Top Heavy in such Plan Year.

(f) "Top Heavy" means the status of the Plan in any Plan Year in which the Top Heavy Ratio as of the Determination Date exceeds 60%. If any Employer maintains another qualified plan, such other plan is required to be taken into account in determining the Top Heavy Ratio only if it is a part of the Required Aggregation Group. If any Employer maintains a qualified plan which is part of the Permissive Aggregation Group, such plan will be taken into account in determining the Top Heavy Ratio of the group of plans at the sole discretion of the Employer.

(g) "Top Heavy Ratio" means a fraction, the numerator of which is the sum of the present value of the Accounts of all Key Employees as of the Determination Date, the contributions due to the Accounts of all Key Employees as of the Determination Date, and distributions made to Key Employees during the five-year period immediately preceding the Determination Date; and the denominator of which is the sum of the Determination Date, the contributions due to the Accounts of all Members as of the Determination Date, and distributions made to all Members during the five-year period immediately preceding the Determination Date; provided, however, that for the purpose of this Section 11.1(g), the term Member shall not include a former Key Employee who is no longer a Key Employee at the time to which such calculation relates, or a Beneficiary of such a former Key Employee, and the term distributions shall not include a Rollover Contribution made to another Plan, or a Rollover Contribution accepted before January 1, 1984 from any Plan not maintained by an Affiliated Company. For purposes of this Section 11.1(g), the Account balance of any Member (whether or not a Key Employee) shall not be taken into account if such Member received

no Compensation from any Affiliated Company during the one-year period ending on the Determination Date.

11.2. Top Heavy Plan Year Vesting.

Notwithstanding any provision in Section 6.3 to the contrary, if the Plan is Top Heavy during any Plan Year, the following vesting schedule shall apply for such Top Heavy Plan Year: 20% after two (2) full Years of Service; and 20% for each of the next four (4) full Years of Service thereafter. If the Plan is not Top Heavy in a Plan Year subsequent to being a Top Heavy Plan, any vested balance shall remain vested, and any Member with five (5) or more Years of Service shall have the option of remaining under such Top Heavy vesting schedule; a Member shall exercise such option by filing an effective election with the Committee. The period for making such election shall begin on the first day of the Plan Year subsequent to being a Top Heavy Plan and shall end no earlier than the later of sixty (60) days after:

- (a) The first day of the Plan Year subsequent to being a Top Heavy Plan, or
- (b) The day the Plan Member is issued notice by the Committee.

11.3. Top Heavy Plan Year Contribution.

Notwithstanding any provision in the Plan to the contrary, during each Top Heavy Plan Year, the Employer shall contribute to the Account of each Member who is not a Key Employee during such Top Heavy Plan Year, no less than the lesser of (i) 3% of such Member's Covered Compensation, including as contributions Forfeitures and Voluntary Salary Deferral Contributions; or (ii) the highest percentage of Covered Compensation at which Contributions are made under the Plan for such Plan Year for any Key Employee, including as contributions Forfeitures and Voluntary Salary Deferral Contributions.

12. MISCELLANEOUS

12.1. Prohibition of Alienation and Assignments.

No benefit nor any funds held under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void; and no such benefits or funds shall in any manner be liable for, or be subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder, nor shall they be subject to attachment or any legal process either legal or equitable, for, or against, such person, except to such extent as may be required by law. Notwithstanding the foregoing, all or any portion of a Member's Noncontributory Account may be pledged to the Trustee as security for a loan made by the Trust to that Member, as provided in Article 7.

12.2. No Rights Other Than as Provided.

Except as provided in Section 12.14, neither the establishment of this Plan, nor any modification thereof, nor the creation of any fund, trust, or Account, nor the payment of any benefits shall be construed as giving any Member or Employee or any person whomsoever, any legal or equitable right against such Employer or the Trustee, unless such right shall be specifically provided for in this Plan or conferred by affirmative action of the Company or an Employer in accordance with the terms and provisions of this Plan; or as giving any Member or Employee the right to be retained in the service of such Employer, and all Members and Employees shall remain subject to discharge to the same extent as if this Plan had never been adopted.

12.3. Delegation of Employer Authority.

Whenever an Employer under the terms of this Plan is permitted or required to do or perform any act or matter or thing it shall be done and performed by any officer thereunto duly authorized by its Board of Directors. Notwithstanding the above, the Board of Directors of Ryan Homes, Inc. (on or after October 1, 1993, NVR, Inc.) shall be vested with exclusive authority regarding the adoption of amendments to the Plan, and the adoption of any amendment shall be binding on any Employer which is a signatory to the Plan.

12.4. Allocation of Responsibility.

The Company and the Employers shall be the "named fiduciaries" of the Plan as required by Section 402(a) of ERISA. The named fiduciaries and other fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan or Trust. In general, the Employers shall have the sole responsibility for making the contributions, if any, for which provisions are made under Section 3.1. The Board of Directors of the Company shall have the sole authority to appoint and remove the Trustee and members of the Committee and to amend or terminate, in whole or in part, this Plan or the Trust. The Committee, on behalf of the Company, shall have the sole responsibility to appoint and remove the Qualified Investment Manager and for the administration of this Plan, which responsibility is specifically described in this Plan and the Trust Agreement. The Committee, on behalf of the Company, shall have sole responsibility for the investment of any assets which it directs the Trustee to invest pursuant to the Committee's investment direction. The Trustee shall have responsibility for the administration of the Trust to the extent provided in the Trust Agreement and shall have sole responsibility for the investment of the assets held under the Trust with which it is so entrusted by the Committee if the Committee directs the Trustee to use its discretion in investment. The Qualified Investment Manager shall have sole responsibility for the investment of the assets held under the Trust with which it is so entrusted by the Committee, in accordance with investment objectives determined from time to time by the Board of Directors and the Committee. Each fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan or the Trust Agreement, as the case may be, authorizing or providing for such direction, information or action. Furthermore, each fiduciary may rely upon any such direction, information or action of another fiduciary as being proper under this Plan or the Trust Agreement and is not required under this Plan or the Trust Agreement to inquire into the propriety of any such direction, information or action. It is intended under this Plan and the Trust Agreement that each fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and the Trust Agreement and shall not, to the extent permitted by law, be responsible for any act or failure to act of another fiduciary. No fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value. Any fiduciary may allocate or delegate fiduciary responsibilities (other than trustee responsibilities) under the Plan or Trust to persons selected with reasonable care to undertake such responsibilities.

12.5. Rights of Prior Employees.

The provisions of this Plan shall apply only to Employees who terminate employment on or after the Effective Date. The rights and benefits, if any, of an Employee whose employment terminated prior to the Effective Date shall be determined in accordance with the prior provisions of the Plan in effect on the date his employment terminated.

12.6. Headings.

The titles to the articles and Sections in this Plan are inserted for convenience of reference only. In case of any conflict, the text, rather than such titles or headings, shall control.

12.7. Governing Law.

To the extent not preempted by ERISA or other federal law, the terms, provisions and effect of this Plan shall be construed, enforced and administered according to the laws of the Commonwealth of Pennsylvania.

12.8. Gender and Number.

Wherever used herein, the singular shall include the plural, the plural the singular and the use of any gender shall be applicable to all genders.

12.9. Cy Pres.

In case it becomes impossible for an Employer, the Committee, or the Trustee to perform any act under this Plan, that act shall be performed which in the judgment of the Committee will most nearly carry out the intent and purpose of this Plan.

12.10. Internal Revenue Service Approval.

This Amended Plan is contingent upon, and subject to, obtaining such approvals of the Internal Revenue Service as may be necessary to establish that the Plan continues to meet the requirements of Section 401(a) and other applicable provisions of the Code and regulations thereunder; and that the Trust is entitled to continued exemption from federal income tax under Section 501(a) and other applicable provisions of the Code and regulations thereunder. Any modification or amendment of the Plan may be made retroactively, if necessary or appropriate to maintain the Plan as a plan and trust meeting the requirements of Sections 401, 404, and 501 or other applicable provisions of the Internal Revenue Code and regulations thereunder, as now in effect or hereafter amended or adopted.

12.11. Satisfaction of Claims.

Any payment to any Member, or to his legal representative or Beneficiary, in accordance with the provisions of this Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee, the Committee, and the Employer, any of whom may require such Member, legal representative, or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefor in such form as shall be determined by the Trustee, the Committee, or the Employer, as the case may be.

12.12. Prohibition Against Diversion of Funds.

At no time shall any of the assets of the Trust revert to or be recoverable by any Employer or be used for or be diverted to purposes other than for the exclusive benefit of Members, former Members, and Beneficiaries except as provided in Section 12.14.

12.13. Counterparts.

This Plan may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

12.14. Prohibition Against Reversion of Funds.

(a) All contributions including Voluntary Salary Deferment Contributions made by an Employer to the Trust shall be irrevocable during the existence of the Trust except that contributions made by an Employer may be returned to such Employer if:

(i) the contribution was conditioned on the initial qualification of the Plan or any amendment thereto under Code Section 401, the Plan does not so qualify, and the contribution is returned within one year after the date of denial of initial qualification of the Plan or any amendment thereto; or

(ii) the contribution was conditioned on its deductibility under Code Section 404, the deduction is disallowed, the contribution is returned within one year after the disallowance of the deduction, and such return of the contribution satisfies the conditions set forth in Section 12.14(b) below; or

(iii) the contribution was made by a mistake of fact, the contribution is returned within one year after the mistaken payment of the contribution, and such return of the contribution satisfies the conditions set forth in Section 12.14(b) below.

(b) The return of a contribution to an Employer pursuant to clause (2) or clause (3) of Section 12.14 above must satisfy each of the following conditions:

(i) the amount of such contribution which may be so returned shall not be greater than the excess of (i) the amount contributed over (ii) the amount that would have been contributed had there been no mistake in determining the deduction or had there been no mistake of fact, as the case may be;

(ii) the amount of such contribution which may be so returned shall not be increased by earnings attributable to the investment or reinvestment of such contribution in the Trust, but shall be reduced by losses attributable to the investment or reinvestment of such contribution in the Trust; and

(iii) the return of such contribution shall not reduce the balance in any Member's account to less than the balance which would have been in that account if the returned contribution had not been contributed.

12.15 Facility of Payment.

If the Administrator or a Committee receives evidence satisfactory to it that a person entitled to receive any payment under the Plan is physically or mentally incompetent to receive such payment and to give a valid release thereof and that another person or an institution is then maintaining or has custody of such person, and no guardian, committee, or other representative of the estate of such person has been duly appointed by a court of competent jurisdiction, the Administrator may direct the Trustee to make the payment to that other person or institution, and the release of that other person or institution shall be a valid and complete discharge for such payment.

12.16 Interpretation.

It is intended that rules governing eligibility, participation and distributions under this Plan and the NVR, Inc. Employee Stock Option Plan be the same, and the terms of this Plan should be construed to accomplish this intention.

Exhibit 4.2

Trust Agreement for the Profit Sharing Plan of
NVR, Inc. and Affiliated Companies effective
as of January 1, 1984 by NVR, Inc. and Affiliated
Companies with Mellon Bank, N.A. (successor to
Pittsburgh National Bank), as Trustee.

MASTER DEFINED CONTRIBUTION TRUST AGREEMENT

by and between

NVR, INC.

and

MELLON BANK, N.A.

MASTER DEFINED CONTRIBUTION TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT made and entered into on this 28th day of December, 1995, effective as of January 1, 1996, by and between NVR, INC. (hereinafter referred to as the "Corporation") and MELLON BANK, N.A. (hereinafter referred to as the "Master Trustee"),

WITNESSETH:

WHEREAS, the Corporation desires to establish a master trust which will serve as a funding medium to eligible employee benefit plans at the Corporation and its subsidiaries and affiliates; and

WHEREAS, the Master Trustee is willing to act as trustee of such trust upon all of the terms and conditions hereinafter set forth; and

WHEREAS, the Corporation and the Master Trustee wish to amend those trust agreements referred to in Exhibit A hereto (the "Prior Agreements") so that this Agreement shall be deemed to supersede all such Prior Agreements and so that all the separate trusts established by the Prior Agreements shall be deemed consolidated into the master trust established hereby;

NOW, THEREFORE, the Corporation and the Master Trustee declare and agree that the Master Trustee will receive, hold and administer all sums of money and such other property acceptable to Master Trustee as shall from time to time be contributed, paid or delivered to it hereunder, IN TRUST, upon all of the following terms and conditions.

SECTION 1

General

1.1 Definitions. Where used in this Agreement, unless the

context otherwise requires or unless otherwise expressly provided:

(a) "Account Party" shall mean an officer of the Corporation designated to represent the Corporation for this purpose, the Named Fiduciary and any Person to whom the Master Trustee shall be instructed by the Named Fiduciary to deliver its annual account under Section 12.2.

(b) "Accounting Period" shall mean either the twelve consecutive month period coincident with the calendar year or, if different, the fiscal year of the Participating Plans or the shorter period in any year in which the Master Trustee accepts appointment as Master Trustee hereunder or ceases to act as Master Trustee for any reason.

(c) "Administrative Committee" shall mean the committee or committees, individually or collectively, responsible for benefit administration under the Plans.

(d) "Agreement" shall mean all of the provisions of this instrument and of all other instruments amendatory hereof.

(e) "Asset Manager" shall mean the Master Trustee, Named Fiduciary or Investment Manager, individually or collectively as the context shall require, with respect to those assets held in an Investment Account over which it exercises, or to the extent it is authorized to exercise, discretionary investment authority or control.

(f) "Bank business day" shall mean a day on which the Master Trustee is open for business.

(g) "Board of Directors" shall mean the Board of Directors of the Corporation.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and Regulations issued thereunder.

(i) "Directed Fund" shall mean any Investment Account, or part thereof, subject to the discretionary management and control of the Named Fiduciary or any Investment Manager.

(j) "Discretionary Fund" shall mean any Investment Account, or part thereof, subject to the discretionary management and control of the Master Trustee.

(k) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and Regulations issued thereunder.

(l) "Fund" shall mean all cash and property contributed, paid or delivered to the Master Trustee hereunder, all investments made therewith and proceeds thereof and all earnings and profits thereon, less payments, transfers or other distributions which, at the time of reference, shall have been made by the Master Trustee, as authorized herein. The Fund shall include all evidences of ownership, interest or participation in an Investment Vehicle, but shall not, solely by reason of the Fund's investment therein, be deemed to include any assets of such Investment Vehicle.

(m) "Insurance Contract" shall mean any contract or policy of any kind issued by an insurance company, whether or not providing for the allocation of amounts received by the insurance company thereunder solely to the general account or solely to one or more separate accounts (including separate accounts maintained for the collective investment of qualified retirement plans), or a combination thereof, and whether or not any such allocation may be made in the discretion of the insurance company or the Named Fiduciary.

(n) "Investment Account" shall mean each pool of assets in the Master Trust in which one or more Plans has an interest during an Accounting period.

(o) "Investment Manager" shall mean a bank, insurance company or investment adviser satisfying the requirements of Section 3(38) of ERISA which has provided the Master Trustee with written acknowledgment of compliance with ERISA.

(p) "Investment Vehicle" shall mean any common, collective or commingled trust, investment company, corporation functioning as an investment intermediary, insurance contract, partnership, joint venture or other entity or arrangement to which, or pursuant to which, assets of the Master Trust may be transferred or in which the Master Trust has an interest, beneficial or otherwise (whether or not the underlying assets thereof are deemed to constitute "plan assets" for any purpose under ERISA).

(q) "Master Trust" shall mean the trust created hereby.

(r) "Named Fiduciary" shall mean the fiduciary with respect to the Plans within the meaning of Section 402(a)(2), 402(c)(3) or 403(a)(1) of ERISA who has the authority to perform the separate functions allocated to the "Named Fiduciary" under this Agreement.

(s) "Plan" shall mean any employee benefit plan which meets the requirements for eligibility specified in Section 1.3 and as of the date of this Agreement includes those plans listed on Exhibit B.

(t) "Person" shall mean a natural person, trust, estate, corporation of any kind or purpose, mutual company, joint-stock company, unincorporated organization, association, partnership, joint venture, employee organization, committee, board, participant, beneficiary, trustee, partner, or venturer acting in an individual, fiduciary or representative capacity, as the context may require.

(u) "Qualifying Employer Security" shall mean the employer securities as defined in Section 407(d) of ERISA.

(v) "Valuation Date" shall mean the last day of the Accounting Period, calendar quarter or any more frequent reporting date agreed to by the Master Trustee.

The plural of any term shall have a meaning corresponding to the singular thereof as so defined and any neuter pronoun used herein shall include the masculine or feminine, as the context shall require.

1.2 Compliance With Law. The Trust hereinafter established is

intended to comply with ERISA and to be tax exempt under Section 501(a) of the Code.

1.3 Eligibility. Any employee benefit plan established by the

Corporation, or a subsidiary or an affiliate of the Corporation, may be funded, in whole or in part, through the Master Trust if (i) the plan is qualified under Section 401(a) of the Code, (ii) the Master Trust is exempt from taxation under Section 501(a) of the Code, and (iii) this Agreement has been duly adopted by the Board of Directors or by the board of directors of a subsidiary or affiliate of the Corporation and, in the case of such subsidiary or affiliate, the Board of Directors has consented thereto.

1.4 Master Trustee Relationship to Plan. Notwithstanding

anything else in this Agreement to the contrary: (1) the Master Trustee is not a party to, and has no duties or responsibilities under, the Plans; (2) the Administrator shall be required to certify in writing to the Master Trustee the identity of any fiduciary which is named in the Plans and which has the power to manage and control Plan assets, and the Master Trustee shall be entitled to rely upon such certification until notified otherwise in writing by the Administrator; (3) in any and all cases where the Master Trustee is required by this Agreement to act with reference to Plan terms, the Administrator shall have the responsibility to certify the relevant provisions to the Master Trustee in writing, and the Master Trustee shall be entitled to rely upon such certification until notified otherwise in writing by the Administrator; (4) absent written certification to the Master Trustee pursuant to this paragraph, the Master Trustee shall be chargeable with no knowledge of any Plan

terms and shall be deemed to be in compliance with the Plan; and (5) in any case in which a provision of this Agreement conflicts with any provision in the Plan, this Agreement shall control. Notwithstanding the preceding sentence, the Master Trustee reserves the right to seek a judicial and/or administrative determination as to its proper course of action under this Agreement.

SECTION 2

Establishment of Trust

2.1 Establishment of Trust. The Corporation hereby establishes

with the Master Trustee the Master Trust consisting of such sums of money and such property acceptable to the Master Trustee as shall from time to time be paid or delivered to the Master Trustee.

2.2 Contributions to the Trust. The Master Trustee shall have no

duty to determine or collect contributions under any Plan and shall be solely accountable for monies or properties actually received by it. The Corporation shall have the sole duty and responsibility for the determination of the accuracy or sufficiency of the contributions to be made under any of their Plans, the transmittal of the contributions to the Master Trustee and compliance with any statute, regulation or rule applicable to contributions.

2.3 Prior Administration. The Master Trustee shall not have any

duty to inquire into the administration of the Plans or actions taken under any of the Plans by any prior trustee.

2.4 Fund to be Held in Trust. The Fund shall be held by the

Master Trustee in trust and dealt with in accordance with the provisions of this Agreement and ERISA.

2.5 Fund to be Held for Benefit of Plan Participants. Except as

may be provided by law for the purpose of returning any of the Corporation's contributions or in case any Plan of which this Trust forms a part provides for the return of the Corporation's contributions in the event such Plan fails to initially qualify under the applicable provisions of the Code, at no time prior to the satisfaction of all liabilities for benefits under any Plan shall any part of the Fund be used for or diverted to purposes other than for the exclusive benefit of participants, retired participants, or their beneficiaries under the Plans and for the payment of the reasonable expenses of the Plans.

2.6 Commingling. The Master Trustee may commingle the assets

attributable to the Plans for which contributions are made under this Agreement if this Agreement is applicable to more than one Plan and may commingle the Fund with funds of other trusts of similar nature created by the Corporation for the exclusive benefit of their employees. Where commingling is effected with other trusts maintained by the Corporation, the combined trust, to the extent that assets are attributable to contributions made under this Agreement, shall be the Fund referred to herein. The Master Trustee shall maintain such records as are necessary in order to maintain a separation of the Fund from the funds of the other trusts maintained by the Corporation and to separate the assets attributable to each of the Plans for which contributions are made under this Agreement. The Corporation shall be responsible for causing sufficient records to be maintained to insure that benefits and liabilities payable with respect to each Plan shall be paid from the assets allocable to each such Plan. Should separation be required, either of the Fund from other trusts maintained by the Corporation or of any Plan for which contributions are made under this Agreement from the Fund, the Master Trustee shall make such separation in accordance with generally accepted accounting principles and, where applicable, upon the certification of an actuary.

SECTION 3

Administration of the Plan

3.1 Administrative Committee. The Plans shall be administered by the

Administrative Committee which shall have the sole fiduciary duty as to plan administration and the Master Trustee shall not be responsible in any respect for such administration.

3.2 Indemnity. The Corporation shall fully indemnify and save harmless

the Master Trustee from liability and expense incident to any act or failure to act by reason of the Master Trustee's reliance upon or compliance with instructions issued by the Administrative Committee or the Corporation.

SECTION 4

Disbursement from the Fund

4.1 Disbursements by Master Trustee. The Master Trustee shall make such

payments out of the Fund as the Administrative Committee may from time to time in writing direct. In the discretion of the Administrative Committee, such payments may be made directly to the person specified by the Administrative Committee or deposited in a checking account maintained by the Administrative Committee for the purpose of making payments to the person, or persons entitled to such payments under the Plans, or to an account maintained by some other entity which the Administrative Committee may designate to make payments.

4.2 Direction to the Master Trustee. Any direction given to the Master

Trustee in accordance with this Section need not specify the specific application of the payment to be made, but shall specify that the payment is for the purposes of the Plans or the payment of Plans' expenses.

SECTION 5

Allocation of Investment Responsibilities

5.1 Asset Managers.

(a) The Named Fiduciary will from time to time, in its sole discretion, appoint one or more Asset Managers to manage specified portions of the Fund. Upon the appointment of each Asset Manager, the Named Fiduciary shall so notify the Master Trustee and instruct the Master Trustee in writing to separate into a separate account those assets as to which each Asset Manager has discretion and control. The Asset Manager shall designate in writing the person or persons who are to represent any such Asset Manager in dealings with the Master Trustee. Upon the separation of the assets in accordance with the instructions of the Named Fiduciary, the Master Trustee shall thereupon be relieved and released of all investment duties, responsibilities and liabilities normally and statutorily incident to a trustee as to such directed funds, and, as to such directed funds, the Master Trustee shall act as custodian. Except as otherwise provided by the Named Fiduciary in writing from time to time, the Master Trustee shall take no action with respect to the duties or powers allocated to an Asset manager in Section 7 or Section 8 without receipt of written directions of the Asset Manager. Unless specifically prohibited in writing, the Master Trustee, as custodian, may hold the assets of such Directed Funds in the name of a nominee or nominees.

(b) Should an Asset Manager at any time elect to place security transactions directly with a broker or dealer, the Master Trustee shall not recognize such transaction

unless and until it has received instructions or confirmation of such fact from the Asset Manager. Should the Asset Manager direct the Master Trustee to utilize the services of any person with regard to the assets under its management or control, such instructions shall be in writing and shall specifically set forth the actions to be taken by the Master Trustee as to such services.

(c) In the event that an Asset Manager places security transactions directly or directs the utilization of a service, the Asset Manager shall be solely responsible for the acts of such persons. The sole duty of the Master Trustee as to such transactions shall be incident to its duties as custodian.

5.2 Transfer of Assets to Asset Managers. -----

(a) To the extent assets are invested in a collective, common or pooled trust fund and upon receipt of written directions by the Named Fiduciary, the Master Trustee shall (i) transfer and deliver such part of the assets of the Fund as may be specified in such writing to any Asset Manager so appointed, and (ii) accept the transfer back to it of any such assets at any time held by an Asset Manager, provided that the Named Fiduciary may only direct such transfers as are in conformity with the provisions of the Plans, this Agreement, and ERISA, and Sections 401(a) and 501(a) of the Code. Any such written direction shall constitute a certification to the Master Trustee by the Named Fiduciary that the transfer so directed is one which the Named Fiduciary is authorized to direct and is in conformity with the aforesaid provisions.

(b) If any such assets are so transferred to the custody of an Asset Manager, such Asset Manager shall undertake and be responsible for all the custodial duties therefor, and such assets shall remain for all purposes a part of the Fund and the Trust, and as such, subject to all the terms and provisions of this Agreement. Any Asset Manager receiving such assets shall invest any part or all of such assets in units of any collective, common or pooled trust fund operated or maintained by a bank or trust company, including the Investment Manager or any affiliate of the Investment Manager, exclusively for the commingling and collective investment of monies or other assets held under or as part of a plan which is established in conformity with and qualifies under Section 401(a) of the Code. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Master Trustee, or the Asset Manager, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust, and to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For the purposes of valuation of any interest under the Plans of which this trust forms a part, the value of the interest maintained by the Fund in such collective trust shall be the fair market value of the collective fund units held determined in accordance with generally recognized valuation procedures.

(c) The Master Trustee shall have no duty or responsibility as to the safekeeping of such assets or as to the investment and reinvestment of the same, except that the Master Trustee shall require such statements and reports from such Asset Manager as may be necessary to enable the Master Trustee and the Administrative Committees to carry out their recordkeeping and reporting duties under this Agreement. The Master Trustee shall enter into and execute such agreements, receipts and releases as shall be required to carry out the directions of the Named Fiduciary with respect to the transfer of any assets of the Fund to or from an Asset Manager in accordance with this Section 5.2.

5.3 The Master Trustee. Subject to investment policies, objectives and -----

guidelines communicated to the Master Trustee by the Named Fiduciary as contemplated by this Section 5, the Master Trustee shall from time to time invest and reinvest the Discretionary Fund and keep it invested in accordance with such policies, objectives and guidelines.

SECTION 6

Participant Accounts

6.1 Establishment of Accounts. The Administrative Committee shall

direct the Master Trustee to establish on its books and records accounts sufficient to accommodate investment options, other than investments in Qualifying Employer Securities, available to the employees. The Administrative Committee shall establish an investment purpose for each account, either by separate written designation or through an agreement between the Administrative Committee and the Master Trustee that shall incorporate therein the investment purposes and, if applicable, the investment restrictions which the Plan provides as to investment options. The accounts so established shall, until changed by the Administrative Committee operate in the manner and form established.

6.2 Allocation of Contributions. The Administrative Committee shall,

upon the making of any contribution to this Trust by the Corporation, or, if applicable, a Participant, or both, instruct the Master Trustee in writing of the manner that such contribution is to be allocated between the accounts previously established.

6.3 Responsibility of Master Trustee. The Master Trustee shall not be

responsible nor liable to establish or maintain a record or account in the name of any individual participant. The Master Trustee shall not be required to establish the value of any participant's individual interest in the Fund or any account established hereunder. Should the Master Trustee and the Administrative Committee or the Corporation agree that the Master Trustee shall maintain individual account records, such agreement shall be separate and apart from the terms of this Master Trust. Such an agreement shall not be construed as implying any duty upon the Master Trustee hereunder even though the Master Trustee, in its corporate capacity as record keeper for the accounts of individual participants, shall have the right, power or duty to issue instructions or directions as to the disposition or distribution of any assets held hereunder.

6.4 Accounts as Separate Trusts. For the purposes of application of

this Agreement, each account created hereunder shall be considered a separate trust insofar as the application of powers granted the Master Trustee. Notwithstanding the provisions of this Agreement which established powers and duties with regard to the Trust as a whole, the Master Trustee shall exercise such of those powers as are consistent with the investment purposes of each account. Where applicable or required, the Master Trustee with the Corporation's consent may subdivide any account as may be required to fulfill either its duties hereunder or the instructions of the Administrative Committee.

SECTION 7

Qualifying Employer Securities

7.1 Investment in Corporation Stock. All amounts received by the Master

Trustee which are directed by the Named Fiduciary or the Administrative Committee to be placed in an account which has as its investment purpose investment in Qualifying Employer Securities or any amount received by the Trustee as a result of holding such Qualifying Employer Securities shall be invested and reinvested in Qualifying Employer Securities. The investment purpose of the account so established shall be to invest one hundred percent (100%) in such Qualifying Employer Securities. However, the Master Trustee may, but shall not be required to, place amounts received by it for the purpose of investment in temporary investments, if in the opinion of the Master Trustee market conditions are such that investment in Qualifying Employer Securities would be disruptive or could

not be accomplished. In the operation of this account, the Master Trustee shall have no investment discretion, except as hereinafter provided, and no duty or responsibility to determine whether or not the investment in the Qualifying Employer Securities is prudent. The Master Trustee shall acquire or dispose of all Qualifying Employer Securities in the open market or through the method of purchase and sales which is used by the Master Trustee in the normal course of its security transactions. The Master Trustee shall be permitted to net all purchases and sales for an account limited in investment purposes to Qualifying Employee Securities, provided, however, both sales and purchases will be at market value and the books and records of the Master Trustee shall clearly reflect such fact. Should the Master Trustee for any reason be unable to acquire or dispose of the Qualifying Employer Securities in the manner provided by this Section, it shall notify the Named Fiduciary of such fact and shall thereafter make no purchases or sales of securities until instructions are received from the Named Fiduciary. The Named Fiduciary and the Administrative Committee may designate the agent or broker for sales of Qualifying Employer Securities by the Master Trustee. The Named Fiduciary represents and warrants that such directed brokerage will comply with ERISA and ERISA Technical Release 86-1.

7.2 Alternative Investments.

(a) If, at any time, sufficient Qualifying Employer Securities are not available, in the open market or through private purchase, including purchase from the Corporation or any other shareholder, or if conditions are such that the Master Trustee shall deem it impractical to invest in Qualifying Employer Securities at that time, it shall invest in such short-term or other investments, including by way of illustration and not limitation, bonds, debentures, notes, mortgages or mortgage participations, preferred or common stocks, any collective, common or pooled trust fund operated or maintained by any bank or trust company, including the Master Trustee or any affiliate of the Master Trustee, which has a stated policy of investments in demand notes, short-term and cash-equivalent funds, exclusively for the commingling and collective investment of monies or other assets held under or as part of a plan which is established in conformity with and qualifies under Section 401(a) of the Code, or other stocks or property, as the Master Trustee may, in its sole discretion, deem advisable.

(b) Notwithstanding the provisions of this Trust which place restrictions upon the actions of the Trustee, to the extent monies or other assets are transferred to a collective, common or pooled trust referred to in Section 7.2(a) in exchange for an interest in such collective trust, the terms and conditions of the plan of such collective trust shall solely govern the investment duties, responsibilities and powers of the Master Trustee of such collective trust, and to the extent required by law, such terms responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For the purpose of valuation of any interest under the Plan of which this Master Trust forms a part, the value of the interest maintained by the Fund in such collective trust shall be the fair market value of the collective fund units held determined in accordance with generally recognized valuation procedures. The Corporation expressly understands and agrees that any such collective investment fund may provide for the lending of its securities by the collective investment fund trustee and that such collective investment fund trustee will receive compensation for the lending of securities that is separate from any compensation of the Master Trustee hereunder, or any compensation of the collective investment fund trustee for the management of such fund.

(c) The Master Trustee may keep such portion of the Fund in cash or cash balances as deemed advisable from time to time and shall keep such portion of the Fund in cash or cash balances as may be specified from time to time in a written request of the Corporation to meet the contemplated payments from the Fund.

7.3 Trust Accounts. The Master Trustee shall maintain the following

accounts:

(1) an Allocated Share Account, which shall reflect employer contributions and allocated dividends credited to each participant's account; and

(2) Such other accounts as may be required to be established pursuant to the Plan.

7.4 Voting and Tendering of Corporation Stock. -----

(a) With regard to Qualifying Employer Securities held in the Profit Sharing Plan of NVR, Inc. and Affiliated Companies, the Administrative Committee shall direct voting; giving general or special proxies or powers of attorney; exercising any conversion privileges, subscription rights or other options; opposing or consenting to or otherwise participating in corporate reorganizations or other charges; and responding to tender or exchange offers.

(b) With regard to Qualifying Employer Securities held in the NVR, Inc. Employee Stock Ownership Plan, the following shall apply:

(i) Participant Status. Each participant (or, in the event of

his death, his beneficiary) is, for the purposes of this Section, a "named fiduciary," within the meaning of Section 403(a)(1) of the Act, with respect to the Qualifying Employer Securities held on his behalf in the NVR, Inc. Employee Stock Ownership Plan.

(ii) Voting Rights. Each participant (or beneficiary) shall

have the right, to the extent of his proportionate share held in his account in the NVR, Inc. Employee Stock Ownership Plan, to instruct the Master Trustee in writing as to the manner in which to vote such shares at any stockholders' meeting of the Corporation.

The Master Trustee shall use its best efforts to timely distribute or cause to be distributed to each participant (or beneficiary) the information distributed to stockholders of the Corporation in connection with any such stockholders' meeting, together with a form whereby the member will provide confidential instructions to the Master Trustee on how such shares of Qualifying Employer Securities shall be voted on each such matter. Upon timely receipt of such instructions, the Master Trustee shall, on each such matter, vote as directed the appropriate number of shares (including fractional shares) of Qualifying Employer Securities. If no such instructions are received from the participant (or beneficiary), such shares shall be voted by the Trustee in the proportion to the shares for which the Trustee receives instructions.

(iii) Rights on Tender or Exchange Offer. Each participant (or

beneficiary) shall have the right, effective upon the first allocation of shares of Qualifying Employer Securities to the Allocated Share Account, to the extent of his proportionate share (as determined in the first sentence of paragraph (i) above) of the shares of Qualifying Employer Securities (of whatever class) held in the Allocated Share Account in the NVR Employee Stock Ownership Plan, to instruct the Master Trustee in writing as to the manner in which to respond to a tender or exchange offer with respect to such shares.

The Master Trustee shall use its best efforts to timely distribute or cause to be distributed to each such participant (or beneficiary) the information distributed to stock holders of the Corporation in connection with any such tender or exchange offer. Upon timely receipt of such instructions, the Master Trustee shall respond as instructed with respect to such shares of such Common Stock. If, and to the extent that, the Master Trustee shall not have received timely instructions from any individual given a right or authority to instruct the Master Trustee with respect to certain shares by the first sentence of this paragraph (iii), such individual shall be deemed to have timely instructed the Master Trustee not to tender or exchange such shares.

(iv) Confidentiality. All instructions received by the

Master Trustee from individual participants (or beneficiaries) shall be held by the Master Trustee in strict confidence and shall not be divulged or released to any person, including officers or employees of the Corporation or any affiliated company; provided, however, that, to the extent necessary for the operation of the Plan, such instructions may be relayed by the Master Trustee to a recordkeeper, auditor or other person providing services to the Plan if such person (i) is not the Corporation or any affiliated company, and (ii) agrees not to divulge such instructions to any other person, including employees, officers and directors of the company and any of its affiliates.

SECTION 8

Investment of the Fund

8.1 Standard of Care. The Master Trustee, each Asset Manager and the

Named Fiduciary shall discharge their respective investment duties as provided under Sections 5, 6 and 7 hereof with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims and by diversifying the investments held hereunder consistent with investment policies, objectives and guidelines so as to minimize the risk of large losses, unless it would be clearly not prudent to diversify.

8.2 Waiver of Investment Restrictions. Such investment and

reinvestment shall not be restricted to securities or property of the character authorized for investments by trustees or asset managers under any statute or other laws of any state, district or territory.

8.3 Grant of Investment Powers. In addition to any power granted to

trustees or asset managers under any statute or other laws, such laws and statutes if necessary being incorporated herein by reference, the Master Trustee's, and each Asset Manager's investment powers may, unless restricted in writing by the Named Fiduciary, include, but shall not be limited to, investment in the following:

(a) domestic or foreign common and preferred stocks and options thereon, as well as warrants, rights and preferred stocks convertible into common stock, regardless of where or how traded;

(b) the purchase or sale, writing or issuing, of puts, calls or other options, covered or uncovered, entering into financial futures contracts, forward placement contracts and standby contracts, and in connection therewith, depositing, holding (or directing the Master Trustee, in its individual capacity, to deposit or hold) or pledging assets of the Fund;

(c) corporate bonds and debentures and any such securities which are convertible into common stock, domestic or foreign;

(d) bonds or other obligations of the United States of America or any foreign nation, and any agencies thereof, or any bonds or other obligations which are directly or indirectly guaranteed by the United States or any foreign nation, or any agency thereof;

(e) obligations of the states and of municipalities or of any agencies thereof;

(f) notes of any nature, of foreign or domestic issuers;

(g) mortgages and real estate, wherever situate and whether developed or undeveloped, including sales and leasebacks, interests or participations in real estate investment trusts or corporations organized under Section 501(c)(2) or 501(c)(25) of the Code and non-income producing properties. Notwithstanding any other provision of this Agreement, including, without limitation, any specific or general power granted to the Master Trustee, the Master Trustee shall have no responsibility or discretion with respect to the ownership, management, administration, operation or control of any real estate properties, mortgages, leases or other interests now or hereafter held in the Fund, including without limitation responsibility for or in connection with any of the following conditions which now exist or may hereafter be found to exist in, under, about or in connection with any real estate held in the Fund or any interest in any trust, partnership or corporation: (i) any violation of any applicable environmental or health or safety law, ordinance, regulation or ruling; or (ii) the presence, use, generation, storage, release, threatened release, or containment, treatment or disposal of any petroleum, including crude oil or any fraction thereof, hazardous substances, pollutants or contaminants as defined in the Comprehensive Environmental Response Compensation and Liability Act, as amended (CERCLA) or hazardous, toxic or dangerous substances or materials as any of these terms may be defined under any federal or state law in the broadest sense from time to time. Notwithstanding anything to the contrary herein or elsewhere set forth, to the extent permitted by law, the Master Trustee shall be indemnified by the Corporation, to the extent not paid by the Fund, from and against any and all claims, demands, suits, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses) arising from or in connection with any matter relating to conditions in subsections (i) or (ii). This paragraph shall survive the sale or other disposition of any real estate investment of the Fund and/or the merger or termination of this Master Trust or appointment of a successor master trustee;

(h) savings accounts, certificates of deposit and other types of time deposits, bearing a reasonable rate of interest based upon the duration, amount, type and geographical area, with any financial institution or quasi-financial institution or any department of the same, either domestic or foreign, under the supervision of the United States or any State, including any such financial institution owned, operated or maintained by the Master Trustee or its affiliates, in its corporate or Association capacity (including any department or division of the same) or a corporation or association affiliated with the same;

(i) leaseholds of any duration;

(j) mineral and other natural resources, including, but not limited to, oil, gas, timber and coal, and any participation therein in any form, including but not limited to, royalties, ownership, drilling and exploration;

(k) any collective or common trust fund or composite security owned, operated and maintained by the Master Trustee or its affiliates, including, but not limited to, demand notes, short-term notes and cash equivalent funds;

(l) any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Master Trustee or its affiliates. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Master Trustee or an Investment Manager, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust and, to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For purposes of valuation, the value of the interest maintained by the Fund in such collective trust shall be the fair market value of the collective fund units held, determined in accordance with generally recognized valuation procedures. The Corporation expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective

fund trustee and that such collective fund's trustee will receive compensation for the lending of securities that is separate from any compensation of the Master Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund;

(m) open-end and closed-end investment companies, regardless of the purposes for which such fund or funds were created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose;

(n) individual or group insurance policies and contracts including, but not limited to, life insurance, annuity (fixed or variable) and investment policies and contracts, but only if directed by the Administrative Committee or the Named Fiduciary, as appropriate, to purchase or retain such policies and contracts.

8.4 Maintenance of Cash Balances. The Master Trustee shall keep such

portion of the Fund in cash or cash balances as may be specified from time to time in a written request from the Administrative Committee or as required by the Named Fiduciary to meet contemplated payments from the Fund. The Master Trustee shall invest such cash balances and any other portions of the Fund which may be in cash or cash balances in accordance with such investment policies, objectives and guidelines as may be communicated to the Master Trustee from time to time by the Named Fiduciary pursuant to Section 5. The Master Trustee shall not be liable for interest on any reasonable cash balances so maintained.

SECTION 9

Powers of the Master Trustee,
Asset Managers and the Named Fiduciary

9.1 Qualifying Employer Securities Accounts. The Plans provide

generally with respect to accounts established to invest in Qualifying Employer Securities that the right to vote, the right to tender in the event of a tender offer, or the exercise of certain other rights concerning such Securities are vested in the participants. The Master Trustee shall act only in accordance with the procedures set forth in the Plans by which the participants exercise such rights. Prior to the time any such action is to be taken under any Plan, the Administrative Committee will advise the Master Trustee of the impending action and agree with the Master Trustee on the manner of implementing that specific action.

9.2 General Powers. As to all assets other than Qualifying Employer

Securities, the Master Trustee shall have and exercise the following powers and authority in the administration of the Fund only on the direction of an Asset Manager and the Named Fiduciary where such powers and authority relate to a Directed Fund and in its sole discretion where such powers and authority relate to investments made by the Master Trustee in accordance with Section 5.3:

(a) to purchase, receive or subscribe for any securities or other property and to retain in trust such securities or other property;

(b) to sell, exchange, convey, transfer, lend, or otherwise dispose of any property held in the Fund and to make any sale by private contract or public auction; and no person dealing with the Master Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;

(c) to vote in person or by proxy any stocks, bonds or other securities held in the Fund;

(d) to exercise any rights appurtenant to any such stocks, bonds or other securities for the conversion thereof into other stocks, bonds or securities, or to exercise rights or options to subscribe for or purchase additional stocks, bonds or other securities, and to make any and all necessary payments with respect to any such conversion or exercise, as well as to write options with respect to such stocks and to enter into any transactions in other forms of options with respect to any options which the Fund has outstanding at any time;

(e) to join in, dissent from or oppose the reorganization, recapitalization, consolidation, sale or merger of corporations or properties of which the Fund may hold stocks, bonds or other securities or in which it may be interested, upon such terms and conditions as deemed wise, to pay any expenses, assessments or subscriptions in connection therewith, and to accept any securities or property, whether or not trustees would be authorized to invest in such securities or property, which may be issued upon any such reorganization, recapitalization, consolidation, sale or merger and thereafter to hold the same, without any duty to sell;

(f) to manage, administer, operate or lease for any number of years, regardless of any restrictions on leases made by fiduciaries, develop, improve, repair, alter, demolish, mortgage, pledge, grant options with respect to, or otherwise deal with any real property or interest therein at any time held by it, all upon such terms and conditions as may be deemed advisable, to renew or extend or participate in the renewal or extension of any mortgage upon such terms as may be deemed advisable, and to agree to a reduction in the rate of interest on any mortgage or any other modification or change in the terms of any mortgage or of any guarantee pertaining thereto in any manner and to any extent that may be deemed advisable for the protection of the Fund or the preservation of the value of the investment; to waive any default, whether in the performance of any guarantee, or to enforce any default in such manner and to such extent as may be deemed advisable; to exercise and enforce any and all rights of foreclosure, to bid on the property in foreclosure, to take a deed in lieu of foreclosure, with or without paying a consideration therefor, and in connection therewith to release the obligation on the bonds or notes secured by such mortgage and to exercise and enforce in any action, suit or proceeding at law or in equity any right or remedy in respect to any such mortgage or guarantee;

(g) to explore for and to develop mineral interests and other natural resources and to acquire land, either by lease or purchase, for such purpose, and to enter into any type of contract or agreement incident thereto, and to sell any product produced by reason of or resulting from such development or exploration to any person or persons on such terms and conditions as the Master Trustee or Asset Manager deems advisable, and to enter into agreements and contracts for transportation of the same;

(h) to insure, according to customary standards, any property held in the Fund for any amount and to pay any premiums required for such coverage;

(i) to purchase or otherwise acquire and make payment therefor from the Fund any bond or other form of guarantee or surety required by any authority having jurisdiction over this Trust and its operation, or believed by the Master Trustee or Asset Manager to be in the best interests of the Fund, except the Master Trustee or Asset Manager may not obtain any insurance whose premium obligation extends to the Fund which would protect the Master Trustee or Asset Manager against its liability for breach of fiduciary duty;

(j) to enter into any type of contract with any insurance company or companies, either for the purposes of investment or otherwise; provided that no insurance company dealing with the Master Trustee shall be considered to be a party to this Agreement and shall only be bound by and held accountable to the extent of its contract with the Master Trustee. Except as

otherwise provided by any contract, the insurance company need only look to the Master Trustee with regard to any instructions issued and shall make disbursements or payments to any person, including the Master Trustee, as shall be directed by the Master Trustee. Where applicable, the Master Trustee shall be the sole owner of any and all insurance policies or contracts issued. Such contracts or policies, unless otherwise determined, shall be held as an asset of the Fund for safekeeping or custodian purposes only;

(k) to lend the assets of the Fund upon such terms and conditions as are deemed appropriate in the sole discretion of the Master Trustee and, specifically, to loan any securities to brokers, dealers or banks upon such terms, and secured in such manner, as may be determined by the Master Trustee, to permit the loaned securities to be transferred into the name of the borrower or others and to permit the borrower to exercise such rights of ownership over the loaned securities as may be required under the terms of any such loan; provided, that, with respect to the lending of securities pursuant to this paragraph, the Master Trustee's powers shall subsume the role of custodian (the expressed intent hereunder being that the Master Trust, in such case, be deemed a financial institution, within the meaning of section 101(22) of the Bankruptcy Code); and provided, further, that any loans made from the Fund shall be made in conformity with such laws or regulations governing such lending activities which may have been promulgated by any appropriate regulatory body at the time of such loan;

(l) to purchase, enter, sell, hold, and generally deal in any manner in and with contracts for the immediate or future delivery of financial instruments of any issuer or of any other property; to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination;

(m) to lend the assets of the Fund to participants of the Plan. The Corporation shall have full and exclusive responsibility for loans made to participants, including, without limitation, full and exclusive responsibility for the following: development of procedures and documentation for such loans; acceptance of loan applications; approval of loan applications; disclosure of interest rate information required by Regulation Z of the Federal Reserve Board promulgated pursuant to the Truth in Lending Act, 15 U.S.C. (S)1601 et seq.; acting as agent for the physical custody and safekeeping of the promissory notes and other loan documents; performing necessary and appropriate recordkeeping and accounting functions with respect to loan transactions; enforcement of promissory note terms, including, but not limited to, directing the Master Trustee to take specified actions; and maintenance of accounts and records regarding interest and principal payments on notes. The Master Trustee shall not in any way be responsible for holding or reviewing such documents, records and procedures and shall be entitled to rely upon such information as is provided by the Corporation or its own sub-agent or recordkeeper without any requirement or responsibility to inquire as to the completeness or accuracy thereof, but may from time to time examine such documents, records and procedures, as it deems appropriate. The Corporation shall indemnify and hold the Master Trustee harmless from all damages, costs or expenses, including reasonable attorneys' fees, arising out of any action or inaction of the Corporation with respect to its agency responsibilities described herein with respect to participant loans.

9.3 Specific Powers of the Master Trustee. The Master Trustee shall

have the following powers and authority, to be exercised in its sole discretion with respect to the Fund:

(a) to appoint agents, custodians, depositories or counsel, domestic or foreign, as to part or all of the Fund and functions incident thereto where, in the sole discretion of the Master Trustee, such delegation is necessary in order to facilitate the operations of the Fund and such delegation is consistent with the purposes of the Fund and not in contravention of any applicable law. To the extent that the appointment of any such person or entity may be deemed to be the appointment of a fiduciary, the Master Trustee may exercise the powers granted hereby to

appoint as such a fiduciary any person or entity, including, but not limited to, the Named Fiduciary or the Corporation, notwithstanding the fact that such person or entity is then considered a fiduciary, a party in interest or a disqualified person. Upon such delegation, the Master Trustee may require such reports, bonds or written agreements as it deems necessary to properly monitor the actions of its delegate;

(b) to cause any investment, either in whole or in part, in the Fund to be registered in, or transferred into, the Master Trustee's name or the names of a nominee or nominees, including but not limited to that of the Master Trustee, a clearing corporation, or a depository, or in book entry form, or to retain any such investment unregistered or in a form permitting transfer by delivery, provided that the books and records of the Master Trustee shall at all times show that such investments are a part of the Fund; and to cause any such investment, or the evidence thereof, to be held by the Master Trustee, in a depository, in a clearing corporation, in book entry form, or by any other entity or in any other manner permitted by law;

(c) to make, execute and deliver, as trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or desirable for the accomplishment of any of the foregoing powers;

(d) to defend against or participate in any legal actions involving the Fund or the Master Trustee in its capacity stated herein, in the manner and to the extent it deems advisable, the costs of any such defense or participation to be borne by the Fund, unless paid by the Corporation in accordance with Section 11; provided however, the Master Trustee shall notify the Named Fiduciary and the Corporation of all such actions and the Corporation may, in its sole discretion, determine against the incurrence of any such legal fees and expenses which may be incurred beyond those necessary to protect the Fund against default or immediate loss and may participate in the selection of and instructions to legal counsel;

(e) to form corporations and to create trusts, to hold title to any security or other property, to enter into agreements creating partnerships or joint ventures for any purpose or purposes determined by the Master Trustee to be in the best interests of the Fund;

(f) to establish and maintain such separate accounts in accordance with the instructions of the Administrative Committee for the proper administration of the Plans, or as determined to be necessary by the Master Trustee. Such accounts shall be subject to the general terms of this Agreement, unless the Master Trustee is notified of a contrary intent by the Administrative Committee or the Named Fiduciary in writing; and

(g) to generally take all action, whether or not expressly authorized, which the Master Trustee may deem necessary or desirable for the protection of the Fund.

9.4 Maintenance of Indicia of Ownership. The Master Trustee shall not

maintain indicia of ownership of any asset of the Fund held by it outside the jurisdiction of the District Courts of the United States unless such holding is approved through ruling or regulations promulgated under ERISA by the Secretary of Labor.

9.5 Third Party Transactions. In addition, and not by way of

limitation, the Master Trustee shall have any and all powers and duties concerning the investment, retention or sale of property held in trust as if it were absolute owner of the property, and no restrictions with regard to the property so held shall be implied, warranted or sustained by reason of this Agreement; provided, however, at no time shall the exercise of such powers and duties establish any evidence which would permit a third party to assert a right, title or interest superior to that of the Plans in the property held in the Fund.

SECTION 10

Discretionary Powers

10.1 Master Trustee Granted Discretion. The Master Trustee is hereby granted any and all discretionary powers not explicitly or implicitly conferred by this Agreement which it may deem necessary or proper for the protection of the property held hereunder.

SECTION 11

Prohibited Transactions

11.1 Transactions which are Prohibited. Notwithstanding any provision of this Agreement, either appearing before or after this Section, the Master Trustee shall not engage in or cause the Trust to engage in any transaction if it knows or should know, that such transaction constitutes a direct or indirect prohibited transaction, as defined in Section 406 of ERISA or Section 4975 of the Code, except to the extent that there exists a statutory or administrative prohibited transaction exemption.

11.2 Provision of Ancillary Services by Master Trustee. Notwithstanding the foregoing, the Master Trustee may, in addition to the services rendered in conjunction with its duties and responsibilities as Master Trustee under the terms of this Agreement, provide such ancillary services as meet the following standards:

(a) there have been adopted by the Master Trustee internal safeguards which assure that such ancillary services are consistent with sound banking and financial practices as determined by the appropriate banking authority;

(b) the ancillary services are provided in accordance with guidelines which are intended to meet the standards established by the appropriate banking authority; and

(c) the compensation received by the Master Trustee for such services is reasonable and established in an arm's-length manner.

SECTION 12

Expenses, Compensation and Taxes

12.1 Compensation and Expenses of the Master Trustee. The Master Trustee shall be entitled to such reasonable compensation for services rendered by it in accordance with the schedule of compensation as agreed upon by the Corporation and the Master Trustee from time to time together with all reasonable expenses incurred by the Master Trustee as a result of the execution of its duties hereunder, including, but not limited to, legal and accounting expenses, expenses incurred as a result of disbursements and payments made by the Master Trustee, and reasonable compensation for agents, counsel or other services rendered to the Master Trustee by third parties and expenses incident thereto.

12.2 Payment from the Fund. All compensation, expenses, taxes and assessments in respect of the Fund, to the extent that they are not paid by the Corporation, shall constitute a charge upon the Fund and be paid by the Master Trustee from the Fund upon written notice to the Corporation.

12.3 Payment of Taxes. The Master Trustee shall notify the Corporation

upon receipt of notice with regard to any proposed tax deficiencies or any tax assessments which it receives on any income or property in the Fund and, unless notified to the contrary by the Corporation within thirty (30) days, shall pay any such assessments. If the Corporation notifies the Master Trustee within said period that, in its opinion or the opinion of counsel, such assessments are invalid or that they should be contested, then the Master Trustee shall take whatever action is indicated in the notice received from the Corporation or counsel, including contesting the assessment or litigating any claims.

SECTION 13

Accounts, Books and Records of the Fund

13.1 Recordkeeping Duty of Master Trustee. The Master Trustee shall keep

accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder, and all accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by any person designated by the Corporation.

13.2 Periodic Reports. In addition, within sixty (60) days following the

close of each fiscal year of the Fund, or following the close of such other period as may be agreed upon between the Master Trustee and the Corporation, and within ninety (90) days, or such other agreed upon period, unless such period be waived, after the removal or resignation of the Master Trustee as provided for in this Agreement, the Master Trustee shall file with the Administrative Committee, Named Fiduciary and/or the Corporation a certified written report setting forth all investments, receipts and disbursements, and other transactions effected during the fiscal year or other annual period or during the period from the close of the preceding fiscal year or other preceding period to the date of such removal or resignation, including a description of all securities and investment purchases and sales with the cost or net proceeds of such purchases or sales and showing all cash, securities and other property held at the close of such fiscal year or other period, valued currently, and such other information as may be required of the Master Trustee under any applicable law.

13.3 Additional Accounting. Except as provided below, neither the

Administrative Committee, Named Fiduciary nor the Corporation shall have the right to demand or be entitled to any further accounting different from the normal accounting rendered by the Master Trustee. Further, no participant, beneficiary or any other person shall have the right to demand or be entitled to any accounting by the Master Trustee, other than those to which they may be entitled under the law. The Administrative Committee, Named Fiduciary or the Corporation shall have the right to inspect the Master Trustee's books and records relating to the Fund during normal business hours or to designate an accountant to make such inspection, study, and/or audit with all expenses related thereto to be paid by the Corporation.

13.4 Judicial Determination of Accounts. Nothing contained herein will be

construed or interpreted to deny the Master Trustee or the Corporation the right to have the Master Trustee's account judicially determined.

13.5 Filings by the Administrative Committee. For the purposes of this

Section, the Master Trustee shall conclusively presume that the Administrative Committee has made or caused to be made, or will make or cause to be made, all Federal filings as of the date required. Should the Master Trustee incur any liability by reason of failure of the Administrative Committee to timely file, the Corporation shall fully reimburse the Master Trustee for any and all obligations, including penalties, interest or expenses, so incurred by the Master Trustee.

13.6 Determination of Fair Market Value. The Master Trustee shall

determine the fair market value of the Fund monthly and annually based upon generally accepted accounting principles applicable to trusts of a same or similar nature to the one created herein.

13.7 Retention of Records. All records and accounts maintained by the

Master Trustee with respect to the Fund shall be preserved for such period as may be required under any applicable law. Upon the expiration of any such required retention period, the Master Trustee shall have the right to destroy such records and accounts after first notifying the Corporation in writing of its intention and transferring to the Corporation any records and accounts requested. The Master Trustee shall have the right to preserve all records and accounts in original form, or on microfilm, magnetic tape, or any other similar process.

SECTION 14

Fiduciary Duties of Master Trustee

14.1 Acknowledgment of Fiduciary Duty. The Master Trustee acknowledges

that it assumes the fiduciary duties established by this Agreement.

SECTION 15

Resignation and Removal

15.1 Power to Resign or Remove. The Master Trustee may be removed with

respect to all, or a part of, the Fund by the Corporation, upon written notice to the Master Trustee to that effect. The Master Trustee may resign as Master Trustee hereunder, upon written notice to that effect delivered to the Corporation.

15.2 Notice. Such removal or resignation shall become effective as of the

last day of the month which coincides with or next follows the expiration of sixty (60) days from the date of the delivery of such written notice, unless an earlier or later date is agreed upon in writing by the Corporation and the Master Trustee.

15.3 Successor Appointment. In the event of such removal or resignation, a

successor master trustee, or a separate trustee or trustees, shall be appointed by the Corporation to become master trustee, or a separate trustee or trustees, as of the time such removal or resignation becomes effective. Such successor master trustee, or separate trustee or trustees, shall accept such appointment by an instrument in writing delivered to the Corporation and the Master Trustee and upon becoming successor master trustee, or separate trustee or trustees, shall be vested with all the rights, powers, duties, privileges and immunities as successor master trustee, or separate trustee or trustees, hereunder as if originally designated as Master Trustee, or separate trustee or trustees, in this Agreement.

15.4 Transfer of Fund to Successor. Upon such appointment and acceptance,

the retiring Master Trustee shall endorse, transfer, assign, convey and deliver to the successor master trustee, or separate trustee or trustees, all of the funds, securities and other property then held by it in the Fund, except such amount as may be reasonable and necessary to cover its compensation and expenses as may be agreed to by the Corporation in connection with the settlement of its accounts and the delivery of the Fund to the successor Master Trustee, or separate trustee or trustees, and the balance remaining of any amount so reserved shall be transferred and paid over to the successor Master Trustee, or separate trustee or trustees, promptly upon settlement of its accounts, subject to

the right of the retiring Master Trustee to retain any property deemed unsuitable by it for transfer until such time as transfer can be made.

15.5 Retention of Nontransferable Assets. If the retiring Master Trustee

holds any property unsuitable for transfer, it shall retain such property, and as to such property alone it shall be a trustee, its duties and obligations being solely limited to any such property, and it shall not have fiduciary duties of any nature as to assets transferred. Should the successor master trustee, or separate trustee or trustees, accept fiduciary responsibility as to such property, the Master Trustee shall retain only custodian duties as to such property.

15.6 Accounting. In the event of the removal or resignation of the Master

Trustee hereunder, the Master Trustee shall file with the Corporation a statement and report of its accounts and proceedings covering the period from its last annual statement and report, and its liability and accountability to anyone with respect to the propriety of its acts and transactions shown in such written statement and report shall be governed by the terms of this Agreement.

SECTION 16

Actions by the Corporation,
the Administrative Committee or Named Fiduciary

16.1 Action by Corporation. Any action by the Corporation pursuant to this

Agreement shall be evidenced or empowered in writing to the Master Trustee, and the Master Trustee shall be entitled to rely on such writing.

16.2 Action by the Administrative Committee or Named Fiduciary. Any action

by any person or entity duly empowered to act on behalf of the Administrative Committee or the Named Fiduciary with respect to any rights, powers or duties specified in this Agreement shall be in writing, signed by such person or by the person designated by the Administrative Committee or the Named Fiduciary and the Master Trustee shall act and shall be fully protected in acting in accordance with such writing.

SECTION 17

Amendment or Termination

17.1 Amendment or Termination. The Corporation shall have the right at any

time and from time to time by appropriate action:

(a) to modify or amend in whole or in part any or all of the provisions of this Agreement upon sixty (60) days' prior notice in writing to the Master Trustee, unless the Master Trustee agrees to waive such notice; provided, however, that no modification or amendment which affects the rights, duties or responsibilities of the Master Trustee may be made without the Master Trustee's consent, or

(b) to terminate this Agreement upon sixty (60) days' prior notice in writing delivered to the Master Trustee; provided, further, that no termination, modification or amendment shall permit any part of the corpus or income of the Fund to be used for or diverted to purposes other than for the exclusive benefit of such participants, retired participants and their beneficiaries, except for the return of Corporation contributions which are allowed by law and permitted under a Plan.

17.2 Termination of a Plan - Should the Corporation notify the Master

Trustee of the termination of a Plan, the Master Trustee shall distribute all cash, securities and other property then held in the Fund with respect to such Plan, less any amounts constituting charges and expenses payable from the Fund, on the date or dates specified by the Administrative Committee to such persons and in such manner as the Administrative Committee shall direct. In making such distributions, the Master Trustee shall be entitled to assume that such distributions are in full compliance with and are not in violation of any applicable law regulating the termination of any kind whatsoever arising from any distribution made by the Master Trustee at the direction of the Administrative Committee as a result of the termination of this Agreement and shall indemnify and save the Master Trustee harmless from any attempt to impose any liability on the Master Trustee with respect to any such distribution.

17.3 Retention of Nontransferable Property. The Master Trustee reserves

the right to retain such property as is not, in the sole discretion of the Master Trustee, suitable for distribution at the time of termination of this Agreement and shall hold such property as custodian for those persons or other entities entitled to such property until such time as the Master Trustee is able to make distribution. The Master Trustee's duties and obligations with respect to any property held in accordance with the above shall be purely custodial in nature and the Master Trustee shall only be obligated to see to the safekeeping of such property and make a reasonable effort to prevent deterioration or waste of such property prior to its distribution. Upon complete distribution of all property constituting the Fund, this Agreement shall be deemed terminated.

17.4 Termination in the Absence of Directions from the Administrative

Committee. In the event no direction is provided by the Administrative Committee

with respect to the distribution of a Plan's portion of the Fund upon termination of this Agreement, the Master Trustee shall make such distributions as are specified by the Plan after notice to the Corporation. In the event the Plan is silent as to the distributions to be made upon termination of the Plan or the terms of the Plan are inconsistent with the then applicable law or the Master Trustee is unable to obtain a copy of the most recent Plan, the Master Trustee shall distribute the Fund to participants and their beneficiaries under the Plan in an equitable manner that will not adversely affect the qualified status of the Plan under Section 401(a) of the Code or any other statute of similar import and that will comply with any applicable provisions of ERISA regulating the allocation of assets upon termination of plans such as the Plan. The Master Trustee, in such cases, reserves the right to seek a judicial and administrative determination as to the proper method of distribution of the Fund upon termination of this Agreement.

17.5 Termination on Corporate Dissolution. If the Corporation ceases to

exist as a result of liquidation, dissolution or acquisition in some manner, the Fund shall be distributed as provided above upon termination of a Plan unless a successor company elects to continue the Plan and this Agreement as provided in this Agreement.

SECTION 18

Merger or Consolidation

18.1 Merger or Consolidation of Master Trustee. Any corporation, or

national association, into which the Master Trustee may be merged or with which it may be consolidated, or any corporation, or national association, resulting from any merger or consolidation to which the Master Trustee is a party, or any corporation, or national association, succeeding to the trust business of the Master Trustee, shall become the successor of the Master Trustee hereunder, without the execution or filing of any instrument or the performance of any further act on the part of the parties hereto.

18.2 Merger or Consolidation of Corporation. Any corporation into which

the Corporation may be merged or with which it may be consolidated, or any corporation succeeding to all or a substantial part of the business interests of the Corporation may become the Corporation hereunder by expressly adopting and agreeing to be bound by the terms and conditions of the Plans and this Agreement and so notifying the Master Trustee to such effect by submission to the Master Trustee of an appropriate written document.

18.3 Merger or Consolidation of Plan. In the event that the Named

Fiduciary or the Corporation authorizes and directs that the assets of another plan be merged or consolidated with or transferred to a Plan participating in this Master Trust, the Master Trustee shall take no action with regard to such merger, consolidation or transfer until it has been notified in writing that each participant covered under the plan the assets of which are to be merged consolidated or transferred will immediately after such merger, consolidation or transfer be entitled to a benefit either equal to or then greater than the benefit he would have been entitled to had the Plan been terminated.

SECTION 19

Acceptance of Trust

19.1 Acceptance by Master Trustee. The Master Trustee accepts the Trust

created hereunder and agrees to be bound by all the terms of this Agreement.

SECTION 20

Nonalienation of Trust

20.1 Trust not Subject to Assignment or Alienation. Except as heretofore

provided, no company, participant or beneficiary of the Plans to which the Trust applies shall have any interest in or right to the assets of this Trust, and to the full extent of all applicable laws, the assets of this Trust shall not be subject to any form of attachment, garnishment, sequestration or other actions of collection afforded creditors of the Corporation, participants or beneficiaries. The Master Trustee shall not recognize any assignment or alienation of benefits unless, and then only to the extent, written notices are received from the Administrative Committee.

20.2 Plans' Interest in Trust not Assignable. The equity or interest of

any participating Plan in the Fund shall not be assignable.

SECTION 21

Governing Law

21.1 Governing Law. This Agreement shall be construed and enforced, to the

extent possible, according to the laws of the Commonwealth of Pennsylvania, and all provisions hereof shall be administered according to the laws of said Commonwealth and any federal laws, regulations or rules which may from time to time be applicable. In case of any conflict between the provisions of the Plans and this Agreement, the provisions of this Agreement shall govern.

SECTION 22

Parties to Court Proceedings

22.1 Only Corporation and Master Trustee Necessary. To the extent

permitted by law, only the Master Trustee and the Corporation shall be necessary parties in any application to the courts for an interpretation of this Agreement or for an accounting by the Master Trustee, and no participant under any Plan or other person having an interest in the Fund shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall, to the extent permitted by law, be conclusive upon all persons claiming under this Agreement or any Plan.

SECTION 23

Subsidiaries and Affiliates

23.1 Adoption of Master Trust by Subsidiaries and Affiliates. Any company

which is a subsidiary of the Corporation or which may be affiliated with the Corporation in any way and which is now or may hereafter be organized under the laws of the United States of America, or of any State or Territory thereof, with the approval of the Corporation, by resolution of its own Board of Directors, may adopt this Agreement, if such subsidiary or affiliate shall have adopted one or more Plans qualified under Section 401(a) of the Code. If any such subsidiary or affiliate so adopts this Agreement, this Agreement shall establish the trust for such Plans as are specified by such subsidiary or affiliate and shall constitute a continuation, amendment and restatement of any prior trust for any such Plans. Furthermore, the assets of any such Plans may be commingled with the assets of other Plans held in the Fund pursuant to Section 2.6 hereof. However, the assets of any Plan so held in the Fund shall not be subject to any claim arising under any other Plan, the assets of which are commingled therewith by the Master Trustee for investment purposes, and under no circumstances shall any of the assets of one Plan be available to provide the benefits under another Plan. A separate trust shall be deemed to have been created with respect to each Plan of such subsidiary or affiliate.

23.2 Segregation from Further Participation. Any subsidiary or affiliate

of the Corporation may, at any time, with the consent of the Corporation, segregate a Plan's trust from further participation in this Agreement. In such event, such subsidiary or affiliate shall file with the Master Trustee a document evidencing the segregation of the Plan from the Fund and its continuance of a separate trust in accordance with the provisions of this Agreement as though such subsidiary or affiliate were the sole creator thereof. In such event, the Master Trustee shall deliver to itself as Master Trustee of such separate trust such share of the Fund as may be determined by the Master Trustee to constitute the appropriate share of the Fund, as confirmed by the Corporation, then held in respect of the participating employees of such subsidiary or affiliate. Such subsidiary or affiliate may thereafter exercise, in respect of such separate trust, all of the rights and powers reserved to the Corporation under the provisions of this Agreement. The equitable share of any Plan participating in the Fund shall be immediately segregated and withdrawn from the Fund if the Plan ceases to be qualified under Section 401(a) of the Code and the Corporation shall promptly notify the Master Trustee of any determination by the Internal Revenue Service that any such Plan has ceased to be so qualified.

23.3 Segregation of Assets Allocable to Specific Employees. The

Administrative Committee may at any time direct the Master Trustee to segregate and withdraw the equitable share of any such Plan, or that portion of such equitable share as may be certified to the Master Trustee by the Administrative Committee as allocable to any specified group or groups of employees or beneficiaries. Whenever segregation is required, the Master Trustee shall withdraw from the Fund such assets as it shall in its absolute discretion deem to be equal in value to the equitable share to be segregated. Such withdrawal from the Fund shall be in cash or in any property held in such Fund, or in a combination of both, in the absolute discretion of the Master Trustee. The Master Trustee shall thereafter hold the assets so withdrawn as a separate trust fund in accordance with the

provisions of this Agreement, which shall be construed in respect of such assets as if the employer maintaining such Plan (determined without regard to whether any subsidiaries or affiliates of such employer have joined in such Plan) has been named as the Corporation hereunder. Such segregation shall not preclude later readmission to the Fund.

SECTION 24

Authorities

24.1 Corporation. Whenever the provisions of this Agreement specifically

require or permit any action to be taken by "the Corporation", such action must be authorized by the Board of Directors. Any resolution adopted by the Board of Directors or other evidence of such authorization shall be certified to the Master Trustee by the Secretary or an Assistant Secretary of the Corporation under its corporate seal, and the Master Trustee may rely upon any authorization so certified until revoked or modified by a further action of the Board of Directors similarly certified to the Master Trustee.

24.2 Subsidiary or Affiliate. Any action required or permitted to be taken

under this Agreement by a subsidiary or affiliate of the Corporation shall be given by the board of directors thereof in the manner described in Section 23.1.

24.3 Named Fiduciary and Administrative Committee. The Corporation shall

furnish the Master Trustee from time to time with a list of the names and signatures of all Persons (other than the Corporation) authorized to act as the Corporation designee under Section 1.1, as a Named Fiduciary, as members of the Administrative Committee, or in any other manner authorized to issue orders, notices, requests, instructions and objections to the Master Trustee pursuant to the provisions of this Agreement. Any such list shall be certified by the Secretary or an Assistant Secretary of the Corporation (or by the Secretary or an Assistant Secretary of any subsidiary or affiliate of the Corporation with respect to members of the Administrative Committee of the Plans), and may be relied upon for accuracy and completeness by the Master Trustee. Each such Person shall thereupon furnish the Master Trustee with a list of the names and signatures of those individuals who are authorized, jointly or severally, to act for such Person hereunder, and the Master Trustee shall be fully protected in acting upon any notices or directions received from any of them.

24.4 Investment Manager. The Named Fiduciary shall cause each Investment

Manager to furnish the Master Trustee from time to time with the names and signatures of those persons authorized to direct the Master Trustee on its behalf hereunder.

24.5 Form of Communications. Any agreement between the Corporation and any

Person (including an Investment Manager) or any other provision of this Agreement to the contrary notwithstanding, all notices, directions and other communications to the Master Trustee shall be in writing or in such other form, including transmission by electronic means through the facilities of third parties or otherwise, specifically agreed to in writing by the Master Trustee, and the Master Trustee shall be fully protected in acting in accordance therewith.

24.6 Continuation of Authority. The Master Trustee shall have the right to

assume, in the absence of written notice to the contrary, that no event constituting a change in the Named Fiduciary or membership of the Administrative Committee or terminating the authority of any Person, including any Investment Manager, has occurred.

24.7 No Obligation to Act on Unsatisfactory Notice. The Master Trustee

shall incur no liability under this Agreement for any failure to act pursuant to any notice, direction or any other communication from any Asset Manager, the Corporation, the Administrative Committee, or

any other Person or the designee of any of them unless and until it shall have received instructions in form satisfactory to it.

SECTION 25

Counterparts

25.1 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.

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IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have hereunto set their hands and seals as of the day and year first above written.

NVR, INC.

By: /s/ Tom Ford

Name: Tom Ford

Title: V.P. Human Resources

MELLON BANK, N.A.

By: /s/ Robert Borga

Name: -----

Title: -----

EXHIBIT "A"

1. Trust Agreement for the Ryan Homes, Inc. and Affiliated Companies Profit Sharing Plan as Amended and Restated effective January 1, 1994.
2. NVR, Inc. Stock Ownership Plan Trust Agreement effective January 1, 1994.

EXHIBIT "B"

Profit Sharing Plan of NVR, Inc. and Affiliated Companies

NVR, Inc. Employee Stock Ownership Plan

FIRST AMENDMENT TO
NVR, INC. DEFINED CONTRIBUTION MASTER TRUST AGREEMENT
by and between
NVR, INC.C
and
MELLON BANK, N.A.

THIS FIRST AMENDMENT TO NVR, INC. DEFINED CONTRIBUTION MASTER TRUST AGREEMENT is made and entered into this ____ day of _____, 1997, effective _____ (this "Amendment"), by and between NVR, INC. (the "Corporation") and MELLON BANK, N.A. (the "Master Trustee").

W I T N E S S E T H :

WHEREAS, the Corporation and the Master Trustee entered in the NVR, Inc. Defined Contribution Master Trust Agreement (the "Master Trust Agreement") dated December 28, 1995, effective January 1, 1996; and

WHEREAS, the Corporation and the Master Trustee desire to amend the Master Trust Agreement in certain ways;

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby amend the Master Trust Agreement as follows:

1. The definitions set forth above are incorporated herein by this reference thereto.
2. SECTION 8, Investment of The Fund, is hereby amended by adding the

following text as subsection 8.5 which shall read in its entirety as follows:

"8.5 Force Majeure. The Master Trustee shall not be responsible or

liable for any losses to the Fund resulting from nationalization, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the property; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event beyond the control of the Master Trustee or its agents. This Section shall survive the termination of this Master Trust Agreement."
3. SECTION 8, Investment of The Fund is also amended by adding the

following text as subsection 8.6 which shall read in its entirety as follows:

"8.6 Power of Attorney. The Named Fiduciary appoints the Master

Trustee as the Master Trust's true and lawful attorney-in-fact and authorizes the Master Trustee to delegate the power of attorney with full powers of substitution in any and all capacities to:

(a) sign all applications, requests or claims for refund, reduction, repayment or credit of, or exemption or relief from, any withholding or similar taxes in any jurisdiction (including outside of the U.S.); and collect the refund of the tax, transfer the amounts collected to those parties designated and perform all acts which are necessary to secure the rights attached to such reclaimed taxes or prevent the loss of such rights;

(b) represent the Master Trust at shareholder meetings and vote or appoint any person to represent and vote as the Master Trust's proxy which relate to securities held on behalf of the Fund for which the Master Trust is eligible to attend and vote as security holder; and take on the Master Trust's behalf any and all further actions required to exercise said voting rights; and represent the Master Trust in any situation which may occur as a result of any corporate actions;

(c) for global custody purposes, receive, maintain and safekeep securities in the name of the Master Trust; receive, arrange for the transfer of dividends, interest and other payments (if any) and the sale of proceeds on behalf of the Master Trust; fill in or sign on behalf of the Master Trust any and all forms of agent or broker (purchase or sale forms) pertaining to instructions for sale or purchase of securities; and give specific instructions regarding securities, cash and related transactions that are registered in the name of the Master Trust; and

(d) sign, seal, execute, and deliver such deeds, transfers, agreements, and releases, and do such acts and things as may be necessary and to concur with any other person or persons in the doing of any act or things hereby authorized.

The Named Fiduciary undertakes for itself and its successors in title to ratify and confirm any actions that the Master Trustee shall take or purport to take to exercise the rights of the Corporation or the Master Trust by virtue of these presents including any actions which shall be taken after any revocation of these presents and before the revocations shall be known to the Master Trustee.

All costs, charges and expenses incurred by the Master Trust as a consequence of any act, deed, matter or thing done in pursuance of the powers of any of them herein contained shall be borne and paid by the Master Trust."

4. Section 9.2 General Powers, is hereby amended by adding the following

text as Section 9.2(n) which shall read in its entirety as follows:

"(n) to invest in a collective fund which invests in Mellon Bank Corporation stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to the Trustee and its affiliates and to use a cross-trading program in accordance with the Exemption. The Corporation acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Agreement as Exhibit A. The Corporation expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation for the lending of securities that is separate from any compensation of the Master Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund."

5. Section 9.2 shall also be amended by adding the following two new Sections 9.2(o) and 9.2(p) at the end thereof, which shall read entirely as follows:

"(o) take any and all actions necessary to settle transactions in futures and/or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments;"

"(p) take all action necessary to settle authorized transactions, including exercising the power to borrow or raise moneys from any lender, which may be the Master Trustee in its corporate capacity or any affiliate or agent of the Master Trustee, upon such terms and conditions as are necessary to settle security purchases and/or foreign exchange or contracts for foreign exchange and to secure the repayments thereof by pledging all or any part of the Fund; and"

6. Section 12.1 shall be amended by adding the following text, at the end thereof, which shall read in its entirety as follows:

"To the extent the Master Trustee advances funds to the Fund for disbursements or to effect the settlement of purchase transactions, the Master Trustee shall be entitled to collect from the Fund an amount equal to what the Master Trustee would have earned on the sums advanced based on the Master Trustee's actual overnight investment earnings rate for the period of the advancement. Such amount is intended only to reimburse the Master Trustee for lost earnings on the advanced funds and does not represent or include any additional consideration. The Corporation acknowledges that, as part of the Master Trustee's compensation, the Master Trustee will earn interest on balances, including disbursement balances and balances arising from purchase and sale transactions."

7. Except as set forth herein, the Master Trust Agreement is hereby ratified and confirmed and remains in full force and effect.

IN WITNESS WHEREOF, the parties hereto, each intending to be legally bound hereby, have executed this First Amendment to as of the day and year first above written.

NVR, INC. MELLON BANK, N.A.

By _____
Name:
Title:

By _____
Name:
Title:

EXHIBIT A

CROSS-TRADING INFORMATION

As part of the cross-trading program covered by the Exemption for the Master Trustee and its affiliates, the Master Trustee is to provide to each affected employee benefit plan the following information:

I. The existence of the cross-trading program

The Master Trustee has developed and intends to utilize, wherever practicable, a cross-trading program for Indexed Accounts and Large Accounts as those terms are defined in the Exemption.

II. The "triggering events" creating cross-trade opportunities

In accordance with the exemption three "triggering events" may create opportunities for cross-trading transactions. They are generally the following (see the Exemption for more information):

- A. A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
- B. A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the account's opening date, where the Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of the Master Trustee's own plans (other than the Master Trustee's defined contribution plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a "triggering event"; or
- C. A recorded declaration by the that an accumulation Master Trustee of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than 0.5% of the Account's total value has occurred.

III. The pricing mechanism utilized for securities purchased or sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt securities - the current market value of the debt security will be the price determined by the Master Trustee as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not a reported securities or traded on an exchange will be value based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. The Master Trustee will use reasonable inquiry to obtain such prices from at least three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The allocation methods

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a pro rata basis. With respect to equity securities, please note the Master Trustee imposes a trivial share constraint to reduce excessive custody ticket charges to participating accounts.

V. Other procedures implemented by the Master Trustee for its cross-

trading practices

The Master Trustee has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

Internal Revenue Service Letter

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
31 HOPKINS PLAZA
BALTIMORE, MD 21201-000

DEPARTMENT OF THE TREASURY

Date: May 10, 1996

Employer Identification Number:
54-1394360

File Folder Number:
521033674

NVR, INC.
7601 LEWINSVILLE ROAD
MCLEAN, VA 22102

Person to Contact
EP/EO CUSTOMER SERVICE UNIT
Contact Telephone Number:
(410) 962-6058

Plan Name:
PROFIT SHARING PLAN OF NVR AND
AFFILIATED COMPANIES
Plan Number: 001

Dear Applicant:

We have made a favorable determination on your plan, identified above, based on the information supplied. Please keep this letter in your permanent records.

Continued qualification of the plan under its present form will depend on its effect in operation. (See section 1.401-1(b)(3) of the Income Tax Regulations.) We will review the status of the plan in operation periodically.

The enclosed document explains the significance of this favorable determination letter, points out some features that may affect the qualified status of your employee retirement plan, and provides information on the reporting requirements for your plan. It also describes some events that automatically nullify it. It is very important that you read the publication.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination expresses an opinion on whether the amendment(s), in and of itself, affects the continued qualified status of the plan under Code section 401 and the exempt status of the related trust under section 501(a). It is not an opinion on the qualification of the plan as a whole and the exempt status of the related trust as a whole.

This determination letter is applicable for the amendment(s) adopted on November 13, 1995.

This letter is issued under Rev. Proc. 93-39 and considers the amendments required by the Tax Reform Act of 1986 except as otherwise specified in this letter.

This letter may not be relied upon with respect to whether the plan satisfies the qualification requirements as amended by the Uruguay Round Agreements Act, Pub. L. 103-465.

We have sent a copy of this letter to your representative as indicated in the power of attorney.

NVR, INC.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely yours,

/s/ Paul Harrington

Paul Harrington
District Director

Enclosures:
Publication 794

Exhibit 23

Consent of Independent Auditors

Consent of Independent Auditors

The Board of Directors
NVR, Inc.:

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

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

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

Pittsburgh, Pennsylvania
June 13, 1997

Exhibit 99.1

Articles 8 and 9 of
Articles of Incorporation
of NVR, Inc.

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

8. Indemnification

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

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

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

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

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

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

9. Limitation of Liability of Officers and Directors.

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

Exhibit 99.2

Sections of Virginia Stock Corporation Act

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

Section 13.1-692.1 Limitation on liability of officers and directors; exception.

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

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

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

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

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

Section 13.1-697. Authority to indemnify.

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

1. He conducted himself in good faith; and

2. He believed:

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

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

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

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

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

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

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

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

Section 13.1-698. Mandatory indemnification.

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

Section 13.1-702. Indemnification of officers, employees and agents.

Unless limited by a corporation's articles of incorporation,

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

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

Section 13.1-703. Insurance.

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

Section 13.1-704. Application of Article.

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

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

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

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