UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the transition period from ____ to ______________

Commission file number 1-12378

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

Virginia	54-1394360
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number)

7601 Lewinsville Road, Suite 300
McLean, Virginia 22102
(703) 761-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No__

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of January 30, 2002 the aggregate market value of the voting stock held by non-affiliates of NVR, Inc. based on the closing price reported on the American Stock Exchange for the Common Stock of NVR, Inc. on such date was approximately $1.6 billion. As of January 30, 2002 there were 7,564,328 total shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement of NVR, Inc. to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934 on or prior to April 30, 2002 are incorporated by reference into Part III of this report.

The Exhibit Index begins on page 20.

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Forward-Looking Statements

Some of the statements in this Form 10-K, as well as statements made by NVR in periodic press releases or other public communications, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or other comparable terminology. All statements other than of historical facts are forward looking statements. Forward looking statements contained in this document include those regarding market trends, NVR's financial position, business strategy, projected plans and objectives of management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to the following: general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing; competition; the availability and cost of land and other raw materials used by NVR in its homebuilding operations; shortages of labor; weather related slow downs; building moratoria; governmental regulation; the ability of NVR to integrate any acquired business; fluctuation and volatility of stock and other financial markets; and other factors over which NVR has little or no control.

RISK FACTORS

Our business can be negatively impacted by interest rate movements, inflation and other economic factors.

Our business is affected by the risks generally incident to the residential construction business, including:

- actual and expected direction of interest rates, which affect our costs, the availability of construction financing, and long-term financing for potential purchasers of homes;
- the availability of adequate land in desirable locations on reasonable terms;
- unexpected changes in customer preferences; and
- changes in the national economy and in the local economies of the markets in which we have concentrated operations.

High rates of inflation generally affect the homebuilding industry adversely because of their adverse impact on interest rates. High interest rates not only increase the cost of borrowed funds to homebuilders but also have a significant effect on housing demand and on the affordability of permanent mortgage financing to prospective purchasers. We are also subject to potential volatility in the price of commodities that impact costs of materials used in our homebuilding business. Increases in prevailing interest rates could have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

Our financial results also are affected by the risks generally incident to our mortgage banking business, including interest rate levels, the impact of government regulation of mortgage loan originations and servicing and the need to issue forward commitments to fund and sell mortgage loans. Our homebuilding customers accounted for almost all of our mortgage banking business in 2001. Our mortgage banking business is therefore affected by the volume of our continuing homebuilding operations. In addition, adverse changes in governmental regulation may have a negative impact on our mortgage loan origination business.

Our mortgage banking business also is affected by interest rate

fluctuations. We also may experience marketing losses resulting from daily increases in interest rates to the extent we are unable to match interest rates and amounts on loans we have committed to originate with forward commitments from third parties to purchase such loans. We employ procedures designed to mitigate any such potential losses, but there can be no assurance that such procedures will be entirely successful. Increases in interest rates may have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

These factors (and thus the homebuilding business) have tended to be cyclical in nature. Any downturn in the national economy or the local economies of the markets in which we operate could have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations. In particular, approximately 48% of our home settlements during 2001 occurred in the Washington, D.C. and Baltimore, Md. metropolitan areas, which amounted to 59% of NVR's 2001 homebuilding revenues. Thus, NVR is dependent to a significant extent on the economy and demand for housing in those areas.

Our inability to secure and carry an adequate inventory of lots could adversely impact our operations.

The results of our homebuilding operations are dependent upon our continuing ability to control an adequate number of homebuilding lots in desirable locations. We have not experienced significant shortages in the supply of lots in our principal markets or difficulty in controlling lots through option contracts in sufficient numbers and in adequate locations to fulfill our business plan and on terms consistent with our past operations. There can be no assurance, however, that an adequate supply of building lots will continue to be available on terms similar to those available in the past, or that we will not be required to devote a greater amount of capital to controlling building lots than we have historically. Although we believe that we will have adequate capital resources and financing to control a sufficient number of building lots to fulfill our current business plan, there can be no assurance that our resources and financing will in fact be sufficient to meet our expectations. An insufficient supply of building lots in one or more of our markets or our inability to purchase or finance building lots on reasonable terms could have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

Inventory risk can be substantial for homebuilders. The market value of building lots and housing inventories can fluctuate significantly as a result of changing market conditions. In addition, inventory carrying costs can be significant and can result in losses in a poorly performing project or market. We must, in the ordinary course of our business, continuously seek and make acquisitions of lots for expansion into new markets as well as for replacement and expansion within our current markets. Although we employ various measures designed to manage inventory risks, there can be no assurance that such measures will be successful. In the event of significant changes in economic or market conditions, there can be no assurance that we will not dispose of certain subdivision inventories on a bulk or other basis which may result in a loss which could have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

Our current indebtedness may impact our future operations and our ability to access necessary financing.

Our homebuilding operations are dependent in part on the availability and cost of working capital financing, and may be adversely affected by a shortage or an increase in the cost of such financing. We believe that we will be able to meet our needs for working capital financing from cash generated from operations and from our existing or a replacement working capital revolving credit facility. If we require working capital greater than that provided by our operations and our credit facility, we may be required to seek to increase the amount available under the facility or to obtain alternative financing. No assurance can be given that additional or replacement financing will be available on terms that are favorable or acceptable. If we are at any time unsuccessful in obtaining sufficient capital to fund our planned homebuilding expenditures, we may experience a substantial delay in the completion of any homes then under construction. Any delay could result in cost increases and could have a material adverse effect on our sales, profitability, stock performance, ability to service our debt obligations and future cash flows.

Our existing indebtedness contains financial covenants with which we are currently in compliance and any future working capital facilities may also contain similar financial covenants. This indebtedness also contains or may contain other restrictive covenants, including limitations on our ability, including our subsidiaries, to incur additional indebtedness, pay dividends and make distributions, make loans and investments, enter into transactions with affiliates, effect certain asset sales, incur certain liens, merge or consolidate with any other person, or transfer all or substantially all of our properties and assets. Substantial losses by us or other action or inaction by us or our subsidiaries could result in the violation of one or more of these covenants which could result in decreased liquidity or a default on our indebtedness, thereby having a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

Our mortgage banking operations are dependent on the availability, cost and other terms of mortgage warehouse financing, and may be adversely affected by any shortage or increased cost of such financing. Although we believe that our needs for mortgage warehouse financing will be met by our existing mortgage warehouse arrangements and repurchase agreements, no assurance can be given that any additional or replacement financing will be available on terms that are favorable or acceptable. Our mortgage banking operations are also dependent upon the securitization market for mortgage-backed securities, and could be materially adversely affected by any fluctuation or downturn in such market.

Government regulations and environmental matters can negatively affect our operations.

We are subject to various local, state and federal statutes, ordinances, rules and regulations concerning zoning, building design, construction and similar matters, including local regulations that impose restrictive zoning and density requirements in order to limit the number of homes that can eventually be built within the boundaries of a particular area. We have from time to time been subject to, and may also be subject in the future to, periodic delays in our homebuilding projects due to building moratoria in the areas in which we operate. Changes in regulations that restrict homebuilding activities in one or more of our principal markets could have a material adverse effect on our sales, profitability, stock performance and ability to service our debt obligations.

We are also subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. We are subject to a variety of environmental conditions that can affect our business and our homebuilding projects. The particular environmental laws that apply to any given homebuilding site vary greatly according to the location and environmental condition of the site and the present and former uses of the site and adjoining properties. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs, and can prohibit or severely restrict homebuilding activity in certain environmentally sensitive regions or areas, thereby adversely affecting our sales, profitability, stock performance and ability to service our debt obligations.

We face competition in our housing and mortgage banking operations.

The homebuilding industry is highly competitive. We compete with numerous homebuilders of varying size, ranging from local to national in scope, some of whom have greater financial resources than we do. We face competition:

- for suitable and desirable lots at acceptable prices;
- from selling incentives offered by competing builders within and across developments; and
- from the home resale market.

Our homebuilding operations compete primarily on the basis of price, location, design, quality, service and reputation. Historically we have been one of the leading homebuilders in each of the markets where we operate.

The mortgage banking industry is also competitive, both for loan origination at the time a property is sold, and for refinancings. Our main competition comes from other national, regional and local mortgage bankers, thrifts and banks in each of these markets. Our mortgage banking operations compete primarily on the basis of customer service, variety of products offered, interest rates offered, prices of ancillary services and relative financing availability and costs.

There can be no assurance that we will continue to compete successfully in our homebuilding or mortgage banking operations. An inability to effectively compete may have an adverse impact on our sales, profitability, stock performance and ability to service our debt obligations.

A shortage of building materials or labor may adversely impact our operations.

The homebuilding business has in the past, from time to time, experienced material and labor shortages, including shortages in insulation, drywall, certain carpentry work, concrete, as well as fluctuating lumber prices and supply. In addition, high employment levels and strong construction market conditions could restrict the labor force available to our subcontractors and us in one or more of our markets. While we are not presently experiencing any serious material or labor shortages, material increases in costs resulting from these shortages, or delays in construction of homes, could have a material adverse effect upon our sales, profitability, stock performance and ability to service our debt obligations.

Weather-related and other events beyond our control may adversely impact our operations.

Extreme weather or other events, such as hurricanes, tornadoes, earthquakes, forest fires, floods or terrorist attacks, may affect our markets, our operations and our profitability. These events may impact our physical facilities or those of our suppliers or subcontractors, causing us material increases in costs, or delays in construction of homes, which could have a material adverse effect upon our sales, profitability, stock performance and ability to service our debt obligations.

PART I

Item 1. Business.

General

NVR, Inc. ("NVR") was formed in 1980 as NVHomes, Inc. NVR operates in two business segments: 1) homebuilding and 2) mortgage banking. NVR conducts its homebuilding activities directly and its mortgage banking operations primarily through a wholly owned subsidiary, NVR Mortgage Finance, Inc. ("NVR Finance"). Unless the context otherwise requires, references to "NVR" include NVR and its subsidiaries.

NVR is one of the largest homebuilders in the United States and in the Washington, D.C. and Baltimore, Maryland metropolitan areas. Approximately 48% of the number of homes settled during 2001 occurred in the Washington, D.C. and Baltimore, Md. metropolitan areas, which amounted to 59% of NVR's 2001 homebuilding revenues. NVR's homebuilding operations include the construction and sale of single-family detached homes, townhomes and condominium buildings under three tradenames: Ryan Homes, NVHomes and Fox Ridge Homes. The Ryan Homes and Fox Ridge Homes products are moderately priced and marketed primarily to first-time homeowners and first-time move-up buyers. The NVHomes product is marketed primarily to move-up and upscale buyers. The Ryan Homes product is built in eighteen metropolitan areas located in Maryland, Virginia, West Virginia, Pennsylvania, New York, North Carolina, South Carolina, Ohio, New Jersey, Delaware and Tennessee. The Fox Ridge Homes product is built solely in the Nashville, Tennessee metropolitan area. The NVHomes product is built in the Washington, D.C, Baltimore, MD, Charlotte, NC and Philadelphia, PA metropolitan areas. In 2001, the average price of a unit settled by NVR was approximately $246,000.

NVR is not in the land development business. NVR generally seeks to maintain control over a supply of lots believed to be suitable to meet its sales objectives for the next 24 to 36 months. NVR purchases finished lots under option contracts which typically require deposits, which may be forfeited if NVR fails to perform under the contract. The deposits are in the form of cash or letters of credit in varying amounts and represent a percent of the aggregate acquisition value of the finished lots. This lot acquisition strategy reduces the financial requirements and risks associated with direct land ownership and land development.

In addition to building and selling homes, NVR provides a number of mortgage-related services through its regional mortgage banking operations, which operate in 10 states. Through office locations in each of NVR's homebuilding markets, NVR Finance originates mortgage loans almost exclusively for NVR's homebuyers.

NVR's mortgage banking business generates revenues primarily from origination fees, gains on sales of loans, title fees, and sales of servicing rights. In 2001, NVR's mortgage banking business closed approximately 9,700 loans with an aggregate principal amount of approximately $1.9 billion. NVR's mortgage banking business sells all of the mortgage loans it closes into the secondary markets, and also sells substantially all of its originated mortgage servicing rights on a flow basis. The mortgage segment's servicing portfolio at December 31, 2001 was approximately $223 million in unpaid principal balance of loans serviced.

Segment information for NVR's homebuilding and mortgage banking businesses is included in note 2 to NVR's consolidated financial statements.

Homebuilding

Products

NVR offers single-family detached homes, townhomes, and condominium buildings with many different basic home designs. These home designs have a variety of elevations and numerous other options. Homes built by NVR combine traditional or colonial exterior designs with contemporary interior designs and amenities. NVR's homes range from approximately 985 to 7,286 square feet, with two to five bedrooms, and are priced from approximately $86,000 to $1,600,000.

Markets

The following table summarizes settlements and contracts for sales of homes for each of the last three years by region:

	Settlements Year Ended December 31,			Contracts for Sale (Net of Cancellations) Year Ended December 31,		
Region	2001	2000	1999	2001	2000	1999
Washington/Baltimore (1)	5,007	5,208	5,073	5,046	5,305	5,215
Other (2)	5,365	4,847	4,243	5,736	4,963	4,463
Total	10,372	10,055	9,316	10,782	10,268	9,678

(1) Includes the Washington, D.C., Baltimore, Md. metropolitan areas and West Virginia
(2) Includes Pennsylvania, New York, North Carolina, South Carolina, Ohio, New Jersey, Tennessee, Delaware and Richmond, Virginia.

Backlog

Backlog units and dollars were 5,558 and approximately $1.5 billion respectively, at December 31, 2001 compared to backlog units of 5,148 and dollars of approximately $1.3 billion at December 31, 2000. NVR anticipates that substantially all of its backlog units, net of cancellations, as of December 31, 2001 will be settled during 2002.

Construction

Independent subcontractors under fixed-price contracts perform construction work on NVR's homes. The subcontractors' work is performed under the supervision of NVR employees who monitor quality control. NVR uses many independent subcontractors in its various markets and is not dependent on any single subcontractor or on a small number of subcontractors.

Sales and Marketing

NVR's preferred marketing method is for customers to visit a furnished model home featuring many built-in options and a landscaped lot. The garages of these model homes are usually converted into temporary sales centers where alternative facades and floor plans are displayed and designs for other models are available for review. Sales representatives are compensated predominantly on a commission basis.

Regulation

NVR and its subcontractors must comply with various federal, state and local zoning, building, environmental, advertising and consumer credit statutes, rules and regulations, as well as other regulations and requirements in connection with its construction and sales activities. All of these regulations have increased the cost required to market NVR's products. Counties and cities in which NVR builds homes have at times declared moratoriums on the issuance of building permits and imposed other restrictions in the areas in which sewage treatment facilities and other public facilities do not reach minimum standards. To date, restrictive zoning laws and the imposition of moratoriums have not had a material adverse effect on NVR's construction activities. However, there is no assurance that such restrictions will not adversely affect NVR in the future.

Competition, Market Factors and Seasonality

The housing industry is highly competitive. NVR competes with numerous homebuilders of varying size, ranging from local to national in scope, some of whom have greater financial resources than NVR. NVR also faces competition from the home resale market. NVR's homebuilding operations compete primarily on the basis of price, location, design, quality, service and reputation. NVR historically has been one of the market leaders in each of the markets where NVR builds homes.

The housing industry is cyclical and is affected by consumer confidence levels, prevailing economic conditions and interest rates. Other factors that affect the housing industry and the demand for new homes include the availability and increases in the cost of land, labor and materials, changes in consumer preferences, demographic trends and the availability of mortgage finance programs.

The results of NVR's homebuilding operations generally reflect the seasonality of the housing market in the Middle Atlantic region of the United States. NVR historically has entered into more sales contracts during the first and second quarters.

NVR is dependent upon building material suppliers for a continuous flow of raw materials. Whenever possible, NVR utilizes standard products available from multiple sources. Such raw materials have been generally available in adequate supply.

Mortgage Banking

NVR provides a number of mortgage related services to its homebuilding customers through its mortgage banking operations. The mortgage banking operations of NVR also include separate subsidiaries that broker title insurance and perform title searches in connection with mortgage loan closings for which they receive commissions and fees. Because NVR originates mortgage loans predominately for NVR's homebuilding customers, NVR's mortgage banking segment is dependent on NVR's homebuilding segment.

NVR's mortgage banking business sells all of the mortgage loans it closes to investors in the secondary markets, rather than holding them for investment. NVR's wholly owned subsidiary, NVR Finance, is an approved seller/servicer for FNMA, GNMA, FHLMC, VA and FHA mortgage loans. NVR's mortgage banking operations sell substantially all originated mortgage servicing rights on a flow basis. The mortgage segment's servicing portfolio was approximately $223 million in unpaid principal balance of loans serviced at the end of 2001 compared to approximately $275 million at December 31, 2000.

Competition and Market Factors

NVR's mortgage banking operations operate through 17 offices in 10 states. NVR's main competition comes from national, regional, and local mortgage bankers, thrifts and banks in each of these markets. NVR's mortgage banking operations compete primarily on the basis of customer service, variety of products offered, interest rates offered, prices of ancillary services and relative financing availability and costs.

Regulation

NVR Finance is an approved seller/servicer of FNMA, GNMA, FHLMC, FHA and VA mortgage loans, and is subject to all of those agencies' rules and regulations. These rules and regulations restrict certain activities of NVR Finance. NVR Finance is currently eligible and expects to remain eligible to participate in such programs. However, any significant impairment of its eligibility could have a material adverse impact on its operations. In addition, NVR Finance is subject to regulation at the state and federal level with respect to specific origination, selling and servicing practices.

Pipeline

NVR's mortgage loans in process which had not closed (the "Pipeline") at December 31, 2001 had an aggregate principal balance of $1.1 billion. NVR anticipates that substantially all of its Pipeline, net of cancellations, will close with customers during 2002.

Employees

At December 31, 2001, NVR employed 3,334 full-time persons, of whom 1,237 were officers and management personnel, 187 were technical and construction personnel, 602 were sales personnel, 463 were administrative personnel and 845 were engaged in various other service and labor activities. None of NVR's employees are subject to a collective bargaining agreement and NVR has never experienced a work stoppage. Management believes that its employee relations are good.

Item 2. Properties.

NVR's executive offices are located in McLean, Virginia, where NVR currently leases office space for a nine and one-half year term expiring in March 2005.

NVR's manufacturing facilities are currently located in Thurmont, Maryland; Farmington, New York; Clover, South Carolina; Darlington, Pennsylvania; and Portland, Tennessee. NVR has leased the Thurmont and Farmington manufacturing facilities for a term expiring in 2014 with various options for extension of the leases and for the purchase of the facilities. The Clover, Darlington and Portland leases expire in 2002, 2005 and 2004, respectively, and also contain various options for extensions of the leases and for the purchase of the facilities. NVR is in the process of constructing a manufacturing facility in North Carolina, which is expected to be completed during the first quarter of 2002. The North Carolina facility will replace the manufacturing plant in Clover, South Carolina.

NVR also leases office space in 84 locations in 10 states for field offices, mortgage banking and title services branches under leases expiring at various times through 2009. NVR anticipates that, upon expiration of existing leases, it will be able to renew them or obtain comparable facilities on acceptable terms.

Item 3. Legal Proceedings.

NVR is not involved in any legal proceedings that are likely to have a material adverse effect on its financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters had been submitted to a vote of security holders during the quarter ended December 31, 2001.

Executive Officers of the Registrant

Name	Age	Positions
Dwight C. Schar	60	Chairman of the Board, President and Chief Executive Officer of NVR
William J. Inman	54	President of NVR Mortgage Finance, Inc.
Paul C. Saville	46	Executive Vice President Finance, Chief Financial Officer and Treasurer of NVR
Dennis M. Seremet	46	Vice President and Controller of NVR

Dwight C. Schar has been chairman of the board, president and chief executive officer of NVR since September 30, 1993.

William J. Inman has been president of NVR Mortgage Finance, Inc. since January 1992.

Paul C. Saville had been senior vice president finance, chief financial officer and treasurer of NVR since September 30, 1993. Effective January 1, 2002, Mr. Saville was named an executive vice president.

Dennis M. Seremet has been vice president and controller of NVR since April 1, 1995.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters.

NVR's shares of common stock are listed and principally traded on the American Stock Exchange ("AMEX"). The following table sets forth for the periods indicated the high and low closing sales prices per share for the years 2001 and 2000 as reported by the AMEX.

	HIGH	LOW
Prices per Share:		
2000:		
First Quarter	54.56	42.50
Second Quarter	63.25	52.75
Third Quarter	81.00	57.38
Fourth Quarter	124.60	76.00
2001:		
First Quarter	170.00	109.40
Second Quarter	203.00	140.90
Third Quarter	177.00	131.00
Fourth Quarter	205.75	141.75

As of the close of business on January 30, 2002, there were 709 shareholders of record.

NVR did not pay any cash dividends on its shares of common stock during the years 2001 or 2000. NVR's bank indebtedness and the indenture governing NVR's 8% Senior Notes due 2005 (the "Senior Notes") contain restrictions on the ability of NVR to pay dividends on its common stock. See note 6 to the financial statements for a detailed description of the restrictions included in the indenture governing the Senior Notes.

Item 6. Selected Financial Data (dollars in thousands, except per share amounts)

The following tables set forth selected consolidated financial information for NVR. The selected income statement and balance sheet data have been extracted from NVR's consolidated financial statements for each of the periods presented. The selected financial data should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and related notes included elsewhere in this report.

	Year Ended December 31,				
	2001	2000	1999	1998	1997
Consolidated Income Statement Data:					
Homebuilding data:					
Revenues	$2,559,744	$2,267,810	$1,942,660	$1,504,744	$1,154,022
Gross profit	557,454	433,751	331,933	230,929	158,167
Mortgage Banking data:					
Mortgage banking fees	52,591	37,944	48,165	42,640	24,473
Interest income	7,025	6,541	13,556	9,861	6,415
Interest expense	1,728	3,016	7,504	6,120	3,544
Consolidated data:					
Income before extraordinary loss	$ 236,794	$ 158,246	$ 108,881	$ 66,107	$ 28,879
Income before extraordinary loss per diluted share (1)	$ 24.86	$ 14.98	$ 9.01	$ 4.97	$ 2.18

	December 31,				
	2001	2000	1999	1998	1997
Consolidated Balance Sheet Data:					
Homebuilding inventory	$ 402,375	$ 334,681	$ 323,455	$ 288,638	$ 224,041
Total assets	995,047	841,260	767,281	724,359	564,621
Notes and loans payable	238,970	173,655	278,133	320,337	248,138
Shareholders' equity	349,118	247,480	200,640	165,719	144,640
Cash dividends per share	--	--	--	--	--

(1) For the years ended December 31, 2001, 2000, 1999, 1998 and 1997, income before extraordinary loss per diluted share was computed based on 9,525,960, 10,564,215, 12,088,388, 13,300,064 and 13,244,677 shares, respectively, which represents the weighted average number of shares and share equivalents outstanding for each year.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands except per share data)

Results of Operations for the Years Ended December 31, 2001, 2000 and 1999

NVR, Inc. ("NVR") operates in two business segments: (1) homebuilding and (2) mortgage banking. Corporate general and administrative expenses are fully allocated to the homebuilding and mortgage banking segments in the information presented below.

Homebuilding Segment

Homebuilding revenues for 2001 increased 13% to $2,559,744 compared to revenues of $2,267,810 in 2000. The increase in revenues was primarily due to a 10% increase in the average settlement price to $246.0 in 2001 from $224.6 in 2000 and a 3% increase in the number of homes settled to 10,372 in 2001 from 10,055 in 2000. The increase in the average settlement price is attributable to price increases in certain of NVR's markets and to a larger number of settlements of single family detached homes, which, in comparison, are generally higher priced than NVR's single family attached homes. The increase in settlements is a result of the higher backlog at the beginning of the 2001 period as compared to the beginning of the same 2000 period, as well as, to an increase in new orders. New orders for 2001 increased by 5% to 10,782 units compared with 10,268 units for 2000. The increase in new orders was predominantly the result of increased sales in markets outside the Baltimore/Washington, D.C. area.

Homebuilding revenues for 2000 increased 17% to $2,267,810 compared to revenues of $1,942,660 in 1999. The increase in revenues was primarily due to an 8% increase in the number of homes settled to 10,055 in 2000 from 9,316 in 1999, and to an 8% increase in the average settlement price to $224.6 in 2000 from $207.7 in 1999. The increase in settlements is a direct result of the substantially higher backlog at the beginning of the 2000 period as compared to the beginning of the same 1999 period. The increase in the average settlement price is attributable to price increases in certain of NVR's markets and to a larger number of settlements of higher priced single family detached homes. New orders for 2000 increased by 6% to 10,268 units compared with 9,678 units for 1999. The increase in new orders was predominantly the result of increased sales in markets outside the Baltimore/Washington, D.C. area.

Gross profit margins for 2001 increased to 22% compared to 19% for 2000. The increase in gross profit margins was due to continuing favorable market conditions, which provided NVR the opportunity to increase selling prices in certain of its markets, a decrease in the cost of lumber and certain other material costs and to NVR's ongoing focus of controlling construction costs. Gross profit margins for 2000 increased to 19% compared to 17% for 1999. The increase in gross profit margins was due to favorable market conditions that existed in the first half of 2000, which provided NVR the opportunity to increase selling prices in certain of its markets during that time, a decrease in the cost of lumber and certain other material costs, and to NVR's continued emphasis on controlling construction costs.

Selling, general and administrative expenses ("SG&A") for 2001 increased $24,867 as compared to 2000, and as a percentage of revenues increased to 7.0% from 6.8%. The increase in SG&A dollars is primarily attributable to the aforementioned increase in revenues and to an increase in personnel to support the companies continued growth. SG&A expenses for 2000 increased $12,446 as compared to 1999, but as a percentage of revenues decreased to 6.8% from 7.0% in 1999. The increase in SG&A dollars is primarily attributable to the aforementioned increase in revenues.

Backlog units and dollars were 5,558 and $1,511,503, respectively, at December 31, 2001 compared to backlog units of 5,148 and dollars of $1,318,277 at December 31, 2000. The increase in backlog dollars was primarily due to an 8% increase in the average selling price for the six month period ending December 31, 2001 as compared to the same period for 2000. Backlog units increased primarily due to a slower backlog turn during 2001. Backlog units and dollars were 5,148 and $1,318,277, respectively, at December 31, 2000 compared to backlog units of 4,935 and dollars of $1,137,332 at December 31, 1999. The increase in backlog dollars and units was primarily due to a 9% increase in new orders for the six-month period ended December 31, 2000 compared to the same 1999 period. The dollar increase is also due to an 8% increase in the average selling price comparing the same six-month period.

Mortgage Banking Segment

The mortgage banking segment had operating income, excluding the amortization of excess reorganization value and goodwill, of $31,966, $3,853 and $14,752 for the years ended December 31, 2001, 2000 and 1999, respectively. Total loan closings were $1,885,395, $1,749,720 and $2,911,865 for the same respective years.

The improvement in operating income over both comparative periods was primarily due to NVR's operational restructuring of the mortgage segment announced in the first quarter of 2000, and to a lesser extent, to a more favorable pricing environment. The operational restructuring specifically entailed the closure of all of the mortgage segment's retail operations to focus solely on serving NVR's homebuilding operations ("builder business"). The mortgage segment's builder business historically has produced higher operating margins than its other lines of mortgage business. The restructuring has resulted in the mortgage segment capturing an increased percentage of the loans and title work associated with the growing homebuilding segment's customer base. As noted above, the homebuilding segment's settlements increased to 10,372 in 2001 from 10,055 in 2000 and 9,316 in 1999. Also, as part of its restructuring, the mortgage segment substantially reduced staffing and related general and administrative costs.

As a result of the 2000 restructuring activities described above, NVR recorded a restructuring and asset impairment charge of $5,726 in the first quarter of 2000. The restructuring plan was substantially completed during the second quarter of 2000. A detail of the costs comprising the total charge incurred in the first quarter of 2000 is as follows:

Write off of First Republic goodwill	$2,575
Noncancelable office and equipment leases	1,480
Asset impairments	1,362
Severance	309
Total	$5,726

During 2001 and 2000, approximately $797 and $863, respectively, in severance and lease costs were applied against the restructuring reserve. Approximately $129 of the restructuring accrual established at March 31, 2000, remains at December 31, 2001, and primarily relates to accrued lease costs.

Seasonality

The results of NVR's homebuilding operations generally reflect the seasonality of the housing market in the Middle Atlantic region of the United States. NVR historically has entered into more sales contracts in this region during the first and second quarters. Because NVR's mortgage banking operations have changed their strategic focus to exclusively serve NVR's homebuilding customers, to the extent that homebuilding is affected by seasonality, mortgage banking operations will also be affected.

Effective Tax Rate

NVR's consolidated effective tax rates were 40.0%, 40.7% and 41.2% in 2001, 2000 and 1999, respectively. The reduction of the effective tax rate over the three-year period is primarily due to higher taxable income relative to NVR's permanent differences, primarily the amortization of reorganization value in excess of amounts allocable to identifiable assets and non-deductible compensation. In January 2002, NVR amended one of its long-term cash incentive plans, requiring executive officers to defer receipt of payments due under the plan until separation of service with NVR. The effect of this amendment, estimated to produce approximately an $8,000 deferred tax benefit for compensation expensed prior to December 31, 2001, will reduce NVR's 2002 effective tax rate below current levels as a result of converting these compensation-related permanent tax differences to temporary differences as of the amendment date.

Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS No. 142 changes the accounting for goodwill and reorganization value in excess of amounts allocable to identifiable assets ("excess reorganization value") from an amortization approach to an impairment-only approach. Management will be performing the impairment test as defined in SFAS No. 142 during the first quarter of 2002, but does not expect that NVR will incur an impairment loss relative to its existing excess reorganization value and goodwill upon adoption of SFAS No. 142 on January 1, 2002. Further, NVR will cease amortizing goodwill and excess reorganization value effective January 1, 2002.

Liquidity and Capital Resources

Lines of Credit and Notes Payable

NVR's homebuilding segment generally provides for its working capital cash requirements using cash generated from operations and a short-term unsecured working capital revolving credit facility ("Facility"). The Facility expires on May 31, 2004, and bears interest at the election of NVR at i) the base rate of interest announced by the Facility agent, or ii) 1.35% above the Eurodollar rate. The weighted average interest rate for amounts outstanding under the Facility during 2001 was 4.2%. The Facility provides for borrowings of up to $85,000, subject to certain borrowing base limitations. Up to approximately $40,000 of the Facility is currently available for issuance in the form of letters of credit of which $17,798 was outstanding at December 31, 2001. There were no direct borrowings outstanding under the Facility as of December 31, 2001. At December 31, 2001, there were no borrowing base limitations reducing the amount available to NVR for borrowings.

NVR's mortgage banking segment provides for its mortgage origination and other operating activities using cash generated from operations as well as various short-term credit facilities. NVR Finance has available an annually renewable mortgage warehouse facility (the "Mortgage Warehouse Revolving Credit Agreement") with an aggregate borrowing limit of $125,000 to fund its mortgage origination activities, under which $115,057 was outstanding at December 31, 2001. The Mortgage Warehouse Revolving Credit Agreement expires August 30, 2002. The interest rate under the Mortgage Warehouse Revolving Credit Agreement is either: (i) the London Interbank Offering Rate ("Libor") plus 1.25%, or (ii) 1.25% to the extent that NVR Finance provides compensating balances. The weighted average interest rate for amounts outstanding under the Mortgage Warehouse Revolving Credit Agreement was 2.3% during 2001. NVR Finance from time to time enters into various gestation and repurchase agreements. NVR Finance currently has available an aggregate of $75,000 of borrowing capacity in such uncommitted facilities. Amounts outstanding thereunder accrue interest at various rates tied to the Libor rate and are collateralized by gestation mortgage-backed securities and whole loans. The weighted average interest rate for amounts outstanding under these uncommitted facilities was 4.3% during 2001. There was an aggregate of $3,464 outstanding under such gestation and repurchase agreements at December 31, 2001. NVR Finance's mortgage warehouse facility limits the ability of NVR Finance to transfer funds to NVR in the form of dividends, loans or advances. NVR Finance had net assets of $10,000 as of December 31, 2001, that were so restricted.

On January 20, 1998, NVR filed a shelf registration statement with the Securities and Exchange Commission for the issuance of up to $400,000 of NVR's debt securities. The shelf registration statement was declared effective on February 27, 1998 and provides that securities may be offered from time to time in one or more series, and in the form of senior or subordinated debt. As of December 31, 2001, an aggregate principal balance of $255,000 was available for issuance under the shelf registration statement.

On April 14, 1998, NVR completed an offering under the shelf registration statement for $145,000 of senior notes due 2005 (the "Notes"), resulting in aggregate net proceeds to NVR of approximately $142,800 after fees and expenses. The Notes mature on June 1, 2005 and bear interest at 8%, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 1998. The Notes are senior unsecured obligations of NVR, ranking equally in right of payment with NVR's other existing and future unsecured indebtedness.

During 2000, NVR purchased, in the open market, an aggregate of $30,000 in principal amount of the Senior Notes. The Notes were purchased at par, with no material gain or loss resulting from the transaction. There is an aggregate of $115,000 of Notes outstanding at December 31, 2001.

On February 27, 2001, NVR successfully completed a solicitation of consents from holders of its Notes to amend the Indenture governing the Notes. The amendment to the Indenture provides for NVR to repurchase up to an aggregate $85,000 of its Capital Stock in one or more open market and/or privately negotiated transactions through March 31, 2002. As of December 31, 2001, NVR had fully utilized the $85,000 for its intended purpose. In March 2001, NVR paid to each holder of the Notes who provided consent, an amount equal to 4.5% of the principal amount of such holder's Notes. NVR expects that it will, from time to time, repurchase additional shares of its common stock, pursuant to repurchase authorizations by the Board of Directors and subject to the restrictions contained within NVR's debt agreements. NVR currently contemplates that it may seek to further amend the Indenture governing the Notes to reduce restrictions on NVR's ability to repurchase shares of its Common Stock. In January 2002, the Board of Directors approved the repurchase of up to an aggregate of $300,000 of NVR's Capital Stock in one or more open market and/or privately negotiated transactions.

Cash Flows

As shown in NVR's consolidated statement of cash flows for the year ended December 31, 2001, NVR's operating activities provided cash of $150,317 for this period. The cash was provided primarily by homebuilding operations and used for increasing homebuilding inventory and making deposits to developers to acquire control of finished lots under lot option contracts.

Net cash provided by investing activities was $15,876 for the year ended December 31, 2001. The primary source of cash was the proceeds from the sale of mortgage servicing rights.

Net cash used for financing activities was $165,290 for the year ended December 31, 2001. On October 3, 2000, NVR entered into a forward purchase contract with an unaffiliated shareholder under which NVR agreed to purchase approximately 780,000 shares of Common Stock for an aggregate purchase price of approximately $65,000. On January 2, 2001, NVR settled the transaction with the shareholder by taking physical delivery of the shares for the agreed upon purchase price paid in cash. Of the approximately 780,000 shares settled, approximately 86,000 shares were used for NVR's employer contribution to the Employee Stock Ownership Plan for plan year 2000 and approximately 30,000 shares were used to fund the Deferred Compensation Plan. The remaining shares were retained in treasury. Including the settlement of the forward purchase contract, NVR purchased approximately 1,750,000 shares of its Common Stock in 2001 for an aggregate purchase price of $223,839. Included in net cash used for financing is approximately $65,000 in borrowings under credit lines to finance mortgage loan inventory by NVR's mortgage banking segment.

At December 31, 2001, the homebuilding and mortgage banking segments had restricted cash of $2,692 and $2,510, respectively, which includes certain customer deposits, mortgagor tax, insurance, completion escrows and other amounts collected at closing which relates to mortgage loans held for sale and to home sales.

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

Item 7A. Quantitative and Qualitative Disclosure About Market Risk.

Market risk is the risk of loss arising from adverse changes in market prices and interest rates. NVR's market risk arises from interest rate risk inherent in its financial instruments. Interest rate risk is the possibility that changes in interest rates will cause unfavorable changes in net income or in the value of interest rate-sensitive assets, liabilities and commitments. Lower interest rates tend to increase demand for mortgage loans for home purchasers, while higher interest rates make it more difficult for potential borrowers to purchase residential properties and to qualify for mortgage loans. NVR has no market rate sensitive instruments held for speculative or trading purposes.

NVR's mortgage banking segment is exposed to interest rate risk as it relates to its lending activities. The mortgage banking segment originates mortgage loans, which are generally sold through optional and mandatory forward delivery contracts into the secondary markets. All of the mortgage banking segment's loan portfolio is held for sale and subject to forward sale commitments. NVR also sells predominantly all of its mortgage servicing rights in bulk sales at predetermined prices which significantly reduces the market risk associated with these interest sensitive assets.

NVR's homebuilding segment generates operating liquidity and acquires capital assets through fixed-rate and variable-rate debt. The homebuilding segment's primary variable-rate debt is a working capital revolving credit facility that currently provides for unsecured borrowings up to $85,000, subject to certain borrowing base limitations. The working capital credit facility expires May 31, 2004 and outstanding amounts bear interest at the election of NVR, at (i) the base rate of interest announced by the working capital credit facility agent or (ii) 1.35% above the Eurodollar Rate. The weighted average interest rate for the amounts outstanding under the Facility was 4.2% for 2001. There were no amounts outstanding under the working capital revolving credit facility at December 31, 2001.

The following table represents the contractual balances of NVR's on-balance sheet financial instruments in dollars at the expected maturity dates, as well as the fair values of those on balance sheet financial instruments, at December 31, 2001. The expected maturity categories take into consideration historical and anticipated prepayment speeds, as well as actual amortization of principal and does not take into consideration the reinvestment of cash or the refinancing of existing indebtedness. Because NVR sells all of the mortgage loans it originates into the secondary markets, NVR has made the assumption that the portfolio of mortgage loans held for sale will mature in the first year. Consequently, outstanding warehouse borrowings and repurchase facilities are also assumed to mature in the first year.

	Maturities (000's)							
	2002	2003	2004	2005	2006	Thereafter	Total	Fair Value
Mortgage banking segment								
Interest rate sensitive assets:								
Mortgage loans held for sale	142,059	-	-	-	-	-	142,059	142,736
Average interest rate	7.3%	-	-	-	-	-	7.3%	
Interest rate sensitive liabilities:								
Variable rate warehouse line of credit	115,057	-	-	-	-	-	115,057	115,057
Average interest rate (a)	2.3%	-	-	-	-	-	2.3%	
Variable rate repurchase agreements	3,464	-	-	-	-	-	3,464	3,464
Average interest rate	2.3%	-	-	-	-	-	2.3%	
Fixed rate capital lease obligations	106	84	-	-	-	-	190	190
Average interest rate	6.4%	6.4%	-	-	-	-	6.4%	
Other								
Forward trades of mortgage-backed securities	419	-	-	-	-	-	419	419
Forward loan commitments	(470)	-	-	-	-	-	(470)	(470)
Homebuilding segment								
Interest rate sensitive assets:								
Interest-bearing deposits	101,415	-	-	-	-	-	101,415	101,415
Average interest rate	1.4%	-	-	-	-	-	1.4%	
Interest rate sensitive liabilities:								
Variable rate working capital line of credit	-	-	-	-	-	-	-	-
Average interest rate	-	-	-	-	-	-	-	
Fixed rate obligations (b)	379	387	421	115,378	235	3,459	120,259	121,265
Average interest rate	8.1%	8.1%	8.1%	8.3%	12.1%	12.2%	8.3%	

(a) Average interest rate is net of credits received for compensating cash balances.

(b) The $115,378 maturing during 2005 includes $115,000 of NVR's 8% Senior Notes due June 2005.

Item 8. Financial Statements and Supplementary Data.

The financial statements listed in Item 14 are filed as part of this report and are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Item 10 is hereby incorporated by reference to NVR's Proxy Statement expected to be filed with the Securities and Exchange Commission on or prior to April 30, 2002. Reference is also made regarding the executive officers of the registrant to "Executive Officers of the Registrant" following Item 4 of Part I of this report.

Item 11. Executive Compensation.

Item 11 is hereby incorporated by reference to NVR's Proxy Statement expected to be filed with the Securities and Exchange Commission on or prior to April 30, 2002.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Item 12 is hereby incorporated by reference to NVR's Proxy Statement expected to be filed with the Securities and Exchange Commission on or prior to April 30, 2002.

Item 13. Certain Relationships and Related Transactions.

Item 13 is hereby incorporated by reference to NVR's Proxy Statement expected to be filed with the Securities and Exchange Commission on or prior to April 30, 2002.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

A. The following documents are filed as part of this report:

1. Financial Statements
   NVR, Inc. - Consolidated Financial Statements
   Report of Independent Auditors
   Consolidated Balance Sheets
   Consolidated Statements of Income
   Consolidated Statements of Shareholders' Equity
   Consolidated Statements of Cash Flows
   Notes to Consolidated Financial Statements

Exhibit Number	Description

2. Exhibits

2.1	Debtors' Second Amended Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code (as modified to July 21, 1993). Filed as Exhibit 2.1 to NVR, Inc.'s Registration Statement on Form S-1 (No. 33-63190) (the "1993 Registration Statement") and incorporated herein by reference.
3.1	Restated Articles of Incorporation of NVR, Inc. ("NVR"). Filed as Exhibit 3.7 to the 1993 Registration Statement and incorporated herein by reference.
3.2	Bylaws of NVR. Filed as Exhibit 3.8 to the 1993 Registration Statement and incorporated herein by reference.
4.1	Form of Trust Indenture between NVR, as issuer and the Bank of New York as trustee. Filed as Exhibit 4.3 to NVR's Current Report on Form 8-K filed April 23, 1998 and incorporated herein by reference.
4.2	Form of Note (included in Indenture filed as Exhibit 4.1).
4.3	Form of Supplemental Trust Indenture between NVR, as issuer, NVR Homes, Inc., as guarantor, and The Bank of New York, as trustee. Filed as Exhibit 4.3 to NVR's Current Report on Form 8-K filed April 23, 1998 and incorporated herein by reference.
4.4	Second Supplemental Indenture between NVR and the Bank of New York, as trustee dated February 27, 2001. Filed as Exhibit 4.5 to NVR's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.
10.1	Employment Agreement between NVR and Dwight C. Schar dated January 1, 2002. Filed herewith.
10.2	Employment Agreement between NVR and Paul C. Saville dated January 1, 2002. Filed herewith.
10.3	Employment Agreement between NVR and William J. Inman dated January 1, 2002. Filed herewith.
10.6	Loan Agreement dated as of September 7, 1999 among NVR Mortgage Finance, Inc. ("NVR Finance") and US Bank National Association, as Agent, and the other lenders party thereto. Filed as Exhibit 10.6 to NVR's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference.
10.7	NVR, Inc. Equity Purchase Plan. Filed as Exhibit 10.10 to the 1993 Registration Statement and incorporated herein by reference.
10.8	NVR, Inc. Directors Long-Term Incentive Plan. Filed as Exhibit 10.11 to NVR's 1993 Registration Statement and incorporated herein by reference.
10.9	NVR, Inc. Management Equity Incentive Plan. Filed as Exhibit 10.2 to NVR's 1993 Registration Statement and incorporated herein by reference.
10.10	Employee Stock Ownership Plan of NVR, Inc. Incorporated by reference to NVR's Annual Report on Form 10-K/A for the year ended December 31, 1994.
10.11	NVR, Inc. 1994 Management Equity Incentive Plan. Filed as Exhibit to NVR's Annual Report filed on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.
10.12	NVR, Inc. 1998 Management Long-Term Stock Option Plan. Filed as Exhibit 4 to NVR's Registration Statement on Form S-8 filed June 4, 1999 and incorporated herein by reference.

10.13 NVR, Inc. 1998 Directors' Long-Term Stock Option Plan. Filed as Exhibit 4 to NVR's Registration Statement on Form S-8 filed June 4, 1999 and incorporated herein by reference.

10.14 NVR, Inc. Management Long-Term Stock Option Plan. Filed as Exhibit 99.3 to NVR's Registration Statement on Form S-8 Registration Statement (No. 333-04975) filed May 31, 1996 and incorporated herein by reference.

10.15 NVR, Inc. Directors' Long-Term Stock Option Plan. Filed as Exhibit 99.3 to NVR's Registration Statement on Form S-8 Registration Statement (No. 333-04989) filed May 31, 1996 and incorporated herein by reference.

10.16 NVR, Inc. 2000 Broadly-Based Stock Option Plan. Filed as Exhibit 99.1 to NVR's Registration Statement on Form S-8 Registration Statement (No. 333-56732) filed March 8, 2001 and incorporated herein by reference.

10.17 Third Amended and Restated Credit Agreement dated as of September 30, 1998 among NVR, as borrower, and Certain Banks and BankBoston, as Agent for itself and Certain Banks. Filed as Exhibit 10.29 to NVR's Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference.

10.18 NVR, Inc. High Performance Compensation Plan dated as of January 1, 1996. Filed as Exhibit 10.30 to NVR's Annual Report on Form 10-K for the year ended December 31, 1996 and incorporated herein by reference.

10.19 NVR, Inc. High Performance Compensation Plan No. 2 dated as of January 1, 1999. Filed as Exhibit 10.31 to NVR's Annual Report filed on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference.

10.20 Mortgage Loan Purchase and Sale Agreement between Greenwich Capital Financial Products, Inc. and NVR Finance, dated as of July 22, 1998. Filed as Exhibit 10.34 to NVR's Annual Report filed on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference.

10.21 Second Amendment to Loan Agreement and Second Amendment to Pledge and Security Agreement dated September 1, 2000 between NVR Finance and U.S. Bank National Association, as agent, and other Lenders party thereto. Filed as Exhibit 10.36 to NVR's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.

10.22 Agreement to increase commitments under the NVR Mortgage Finance Warehouse Facility by and among NVR Finance, Comerica Bank, National City Bank of Kentucky, and U.S. Bank National Association. Filed herewith.

10.23 Amendment No. 5 to Third Amended and Restated Credit Agreement dated as of September 30, 1998 by and among NVR, Inc., as borrower, Fleet National Bank, successor by merger to BankBoston, N.A. and Certain Banks. Filed herewith.

11 Computation of Earnings per Share. Filed herewith.

21 NVR, Inc. Subsidiaries. Filed herewith.

23 Consent of KPMG LLP (independent auditors). Filed herewith.

3. Reports on Form 8-K

NVR did not file any reports on Form 8-K during the quarter ended December 31, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NVR, Inc.

By: /s/ Dwight C. Schar

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

Dated: February 8, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Dwight C. Schar Dwight C. Schar	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	February 8, 2002
/s/ C. Scott Bartlett, Jr. C. Scott Bartlett, Jr.	Director	February 8, 2002
/s/ Manuel H Johnson Manuel H. Johnson	Director	February 8, 2002
/s/ William A. Moran William A. Moran	Director	February 8, 2002
/s/ David A. Preiser David A. Preiser	Director	February 8, 2002
/s/ George E. Slye George E. Slye	Director	February 8, 2002
/s/ John M. Toups John M. Toups	Director	February 8, 2002
/s/ Paul C. Saville Paul C. Saville	Executive Vice President, Chief Financial Officer and Treasurer	February 8, 2002

Independent Auditors' Report

The Board of Directors and Shareholders
NVR, Inc.:

We have audited the accompanying consolidated balance sheets of NVR, Inc. and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NVR, Inc. and subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

McLean, Virginia
January 24, 2002

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

	December 31, 2001	December 31, 2000
ASSETS		
Homebuilding:		
Cash and cash equivalents	$ 134,181	$ 130,079
Receivables	5,745	6,670
Inventory:		
Lots and housing units, covered under sales agreements with customers	356,275	294,094
Unsold lots and housing units	37,265	32,600
Manufacturing materials and other	8,835	7,987
	402,375	334,681
Property, plant and equipment, net	15,397	13,514
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	47,741
Goodwill, net	6,379	7,472
Contract land deposits	155,652	96,119
Deferred tax assets, net	51,283	43,844
Other assets	25,273	17,366
	837,865	697,486
Mortgage Banking:		
Cash and cash equivalents	4,430	7,629
Mortgage loans held for sale, net	142,059	120,999
Mortgage servicing rights, net	1,328	1,479
Property and equipment, net	781	2,351
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	8,435
Other assets	1,237	2,881
	157,182	143,774
Total assets	$ 995,047	$ 841,260

(Continued)

See notes to consolidated financial statements.

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

	December 31, 2001	December 31, 2000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Homebuilding:		
Accounts payable	$ 127,658	$ 108,064
Accrued expenses and other liabilities	114,781	111,535
Obligations under incentive plans	72,241	62,252
Customer deposits	81,924	63,486
Notes payable	-	210
Other term debt	5,259	4,957
Senior notes	115,000	115,000
	516,863	465,504
Mortgage Banking:		
Accounts payable and other liabilities	10,355	9,760
Notes payable	118,711	53,488
	129,066	63,248
Total liabilities	645,929	528,752
Forward purchase contract obligation	-	65,028
Commitments and contingencies		
Shareholders' equity:		
Common stock, $0.01 par value; 60,000,000 shares authorized; 20,614,365 shares issued for 2001 and 2000, respectively	206	206
Additional paid-in-capital	193,757	115,136
Deferred compensation trust- 393,955 and 337,703 shares of NVR, Inc. common stock for 2001 and 2000, respectively	(24,201)	(15,915)
Deferred compensation liability	24,201	15,915
Retained earnings	636,604	399,810
Less treasury stock at cost - 13,139,332 and 11,755,671 shares for 2001 and 2000, respectively	(481,449)	(267,672)
Total shareholders' equity	349,118	247,480
Total liabilities and shareholders' equity	$ 995,047	$ 841,260

See notes to consolidated financial statements.

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

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Homebuilding:			
Revenues	$ 2,559,744	$ 2,267,810	$ 1,942,660
Other income	3,513	3,578	1,712
Cost of sales	(2,002,290)	(1,834,059)	(1,610,727)
Selling, general and administrative	(178,075)	(153,208)	(140,762)
Amortization of reorganization value in excess of amounts allocable to identifiable assets/goodwill	(7,254)	(7,254)	(7,254)
Operating income	375,638	276,867	185,629
Interest expense	(11,858)	(12,614)	(13,533)
Homebuilding income	363,780	264,253	172,096
Mortgage Banking:			
Mortgage banking fees	52,591	37,944	48,165
Interest income	7,025	6,541	13,556
Other income	879	534	598
General and administrative	(26,801)	(32,424)	(40,063)
Amortization of reorganization value in excess of amounts allocable to identifiable assets/goodwill	(1,088)	(1,252)	(1,636)
Interest expense	(1,728)	(3,016)	(7,504)
Restructuring and asset impairment charge	--	(5,726)	--
Operating income	30,878	2,601	13,116
Total segment income	394,658	266,854	185,212
Income tax expense	(157,864)	(108,608)	(76,331)
Net income	$ 236,794	$ 158,246	$ 108,881
Basic earnings per share	$ 29.87	$ 17.42	$ 10.69
Diluted earnings per share	$ 24.86	$ 14.98	$ 9.01

See notes to consolidated financial statements.

NVR, Inc.
Consolidated Statements of Shareholders' Equity
(dollars in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Deferred Compensation Trust	Deferred Compensation Liabilitiy	Total
Balance, December 31, 1998	$ 202	$ 174,173	$ 132,683	$ (141,339)	$ -	$ -	165,719
Net income	-	-	108,881	-	-	-	108,881
Purchase of common stock for treasury	-	-	-	(101,765)	-	-	(101,765)
Performance share activity	-	13,412	-	5,322	-	-	18,734
Tax benefit from stock options exercised	-	7,542	-	-	-	-	7,542
Option activity	4	1,525	-	-	-	-	1,529
Balance, December 31, 1999	206	196,652	241,564	(237,782)	-	-	200,640
Net income	-	-	158,246	-	-	-	158,246
Deferred compensation activity	-	(14,918)	-	14,451	(15,915)	15,915	(467)
Purchase of common stock for treasury	-	-	-	(53,677)	-	-	(53,677)
Performance share activity	-	(3,595)	-	3,674	-	-	79
Tax benefit from stock options exercised	-	4,628	-	-	-	-	4,628
Option activity	-	3,059	-	-	-	-	3,059
Treasury stock issued upon option exercise	-	(5,662)	-	5,662	-	-	-
Forward purchase contract obligation	-	(65,028)	-	-	-	-	(65,028)
Balance, December 31, 2000	206	115,136	399,810	(267,672)	(15,915)	15,915	247,480
Net income	-	-	236,794	-	-	-	236,794
Deferred compensation activity	-	-	-	-	(8,286)	8,286	-
Purchase of common stock for treasury	-	-	-	(223,839)	-	-	(223,839)
Performance share activity	-	79	-	-	-	-	79
Tax benefit from stock options exercised	-	17,363	-	-	-	-	17,363
Option activity	-	6,213	-	-	-	-	6,213
Treasury stock issued upon option exercise	-	(10,062)	-	10,062	-	-	-
Forward purchase contract obligation	-	65,028	-	-	-	-	65,028
Balance, December 31, 2001	$ 206	$ 193,757	$ 636,604	$ (481,449)	$ (24,201)	$ 24,201	$ 349,118

See notes to consolidated financial statements

NVR, Inc.
Consolidated Statements of Cash Flows
(dollars in thousands)

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Cash flows from operating activities:			
Net income	$ 236,794	$ 158,246	$ 108,881
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,162	13,840	14,727
Restructuring and asset impairment charge	--	5,726	--
Gain on sales of loans	(37,663)	(25,512)	(33,807)
Deferred tax benefit	(6,277)	(6,983)	(11,911)
Mortgage loans closed	(1,885,395)	(1,749,720)	(2,911,865)
Proceeds from sales of mortgage loans	1,884,320	1,776,595	3,027,057
Gain on sales of mortgage servicing rights	(642)	(756)	(2,962)
Net change in assets and liabilities, net of acquisitions:			
Increase in inventories	(67,694)	(11,226)	(34,817)
Increase in contract land deposits	(59,533)	(33,335)	(22,085)
Decrease (increase) in receivables	1,584	(2,638)	(2,517)
Increase in accounts payable and accrued expenses	66,337	46,764	43,444
Increase in obligations under incentive plans	9,989	24,731	14,006
Other, net	(6,665)	(2,026)	27,202
Net cash provided by operating activities	150,317	193,706	215,353
Cash flows from investing activities:			
Proceeds from sales of mortgage-backed securities	4,102	--	--
Business acquisition, net of cash acquired	--	--	(3,697)
Purchase of property, plant and equipment	(6,694)	(5,027)	(9,070)
Principal payments on mortgage-backed securities	530	826	1,765
Proceeds from sales of mortgage servicing rights	16,677	15,762	31,647
Other, net	1,261	572	5,450
Net cash provided by investing activities	15,876	12,133	26,095
Cash flows from financing activities:			
Redemption of mortgage-backed bonds	(4,693)	(817)	(2,300)
Extinguishment of 8% senior notes	--	(30,000)	--
Purchases of treasury stock	(223,839)	(53,677)	(101,765)
Purchase of NVR common stock for deferred comp plan	(8,286)	(1,606)	--
Net borrowings (repayments) under notes payable and credit lines	65,315	(74,217)	(118,290)
Exercise of stock options	6,213	3,060	1,529
Net cash used by financing activities	(165,290)	(157,257)	(220,826)
Net increase in cash	903	48,582	20,622
Cash, beginning of year	137,708	89,126	68,504
Cash, end of year	$ 138,611	$ 137,708	$ 89,126
Supplemental disclosures of cash flow information:			
Interest paid during the year	$ 12,588	$ 15,858	$ 21,115
Income taxes paid during the year, net of refunds	$ 144,354	$ 102,694	$ 78,493

See notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NVR, Inc. ("NVR" or the "Company"), its wholly owned subsidiaries and certain partially owned entities. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of three months or less.

Homebuilding Inventory

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

Intangible Assets

Reorganization value in excess of amounts allocable to identifiable assets ("excess reorganization value") was being amortized on a straight-line basis assuming a 15 year useful life. Accumulated amortization as of December 31, 2001 and 2000 was $63,775 and $56,526, respectively. Determination of any impairment losses related to this intangible asset has been based on consideration of projected undiscounted cash flows.

The excess of amounts paid for business acquisitions over the net fair value of the assets acquired and the liabilities assumed has been amortized using the straight line method ranging from five to ten years. Accumulated amortization was $4,557 and $3,464 at December 31, 2001 and 2000, respectively. During 2000, as part of the mortgage banking segment's restructuring plan, NVR wrote off $2,575 of goodwill remaining from the acquisition in March 1999 of First Republic Mortgage Corporation ("First Republic") (See note 11). Determination of any impairment losses related to this intangible asset was based on consideration of projected undiscounted cash flows.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting for excess reorganization value and goodwill from an amortization approach to an impairment only approach. The Company will implement SFAS No. 142 during the first quarter of 2002 and will discontinue the amortization of excess reorganization value and goodwill as of December 31, 2001. Pursuant to the transition guidance in SFAS No. 142, management will be performing an impairment test as defined in SFAS No. 142 during the first quarter of 2002.

Management does not expect that NVR will incur an impairment loss relative to its existing excess reorganization value and goodwill upon adoption of SFAS No. 142 on January 1, 2002. Thereafter, measurement of impairment will be performed in accordance with the requirements of SFAS No. 142.

Mortgage Loans Held for Sale, Derivatives and Hedging Activities

In the normal course of business, NVR's mortgage segment enters into contractual commitments to extend credit to buyers of single-family homes with fixed expiration dates. The commitments become effective when the borrowers "lock-in" a specified interest rate within time frames established by NVR. All mortgagors are evaluated for credit worthiness prior to the extension of the commitment. Market risk arises if interest rates move adversely between the time of the "lock-in" of rates by the borrower and the sale date of the loan to a broker/dealer. To mitigate the effect of the interest rate risk inherent in providing rate lock commitments to borrowers, the Company enters into optional and mandatory delivery forward sale contracts to sell whole loans and mortgage-backed securities to broker/dealers. The forward sale contracts lock in an interest rate and price for the sale of loans similar to the specific rate lock commitments classified as derivatives. Both the rate lock commitments to borrowers and the forward sale contracts to broker/dealers are undesignated derivatives, and accordingly are marked to market through earnings. From the time NVR funds the rate lock commitments until the loans are delivered into the forward sales contracts, the forward sales contracts are designated as a fair value hedge of the Company's closed loan inventory. Both the forward sales contracts and the closed loans are marked to market. Although minimal, any hedge ineffectiveness is recorded as a component of mortgage banking fees. NVR does not engage in speculative or trading derivative activities. At December 31, 2001, there were contractual commitments to extend credit to borrowers aggregating $162,114, and open forward delivery sales contracts aggregating $145,269.

Mortgage-Backed Securities and Mortgage-Backed Bonds

The Company's consolidated balance sheets for all periods presented reflect its ownership interests in mortgage-backed securities net of the related mortgage-backed bonds as a component of other assets of the mortgage banking segment, and the consolidated statements of income for all periods presented reflect earnings from such interests net of the related interest expense as a component of other income of the mortgage banking segment.

On October 1, 2001, the Company called all of its outstanding mortgage-backed bonds and subsequently sold its ownership interest in the mortgage-backed securities. No material gain or loss was recognized as a result of the sale of the mortgage-backed securities or bond redemption. Ryan Mortgage Acceptance Corporation IV, the entity that issued the bonds and held the mortgage-backed securities, has been dissolved as of December 31, 2001.

Earnings per Share

The following weighted average shares and share equivalents are used to calculate basic and diluted EPS for the years ended December 31, 2001, 2000 and 1999:

(dollars in thousands, except per share data)

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Weighted average number of shares outstanding used to calculate basic EPS	7,927,315	9,084,041	10,189,878
Dilutive securities: Stock options and forward purchase contract obligation	1,598,645	1,480,174	1,898,510
Weighted average number of shares and share equivalents outstanding used to calculate diluted EPS	9,525,960	10,564,215	12,088,388

Revenues-Homebuilding Operations

NVR builds light-frame, low-rise residences which generally are produced on a pre-sold basis for the ultimate customer. Revenues are recognized at the time units are completed and title passes to the customer.

Mortgage Banking Fees

Mortgage banking fees include income earned by NVR's mortgage banking subsidiaries for originating mortgage loans, servicing mortgage loans held in the servicing portfolio, title fees, gains and losses on the sale of mortgage loans and mortgage servicing and other activities incidental to mortgage banking.

Mortgage Servicing Rights

Mortgage servicing rights are recorded by allocating the total cost of acquired mortgage loans to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values.

The amount capitalized on the balance sheet represents servicing rights that will be sold on a flow basis under existing sales contracts and are carried at their relative fair value. The permanent servicing portfolio has a carrying value of zero because the related loans were originated and sold prior to the Company's adoption of the SFAS No. 122 on January 1, 1995.

Depreciation

Depreciation is based on the estimated useful lives of the assets using the straight-line method. Amortization of capital lease assets is included in depreciation expense. Model home furniture and fixtures are generally depreciated over a two year period, office facilities and other equipment are depreciated over a period from three to ten years, manufacturing facilities are depreciated over a period of from five to forty years and property under capital lease is depreciated in a manner consistent with the Company's depreciation policy for owned assets.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Financial Instruments

Except as otherwise noted here, NVR believes that insignificant differences exist between the carrying value and the fair value of its financial instruments. The estimated fair value of NVR's 8% Senior Notes due 2005 as of December 31, 2001 and 2000 was $116,006 and $111,550, respectively. The estimated fair values are based on quoted market prices. The carrying value was $115,000 at December 31, 2001 and 2000.

Stock-Based Compensation

As permitted under SFAS No. 123, NVR has elected to continue to follow the guidance of Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees, and related interpretations including FASB Interpretation No. 44, Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25, in accounting for its stock-based employee compensation arrangements. The pro forma financial information required by SFAS No. 123 is included in note 9.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Segment Information, Nature of Operations, and Certain Concentrations

NVR operates in two business segments: homebuilding and mortgage banking. The homebuilding segment is one of the largest homebuilders in the United States and in the Washington, D.C. and Baltimore, Maryland metropolitan areas, where NVR derived approximately 59% of its 2001 homebuilding revenues. NVR's homebuilding segment primarily constructs and sells single-family detached homes, townhomes and condominium buildings under three tradenames: Ryan Homes, NVHomes and Fox Ridge Homes. The Ryan Homes product is built in eighteen metropolitan areas located in Maryland, Virginia, West Virginia, Pennsylvania, New York, North Carolina, South Carolina, Ohio, New Jersey, Delaware, and Tennessee. The Fox Ridge Homes product is built solely in the Nashville, Tennessee metropolitan area. The Ryan Homes and Fox Ridge Homes products are moderately priced and marketed primarily towards first-time homeowners and first-time move-up buyers. The NVHomes product is built in the Washington, D.C., Baltimore, MD, Charlotte, NC and Philadelphia, PA metropolitan areas, and is marketed primarily to move-up and up-scale buyers.

The mortgage banking segment is a regional mortgage banking operation. NVR's mortgage banking business generates revenues primarily from origination fees, gains on sales of loans, title fees, and sales of servicing rights. A substantial portion of the Company's mortgage operations is conducted in the Washington, D.C and Baltimore, MD metropolitan areas. Based on NVR's business restructuring, substantially all of the mortgage banking segment's ongoing loan closing activity will be for NVR's homebuilding customers (See note 11).

Corporate general and administrative expenses are fully allocated to the homebuilding and mortgage banking segments in the information presented below.

(dollars in thousands, except per share data)

For the Year Ended December 31, 2001

	Homebuilding	Mortgage Banking	Totals	
Revenues	$ 2,559,744	$ 52,591	$ 2,612,335	(a)
Interest income	1,145	7,025	8,170	(a)
Interest expense	11,858	1,728	13,586	(a)
Depreciation and amortization	6,020	800	6,820	(b)
Segment profit	371,034	31,966	403,000	(b)
Segment assets	789,906	149,835	939,741	(b)
Expenditures for segment assets	6,595	99	6,694	(a)

(a) Total amounts for the reportable segments equal the respective amounts for the consolidated enterprise.
(b) The following reconciles segment profit and segment assets to the respective amounts for the consolidated enterprise:

	Homebuilding	Mortgage Banking	Totals
Segment depreciation and amortization	$ 6,020	$ 800	$ 6,820
Add: amortization of excess reorganization value and goodwill	7,254	1,088	8,342
Consolidated depreciation and amortization	$ 13,274	$ 1,888	$ 15,162

	Homebuilding	Mortgage Banking	Totals
Segment profit	$ 371,034	$ 31,966	$ 403,000
Less: amortization of excess reorganization value and goodwill	(7,254)	(1,088)	(8,342)
Consolidated income before income taxes	$ 363,780	$ 30,878	$ 394,658
Segment assets	$ 789,906	$ 149,835	$ 939,741
Add: Excess reorganization value and goodwill	47,959	7,347	55,306
Total consolidated assets	$ 837,865	$ 157,182	$ 995,047

For the Year Ended December 31, 2000

	Homebuilding	Mortgage Banking	Totals	
Revenues	$ 2,267,810	$ 37,944	$ 2,305,754	(c)
Interest income	2,233	6,541	8,774	(c)
Interest expense	12,614	3,016	15,630	(c)
Depreciation and amortization	4,693	641	5,334	(d)
Segment profit	271,507	3,853	275,360	(d)
Segment assets	642,273	135,339	777,612	(d)
Expenditures for segment assets	4,824	203	5,027	(c)

(c) Total amounts for the reportable segments equal the respective amounts for the consolidated enterprise.
(d) The following reconciles segment profit and segment assets to the respective amounts for the consolidated enterprise:

(dollars in thousands, except per share data)

	Homebuilding	Mortgage Banking	Totals
Segment depreciation and amortization	$ 4,693	$ 641	$ 5,334
Add: amortization of excess reorganization value and goodwill	7,254	1,252	8,506
Consolidated depreciation and amortization	$ 11,947	$ 1,893	$ 13,840
Segment profit	$ 271,507	$ 3,853	$ 275,360
Less: amortization of excess reorganization value and goodwill	(7,254)	(1,252)	(8,506)
Consolidated income before income taxes	$ 264,253	$ 2,601	$ 266,854
Segment assets	$ 642,273	$ 135,339	$ 777,612
Add: Excess reorganization value and goodwill	55,213	8,435	63,648
Total consolidated assets	$ 697,486	$ 143,774	$ 841,260

For the Year Ended December 31, 1999

	Homebuilding	Mortgage Banking	Totals
Revenues	$ 1,942,660	$ 48,165	$ 1,990,825 (e)
Interest income	141	13,556	13,697 (e)
Interest expense	13,533	7,504	21,037 (e)
Depreciation and amortization	3,775	2,062	5,837 (f)
Segment profit	179,350	14,752	194,102 (f)
Segment assets	529,268	163,284	692,552 (f)
Expenditures for segment assets	6,465	2,605	9,070 (e)

(e) Total amounts for the reportable segments equal the respective amounts for the consolidated enterprise.
(f) The following reconciles segment profit and segment assets to the respective amounts for the consolidated enterprise:

	Homebuilding	Mortgage Banking	Totals
Segment depreciation and amortization	$ 3,775	$ 2,062	$ 5,837
Add: amortization of excess reorganization value and goodwill	7,254	1,636	8,890
Consolidated depreciation and amortization	$ 11,029	$ 3,698	$ 14,727
Segment profit	$ 179,350	$ 14,752	$ 194,102
Less: amortization of excess reorganization value and goodwill	(7,254)	(1,636)	(8,890)
Consolidated income before income taxes and extraordinary loss	$ 172,096	$ 13,116	$ 185,212
Segment assets	$ 529,268	$ 163,284	$ 692,552
Add: Excess reorganization value and goodwill	62,467	12,262	74,729
Total consolidated assets	$ 591,735	$ 175,546	$ 767,281

(dollars in thousands, except per share data)

3. Related Party Transactions

During 2001, 2000, and 1999, NVR purchased, at market prices, developed lots from a company that is controlled by a member of the board of directors. Those purchases totaled approximately $19,000 , $25,000 and $19,000 during 2001, 2000 and 1999, respectively. NVR expects to purchase the majority of the remaining lots under contract as of December 31, 2001 over the next 18 to 24 months for an aggregate purchase price of approximately $26,000.

During the years ended December 31, 2001, 2000 and 1999, NVR's corporate secretary and general counsel was a partner in a law firm that invoiced NVR approximately $720, $560 and $471, respectively, in fees and expenses for legal services.

4. Loan Servicing Portfolio

At December 31, 2001 and 2000, NVR was servicing approximately 2,200 and 3,000 mortgage loans for various investors with aggregate balances of approximately $223,000 and $275,000, respectively.

At December 31, 2001, NVR had net capitalized mortgage servicing rights of $1,328 which related to approximately $139,000 of the aggregate $223,000 in loans serviced. The mortgage servicing rights associated with the remaining $84,000 in loans serviced are not subject to capitalization because the loans were originated and sold prior to NVR's adoption of SFAS No. 122 on January 1, 1995.

NVR's permanent servicing portfolio has been fully amortized, and has a carrying value of zero. The amount capitalized on the balance sheet represents servicing rights that will be sold on a flow basis under existing sales contracts and are carried at their relative fair value.

5. Property, Plant and Equipment, net

	December 31, 2001	December 31, 2000
Homebuilding:		
Office facilities and other	$ 7,043	$ 6,496
Model home furniture and fixtures	11,680	9,776
Manufacturing facilities	9,860	9,196
Property under capital leases	7,631	6,374
	36,214	31,842
Less: accumulated depreciation	(20,817)	(18,328)
	$ 15,397	$ 13,514
Mortgage Banking:		
Office facilities and other	$ 2,327	$ 5,372
Less: accumulated depreciation	(1,546)	(3,021)
	$ 781	$ 2,351

Certain property, plant and equipment listed above are collateral for various debt of NVR and certain of its subsidiaries as more fully described in note 6.

(dollars in thousands, except per share data)

6. Debt

	December 31, 2001	December 31, 2000
Homebuilding:		
Notes payable:		
Working capital revolving credit (a)	$ -	$ -
Other	-	210
	$ -	$ 210
Other term debt:		
Capital lease obligations due in monthly installments through 2016 (b)	$ 5,259	$ 4,957
Senior notes (c)	$ 115,000	$ 115,000
Mortgage Banking:		
Mortgage warehouse revolving credit (d)	$ 115,057	$ 53,190
Mortgage repurchase facility (e)	3,464	-
Capital lease and financing obligations due in monthly installments through 2004 (b)	190	298
	$ 118,711	$ 53,488

(a) The Company, as borrower, has available an unsecured working capital revolving credit facility (the "Facility") that currently provides for unsecured borrowings up to $85,000, subject to certain borrowing base limitations. The Facility is generally available to fund working capital needs of NVR's homebuilding segment. Up to approximately $40,000 of the Facility is currently available for issuance in the form of letters of credit, of which $17,798 and $15,779 were issued at December 31, 2001 and 2000, respectively. The Facility expires May 31, 2004 and outstanding amounts bear interest at the election of the Company, at (i) the base rate of interest announced by the Facility agent or (ii) 1.35% above the Eurodollar Rate. The weighted average interest rates for the amounts outstanding under the Facility were 4.2% and 8.0% for 2001 and 2000, respectively. At December 31, 2001, there were no borrowing base limitations reducing the amount available to the Company for borrowings.

The Facility contains numerous operating and financial covenants, including required levels of net worth, fixed charge coverage ratios, and several other covenants related to the construction operations of NVR. In addition, the Facility contains restrictions on the ability of NVR to, among other things, incur debt and make investments. Also, the Facility prohibits NVR from paying dividends to shareholders.

(b) The capital lease obligations have fixed interest rates ranging from 3.0% to 13.0% and are collateralized by land, buildings and equipment with a net book value of approximately $5,346 and $5,900 at December 31, 2001 and 2000, respectively.

The following schedule provides future minimum lease payments under all financing and capital leases together with the present value as of December 31, 2001:

Years ending December 31,	
2002	$ 1,062
2003	1,010
2004	925
2005	841
2006	669
Thereafter	5,472
	9,979
Amount representing interest	(4,530)
	$ 5,449

(c) On January 20, 1998, the Company filed a shelf registration statement with the Securities and

Exchange Commission for the issuance of up to $400,000 of the Company's debt securities. The shelf registration statement was declared effective on February 27, 1998 and provides that securities may be offered from time to time in one or more series, and in the form of senior or subordinated debt.

On April 14, 1998, the Company completed an offering under the shelf registration statement for $145,000 of senior notes due 2005 (the "Senior Notes"), resulting in aggregate net proceeds to the Company of approximately $142,800 after fees and expenses. The Senior Notes mature on June 1, 2005 and bear interest at 8%, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 1998. The Senior Notes are senior unsecured obligations of the Company, ranking equally in right of payment with the Company's other existing and future unsecured indebtedness. The Senior Notes are redeemable at the option of the Company, in whole or in part, at any time on or after June 1, 2003 at redemption prices ranging from 104% of par in 2003 to par beginning in 2005.

The indenture governing the Senior Notes has, among other items, limitations on asset sales by NVR and requires that NVR, on a consolidated basis, maintain a net worth of at least $80,000. In addition, the indenture limits dividends, certain investments and NVR's ability to incur additional debt if NVR is in default under the indenture or if NVR does not meet certain fixed charge coverage ratios.

On February 27, 2001, NVR successfully completed a solicitation of consents from holders of its Senior Notes to amend the Indenture governing the Senior Notes. The amendment to the Indenture provides for NVR to repurchase up to an aggregate $85,000 of its Capital Stock in one or more open market and/or privately negotiated transactions through March 31, 2002. As of December 31, 2001, NVR had fully utilized the $85,000 for its intended purpose. In March 2001, NVR paid to each holder of the Notes who provided consent, an amount equal to 4.5% of the principal amount of such holder's Notes.

During 2000, NVR purchased, in the open market, an aggregate of $30,000 in principal amount of Senior Notes. The Senior Notes were purchased at par, with no material gain or loss resulting from the transaction. There is an aggregate of $115,000 of Senior Notes outstanding at December 31, 2001.

(d) The mortgage warehouse facility ("Mortgage Warehouse Revolving Credit") of NVR Finance had a borrowing limit at December 31, 2001 of $175,000. The borrowing limit was reduced to $125,000 on January 1, 2002. The interest rate under the Mortgage Warehouse Revolving Credit agreement is either: (i) the London Interbank Offering Rate ("Libor") plus 1.25%, or (ii) 1.25% to the extent that NVR Finance provides compensating balances. The weighted average interest rates for amounts outstanding under the Mortgage Warehouse Revolving Credit facility were 2.3% and 3.3% during 2001 and 2000, respectively. Primarily mortgage loans and gestation mortgage-backed securities collateralize the Mortgage Warehouse Revolving Credit borrowings. The Mortgage Warehouse Revolving Credit facility is an annually renewable facility and currently expires August 30, 2002.

The Mortgage Warehouse Revolving Credit agreement includes, among other items, restrictions on NVR Finance incurring additional borrowings and making intercompany dividends and tax payments. In addition, NVR Finance is required to maintain a minimum net worth of $10,000.

(e) NVR Finance from time to time enters into various gestation and repurchase agreements. NVR Finance currently has available an aggregate of $75,000 of borrowing capacity in such uncommitted facilities. Amounts outstanding thereunder accrue interest at various rates tied to the Libor rate and are collateralized by gestation mortgage-backed securities and whole loans. The uncommitted facilities generally require NVR Finance to, among other items, maintain a minimum net worth and limit its level of liabilities in relation to its net worth. The weighted average interest rates for amounts outstanding under these uncommitted facilities were 4.3% and 6.7% during 2001 and 2000, respectively. The average amount outstanding under these uncommitted facilities was $14,297 and $33,117 during 2001 and 2000 respectively.

* * * * *

(dollars in thousands, except per share data)

Maturities with respect to all notes payable, revolving and repurchase credit facilities, other term debt, and the Senior Notes as of December 31, 2001 are as follows:

Years ending December 31,	
2002	$ 119,006
2003	471
2004	421
2005	115,378
2006	235
Thereafter	3,459

The $119,006 maturing in 2002 includes $115,057 of borrowings under the Mortgage Warehouse Revolving Credit facility that were repaid in January 2002. The $115,378 maturing during 2005 includes $115,000 of Senior Notes which mature in June 2005.

At December 31, 2001, the homebuilding and mortgage banking segments had restricted cash of $2,692 and $2,510, respectively, which includes certain customer deposits, mortgagor tax, insurance, completion escrows and other amounts collected at closing which relates to mortgage loans held for sale and to home sales.

7. Common Stock and Forward Purchase Contract Obligation

There were 7,475,033 and 8,858,694 common shares outstanding at December 31, 2001 and 2000, respectively. As of December 31, 2001, NVR had reacquired a total of 15,297,097 shares of NVR common shares at an aggregate cost of $530,320 since December 31, 1993. There have been 2,157,765 common shares reissued from the treasury in satisfaction of employee benefit obligations and stock option exercises. Beginning in 1999, the Company issues shares from the treasury for all stock option exercises. During 2001, 344,055 such shares were issued.

On October 3, 2000, NVR reached agreement with a shareholder to purchase approximately 780,000 shares of its common stock effective January 2, 2001 for an aggregate purchase price of approximately $65,000. The shareholder is not affiliated with NVR or its subsidiaries. At December 31, 2000, the forward purchase contract obligation is presented separately outside of equity in the accompanying balance sheet as temporary equity. On January 2, 2001, NVR settled the transaction with the shareholder by taking physical delivery of the shares for the agreed upon purchase price paid in cash. Of the approximately 780,000 shares settled, approximately 86,000 shares were used for the Company's employer contribution to the Employee Stock Ownership Plan for plan year 2000 and approximately 30,000 shares were used for the Deferred Compensation Plan (see note 9). The remaining shares were retained in treasury.

(dollars in thousands, except per share data)

8. Income Taxes

The provision for income taxes consists of the following:

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Current:			
Federal	$ 139,501	$ 101,267	$ 72,664
State	24,640	14,324	15,578
Deferred:			
Federal	(5,209)	(6,560)	(8,374)
State	(1,068)	(423)	(3,537)
	$ 157,864	$ 108,608	$ 76,331

In addition to amounts applicable to income before taxes, the following income tax benefits were recorded in shareholders' equity:

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Income tax benefits arising from compensation expense for tax purposes in excess of amounts recognized for financial statement purposes	$ 17,363	$ 4,628	$ 7,542

Deferred income taxes on NVR's consolidated balance sheets are comprised of the following:

	December 31, 2001	December 31, 2000
Deferred tax assets:		
Other accrued expenses	$ 24,053	$ 21,945
Deferred compensation	21,031	17,290
Uniform capitalization	4,672	3,893
Other	5,228	7,075
Total deferred tax assets	54,984	50,203
Less: deferred tax liabilities	2,860	5,302
	$ 52,124	$ 44,901

Deferred tax assets arise principally as a result of various accruals required for financial reporting purposes and deferred compensation, which are not currently deductible for tax return purposes.

Management believes the Company will have sufficient available carry-backs and future taxable income to make it more likely than not that the net deferred tax asset will be realized. Taxable income was approximately $360,857 and $282,523 for the years ended December 31, 2001 and 2000.

A reconciliation of income tax expense in the accompanying statements of income to the amount computed by applying the statutory Federal income tax rate to income of 35% before income taxes and extraordinary losses is as follows:

(dollars in thousands, except per share data)

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
Income taxes computed at the Federal statutory rate	$ 138,131	$ 93,399	$ 64,824
State income taxes, net of Federal income tax benefit	15,322	9,036	7,827
Non-deductible amortization	2,537	2,345	2,729
Other, net	1,874	3,828	951
	$ 157,864	$ 108,608	$ 76,331

In January 2002, NVR amended one of its long-term cash incentive plans, requiring executive officers to defer receipt of payments due under the plan until separation of service with NVR. The effect of this amendment, estimated to produce approximately an $8,000 deferred tax benefit for compensation expensed prior to December 31, 2001, will reduce NVR's 2002 effective tax rate below current levels as a result of converting these compensation-related permanent tax differences to temporary differences as of the amendment date.

9. Profit Sharing and Incentive Plans

Profit Sharing Plans--NVR has a trustee-administered, profit sharing retirement plan (the "Profit Sharing Plan") and an Employee Stock Ownership Plan ("ESOP") covering substantially all employees. The Profit Sharing Plan and the ESOP provide for annual discretionary contributions in amounts as determined by the NVR Board of Directors (the "Board"). The combined plan expense for the years ended December 31, 2001, 2000 and 1999 was $8,250, $8,320 and $7,712, respectively. During 2001 and 2000, the ESOP purchased in the open market 53,930 shares and 11,000 shares, respectively, of NVR common stock using cash contributions provided by NVR. As of December 31, 2001, all shares held by the ESOP have been committed to be released to participant accounts.

High Performance Compensation Plans--The Company has established the High Performance Compensation Plan (the "HP Plan") to reward executive officers and other key personnel for superior performance and to encourage retention of key personnel. Performance is measured under the HP Plan based upon the Company's earnings per share growth over a three-year period as compared to an established threshold. Any compensation benefits earned by Participants under the HP Plan vest in one-third increments on the last day of each of the three years immediately succeeding the measurement period based upon continued employment by the Participant. Compensation expense recognized pursuant to the HP Plan totaled $14,946, $24,264 and $11,095 at December 31, 2001, 2000 and 1999, respectively.

Management Incentive Plans--Management long-term incentive plans provide several types of equity incentives to NVR's executives and managers. The equity incentives take the form of stock options and performance share awards as described below. Stock options issued under the management long-term incentive plans are issued with an exercise price equal to the market value of the underlying shares on the date of grant.

Under the Management Incentive Plan adopted by the Board in 1993, participants received options to purchase a total of 1,117,949 NVR shares (the "1993 NVR Share Options"). The 1993 NVR Share Options issued under the Management Incentive Plan were fully vested as of December 31, 1996, and generally expire 10 years after the dates upon which they were granted.

Under the 1994 Management Incentive Plan (the "1994 Incentive Plan"), executive officers and other employees of the Company were eligible to receive stock options (the "1994 NVR Share Options") and performance shares (the "1994 Performance Shares"). There were 48,195 1994 NVR Share Options and

1,124,929 1994 Performance Shares authorized for grant under the 1994 Incentive Plan. The 1994 NVR Share Options generally expire 10 years after the dates upon which they were granted, and were fully vested as of December 31, 1999. All 1,124,929 1994 Performance Shares have been granted to employees under the 1994 Incentive Plan, and all 1994 Performance Shares were vested as of December 31, 1999. Compensation expense of $18,670 was recognized for the 1994 Performance Shares in 1999.

During 1996, the Company's Shareholders approved the Board of Directors' adoption of the Management Long-Term Stock Option Plan (the "1996 Option Plan"). There are 2,000,000 non-qualified stock options ("Options") authorized under the Management Long Term Stock Option Plan. The Options generally expire 10 years after the dates upon which they were granted, and vest in one-third increments on each of December 31, 2000, 2001 and 2002, with vesting based upon continued employment.

During 1999, the Company's Shareholders approved the Board of Directors' adoption of the 1998 Management Long-Term Stock Option Plan (the "1998 Option Plan"). There are 1,000,000 non-qualified stock options ("Options") authorized under the 1998 Option Plan. The Options generally expire 10 years after the dates upon which they were granted, and vest in one-third increments on each of December 31, 2003, 2004 and 2005, with vesting based upon continued employment.

During 2000, the Board approved the 2000 Broadly-Based Stock Option Plan (The "2000 Plan"). There are 2,000,000 non-qualified stock options ("Options") authorized under the 2000 Plan. Grants under the 2000 Plan will be available to both employees and members of the Board. The distribution of options to key employees and members of the board, in aggregate are limited to 50% or less of the total options authorized under the 2000 Plan. Options granted under the 2000 Plan will generally expire 10 years from the date of grant, and will vest in 25% increments on each of December 31, 2006, 2007, 2008 and 2009.

Stock option activity by option plan for the years presented is as follows:

	2001		2000		1999	
1993 NVR Share Options	Options	Weighted Average Exercise Prices	Options	Weighted Average Exercise Prices	Options	Weighted Average Exercise Prices
Options outstanding at the beginning of the year	219,096	$ 7.71	359,771	$ 7.60	830,971	$ 7.60
Granted	-	$ -	-	$ -	-	$ -
Canceled	-	$ -	-	$ -	-	$ -
Exercised	(74,693)	$ 7.66	(140,675)	$ 8.01	(471,200)	$ 7.62
Outstanding at end of year	144,403	$ 7.73	219,096	$ 7.71	359,771	$ 7.60
Exercisable at end of year	144,403	$ 7.73	219,096	$ 7.71	359,771	$ 7.60
1994 NVR Share Options						
Options outstanding at the beginning of the year	16,396	$ 20.35	35,032	$ 20.86	43,363	$ 19.54
Granted	-	$ -	-	$ -	-	$ -
Canceled	-	$ -	-	$ -	-	$ -
Exercised	(6,234)	$ 25.08	(18,636)	$ 21.30	(8,331)	$ 14.00
Outstanding at end of year	10,162	$ 17.46	16,396	20.35	35,032	$ 20.86
Exercisable at end of year	10,162	$ 17.46	16,396	$ 20.35	29,569	$ 19.02
1996 Option Plan						
Options outstanding at the beginning of the year	1,847,405	$ 15.83	1,891,905	$ 14.70	1,753,405	$ 11.42
Granted	106,000	$ 125.83	85,000	$ 56.84	200,500	$ 42.65
Canceled	(6,333)	$ 15.69	(111,067)	$ 26.31	(62,000)	$ 12.48
Exercised	(191,253)	$ 23.43	(18,433)	$ 25.50	-	$ -
Outstanding at end of year	1,755,819	$ 21.48	1,847,405	$ 15.83	1,891,905	$ 14.70
Exercisable at end of year	1,040,934	$ 14.63	615,802	$ 15.83	-	$ -
1998 Option Plan						
Options outstanding at the beginning of the year	1,000,000	$ 49.57	927,000	$ 47.63	-	$ -
Granted	2,500	$ 91.25	104,500	$ 66.18	927,000	$ 47.63
Canceled	(4,000)	$ 51.28	(31,500)	$ 47.63	-	$ -
Exercised	-	$ -	-	$ -	-	$ -
Outstanding at end of year	998,500	$ 49.66	1,000,000	$ 49.57	927,000	$ 47.63
Exercisable at end of year	-	$ -	-	$ -	-	$ -
2000 Option Plan						
Options outstanding at the beginning of the year	-	$ -	-	$ -	-	$ -
Granted	1,823,100	$ 188.86	-	$ -	-	$ -
Canceled	-	$ -	-	$ -	-	$ -
Exercised	-	$ -	-	$ -	-	$ -
Outstanding at end of year	1,823,100	$ 188.86	-	$ -	-	$ -
Exercisable at end of year	-	$ -	-	$ -	-	$ -

(dollars in thousands, except per share data)

Range of Exercise Prices	Number	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
1993 NVR Share Options			
Outstanding at December 31, 2001:			
$ 5.06 - $ 6.41	3,400	$ 5.95	3.4
$ 7.62 - $ 9.11	141,003	$ 7.78	1.9
Exercisable at December 31, 2001			
$ 5.06 - $ 6.41	3,400	$ 5.95	
$ 7.62 - $ 9.11	141,003	$ 7.78	
1994 NVR Share Options			
Outstanding at December 31, 2001:			
$ 14.00 - $ 25.00	10,162	$ 17.46	5.7
Exercisable at December 31, 2001:			
$ 14.00 - $ 25.00	10,162	$ 17.46	
1996 Option Plan			
Outstanding at December 31, 2001:			
$ 9.13 - $ 10.63	1,377,404	$ 10.60	4.4
$ 14.00 - $ 21.00	101,511	$ 18.03	5.8
$ 22.63 - $ 25.00	10,740	$ 23.82	6.0
$ 38.00 - $ 52.75	132,804	$ 44.28	7.6
$ 62.13 - $ 81.75	32,360	$ 72.24	8.7
$ 92.15 - $105.46	51,500	$105.07	8.7
$146.00 - $180.00	49,500	$155.32	9.4
Exercisable at December 31, 2001:			
$ 9.13 - $ 10.63	887,403	$ 10.61	
$ 14.00 - $ 21.00	56,511	$ 18.19	
$ 22.63 - $ 25.00	6,272	$ 23.99	
$ 38.00 - $ 52.75	71,471	$ 44.34	
$ 62.13 - $ 81.75	18,277	$ 72.21	
$146.00 - $180.00	1,000	$146.00	
1998 Option Plan *			
Outstanding at December 31, 2001:			
$ 43.50 - $ 62.13	941,000	$ 47.88	7.4
$ 72.00 - $ 91.25	57,500	$ 78.86	7.4
2000 Option Plan *			
Outstanding at December 31, 2001:			
$151.00 - $189.00	1,823,100	$188.86	9.3

*None of the options outstanding under this Option Plan are exercisable at December 31, 2001.

The weighted average per share fair values of grants made in 2001, 2000 and 1999 for management incentive plans were $116.88, $39.76 and $29.41, respectively. The fair values of the options granted were estimated on the grant date using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	2001	2000	1999
Estimated option life	10 years	10 years	10 years
Risk free interest rate	5.47%	6.12%	5.94%
Expected volatility	42.38%	40.77%	40.19%
Expected dividend yield	0.00%	0.00%	0.00%

(dollars in thousands, except per share data)

Director Incentive Plans--The NVR Directors' Long Term Incentive Plan ("1993 Directors' Plan") provides for each eligible director to be granted options to purchase 22,750 shares of common stock with a maximum number of shares issuable under the plan of 364,000. There were 182,000 Directors' Options granted to eligible directors on September 30, 1993 at a grant price of $16.60 per share, which exceeded the fair value of the underlying shares on the date of grant. The options became exercisable six months after the date of grant and expire in September 2003.

There were 192,000 options to purchase shares of common stock authorized and granted in 1996 to the Company's outside directors under the Directors' Long Term Stock Option Plan (the "1996 Directors' Plan"). There are no additional options available for grant under this plan. The option exercise price for the options granted was $10.25 per share, which was equal to the fair market value of the Company's Shares on the date of grant. The Options were granted for a 10-year period beginning from the date of grant, and vest in one-third increments on each of December 31, 1999, 2000, and 2001.

There were 150,000 options to purchase shares of common stock authorized for grant in 1999 to the Company's outside directors under the 1998 Directors' Long Term Stock Option Plan (the "1998 Directors' Plan"). A total of 87,500 options were granted at an exercise price of $49.06, which was equal to the fair market value of the Company's Shares on the date of grant. The Options were granted for a 10 year period beginning from the date of grant, and vest in twenty-five percent (25%) increments on each of December 31, 2002, 2003, 2004 and 2005.

The members of Board of Directors also participate in the 2000 Broadly-Based Stock Option Plan. See description on page 41 herein.

	2001		2000		1999	
1993 Directors' Plan	Options	Exercise Price	Options	Exercise Price	Options	Exercise Price
Options outstanding at the beginning of the year	45,500	$ 16.60	101,000	$ 16.60	113,750	$ 16.60
Granted	-	$ -	-	$ -	-	$ -
Canceled	-	$ -	-	$ -	-	$ -
Exercised	(22,750)	$ 16.60	(55,500)	$ 16.60	(12,750)	$ 16.60
Outstanding at end of year	22,750	$ 16.60	45,500	$ 16.60	101,000	$ 16.60
Exercisable at end of year	22,750	$ 16.60	45,500	$ 16.60	101,000	$ 16.60
1996 Directors' Plan						
Options outstanding at the beginning of the year	152,000	$ 10.25	168,000	$ 10.25	168,000	$ 10.25
Granted	-	$ -	-	$ -	-	$ -
Canceled	-	$ -	-	$ -	-	$ -
Exercised	(46,000)	$ 10.25	(16,000)	$ 10.25	-	$ -
Outstanding at end of year	106,000	$ 10.25	152,000	$ 10.25	168,000	$ 10.25
Exercisable at end of year	106,000	$ 10.25	96,000	$ 10.25	56,000	$ 10.25
1998 Directors' Plan						
Options outstanding at the beginning of the year	78,125	$ 49.06	87,500	$ 49.06	-	$ -
Granted	-	$ -	-	$ -	87,500	$ 49.06
Canceled	-	$ -	9,375	$ 49.06	-	$ -
Exercised	(3,125)	$ 49.06	-	$ -	-	$ -
Outstanding at end of year	75,000	$ 49.06	78,125	$ 49.06	87,500	$ 49.06
Exercisable at end of year	-	$ -	-	$ -	-	$ -

The weighted average fair value of grants made during 1999 under director incentive plans was $30.48 per share. The fair value was calculated using the Black-Scholes option pricing model, under the following assumptions: i) the estimated option life was equal to ten years, ii) the risk free interest rate was 5.77%, iii) the expected volatility equaled 40.19%, and iv) the estimated dividend yield was 0%.

(dollars in thousands, except per share data)

SFAS No. 123 requires companies who continue to apply Opinion 25 to account for their stock-based employee compensation arrangements to provide pro forma net income and earnings per share as if the fair value based method had been used to account for compensation cost. Accordingly, pro forma net income and earnings per share would have been $215,609 ($22.63 diluted share), $152,503 ($14.44 per diluted share) and $104,122 ($8.61 per diluted share) for the years ended December 31, 2001, 2000 and 1999, respectively, if the Company had accounted for its stock based employee compensation arrangements using the fair value method. The 2001, 2000 and 1999 effects of applying SFAS No. 123 for providing pro forma disclosures are not likely to be representative of the effects on reported net income and earnings per share for future years because the number of option grants and the fair value assigned to future grants could differ.

To minimize the non-deductibility of executive compensation expense due to the limitations of Section 162(m) of the Internal Revenue Code and still maintain the ability to competitively compensate the Company's executive officers, the Company established a deferred compensation plan ("Deferred Comp Plan"). The specific purpose of the Deferred Comp Plan was to establish a vehicle whereby the executive officers could defer the receipt of compensation that otherwise would be nondeductible for tax purposes by the Company into a period where the Company would realize a tax deduction for the amounts paid. The Deferred Comp Plan is also available to other members of the Company's management group. Amounts deferred into the Deferred Comp Plan are invested in NVR common stock and are paid out in a fixed number of shares upon expiration of the deferral period.

The Deferred Comp Plan Trust was funded during the first quarter of 2000 with 305,863 NVR shares issued from the Company's treasury stock account. In addition, the Deferred Comp Plan Trust purchased 34,840 NVR common shares on the open market at an aggregate cost of $1,606. The compensation deferred was related to benefits earned by NVR employees under the Company's 1994 Management Equity Incentive Plan and the 1996 High Performance Plan. During 2000, 3,000 shares were distributed from the Deferred Comp Plan. During 2001, the Deferred Comp Plan was funded with 29,915 shares of stock obtained from the settlement of the forward purchase contract in January 2001 and 26,337 shares of stock purchased on the open market at an aggregate cost of $4,744. The 2001 contributions were related to benefits earned under the 1996 High Performance Plan and the annual incentive plan. At December 31, 2001 there are 393,955 shares held by the Deferred Comp Plan. Shares held by the Deferred Comp Plan are treated as outstanding shares in the Company's earnings per share calculation for the years ended December 31, 2001 and 2000.

10. Commitments and Contingent Liabilities

NVR is committed under several non-cancelable operating leases involving office space, model homes, manufacturing facilities and equipment. Future minimum lease payments under these operating leases as of December 31, 2001 are as follows:

Years ended December 31,	
2002	$ 14,491
2003	8,874
2004	6,076
2005	3,706
2006	2,417
Thereafter	10,836
	$ 46,400

Total rent expense incurred under operating leases was approximately $16,492, $12,000, and $10,800 for the years ended December 31, 2001, 2000 and 1999, respectively.

NVR is not in the land development business. NVR generally seeks to maintain control over a supply of lots believed to be suitable to meet its sales objectives for the next 24 to 36 months. NVR purchases finished lots under option contracts which typically require deposits which may be forfeited if NVR fails to perform under the contract. The deposits are in the form of cash or letters of credit in varying amounts and represent a percent of the aggregate acquisition value of the finished lots. This lot acquisition strategy reduces the financial requirements and risks associated with direct land ownership and land development. At December 31, 2001, assuming that contractual development milestones are met, NVR is committed to placing additional forfeitable deposits with land developers under existing lot option contracts of approximately $21,000.

(dollars in thousands, except per share data)

On a very limited basis, NVR also obtains a supply of finished lots using unconsolidated limited liability land corporations ("LLLC's"). All LLLC's are structured such that NVR is a non-controlling limited partner and is at risk only for the amount invested. Accordingly, such investments are accounted for under the equity method of accounting. NVR is not a borrower, guarantor or obligor on any of the LLLC's debt. At December 31, 2001, NVR had an aggregate investment of approximately $3,500 in LLLC's, which controlled approximately 1,000 lots.

At December 31, 2001, NVR was committed to purchase approximately 40 finished lots for an aggregate purchase price of approximately $3,200 under specific performance contracts.

During the ordinary course of operating the mortgage banking and homebuilding businesses, NVR is required to enter into bond or letter of credit arrangements with local municipalities, government agencies, or land developers to collateralize its obligations under various contracts. NVR had approximately $26,501 (includes $17,798 for letters of credit as described in note 6(a) herein) of contingent obligations under such agreements as of December 31, 2001. NVR believes it will fulfill its obligations under the related contracts and does not anticipate any losses under these bonds or letters of credit.

NVR and its subsidiaries are also involved in litigation arising from the normal course of business. In the opinion of management, and based on advice of legal counsel, this litigation will not have any material adverse effect on the financial position or results of operations of NVR.

11. Mortgage Banking Segment Restructuring Plan

During the first quarter of 2000, NVR formulated a detailed plan to align its mortgage banking operations to exclusively serve the Company's homebuilding customers. The plan specifically entailed the closure of all of the Company's retail operations, including all of the retail branches acquired from the acquisition of First Republic acquired in March 1999. This action was consistent with the Company's decision in December 1999 to exit the wholesale mortgage origination business. The Company's mortgage banking operation is now solely focused on serving the Company's homebuilding operations. The restructuring plan was substantially completed during the second quarter of 2000.

As a result of the restructuring, the Company recorded a restructuring and asset impairment charge of $5,726 in the first quarter of 2000. A detail of the costs comprising the total charge incurred in the first quarter is as follows:

Write off of First Republic goodwill	$ 2,575
Noncancelable office and equipment leases	1,480
Asset impairments	1,362
Severance	309
Total	$ 5,726

During 2001 and 2000, approximately $797 and $863, respectively, in severance and lease costs was applied against the restructuring reserve. Approximately $129 of the restructuring accrual established at March 31, 2000, remains at December 31, 2001, and primarily relates to accrued lease costs.

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

12. Quarterly Results [unaudited]

The following table sets forth unaudited selected financial data and operating information on a quarterly basis for the years ended December 31, 2001 and 2000.

	Year Ended December 31, 2001			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues-homebuilding operations	$ 519,249	$ 648,465	$ 677,962	$ 714,068
Gross profit - homebuilding operations	$ 112,084	$ 142,789	$ 147,921	$ 154,660
Mortgage banking fees	$ 9,990	$ 12,915	$ 13,922	$ 15,764
Net income	$ 47,920	$ 59,362	$ 62,492	$ 67,020
Diluted earnings per share	$ 4.84	$ 6.10	$ 6.68	$ 7.41
Contracts for sale, net of cancellations (units)	2,823	3,342	1,857	2,760
Settlements (units)	2,206	2,629	2,742	2,795
Backlog, end of period (units)	5,765	6,478	5,593	5,558
Loans closed	$ 359,475	$ 481,568	$ 503,065	$ 541,287

	Year Ended December 31, 2000			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues-homebuilding operations	$ 490,581	$ 558,506	$ 602,485	$ 616,238
Gross profit - homebuilding operations	$ 90,904	$ 103,524	$ 117,071	$ 122,252
Mortgage banking fees	$ 7,963	$ 9,175	$ 10,147	$ 10,659
Net Income	$ 30,574	$ 37,204	$ 43,914	$ 46,554
Diluted earnings per share	$ 2.90	$ 3.62	$ 4.30	$ 4.51
Contracts for sale, net of cancellations (units)	2,609	3,010	2,180	2,469
Settlements (units)	2,236	2,469	2,674	2,676
Backlog, end of period (units)	5,308	5,849	5,355	5,148
Loans closed	$ 469,598	$ 467,818	$ 401,037	$ 411,267

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement") made this first day of January 2002, between NVR, INC., a Virginia corporation (the "Company") and DWIGHT C. SCHAR, a resident of Virginia (the "Executive").

WHEREAS, the parties wish to terminate all prior employment agreements and amendments thereto; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company.

ACCORDINGLY, the parties agree as follows:

1. Employment, Duties and Acceptance.

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

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

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

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for six (6) years from January 1, 2002 through January 1, 2008. It may be extended beyond January 1, 2008 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.3, 6.5 and 6.7 of this Agreement.

3. Compensation.

3.1 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual base salary of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000) payable in equal monthly installments of ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS ($125,000). The Company's

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

3.2 Bonuses. The Executive shall be eligible to be paid a bonus annually in cash or in the registered stock of NVR, Inc. as determined by the Compensation Committee of the Board of Directors or in a combination thereof in a maximum amount of 100% of the Executive's annual base salary. This bonus shall be paid at the same time (or times) and in the same manner as other senior executives of the Company. Entitlement to the bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company.

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

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

4. Management Long-Term Stock Option Plans.

The Executive is a participant in the 1993 NVR, Inc. Management Equity Incentive Plan, 1994 NVR, Inc. Management Equity Incentive Plan, 1996 NVR, Inc. Management Long-Term Stock Option Plan, the 1998 NVR, Inc. Management Long-Term Stock Option Plan, and the 2000 Broadly Based Stock Option Plan. The Executive has entered into separate agreements governing the terms of his participation in the Plans.

5. High Performance Compensation Plan.

The Executive is a participant in the NVR, Inc. High Performance Compensation Plan. - Number 1, the NVR, Inc. High Performance Compensation Plan - - Number 2 and the NVR, Inc. High Performance Compensation Plan - Number 3. The Executive has entered into separate agreements governing the terms of his participation in the Plans.

6. Termination, Disability or Retirement.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's base salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which Executive died divided by (y) 365 days.

6.2 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, in the discretion of the Company's Board of Directors, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status he would be entitled to receive the Executive's Base Salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days.

6.3 Retirement. If the Executive elects to terminate employment upon meeting the established criteria for Retirement prior to the term of this agreement, the Executive will be entitled to receive the Executive's Base Salary for the period ending on the last day worked. The payment of any Bonus amounts due to the Executive shall be payable, in the same form and at the same time that all other employees receive their bonus payment. In addition, the Executive shall be entitled to payment of ONE HUNDRED PERCENT (100%) of his then annual Base Salary, paid in twelve equal monthly installments beginning on the fifteenth day of the first month following the date of Retirement. In order to qualify as a retiree, an employee must: Terminate employment after attainment of age 65. However, the Board of Directors within its discretion, may determine that the executive who terminates employment prior to age 65 has terminated by virtue of Retirement.

6.4 Termination for Cause. If the Executive is convicted of any felony, other crime involving moral turpitude, or any crime or offense which results in his incarceration for more than three months, is guilty of gross misconduct in connection with the performance of his duties as described in Section 1.1 hereunder, or materially, breaches affirmative or negative covenants or undertakings set forth in Section 7, the Company at any time by written notice to the Executive, may terminate the Executive's employment hereunder. Any such termination shall be for Cause.

6.5 Termination Without Cause. In the event the Company on sixty (60) days' notice terminates the Executive's employment without Cause (as such term is defined in Section 6.4) during the term of this Agreement, then as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, paid in twelve equal monthly installments beginning on the fifteenth day of the first month following the date of termination. The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed THIRTY THOUSAND DOLLARS ($30,000).

6.6 Voluntary Termination. The Executive may on sixty (60) days' notice terminate his employment hereunder. In such event, he shall not be entitled to any severance pay except in the circumstances described in Section 6.7 below.

6.7 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, as well as his accrued pro-rata bonus (on the assumption that the maximum annual bonus would have been paid pursuant to Section 3.2) through the date of termination. Payment of such amount shall be in twelve equal monthly installments beginning on the first day of the first month following the date of termination. For purposes of this Agreement, "Change of Control" means (i) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that any "person" or "group" (within the meaning of Section 13 (d) and 14 (d) (2) of the Exchange Act), becomes the "beneficial owner" (as defined in rule 13d-3 under the Exchange Act) of more than 50 percent of the total aggregate voting power of all classes of the voting stock of the Company and/or warrants or options to acquire such voting stock, calculated on a fully diluted basis, or (ii) if all or substantially all of the assets of the Company are sold or otherwise transferred to any individual, corporation, partnership, trust, association, joint venture, pool, syndicate or similar organization or group acting in concert or (iii) the Company is liquidated or dissolved or adopts a plan of liquidation or (iv) a merger consolidation or other reorganization or business combinations with any party including a leveraged buy-out or a going private transaction and where there has been a significant reduction in Executive's responsibilities.

6.8 Voluntary Termination-Change in Senior Management Accompanied by Change in Business Philosophy. If the Company elects a new Chairman and/or Chief Executive Officer (the "New Officer") or provided that the New Officer enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide sixty (60) days notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Officer accompanied by any of the changes described in this Section 6.8, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

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

7. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.3 "Retirement", Section 6.5 "Without Cause" or to Section 6.6 "Voluntary" or to Section 6.7 "Voluntary Termination -Change of Control". It shall be applicable for a period of two (2) years after termination in the event the Executive is terminated pursuant to Section 6.4 for "Cause".

7.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that neither he nor any affiliate (as defined hereinbelow), at any time, directly or indirectly, will (i) engage, whether as an employee or otherwise, in the Homebuilding and Mortgage Financing Business (as defined hereinbelow) on behalf of himself or any other person or entity, whether conducted individually or through an affiliate; (ii) own, acquire an interest in, manage, operate, join or control, or participate in the ownership, acquisition, management, operation or control of, or be a director, agent, representative, shareholder of more than 1% of the outstanding stock, partner, employee, officer, or consultant of, any enterprise of any kind that is engaged in the Homebuilding Business or Mortgage Financing Business; (iii) induce or attempt to induce any customer or potential customer of the Company to discontinue, in whole or in part, business, or not to do business, with the Company or (iv) hire or attempt to hire any person now or hereafter employed by the Company.

7.2 Definitions. For purposes of this Agreement, (i) the term "affiliate" shall mean Executive, Executive's spouse, and any minor children ("immediate family") and any entity that Executive and/or any members of his immediate family control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); and (iii) the term "Homebuilding Business" and "Mortgage Financing Business" shall mean the business of designing, constructing, and/or the origination, underwriting, placement or sale of residential home mortgages at any location within any Standard Metropolitan Statistical Area (as determined by the Census Bureau, Department of Commerce, United States Government) in which is located any office of the Company which has been assigned to the Executive's area of managerial responsibility at any time within the last two years of the employment of the Executive with the Company.

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

7.4 No Waiver. No waiver by the Company of a breach of, or of a default under, any of the provisions of this Agreement, nor their failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

7.5 Blue-Pencilling. If any part of any provision of this Section 7 shall be determined to be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining terms of such provision or the remaining provisions of this Section 7. The Executive hereby covenants and agrees that to the extent any provision or portion of this Agreement shall be held, found, or deemed to be unreasonable, unlawful, or unenforceable, then any necessary modifications shall be made (but only to such extent) so that such provision or portion hereof shall be legally enforceable to the fullest extent permitted by applicable law. The Executive further agrees and authorizes any court of competent jurisdiction to enforce any such provision or portion hereof in order that such provision or portion hereof shall be enforced by such court to the fullest extent permitted by applicable law.

7.6 Confidentiality. During the term of the Executive's employment with the Company, he will acquire information of a proprietary or confidential nature and knowledge about the operations of the Company. Accordingly, the Executive agrees not to use or to disclose to any third party, or cause to be used, in any manner, directly or indirectly, the information described immediately above. The Executive further agrees to return to the Company promptly upon the termination of the Executive's employment with the Company, and all information of a proprietary or confidential nature acquired by the Executive at any time during the course of his employment with the Company, to the extent such information has been reduced to writing, together with any and all documents and materials of any kind then in the possession or control of the Executive which may be the property of the Company or any affiliate, whether confidential or otherwise, including any copies which may have been made by or for the Executive.

7.7 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Stock Option Agreements and the Performance Share Agreements executed in conjunction with the 1993 and 1994 NVR, Inc. Management Equity Incentive Plans, 1996 and 1998 NVR, Inc. Management Long-Term Stock Option Plans, 2000 Broadly Based Stock Option Plan and the NVR, Inc. High Performance Compensation Plans - Number 1, 2, and 3 and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

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

(i) if the Company, to:

NVR, Inc.
7601 Lewinsville Road, Suite 300
McLean, Virginia 22102

(ii) if the Executive, to:

Dwight Schar
1132 Chain Bridge Road
McLean, VA 22102

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

8.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

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

8.5 <u>Assignability</u>. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement, but the Company shall even after such assignment be fully liable to the Executive for all obligations set forth herein.

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

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

8.8 <u>Indemnification</u>. The Company shall indemnify the Executive and hold him harmless for any acts or decisions made by him in good faith while performing services for the Company or its affiliates and shall use its best efforts to obtain coverage for him under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. The Company will pay all expenses including attorney's fees, actually and necessarily incurred by the Executive in connection with any appeal thereon including the cost of court settlement arising or alleged to arise from his employment by the Company.

9. <u>Arbitration</u>.

Any controversy or claim arising out of or in connection with this Agreement shall be settled by arbitration in accordance with the rules then pertaining of the American Arbitration Association. Such controversies shall be submitted to three arbitrators, one arbitrator being selected by the Company, one arbitrator being selected by the Executive, and the third being selected by the two so selected by the Company and the Executive or, if they cannot agree upon a third, by the American Arbitration Association. In the event that either the Company or the Executive, within one month after any notification of any demand for arbitration hereunder, shall not have selected its arbitrator and given notice thereof by registered or certified mail to the other, such arbitrator shall be selected by the American Arbitration Association. Confirmation of any award in any such arbitration may be held in any court having jurisdiction of the person against whom such award is rendered. Regardless of the circumstances giving rise to the need for arbitration, until such arbitration shall be finally determined and ended, the base salary of the Executive pursuant to Section 3.1, subject to the provisions of Section 6, shall be paid monthly until the expiration of the term of this Agreement, and Bonus pursuant to Section 3.2, subject to the provisions of Section 6, shall be earned and paid in accordance with Section 3.2 until the expiration of the term of this agreement. If the results of such arbitration are more favorable to the position taken by the Executive than that taken by the Company, in the opinion of the arbitrators, then all costs and expenses incurred by the Executive in connection with such arbitration shall be paid by the Company.

10. Effective Date.

This Agreement shall be effective as of January 1, 2002.

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

NVR, INC.

By:____________________________________ ________________________________

DWIGHT C. SCHAR

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement") made this first day of January 2002, between NVR, INC., a Virginia corporation (the "Company") and PAUL C. SAVILLE, a resident of Virginia (the "Executive").

WHEREAS, the parties wish to terminate all prior employment agreements and amendments thereto; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company.

ACCORDINGLY, the parties agree as follows:

2. Employment, Duties and Acceptance.

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

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

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

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for six (6) years from January 1, 2002 through January 1, 2008. It may be extended beyond January 1, 2008 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.4 and 6.6 of this Agreement.

3. Compensation.

3.5 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual base salary of FOUR-HUNDRED TWENTY THOUSAND DOLLARS ($420,000), payable in equal monthly installments of THIRTY-FIVE THOUSAND DOLLARS ($35,000). The Company's Board of Directors in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.6 Bonuses. The Executive shall be eligible to be paid a bonus annually in cash or in the registered stock of NVR, Inc. as determined by the Compensation Committee of the Board of Directors or in a combination thereof in a maximum amount of 100% of the Executive's annual base salary. This bonus shall be paid at the same time (or times) and in the same manner as other senior executives of the Company. Entitlement to the bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company.

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

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

8. Management Long-Term Stock Option Plans.

The Executive is a participant in the (a) 1993 NVR, Inc. Management Equity Incentive Plan, (b) 1994 NVR, Inc. Management Equity Incentive Plan, (c) 1996 NVR, Inc. Management Long-Term Stock Option Plan, (d) 1998 NVR, Inc. Management Long-Term Stock Option Plan, and (e) 2000 Broadly Based Stock Option Plan. The Executive has entered into separate agreements governing the terms of his participation in the plans.

9. High Performance Compensation Plan.

The Executive is a participant in the (a) NVR, Inc. High Performance Compensation Plan. - Number 1, (b) NVR, Inc. High Performance Compensation Plan - - Number 2 and (c) NVR, Inc. High Performance Compensation Plan - Number 3. The Executive has entered into separate agreements governing the terms of his participation in the plans.

10. Termination or Disability.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's base salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which Executive died divided by (y) 365 days.

6.4 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, in the discretion of the Company's Board of Directors, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status he would be entitled to receive the Executive's Base Salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days.

6.3 Termination for Cause. If the Executive is convicted of any felony, other crime involving moral turpitude, or any crime or offense which results in his incarceration for more than three months, is guilty of gross misconduct in connection with the performance of his duties as described in Section 1.1 hereunder, or materially, breaches affirmative or negative covenants or undertakings set forth in Section 7, the Company at any time by written notice to the Executive, may terminate the Executive's employment hereunder. Any such termination shall be for Cause.

6.4 Termination Without Cause. In the event the Company on sixty 60) days' notice terminates the Executive's employment without Cause (as such term is defined in Section 6.3) during the term of this Agreement, then as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, paid in twelve equal monthly installments beginning on the fifteenth day of the first month following the date of termination. The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed THIRTY THOUSAND DOLLARS

($30,000).

6.5 Voluntary Termination. The Executive may on sixty (60) days' notice terminate his employment hereunder. In such event, he shall not be entitled to any severance pay except in the circumstances described in Section 6.6 below.

6.6 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, as well as his accrued pro-rata bonus (on the assumption that the maximum annual bonus would have been paid pursuant to Section 3.2) through the date of termination. Payment of such amount shall be in twelve equal monthly installments beginning on the first day of the first month following the date of termination. For purposes of this Agreement, "Change of Control" means (i) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that any "person" or "group" (within the meaning of Section 13 (d) and 14 (d) (2) of the Exchange Act), becomes the "beneficial owner" (as defined in rule 13d-3 under the Exchange Act) of more than 50 percent of the total aggregate voting power of all classes of the voting stock of the Company and/or warrants or options to acquire such voting stock, calculated on a fully diluted basis, or (ii) if all or substantially all of the assets of the Company are sold or otherwise transferred to any individual, corporation, partnership, trust, association, joint venture, pool, syndicate or similar organization or group acting in concert or (iii) the Company is liquidated or dissolved or adopts a plan of liquidation or (iv) a merger consolidation or other reorganization or business combinations with any party including a leveraged buy-out or a going private transaction and where there has been a significant reduction in Executive's responsibilities.

6.7 Voluntary Termination-Change in Senior Management Accompanied by Change in Business Philosophy. If the Company elects a new Chairman and/or Chief Executive Officer (the "New Officer") or provided that the New Officer enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide sixty (60) days notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Officer accompanied by any of the changes described in this Section 6.7, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

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

11. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.4 "Without Cause" or to Section 6.5 "Voluntary" or to Section 6.6 "Voluntary Termination -Change of Control". It shall be applicable for a period of two (2) years after termination in the event the Executive is terminated pursuant to Section 6.3 for "Cause".

11.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that neither he nor any affiliate (as defined hereinbelow), at any time, directly or indirectly, will (i) engage, whether as an employee or otherwise, in the Homebuilding and Mortgage Financing Business (as defined hereinbelow) on behalf of himself or any other person or entity, whether conducted individually or through an affiliate; (ii) own, acquire an interest in, manage, operate, join or control, or participate in the ownership, acquisition, management, operation or control of, or be a director, agent, representative, shareholder of more than 1% of the outstanding stock, partner, employee, officer, or consultant of, any enterprise of any kind that is engaged in the Homebuilding Business or Mortgage Financing Business; (iii) induce or attempt to induce any customer or potential customer of the Company to discontinue, in whole or in part, business, or not to do business, with the Company or (iv) hire or attempt to hire any person now or hereafter employed by the Company.

11.2 Definitions. For purposes of this Agreement, (i) the term "affiliate" shall mean Executive, Executive's spouse, and any minor children ("immediate family") and any entity that Executive and/or any members of his immediate family control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); and (iii) the term "Homebuilding Business" and "Mortgage Financing Business" shall mean the business of designing, constructing, and/or the origination, underwriting, placement or sale of residential home mortgages at any location within any Standard Metropolitan Statistical Area (as determined by the Census Bureau, Department of Commerce, United States Government) in which is located any office of the Company which has been assigned to the Executive's area of managerial responsibility at any time within the last two years of the employment of the Executive with the Company.

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

11.4 No Waiver. No waiver by the Company of a breach of, or of a default under, any of the provisions of this Agreement, nor their failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

11.5 Blue-Pencilling. If any part of any provision of this Section 7 shall be determined to be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining terms of such provision or the remaining provisions of this Section 7. The Executive hereby covenants and agrees that to the extent any provision or portion of this Agreement shall be held, found, or deemed to be unreasonable, unlawful, or unenforceable, then any necessary modifications shall be made (but only to such extent) so that such provision or portion hereof shall be legally enforceable to the fullest extent permitted by applicable law. The Executive further agrees and authorizes any court of competent jurisdiction to enforce any such provision or portion hereof in order that such provision or portion hereof shall be enforced by such court to the fullest extent permitted by applicable law.

11.6 Confidentiality. During the term of the Executive's employment with the Company, he will acquire information of a proprietary or confidential nature and knowledge about the operations of the Company. Accordingly, the Executive agrees not to use or to disclose to any third party, or cause to be used, in any manner, directly or indirectly, the information described immediately above. The Executive further agrees to return to the Company promptly upon the termination of the Executive's employment with the Company, any and all information of a proprietary or confidential nature acquired by the Executive at any time during the course of his employment with the Company, to the extent such information has been reduced to writing, together with any and all documents and materials of any kind then in the possession or control of the Executive which may be the property of the Company or any affiliate, whether confidential or otherwise, including any copies which may have been made by or for the Executive.

11.7 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Stock Option Agreements and the Performance Share Agreements executed in conjunction with the (a) 1993 and 1994 NVR, Inc. Management Equity Incentive Plans, (b) 1996 and 1998 NVR, Inc. Management Long-Term Stock Option Plans, (c) 2000 Broadly Based Stock Option Plan and (d) NVR, Inc. High Performance Compensation Plans - Number 1, 2 and 3 and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

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

(iii) if the Company, to:

NVR, Inc.
7601 Lewinsville Road, Suite 300
McLean, Virginia 22102

(iv) if the Executive, to:

Paul C. Saville
9616 Brookmeadow Drive
Vienna, Virginia 22182

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

9.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

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

8.9 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement, but the Company shall even after such assignment be fully liable to the Executive for all obligations set forth herein.

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

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

8.12 Indemnification. The Company shall indemnify the Executive and hold him harmless for any acts or decisions made by him in good faith while performing services for the Company or its affiliates and shall use its best efforts to obtain coverage for him under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. The Company will pay all expenses including attorney's fees, actually and necessarily incurred by the Executive in connection with any appeal thereon including the cost of court settlement arising or alleged to arise from his employment by the Company.

10. Arbitration.

Any controversy or claim arising out of or in connection with this Agreement shall be settled by arbitration in accordance with the rules then pertaining of the American Arbitration Association. Such controversies shall be submitted to three arbitrators, one arbitrator being selected by the Company, one arbitrator being selected by the Executive, and the third being selected by the two so selected by the Company and the Executive or, if they cannot agree upon a third, by the American Arbitration Association. In the event that either the Company or the Executive, within one month after any notification of any demand for arbitration hereunder, shall not have selected its arbitrator and given notice thereof by registered or certified mail to the other, such arbitrator shall be selected by the American Arbitration Association. Confirmation of any award in any such arbitration may be held in any court having jurisdiction of the person against whom such award is rendered. Regardless of the circumstances giving rise to the need for arbitration, until such arbitration shall be finally determined and ended, the base salary of the Executive pursuant to Section 3.1, subject to the provisions of Section 6, shall be paid monthly until the expiration of the term of this Agreement, and Bonus pursuant to Section 3.2, subject to the provisions of Section 6, shall be earned and paid in accordance with Section 3.2 until the expiration of the term of this agreement. If the results of such arbitration are more favorable to the position taken by the Executive than that taken by the Company, in the opinion of the arbitrators, then all costs and expenses incurred by the Executive in connection with such arbitration shall be paid by the Company.

10. Effective Date.

This Agreement shall be effective as of January 1, 2002.

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

NVR, INC.

By:___________________________________ ______________________________

PAUL C. SAVILLE

EXHIBIT 10.3

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement") made this first day of January 2002, between NVR, INC., a Virginia corporation (the "Company") and WILLIAM J. INMAN, a resident of Virginia (the "Executive").

WHEREAS, the parties wish to terminate all prior employment agreements and amendments thereto; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company.

ACCORDINGLY, the parties agree as follows:

3. Employment, Duties and Acceptance.

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

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

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

2. Duration of Employment.

This Agreement and the employment relationship hereunder will continue in effect for six (6) years from January 1, 2002 through January 1, 2008. It may be extended beyond January 1, 2008 by mutual, written agreement at any time. In the event of the Executive's termination of employment during the term of this Agreement, the Company will be obligated to pay all base salary, bonus and other benefits then accrued, as well as cash reimbursement for all accrued but unused vacation, plus, if applicable, the additional payments provided for in Sections 6.1, 6.2, 6.4 and 6.6 of this Agreement.

3. Compensation.

3.9 Base Salary. As compensation for all services rendered pursuant to this Agreement, the Company will pay to the Executive an annual base salary of THREE HUNDRED FORTY FIVE THOUSAND DOLLARS ($345,000) payable in equal monthly installments of TWENTY EIGHT THOUSAND SEVEN HUNDRED FIFTY DOLLARS ($28,750). The

Company's Board of Directors in its sole discretion may increase, but may not reduce, the Executive's annual base salary.

3.10 Bonuses. The Executive shall be eligible to be paid a bonus annually in cash or in the registered stock of NVR, Inc. as determined by the Compensation Committee of the Board of Directors or in a combination thereof in a maximum amount of 100% of the Executive's annual base salary. This bonus shall be paid at the same time (or times) and in the same manner as other senior executives of the Company. Entitlement to the bonus is dependent on the Executive meeting certain goals, which shall be established annually by the Company.

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

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

12. Management Long-Term Stock Option Plans.

The Executive is a participant in the 1993 NVR, Inc. Management Equity Incentive Plan, 1994 NVR, Inc. Management Equity Incentive Plan, 1996 NVR, Inc. Management Long-Term Stock Option Plan, the 1998 NVR, Inc. Management Long-Term Stock Option Plan, and the 2000 Broadly Based Stock Option Plan. The Executive has entered into separate agreements governing the terms of his participation in the Plans.

13. High Performance Compensation Plan.

The Executive is a participant in the NVR, Inc. High Performance Compensation Plan. - Number 1, the NVR, Inc. High Performance Compensation Plan - - Number 2 and the NVR, Inc. High Performance Compensation Plan - Number 3. The Executive has entered into separate agreements governing the terms of his participation in the Plans.

14. Termination or Disability.

6.1 Termination Upon Death. If the Executive dies during the term hereof, this Agreement shall terminate, except that the Executive's legal representatives shall be entitled to receive the Executive's base salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive's death occurred. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which Executive died divided by (y) 365 days.

6.5 Disability. If during the term hereof the Executive becomes physically or mentally disabled, whether totally or partially, so that the Executive is, in the discretion of the Company's Board of Directors, substantially unable to perform his services hereunder, the Executive shall transfer from active to disability status. Nothing in this Section 6.2 shall be deemed to in any way affect the Executive's right to participate in any disability plan maintained by the Company and for which the Executive is otherwise eligible. If the Executive transfers to disability status he would be entitled to receive the Executive's Base Salary and accrued Bonus for the period ending on the last day of the second calendar month following the month in which the Executive is transferred to disability status. Accrued Bonus shall be calculated as one hundred percent of Base Salary multiplied by the fraction (x) the number of days in calendar year up to last day of second calendar month following the month in which the Executive was transferred to disability status divided by (y) 365 days.

6.3 Termination for Cause. If the Executive is convicted of any felony, other crime involving moral turpitude, or any crime or offense which results in his incarceration for more than three months, is guilty of gross misconduct in connection with the performance of his duties as described in Section 1.1 hereunder, or materially, breaches affirmative or negative covenants or undertakings set forth in Section 7, the Company at any time by written notice to the Executive, may terminate the Executive's employment hereunder. Any such termination shall be for Cause.

6.4 Termination Without Cause. In the event the Company on sixty (60) days' notice terminates the Executive's employment without Cause (as such term is defined in Section 6.3) during the term of this Agreement, then as full satisfaction of the Company's obligations to the Executive, the Executive shall be entitled to payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, paid in twelve equal monthly installments beginning on the fifteenth day of the first month following the date of termination. The Executive shall also be provided with outplacement services with a firm jointly selected by the Executive and the Company at a cost not to exceed THIRTY THOUSAND DOLLARS ($30,000).

6.5 Voluntary Termination. The Executive may on sixty (60) days' notice terminate his employment hereunder. In such event, he shall not be entitled to any severance pay except in the circumstances described in Section 6.6 below.

6.6 Voluntary Termination-Change of Control. In the event the Executive voluntarily terminates his employment hereunder in connection with or within one (1) year after a Change of Control of the Company (as defined below), the Executive shall receive a payment of TWO HUNDRED PERCENT (200%) of his then annual base salary, as well as his accrued pro-rata bonus (on the assumption that the maximum annual bonus would have been paid pursuant to Section 3.2) through the date of termination. Payment of such amount shall be in twelve equal monthly installments beginning on the first day of the first month following the date of termination. For purposes of this Agreement, "Change of Control" means (i) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that any "person" or "group" (within the meaning of Section 13 (d) and 14 (d) (2) of the Exchange Act), becomes the "beneficial owner" (as defined in rule 13d-3 under the Exchange Act) of more than 50 percent of the total aggregate voting power of all classes of the voting stock of the Company and/or warrants or options to acquire such voting stock, calculated on a fully diluted basis, or (ii) if all or substantially all of the assets of the Company are sold or otherwise transferred to any individual, corporation, partnership, trust, association, joint venture, pool, syndicate or similar organization or group acting in concert or (iii) the Company is liquidated or dissolved or adopts a plan of liquidation or (iv) a merger consolidation or other reorganization or business combinations with any party including a leveraged buy-out or a going private transaction and where there has been a significant reduction in Executive's responsibilities.

6.7 Voluntary Termination-Change in Senior Management Accompanied by

Change in Business Philosophy. If the Company elects a new Chairman and/or Chief Executive Officer (the "New Officer") or provided that the New Officer enacts major changes in the Company's business philosophy, mission or business strategies, the Executive may voluntarily terminate his employment. To provide sufficient time for a transfer of the Executive's responsibilities and duties, he shall be required to provide sixty (60) days notice prior to such voluntary termination and the Company shall have the option of extending the notice an additional thirty (30) days. In the event the Executive voluntarily terminates his employment in connection with or within one year after the election of a New Officer accompanied by any of the changes described in this Section 6.7, he shall not be entitled to any severance pay and shall not be bound by the "Covenant Not to Compete" described in Section 7.

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

15. Covenant Not to Compete.

The covenant set forth in Section 7.1 shall be applicable for a period of one (1) year after termination in the event the Executive is terminated pursuant to Section 6.4 "Without Cause" or to Section 6.5 "Voluntary" or to Section 6.6 "Voluntary Termination -Change of Control". It shall be applicable for a period of two (2) years after termination in the event the Executive is terminated pursuant to Section 6.3 for "Cause".

15.1 Scope. During the term of Executive's employment under this Agreement, and for the applicable period thereafter, Executive hereby covenants and agrees that neither he nor any affiliate (as defined hereinbelow), at any time, directly or indirectly, will (i) engage, whether as an employee or otherwise, in the Homebuilding and Mortgage Financing Business (as defined hereinbelow) on behalf of himself or any other person or entity, whether conducted individually or through an affiliate; (ii) own, acquire an interest in, manage, operate, join or control, or participate in the ownership, acquisition, management, operation or control of, or be a director, agent, representative, shareholder of more than 1% of the outstanding stock, partner, employee, officer, or consultant of, any enterprise of any kind that is engaged in the Homebuilding Business or Mortgage Financing Business; (iii) induce or attempt to induce any customer or potential customer of the Company to discontinue, in whole or in part, business, or not to do business, with the Company or (iv) hire or attempt to hire any person now or hereafter employed by the Company.

15.2 Definitions. For purposes of this Agreement, (i) the term "affiliate" shall mean Executive, Executive's spouse, and any minor children ("immediate family") and any entity that Executive and/or any members of his immediate family control, either directly or indirectly; (ii) "control" for purposes of the immediately preceding clause shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract, or otherwise); and (iii) the term "Homebuilding Business" and "Mortgage Financing Business" shall mean the business of designing, constructing, and/or the origination, underwriting, placement or sale of residential home mortgages at any location within any Standard Metropolitan Statistical Area (as determined by the Census Bureau, Department of Commerce, United States Government) in which is located any office of the Company which has been assigned to the Executive's area of managerial responsibility at any time within the last two years of the employment of the Executive with the Company.

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

15.4 No Waiver. No waiver by the Company of a breach of, or of a default under, any of the provisions of this Agreement, nor their failure on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as to the waiver of any such provision, rights, or privileges hereunder.

15.5 Blue-Pencilling. If any part of any provision of this Section 7 shall be determined to be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining terms of such provision or the remaining provisions of this Section 7. The Executive hereby covenants and agrees that to the extent any provision or portion of this

Agreement shall be held, found, or deemed to be unreasonable, unlawful, or unenforceable, then any necessary modifications shall be made (but only to such extent) so that such provision or portion hereof shall be legally enforceable to the fullest extent permitted by applicable law. The Executive further agrees and authorizes any court of competent jurisdiction to enforce any such provision or portion hereof in order that such provision or portion hereof shall be enforced by such court to the fullest extent permitted by applicable law.

15.6 Confidentiality. During the term of the Executive's employment with the Company, he will acquire information of a proprietary or confidential nature and knowledge about the operations of the Company. Accordingly, the Executive agrees not to use or to disclose to any third party, or cause to be used, in any manner, directly or indirectly, the information described immediately above. The Executive further agrees to return to the Company promptly upon the termination of the Executive's employment with the Company, and all information of a proprietary or confidential nature acquired by the Executive at any time during the course of his employment with the Company, to the extent such information has been reduced to writing, together with any and all documents and materials of any kind then in the possession or control of the Executive which may be the property of the Company or any affiliate, whether confidential or otherwise, including any copies which may have been made by or for the Executive.

15.7 No Conflict. The Covenant Not to Compete set forth in this Section 7 shall supersede and override any and all limitations on Executive's right to compete with the Company including, without limitation, any similar covenants not to compete in the Stock Option Agreements and the Performance Share Agreements executed in conjunction with the 1993 and 1994 NVR, Inc. Management Equity Incentive Plans, 1996 and 1998

NVR, Inc. Management Long-Term Stock Option Plans, 2000 Broadly Based Stock Option Plan and the NVR, Inc. High Performance Compensation Plans - Number 1, 2, and 3 and shall be the sole standard by which Executive shall be bound.

8. Other Provisions.

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

(v) if the Company, to:

NVR, Inc.
7601 Lewinsville Road, Suite 300
McLean, Virginia 22102

(vi) if the Executive, to:

William J. Inman
1314 Ballantrae Farm Drive
McLean, VA. 22101

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

10.3. Waiver and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

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

8.13 Assignability. This Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive. The Company shall assign this Agreement and its rights, together with its obligations, to any entity which will substantially carry on the business of the Company subject to the Executive's rights set forth in this Agreement, but the Company shall even after such assignment be fully liable to the Executive for all obligations set forth herein.

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

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

8.16 Indemnification. The Company shall indemnify the Executive and hold him harmless for any acts or decisions made by him in good faith while performing services for the Company or its affiliates and shall use its best efforts to obtain coverage for him under an insurance policy (whether now in force or hereinafter obtained) during the term of this Agreement covering the officers and directors of the Company or its affiliates. The Company will pay all expenses including attorney's fees, actually and necessarily incurred by the Executive in connection with any appeal thereon including the cost of court settlement arising or alleged to arise from his employment by the Company.

11. Arbitration.

Any controversy or claim arising out of or in connection with this Agreement shall be settled by arbitration in accordance with the rules then pertaining of the American Arbitration Association. Such controversies shall be submitted to three arbitrators, one arbitrator being selected by the Company, one arbitrator being selected by the Executive, and the third being selected by the two so selected by the Company and the Executive or, if they cannot agree upon a third, by the American Arbitration Association. In the event that either the Company or the Executive, within one month after any notification of any demand for arbitration hereunder, shall not have selected its arbitrator and given notice thereof by registered or certified mail to the other, such arbitrator shall be selected by the American Arbitration Association. Confirmation of any award in any such arbitration may be held in any court having jurisdiction of the person against whom such award is rendered. Regardless of the circumstances giving rise to the need for arbitration, until such arbitration shall be finally determined and ended, the base salary of the Executive pursuant to Section 3.1, subject to the provisions of Section 6, shall be paid monthly until the expiration of the term of this Agreement, and Bonus pursuant to Section 3.2, subject to the provisions of Section 6, shall be earned and paid in accordance with Section 3.2 until the expiration of the term of this agreement. If the results of such arbitration are more favorable to the position taken by the Executive than that taken by the Company, in the opinion of the arbitrators, then all costs and expenses incurred by the Executive in connection with such arbitration shall be paid by the Company.

10. Effective Date.

This Agreement shall be effective as of January 1, 2002.

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

NVR, INC.

By:___________________________ ______________________________

WILLIAM J. INMAN

EXHIBIT 10.22

AGREEMENT TO INCREASE COMMITMENT AMOUNTS

THIS AGREEMENT TO INCREASE COMMITMENT AMOUNTS (the "Agreement"), dated as of September 28, 2001, is by and among NVR MORTGAGE FINANCE, INC. ("Borrower"), COMERICA BANK ("Comerica"), NATIONAL CITY BANK OF KENTUCKY ("National City Bank"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as a Lender ("U.S. Bank") and as agent (the "Agent") for the Lenders party to the Loan Agreement described below.

Recitals

A. The Borrower, the Lenders and the Agent are parties to a Loan Agreement dated as of September 7, 1999, as amended by a Consent, Waiver and First Amendment to Loan Agreement dated as of November 19, 1999, a Second Amendment to Loan Agreement and Second Amendment to Pledge and Security Agreement dated as of September 1, 2000, a Third Amendment to Loan Agreement dated as of February 16, 2001, and a Fourth Amendment to Loan Agreement dated as of August 31, 2001 (as so amended, the "Loan Agreement"), pursuant to which the Lenders provide the Borrower with a revolving mortgage warehousing credit facility.

B. The Borrower, U.S. Bank, Comerica, National City Bank and the Agent desire to increase temporarily the Commitment Amounts of U.S. Bank, Comerica, and National City Bank to herein set forth.

C. This Agreement is delivered to the Agent by the Borrower, U.S. Bank, Comerica, and National City Bank pursuant to Section 2.1(g) of the Loan Agreement.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I

Definitions

Section 1.01. Incorporated Definitions. Capitalized terms used in this Agreement, to the extent not otherwise defined herein, shall have the same meanings as in the Loan Agreement.

Article II

Concerning the Increased Commitment Amount

Section 2.01. Changes in Commitment Amount. Effective as of September 28, 2001, (the "Increase Date"), the Commitment Amount of U.S. Bank shall be increased from $45 million to $70 million, the Commitment Amount of Comerica shall be increased from $20 million to $28 million, and the Commitment Amount of National City Bank shall be increased from $20 million to $25 million. Effective as of January 1, 2002, (the "Reduction Date"), the Commitment Amount of U.S. Bank shall be reduced from $70 million to $45 million, the Commitment Amount of Comerica shall be reduced from $28 million to $20 million, and the Commitment Amount of National City Bank shall be reduced from $25 million to $20 million.

Section 2.02. Warehousing Advances. Each of U.S. Bank, Comerica and National City Bank shall make Warehousing advances on the Increase Date, as requested by the Agent, so that in outstanding Warehousing Advances are equal to its respective Commitment Percentage of all Warehousing Advances outstanding on the Increase Date. If the outstanding principal balance of all Warehousing Advances on the Reduction Date exceeds the sum of the Commitment Amounts, after giving effect to the termination of such temporary increases in the Commitment Amounts of U.S. Bank, Comerica, and National City Bank, the Borrower shall repay the Warehousing Advances in the amount of such excess on the first Business Day following the Reduction Date. Provided there is no Default or Event of Default or any other failure to satisfy the Date, the Agent shall request that each of the Lenders (other than U.S. Bank, Comerica, and National City Bank) make Warehousing Advances on the first Business Day following the Reduction Date in the amount, if any, required to increase its outstanding Warehousing Advances to its Commitment Percentage of all outstanding Warehousing Advances, and shall deliver the proceeds of such Warehousing Advances to the Agent; provided, however, that should any Lender fail to make such Warehousing Advances on the first Business Day following the Reduction Date, the Borrower shall repay the Warehousing Advances in the amount that such Lender failed to deliver to the Agent. The Agent shall distribute to U.S. Bank, Comerica, and National City Bank on the first Business Day following the Reduction Date, out of any payments made by the Borrower as set forth above and the proceeds of Warehousing Advances made by the other lenders as set forth above, the amount required to reduce U.S. Bank's, Comerica's, and National City Bank's outstanding Warehousing Advances to its respective Commitment Percentage of all outstanding Warehouse Advances.

Section 2.03. Schedule1.1(a). Schedule 1.1(a) of the Loan Agreement is hereby amended and restated in its entirety to read as set forth in Schedule 1.1(a) hereto.

Article III

Conditions Precedent

Section 3.01. Delivery of Documents. The obligation of U.S. Bank, Comerica and National City is to increase their respective Commitment Amounts as provided hereunder shall be subject to the delivery to the Agent by the Borrower of the following documents and the satisfaction of the following conditions:

(a) a new Committed Warehousing Promissory Note payable to U.S. Bank, Comerica and National City, respectively, in the amount of such Lender's respective increased Commitment Amount (each, a "New Note"), duly executed by the Borrower;

(b) a certificate of the Secretary or Assistant Secretary of the Borrower certifying (i) resolutions of its Board of Directors authorizing the execution, delivery and performance of this Agreement and the New Notes, and identifying the officers of the Borrower authorized to sign such instruments, and (ii) specimen signatures of the officers so authorized; and

(c) such other documents as the Agent, U.S. Bank, Comerica and National City may reasonably request.

Article IV

Miscellaneous

Section 4.01. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal law, and not the law of conflicts, of the State of Minnesota, but giving effect to federal laws applicable to national banks.

Section 4.02. Counterparts. This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

[Remainder of this page left blank intentionally]

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the date first above written.

NVR MORTGAGE FINANCE, INC.

By:______________________________

Its:_____________________________

U.S. BANK NATIONAL ASSOCIATION, as Agent and Lender

By:______________________________

Its:_____________________________

NATIONAL CITY BANK OF KENTUCKY

By:______________________________

Its:_____________________________

COMERICA BANK

By:______________________________

Its:_____________________________

[Signature Page to Agreement to Increase Commitment Amount]

EXHIBIT 10.23

NVR, INC.
7601 Lewinsville Road
McLean, Virginia 22102

Dated as of: July 12, 2001

Fleet National Bank
Individually and as Agent
100 Federal Street
Boston, Massachusetts 02110

Comerica Bank
Comerica Tower
500 Woodward Avenue, 7/th/ Floor
MC 3256
Detroit, Michigan 48226

U.S. Bank National Association
601 Second Avenue, South
Minneapolis, Minnesota 55402

Re: Amendment No. 5 to Third Amended and Restated Credit Agreement

Ladies and Gentlemen:

We refer to the Third Amended and Restated Credit Agreement, dated as of September 30, 1998 (as amended, the "Credit Agreement"), by and among NVR, Inc. (the "Borrower"), Fleet National Bank, successor by merger to BankBoston, N.A. ("Fleet"), U.S. Bank National Association ("USB") and Comerica Bank ("Comerica") (collectively, the "Banks"), and Fleet as Agent for the Banks (the "Agent"). Terms used in this letter of agreement (this "Amendment No. 5") which are not defined herein, but which are defined in the Credit Agreement, shall have the same respective meanings herein as therein.

We have requested you to make modifications to the Credit Agreement and certain other Loan Documents (collectively, the "Modifications"). You have advised us that you are prepared and would be pleased to make the Modifications on the condition that we join with you in this Amendment No. 5.

Accordingly, in consideration of these premises, the promises, mutual covenants and agreements contained in this Amendment No. 5, and fully intending to be legally bound by this Amendment No. 5, we hereby agree with you as follows:

ARTICLE I

AMENDMENTS TO CREDIT AGREEMENT

Unless otherwise noted, effective as of July 12, 2001, the Credit Agreement is amended as follows:

(a) The terms "Loan Documents" and "Credit Agreement" shall, wherever used in the Credit Agreement or any of the other Loan Documents, including, without limitation, each Revolving Credit Note, be deemed to also mean and include this Amendment No. 5. Each New Note (defined below) shall be deemed for all purposes of the Loan Documents to be Revolving Credit Notes.

(b) The definition of "Majority Banks" contained in Section 1 of the Credit Agreement is hereby amended: (i) by deleting each reference to "sixty-six percent (66%)" contained therein; and (ii) by inserting in place thereof the following: "sixty percent (60%)".

(c) The following new definition is added to Section 1 of the Credit Agreement as follows:

> "Investment Grade Rating". A rating from (i) Standard & Poor's Rating Group, a division of McGraw Hill, Inc., of BBB- or better, or (ii) Moody's Investors Service, Inc. of Baa3 or better.

(d) Section 2.1.1 of the Credit Agreement is hereby amended: (i) by deleting each reference to the date "May 31, 2003" contained therein; and (ii) by inserting in place thereof the following: "May 31, 2004".

(e) Section 2.2.1 of the Credit Agreement is hereby amended: (i) by deleting the first clause (i) of the proviso contained therein; and (ii) by inserting in place thereof the following: "(i) the aggregate Maximum Drawing Amount at any one time outstanding shall not exceed $40,000,000".

(f) Section 3.1 of the Credit Agreement is hereby amended: (i) by deleting the reference to "$60,000,000" contained therein; and (ii) by inserting in place thereof the following: "$85,000,000".

(g) Section 3.1 of the Credit Agreement is hereby amended by inserting the following new sentence at the end thereof:

> "Notwithstanding the foregoing, the parties hereto agree that if at any time the Borrower receives an Investment Grade Rating, and for so long as such Investment Grade Rating is maintained, the Borrowing Base (and any limitations on borrowing imposed thereby and reporting requirements related to the calculation of the Borrowing Base) shall be waived for all purposes of this Agreement and the "Maximum Commitment Amount" during such period shall be equal to the sum of the several Commitments of the Banks as shown on Schedule 1 hereto, such sum not to exceed $85,000,000, subject to (S)2.1.1 and (S)3.3 below (which such amount is the "Scheduled Commitment Amount")."

(h) Section 3.3 of the Credit Agreement is hereby amended: (i) by deleting the reference to "$60,000,000" contained therein; and (ii) by inserting in place thereof the following: "$85,000,000".

(i) Section 9.6(g) of the Credit Agreement is hereby amended: (i) by deleting the reference to "$10,000,000" contained therein; and (ii) by inserting in place thereof the following:

"$20,000,000".

(j) With respect only to any fiscal quarter during which the Borrowing Base was not in effect at any time, Section 9.7 of the Credit Agreement is hereby amended: (i) by deleting the reference to "$80,000,000" contained therein; and (ii) by inserting in place thereof the following: "$125,000,000".

(k) With respect only to any fiscal quarter during which the Borrowing Base was not in effect at any time, Section 9.8 of the Credit Agreement is hereby amended: (i) by deleting the reference to "2.0:1" contained therein; and (ii) by inserting in place thereof the following: "2.5:1".

(l) With respect only to any fiscal quarter during which the Borrowing Base was not in effect for any period of time, Section 9.9 of the Credit Agreement is hereby amended: (i) by deleting the reference to "4.0:1" contained therein; and (ii) by inserting in place thereof the following: "3.5:1".

(m) With respect only to any fiscal quarter during which the Borrowing Base was not in effect for any period of time, Section 9.9A of the Credit Agreement is hereby amended: (i) by deleting the reference to "5.5:1" contained therein; and (ii) by inserting in place thereof the following: "5.0:1".

(n) Section 9.21(j) of the Credit Agreement is hereby amended: (i) by deleting the references to "$3,000,000" and "$15,000,000", respectively, contained therein; and (ii) by inserting in place thereof the following, respectively: "$5,000,000" and "$25,000,000".

(o) Section 9.29 of the Credit Agreement is hereby amended by inserting the following new clause (d) at the end thereof:

> "(d) This representation, warranty and covenant shall not be effective at any time when the Borrowing Base is not in effect in accordance with Section 3.1."

(p) Exhibit C to the Credit Agreement is hereby amended to read in its entirety as set forth on Annex 1 attached hereto.

(q) Schedule 1 (Revised Schedule 1) to the Credit Agreement is hereby amended to read in its entirety as set forth on Annex 2 attached hereto.

ARTICLE II

CONDITIONS PRECEDENT TO AMENDMENT

The Banks' agreement herein to amend the Credit Agreement is subject to the fulfillment of the following conditions:

(a) The Agent shall have received from the Borrower this Amendment No. 5 and an amended and restated Revolving Credit Note in favor of each Bank (the "New Notes"), duly executed and delivered by the Borrower;

(b) The Agent shall have received satisfactory evidence of the corporate authority of the Borrower to enter into this Amendment No. 5 (including to incur the additional borrowings contemplated hereby);

(c) The Agent shall have received for the respective accounts of the Banks, (i) an amendment fee equal to $48,000, to be paid ratably to each Bank based on its Commitment and (ii) an increase fee to each Bank providing an increase in their Commitment pursuant hereto in an amount equal to .003 multiplied by such increase; and

(d) the Agent and each of the Banks shall have executed this Amendment No. 5.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents, warrants and covenants to you as follows:

(a) Representations in Credit Agreement. To the best of the Borrower's knowledge, each of the representations and warranties made by or on behalf of the Borrower to you in the Credit Agreement and the other Loan Documents, as amended through this Amendment No. 5, was true and correct when made, and is true and correct in all material respects on and as of the date hereof with the same full force and effect as if each of such representations and warranties had been made by the Borrower on the date hereof and in this Amendment No. 5, except to the extent that such representations and warranties relate solely to a prior date.

(b) No Events of Default. No Default or Event of Default exists on the date hereof (after giving effect to the Modifications contemplated hereby and the transactions described herein).

(c) Binding Effect of Documents. This Amendment No. 5 has been duly executed and delivered to you by the Borrower and is in full force and effect as of the date hereof, and the agreements and obligations of the Borrower contained herein constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

(d) Consents. The Borrower has obtained all consents which are necessary in order to consummate the transactions referred to in this Amendment No. 5, and has furnished copies of all such consents, if any, to the Agent.

ARTICLE IV

PROVISIONS OF GENERAL APPLICATION

(a) No Other Changes. Except as otherwise expressly provided by this Amendment No. 5 and the New Notes, all of the terms, conditions and provisions of the Credit Agreement and the other Loan Documents remain unaltered. The Credit Agreement and this Amendment No. 5 shall be read and construed as one agreement.

(b) Governing Law. Each of this Amendment No. 5 and the New Notes is intended to take effect as a sealed instrument and shall be deemed to be a contract under the laws of the Commonwealth of Massachusetts. This Amendment No. 5 and the New Notes and the rights and obligations of each of the parties hereto and thereto shall be governed by and interpreted and determined in accordance with the laws of the Commonwealth of Massachusetts.

(c) Binding Effect; Assignment. This Amendment No. 5 and the New Notes shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors in title and assigns.

(d) Counterparts. This Amendment No. 5 may be executed in any number of counterparts, but all such counterparts shall together constitute but one and the same agreement. In making proof of this Amendment No. 5, it shall not be necessary to produce or account for more than one counterpart hereof signed by each of the parties hereto.

(e) Conflict with Other Agreements. If any of the terms of this Amendment No. 5 shall conflict in any respect with any of the terms of the Credit Agreement or any other Loan Document, the terms of this Amendment No. 5 shall be controlling.

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this Amendment No. 5 and return such counterpart to the undersigned, whereupon this Amendment No. 5 shall become a binding agreement between you and the undersigned.

Very truly yours,

NVR, INC.

By:_______________________________________
Title: Sr. Vice President Finance and CFO

[Signatures continued on next page]

The foregoing Amendment No. 5 is hereby accepted by the undersigned as of July 12, 2001.

FLEET NATIONAL BANK,
Individually and as Agent

By:_________________________________
Title: Director

COMERICA BANK

By:_________________________________
Title: Account Officer

U.S. BANK NATIONAL ASSOCIATION

By:_________________________________
Title: Assistant Vice President

ANNEX 1

[FORM OF]
AMENDED AND RESTATED
REVOLVING CREDIT NOTE

$30,000,000.00 July__, 2001

FOR VALUE RECEIVED, the undersigned, NVR, INC., a corporation organized and existing under the laws of Virginia having its principal place of business at 7601 Lewinsville Road, McLean, Virginia 22102 (the "Borrower"), promises to pay, on or before the Maturity Date (as defined in the Credit Agreement hereinafter referred to) to the order of FLEET NATIONAL BANK (hereinafter, together with its successors in title and assigns, called the "Bank") at the head office of FLEET NATIONAL BANK (the "Agent"), at 100 Federal Street, Boston, Massachusetts 02110, the principal sum of THIRTY MILLION AND NO/100 DOLLARS ($30,000,000.00) or, if less, the aggregate unpaid principal amount of all Revolving Credit Loans made by the Bank to the Borrower pursuant to that certain Third Amended and Restated Credit Agreement dated as of September 30, 1998 and as the same may now or hereafter be amended (the "Credit Agreement") among the Bank, the Borrower, the other financial institutions named therein and the Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement. Unless otherwise provided herein, the rules of interpretation set forth in (S)1 of the Credit Agreement shall be applicable to this Note.

IT IS UNDERSTOOD THAT THIS NOTE IS A REPLACEMENT NOTE FOR (i) AN EXISTING REVOLVING CREDIT NOTE DATED SEPTEMBER 30, 1998 IN THE PRINCIPAL AMOUNT OF $24,000,000 PAYABLE TO THE BANK AND (ii) AN EXISTING REVOLVING CREDIT NOTE DATED AUGUST 30, 1999 IN THE PRINCIPAL AMOUNT OF $5,000,000 PAYABLE TO THE BANK. IT IS ALSO UNDERSTOOD THAT THIS NOTE CONSTITUTES A REVOLVING CREDIT NOTE UNDER THE CREDIT AGREEMENT.

The Borrower also promises to pay (a) principal from time to time at the times provided in the Credit Agreement and (b) interest from the date hereof on the principal amount from time to time unpaid at the rates and times set forth in the Credit Agreement and in all cases in accordance with the terms of the Credit Agreement. The Agent may endorse the record relating to this Note with appropriate notations evidencing advances and payments of principal hereunder as contemplated by the Credit Agreement.

This Note is issued pursuant to, is entitled to the benefits of, and is subject to the provisions of the Credit Agreement. The principal of this Note is subject to prepayment in whole or in part in the manner and to the extent specified in the Credit Agreement.

In case an Event of Default shall occur and be continuing, the entire unpaid principal amount of this Note and all of the unpaid interest accrued thereon may become or be declared due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower and all endorsers hereby waive presentment, demand, protest and notice of any kind in connection with the delivery, acceptance, performance and enforcement of this Note, and also hereby assent to extensions of time of payment or forbearance or other indulgences without notice.

THIS NOTE AND THE OBLIGATIONS OF THE BORROWER HEREUNDER SHALL BE GOVERNED BY AND INTERPRETED AND DETERMINED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW).

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate name as an instrument under seal by its duly authorized officer on the date and in the year first above written.

ATTEST:	NVR, INC.
By:______________________	By:_______________________
Name:	Name:
Title:	Title:
	[Corporate Seal]

ADVANCES AND

REPAYMENTS OF PRINCIPAL

Advances and payments of principal of this Note were made on the dates and in the amounts specified below:

Date	Amount of Loan	Amount of Principal Prepaid or Repaid	Balance of Principal Unpaid	Notation Made By:

ANNEX 2

Revised
SCHEDULE 1

NVR INC.
BANK COMMITMENTS

Senior Revolving Credit	Commitment %	Commitment Amount
Comerica Bank	29.4%	$25,000,000
U.S. Bank, National Association	35.3%	$30,000,000
Fleet National Bank	35.3%	$30,000,000

Exhibit 11

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

	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999
1. Net income	$ 236,794	$ 158,246	$ 108,881
2. Average number of Shares outstanding	7,927	9,084	10,190
3. Shares issuable upon exercise of dilutive options, warrants and subscriptions outstanding during period, based on average market price	1,599	1,480	1,898
4. Average number of Shares and Share equivalents outstanding (2 + 3)	9,526	10,564	12,088
5. Basic earnings per share (1/2)	$ 29.87	$ 17.42	$ 10.69
6. Diluted earnings per share (1/4)	$ 24.86	$ 14.98	$ 9.01

EXHIBIT 21

NVR, Inc. Subsidiaries

Name of Subsidiary	State of Incorporation or Organization
NVR Mortgage Finance, Inc.	Virginia
NVR Settlement Services, Inc.	Pennsylvania
RVN, Inc.	Delaware
NVR Services, Inc.	Virginia
NVR Funding II, Inc.	Delaware

EXHIBIT 23

Consent of Independent Auditors

The Board of Directors
NVR, Inc.:

We consent to incorporation by reference in the registration statement (No. 33-69754) on Form S-8 (for the NVR, Inc. Directors' Long-Term Incentive Plan), the registration statement (No. 33-69756) on Form S-8 (for the NVR, Inc. Management Equity Incentive Plan), the registration statement (No. 33-69758) on Form S-8 (for the NVR, Inc. Equity Purchase Plan), the registration statement (No. 33-87478) on Form S-8 (for the NVR, Inc. 1994 Management Equity Incentive Plan), the registration statement (No. 333-04975) on Form S-8 (for the NVR, Inc. Management Long-Term Stock Option Plan), the registration statement (No. 333-04989) on Form S-8 (for the NVR, Inc. Directors' Long-Term Stock Option Plan), the registration statement (No. 33-69436) on Form S-3, the registration statement (No. 333-44515) on Form S-3 (for a universal shelf registration for senior or subordinated debt in an amount up to $400 million), the amended registration statement (No. 333-44515) on Form S-3A (for a universal shelf registration for senior or subordinated debt in an amount up to $400 million), the registration statement (No. 333-79949) on Form S-8 (for the NVR, Inc. 1998 Directors' Long-Term Stock Option Plan), the registration statement (No. 333-79951) on Form S-8 (for the NVR, Inc. 1998 Management Stock Option Plan), the registration statement (No. 333-56732) on Form S-8 (for the NVR, Inc. 2000 Broadly-Based Stock Option Plan) and of our report on the consolidated balance sheets of NVR, Inc. and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2001, which appears in the December 31, 2001, annual report on Form 10-K of NVR, Inc.

KPMG LLP

McLean, Virginia
February 8, 2002