

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 21, 2021

NVR, Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-12378
(Commission
File Number)

54-1394360
(IRS Employer
Identification No.)

**11700 Plaza America Drive, Suite 500
Reston, Virginia 20190**
(Address of principal executive offices) (Zip Code)

(703) 956-4000
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.01 per share | NVR | New York Stock Exchange |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On July 21, 2021, NVR, Inc. issued a press release reporting its financial results for the quarter and year to date periods ended June 30, 2021. A copy of this press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d)
Exhibits

| Exhibit Number | Exhibit Description |
|---------------------------|--|
| 99.1 | Press release dated July 21, 2021 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NVR, Inc.

Date: July 21, 2021

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

**NVR, INC. ANNOUNCES SECOND QUARTER RESULTS**

July 21, 2021, Reston, VA—NVR, Inc. (NYSE: NVR), one of the nation's largest homebuilding and mortgage banking companies, announced net income for its second quarter ended June 30, 2021 of \$321.3 million, or \$82.45 per diluted share. Net income and diluted earnings per share for the second quarter ended June 30, 2021 increased 96% and 94%, respectively, when compared to 2020 second quarter net income of \$164.1 million, or \$42.50 per diluted share. Consolidated revenues for the second quarter of 2021 totaled \$2.28 billion, an increase of 41% from \$1.62 billion in the second quarter of 2020.

For the six months ended June 30, 2021, consolidated revenues were \$4.33 billion, a 35% increase from \$3.20 billion reported in 2020. Net income for the six months ended June 30, 2021 was \$570.1 million, an increase of 68% when compared to the six months ended June 30, 2020. Diluted earnings per share for the six months ended June 30, 2021 was \$145.53, an increase of 66% from \$87.56 per diluted share for 2020.

Homebuilding

New orders in the second quarter of 2021 decreased by 6% to 5,521 units, when compared to 5,901 units in the second quarter of 2020. The average sales price of new orders in the second quarter of 2021 was \$440,200, an increase of 20% when compared with the second quarter of 2020. The cancellation rate in the second quarter of 2021 was 8% compared to 16% in the second quarter of 2020. Settlements in the second quarter of 2021 increased by 32% to 5,685 units, compared to 4,296 units in the second quarter of 2020. Our backlog of homes sold but not settled as of June 30, 2021 increased on a unit basis by 19% to 12,627 units and increased on a dollar basis by 35% to \$5.41 billion when compared to the respective backlog unit and dollar balances as of June 30, 2020.

Homebuilding revenues of \$2.22 billion in the second quarter of 2021 increased by 40% compared to homebuilding revenues of \$1.59 billion in the second quarter of 2020. Gross profit margin in the second quarter of 2021 increased to 22.6%, compared to 19.2% in the second quarter of 2020. Income before tax from the homebuilding segment totaled \$378.3 million in the second quarter of 2021, an increase of 94% when compared to the second quarter of 2020.

Mortgage Banking

Mortgage closed loan production in the second quarter of 2021 totaled \$1.57 billion, an increase of 37% when compared to the second quarter of 2020. Income before tax from the mortgage banking segment totaled \$39.2 million in the second quarter of 2021, an increase of 161% when compared to \$15.0 million in the second quarter of 2020. This increase was primarily attributable to increased mortgage volume in the second quarter of 2021, coupled with income in the second quarter of 2020 being adversely impacted by disruptions in the mortgage markets related to the COVID-19 pandemic, which resulted in a reduction in fair value of mortgage servicing rights.

Effective Tax Rate

Our effective tax rate for the three and six months ended June 30, 2021 was 23.0% and 21.9%, respectively, compared to 21.8% and 8.5% for the three and six months ended June 30, 2020, respectively. The effective tax rates in each period were favorably impacted by the recognition of an income tax benefit related to excess tax benefits from stock option exercises totaling \$11.2 million and \$28.6 million for the three and six months ended June 30, 2021, respectively, and \$6.9 million and \$62.5 million for the three and six months ended June 30, 2020, respectively.

Other Matters - COVID-19

The COVID-19 pandemic has had a significant impact on all facets of our business. Our primary focus as we face this challenge is to do everything we can to ensure the safety and well-being of our employees, customers and trade partners. In each of our markets, we continue to operate in accordance with the guidelines issued by the Centers for Disease Control and Prevention as well as state and local health department guidelines, which has resulted in significant changes to the way we conduct business.

Although current demand for new homes is strong, there remains uncertainty regarding the extent and timing of disruption to our business that may result from COVID-19 and related governmental actions. There is also uncertainty as to the effects of economic relief efforts on the U.S. economy, unemployment, consumer confidence, demand for our homes and the mortgage market, including lending standards and secondary mortgage markets. We are unable to predict the extent to which this will impact our operational and financial performance including the impact of future developments such as the duration and spread of COVID-19, corresponding governmental actions, and the impact of such on our employees, customers and trade partners.

About NVR

NVR, Inc. operates in two business segments: homebuilding and mortgage banking. The homebuilding segment sells and builds homes under the Ryan Homes, NVHomes and Heartland Homes trade names, and operates in thirty-three metropolitan areas in fourteen states and Washington, D.C. For more information about NVR, Inc. and its brands, see www.nvrinc.com, www.ryanhomes.com, www.nvhomes.com and www.heartlandluxuryhomes.com.

Some of the statements in this release made by the Company constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as “believes,” “expects,” “may,” “will,” “should” or “anticipates” or the negative thereof or other comparable terminology. All statements other than of historical facts are forward-looking statements. Forward-looking statements contained in this document may include those regarding market trends, NVR’s financial position, business strategy, the outcome of pending litigation, investigations or similar contingencies, projected plans and objectives of management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to the following: the impact of COVID-19 on the economy; general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing by NVR and NVR’s customers; increased regulation in the mortgage banking industry; the ability of our mortgage banking subsidiary to sell loans it originates into the secondary market; competition; the availability and cost of land and other raw materials used by NVR in its homebuilding operations; shortages of labor; weather related slow-downs; building moratoriums; governmental regulation; fluctuation and volatility of stock and other financial markets; mortgage financing availability; and other factors over which NVR has little or no control. NVR undertakes no obligation to update such forward-looking statements except as required by law.

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-------------------|---------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Homebuilding: | | | | |
| Revenues | \$ 2,224,560 | \$ 1,588,758 | \$ 4,188,271 | \$ 3,144,465 |
| Other income | 1,632 | 2,408 | 3,218 | 7,744 |
| Cost of sales | (1,721,673) | (1,284,493) | (3,299,126) | (2,579,236) |
| Selling, general and administrative | (113,406) | (102,702) | (234,825) | (212,869) |
| Operating income | 391,113 | 203,971 | 657,538 | 360,104 |
| Interest expense | (12,850) | (9,166) | (25,856) | (15,380) |
| Homebuilding income | 378,263 | 194,805 | 631,682 | 344,724 |
| Mortgage Banking: | | | | |
| Mortgage banking fees | 59,038 | 31,610 | 136,773 | 58,431 |
| Interest income | 2,209 | 1,854 | 4,241 | 4,323 |
| Other income | 988 | 679 | 1,855 | 1,328 |
| General and administrative | (22,613) | (18,758) | (44,269) | (36,969) |
| Interest expense | (420) | (359) | (811) | (631) |
| Mortgage banking income | 39,202 | 15,026 | 97,789 | 26,482 |
| Income before taxes | 417,465 | 209,831 | 729,471 | 371,206 |
| Income tax (expense) benefit | (96,170) | (45,756) | (159,414) | (31,428) |
| Net income | <u>\$ 321,295</u> | <u>\$ 164,075</u> | <u>\$ 570,057</u> | <u>\$ 339,778</u> |
| Basic earnings per share | <u>\$ 88.69</u> | <u>\$ 44.56</u> | <u>\$ 156.27</u> | <u>\$ 92.52</u> |
| Diluted earnings per share | <u>\$ 82.45</u> | <u>\$ 42.50</u> | <u>\$ 145.53</u> | <u>\$ 87.56</u> |
| Basic weighted average shares outstanding | <u>3,623</u> | <u>3,682</u> | <u>3,648</u> | <u>3,673</u> |
| Diluted weighted average shares outstanding | <u>3,897</u> | <u>3,861</u> | <u>3,917</u> | <u>3,881</u> |

NVR, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)
(unaudited)

| | June 30, 2021 | December 31, 2020 |
|---|----------------------|--------------------------|
| ASSETS | | |
| Homebuilding: | | |
| Cash and cash equivalents | \$ 2,597,565 | \$ 2,714,720 |
| Restricted cash | 42,543 | 28,912 |
| Receivables | 24,484 | 18,299 |
| Inventory: | | |
| Lots and housing units, covered under sales agreements with customers | 1,792,293 | 1,484,936 |
| Unsold lots and housing units | 131,668 | 123,197 |
| Land under development | 7,794 | 62,790 |
| Building materials and other | 41,618 | 38,159 |
| | 1,973,373 | 1,709,082 |
| | | |
| Contract land deposits, net | 425,301 | 387,628 |
| Property, plant and equipment, net | 54,379 | 57,786 |
| Operating lease right-of-use assets | 61,740 | 53,110 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 41,580 | 41,580 |
| Other assets | 215,168 | 203,399 |
| | 5,436,133 | 5,214,516 |
| Mortgage Banking: | | |
| Cash and cash equivalents | 20,757 | 63,547 |
| Restricted cash | 3,688 | 2,334 |
| Mortgage loans held for sale, net | 344,680 | 449,760 |
| Property and equipment, net | 4,236 | 4,544 |
| Operating lease right-of-use assets | 11,627 | 12,439 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 7,347 | 7,347 |
| Other assets | 25,968 | 22,654 |
| | 418,303 | 562,625 |
| Total assets | \$ 5,854,436 | \$ 5,777,141 |

NVR, Inc.
Consolidated Balance Sheets (Continued)
(in thousands, except share and per share data)
(unaudited)

| | June 30, 2021 | December 31, 2020 |
|---|---------------------|---------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| <i>Homebuilding:</i> | | |
| Accounts payable | \$ 380,957 | \$ 339,867 |
| Accrued expenses and other liabilities | 419,454 | 440,671 |
| Customer deposits | 365,443 | 240,758 |
| Operating lease liabilities | 67,413 | 59,357 |
| Senior notes | 1,516,830 | 1,517,395 |
| | 2,750,097 | 2,598,048 |
| <i>Mortgage Banking:</i> | | |
| Accounts payable and other liabilities | 49,605 | 62,720 |
| Operating lease liabilities | 12,446 | 13,299 |
| | 62,051 | 76,019 |
| Total liabilities | 2,812,148 | 2,674,067 |
| <i>Commitments and contingencies</i> | | |
| <i>Shareholders' equity:</i> | | |
| Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,555,330 shares issued as of both June 30, 2021 and December 31, 2020 | 206 | 206 |
| Additional paid-in capital | 2,314,564 | 2,214,426 |
| Deferred compensation trust – 106,697 shares of NVR, Inc. common stock as of both June 30, 2021 and December 31, 2020 | (16,710) | (16,710) |
| Deferred compensation liability | 16,710 | 16,710 |
| Retained earnings | 9,381,177 | 8,811,120 |
| Less treasury stock at cost – 16,976,140 and 16,859,753 shares as of June 30, 2021 and December 31, 2020, respectively | (8,653,659) | (7,922,678) |
| Total shareholders' equity | 3,042,288 | 3,103,074 |
| Total liabilities and shareholders' equity | \$ 5,854,436 | \$ 5,777,141 |

NVR, Inc.
Operating Activity
(dollars in thousands)
(unaudited)

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|---|------------------------------------|-----------------|--------------|-----------------|----------------------------------|-----------------|---------------|-----------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price | Units | Average Price | Units | Average Price |
| <i>New orders, net of cancellations:</i> | | | | | | | | |
| Mid Atlantic (1) | 2,090 | \$ 535.4 | 2,381 | \$ 443.0 | 4,381 | \$ 518.1 | 4,442 | \$ 442.6 |
| North East (2) | 394 | \$ 499.3 | 369 | \$ 375.7 | 834 | \$ 486.3 | 727 | \$ 378.9 |
| Mid East (3) | 1,320 | \$ 375.7 | 1,536 | \$ 315.6 | 3,115 | \$ 361.1 | 2,761 | \$ 320.3 |
| South East (4) | 1,717 | \$ 360.3 | 1,615 | \$ 296.1 | 3,505 | \$ 348.7 | 2,986 | \$ 300.5 |
| Total | <u>5,521</u> | <u>\$ 440.2</u> | <u>5,901</u> | <u>\$ 365.4</u> | <u>11,835</u> | <u>\$ 424.4</u> | <u>10,916</u> | <u>\$ 368.6</u> |

| | Three Months Ended June 30, | | | | Six Months Ended June 30, | | | |
|----------------------------|------------------------------------|-----------------|--------------|-----------------|----------------------------------|-----------------|--------------|-----------------|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price | Units | Average Price | Units | Average Price |
| <i>Settlements:</i> | | | | | | | | |
| Mid Atlantic (1) | 2,224 | \$ 471.4 | 1,931 | \$ 434.9 | 4,234 | \$ 468.7 | 3,726 | \$ 433.1 |
| North East (2) | 433 | \$ 446.3 | 262 | \$ 374.9 | 805 | \$ 441.5 | 543 | \$ 376.3 |
| Mid East (3) | 1,404 | \$ 340.6 | 945 | \$ 317.4 | 2,667 | \$ 338.6 | 1,930 | \$ 321.6 |
| South East (4) | 1,624 | \$ 310.7 | 1,158 | \$ 302.9 | 3,051 | \$ 309.8 | 2,327 | \$ 303.2 |
| Total | <u>5,685</u> | <u>\$ 391.3</u> | <u>4,296</u> | <u>\$ 369.8</u> | <u>10,757</u> | <u>\$ 389.3</u> | <u>8,526</u> | <u>\$ 368.8</u> |

| | As of June 30, | | | |
|------------------------|-----------------------|-----------------|---------------|-----------------|
| | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price |
| <i>Backlog:</i> | | | | |
| Mid Atlantic (1) | 4,626 | \$ 517.7 | 4,328 | \$ 448.7 |
| North East (2) | 979 | \$ 485.7 | 771 | \$ 403.5 |
| Mid East (3) | 3,322 | \$ 364.8 | 2,644 | \$ 327.5 |
| South East (4) | 3,700 | \$ 359.0 | 2,880 | \$ 309.2 |
| Total | <u>12,627</u> | <u>\$ 428.5</u> | <u>10,623</u> | <u>\$ 377.5</u> |

NVR, Inc.
Operating Activity (Continued)
(dollars in thousands)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------|-----------------------------|------|---------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Average active communities: | | | | |
| Mid Atlantic (1) | 153 | 188 | 156 | 189 |
| North East (2) | 32 | 41 | 33 | 40 |
| Mid East (3) | 126 | 141 | 133 | 139 |
| South East (4) | 109 | 114 | 110 | 111 |
| Total | 420 | 484 | 432 | 479 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------------|-----------------------------|--------|---------------------------|---------|
| | 2021 | 2020 | 2021 | 2020 |
| Homebuilding data: | | | | |
| New order cancellation rate | 8.3 % | 15.7 % | 9.0 % | 18.1 % |
| Lots controlled at end of period | | | 114,100 | 102,000 |

| | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| Mortgage banking data: | | | | |
| Loan closings | \$ 1,565,095 | \$ 1,144,428 | \$ 2,977,974 | \$ 2,276,531 |
| Capture rate | 89 % | 89 % | 89 % | 90 % |

| | | | | |
|--------------------------------------|------------|------|------------|------------|
| Common stock information: | | | | |
| Shares outstanding at end of period | | | 3,579,190 | 3,689,088 |
| Number of shares repurchased | 78,452 | — | 164,975 | 57,611 |
| Aggregate cost of shares repurchased | \$ 376,941 | \$ — | \$ 754,366 | \$ 216,582 |

- (1) Maryland, Virginia, West Virginia, Delaware and Washington, D.C.
- (2) New Jersey and Eastern Pennsylvania
- (3) New York, Ohio, Western Pennsylvania, Indiana and Illinois
- (4) North Carolina, South Carolina, Tennessee and Florida

Investor Relations Contact:

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