

NVR INC  
Form 424B5  
September 06, 2012  
Table of Contents

**CALCULATION OF REGISTRATION FEE**

	Title of Each Class of Securities to be Registered	Maximum Aggregate	Amount of
		Offering Price	Registration Fee
3.950% Senior Notes due 2022		\$600,000,000	\$68,760(1)
Total		\$600,000,000	\$68,760(1)

- (1) Calculated pursuant to Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act ). The fee payable in connection with the offering pursuant to this prospectus supplement has been paid in accordance with Rule 456(b) under the Securities Act.

**Table of Contents**

Pursuant to Rule No. 424(b)(5)  
Registration No. 333-183716

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 5, 2012

**\$600,000,000**

**NVR, Inc.**

**3.950% Senior Notes Due 2022**

We are offering \$600,000,000 of our 3.950% senior notes due 2022. We will pay interest on the notes issued in this offering semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2013. The notes will mature on September 15, 2022.

At our option, we may redeem some or all of the notes at any time at the redemption prices set forth in this prospectus supplement. We are required to offer to purchase the notes if we experience a change of control under certain circumstances.

The notes will be our senior unsecured obligations and will rank equally in right of payment with any of our existing and future unsecured senior indebtedness, will rank senior in right of payment to any of our future indebtedness that is by its terms expressly subordinated to the notes and will be effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to all obligations of our subsidiaries.

**Investing in the notes involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement.**

	<b>Per Note</b>	<b>Total</b>
Public Offering Price(1)	99.827%	\$598,962,000
Underwriting Discount	0.650%	\$ 3,900,000
Proceeds to NVR, Inc. (before expenses)	99.177%	\$595,062,000

(1) Plus accrued interest, if any, from September 10, 2012.

Delivery of the notes in book-entry form will be made on or about September 10, 2012.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.**

*Joint Book-Running Managers*

**Credit Suisse**

**BofA Merrill Lynch**

**Wells Fargo Securities**

The date of this prospectus supplement is September 5, 2012.

**Table of Contents**

**TABLE OF CONTENTS**

**Prospectus Supplement**

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-1
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-2
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-3
<u>RISK FACTORS</u>	S-9
<u>USE OF PROCEEDS</u>	S-11
<u>CAPITALIZATION</u>	S-12
<u>DESCRIPTION OF NOTES</u>	S-13
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	S-30
<u>UNDERWRITING</u>	S-34
<u>NOTICE TO CANADIAN RESIDENTS</u>	S-38
<u>EXPERTS</u>	S-40
<u>LEGAL MATTERS</u>	S-40
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-41
<u>INCORPORATION BY REFERENCE</u>	S-41

**Prospectus**

	<b>Page</b>
<u>ABOUT THIS PROSPECTUS</u>	1
<u>RISK FACTORS</u>	2
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>THE COMPANY</u>	4
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	7
<u>DESCRIPTION OF DEBT SECURITIES</u>	8
<u>DESCRIPTION OF CAPITAL STOCK</u>	20
<u>DESCRIPTION OF DEPOSITARY SHARES</u>	23
<u>DESCRIPTION OF WARRANTS</u>	27
<u>BOOK-ENTRY SECURITIES</u>	28
<u>PLAN OF DISTRIBUTION</u>	30
<u>EXPERTS</u>	32
<u>LEGAL MATTERS</u>	32
<u>WHERE TO OBTAIN ADDITIONAL INFORMATION</u>	32
<u>INCORPORATION BY REFERENCE</u>	33

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the notes that we are currently offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the notes that we are currently offering. Generally, the term prospectus refers to both parts combined.

You should read this prospectus supplement, the accompanying prospectus, any related free writing prospectus and the documents incorporated by reference herein and therein. We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any related free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date expressly indicated or, if none, the date of the document containing such information. Our business, financial condition, results of operations, cash flows and prospects may have changed since those dates. The notes are being offered and sold only in jurisdictions where offers and sales are permitted.

If the information contained or incorporated by reference in this prospectus supplement varies in any way from the information contained or incorporated by reference in the accompanying prospectus, you should rely on the information contained or incorporated by reference in this prospectus supplement and not the information in the accompanying prospectus. If the information contained or incorporated by reference in this prospectus supplement varies in any way from any other information incorporated by reference herein, you should rely on the information contained in the more recent document.

Certain numerical figures set forth in this prospectus supplement have been subject to rounding adjustments.

In this prospectus supplement, the terms NVR, we, our and us refer to NVR, Inc. and its subsidiaries, unless the context requires otherwise.

**Table of Contents**

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements in this prospectus supplement and accompanying prospectus, the documents incorporated by reference herein and therein, as well as statements made by us in periodic press releases or other public communications, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as believes, expects, may, will, should, or anticipates or the negative thereof or comparable terminology. All statements other than of historical facts are forward-looking statements. Forward-looking statements contained or incorporated by reference in this document include those regarding market trends, our 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 our actual results or performance to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to the following: general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing by us and our 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 us in our 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 we have little or no control. We undertake no obligation to update such forward-looking statements except as required by law. For additional information regarding risk factors, see Risk Factors in our 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the SEC) on February 22, 2012, and in this prospectus supplement and the accompanying prospectus.

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**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus. Because this is a summary, it may not contain all the information that is important to you. You should carefully read the entire prospectus supplement and the accompanying prospectus, including the information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.*

**Our Company**

NVR, Inc. ( NVR ) was formed in 1980 as NVHomes, Inc. Our primary business is the construction and sale of single-family detached homes, townhomes and condominium buildings. To more fully serve customers of our homebuilding operations, we also operate a mortgage banking and title services business. We conduct our homebuilding activities directly. Our mortgage banking operations are operated primarily through a wholly owned subsidiary, NVR Mortgage Finance, Inc. ( NVRM ).

We are one of the largest homebuilders in the United States. While we operate in multiple locations in 15 states, primarily in the eastern part of the United States, approximately 35% of our home settlements in 2011 occurred in the Washington, D.C. and Baltimore, MD metropolitan areas, which accounted for approximately 46% of our 2011 homebuilding revenues. Our homebuilding operations include the construction and sale of single-family detached homes, townhomes and condominium buildings under three trade names: Ryan Homes, NVHomes and Fox Ridge Homes. The Ryan Homes and Fox Ridge Homes products are marketed primarily to first-time homeowners and first-time move-up buyers. The Ryan Homes product is currently sold in 27 metropolitan areas located in Maryland, Washington, D.C., Virginia, West Virginia, Pennsylvania, New York, North Carolina, South Carolina, Tennessee, Ohio, New Jersey, Delaware, Kentucky, Indiana, Illinois and Florida. The Fox Ridge Homes product is sold solely in the Nashville, TN metropolitan area. The NVHomes product is marketed primarily to move-up and upscale buyers and is sold in Delaware and the Washington, D.C., Baltimore, MD and Philadelphia, PA metropolitan areas. In 2011, our average price of a settled unit was approximately \$307,500.

Historically, we generally have not engaged in land development (see discussion below on our limited land development activities). Instead, we typically acquire finished building lots at market prices from various development entities under fixed price purchase agreements ( purchase agreements ) that require deposits that may be forfeited if we fail to perform under the purchase agreement. The deposits required under the purchase agreements are in the form of cash or letters of credit in varying amounts and represent a percentage, typically ranging up to 10%, of the aggregate purchase price of the finished lots.

We believe that our lot acquisition strategy avoids the financial requirements and risks associated with direct land ownership and land development. We may, at our option, choose for any reason and at any time not to perform under these purchase agreements by delivering notice of our intent not to acquire the finished lots under contract. Our sole legal obligation and economic loss for failure to perform under these purchase agreements is limited to the amount of the deposit pursuant to the liquidated damage provision contained within the purchase agreements. We do not have any financial guarantees and we typically do not guarantee lot purchases on a specific performance basis under these purchase agreements. None of the creditors of any of the development entities with which we have entered these purchase agreements have recourse to our general credit. We generally seek to maintain control over a supply of lots believed to be suitable to meet our five-year business plan.

Our continued success is contingent upon our ability to control an adequate supply of finished lots on which to build and on our developers ability to timely deliver finished lots to meet the sales demands of our customers. However, current economic conditions and the continued downturn of the homebuilding industry have exerted

**Table of Contents**

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

As of June 30, 2012, we controlled approximately 50,300 lots under purchase agreements with deposits in cash and letters of credit totaling approximately \$224.9 million and \$3.7 million, respectively. Included in the number of controlled lots are approximately 10,900 lots for which we have recorded a contract land deposit impairment reserve of approximately \$69.0 million as of June 30, 2012. In addition, we had an aggregate investment of approximately \$87.8 million in four joint venture limited liability corporations ( JVs ), expected to produce approximately 6,500 lots. Of the lots controlled by the JVs, approximately 2,700 were not under contract with us at June 30, 2012. Further, as of June 30, 2012, we directly owned four separate raw parcels of land, zoned for their intended use, with a current cost basis, including development costs, of approximately \$71.0 million that we intend to develop into approximately 830 finished lots for use in our homebuilding operations.

In addition to building and selling homes, we provide a number of mortgage-related services through our mortgage banking operations. Through operations in each of our homebuilding markets, NVRM originates mortgage loans almost exclusively for our homebuyers. NVRM generates revenues primarily from origination fees, gains on sales of loans and title fees. NVRM sells all of the mortgage loans it closes into the secondary markets on a servicing released basis.

We are incorporated in the Commonwealth of Virginia. Our principal executive offices are located at 11700 Plaza America Drive, Suite 500, Reston, Virginia 20190 and our telephone number is (703) 956-4000.



**Table of Contents**

**The Offering**

*The summary below describes the principal terms of the notes. Some of the terms described below are subject to important limitations and exceptions. See Description of Notes for a more detailed description of the notes.*

Issuer	NVR, Inc.
Notes Offered	\$600,000,000 aggregate principal amount of 3.950% senior notes due 2022.
Maturity	The notes will mature on September 15, 2022.
Interest	The notes will bear interest at a rate of 3.950% per year and interest will be paid semi-annually in arrears on March 15 and September 15, beginning on March 15, 2013.
Guarantees	None.
Ranking	The notes will be our senior unsecured obligations and will be effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The notes will be structurally subordinated to all obligations of our subsidiaries and will rank <i>pari passu</i> in right of payment with any of our existing and future unsecured senior indebtedness. The notes will rank senior in right of payment to any future indebtedness we may incur that is by its terms expressly subordinated to the notes.
Optional Redemption	<p>We may redeem the notes, in whole or in part, at any time prior to the date that is three months prior to the maturity of the notes upon not less than 30 nor more than 60 days notice at a make-whole redemption price plus accrued and unpaid interest.</p> <p>On or after the date that is three months prior to the maturity of the notes, we may redeem the notes, in whole or in part, upon not less than 30 nor more than 60 days notice at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest. For more details, see Description of Notes Optional Redemption.</p>
Certain Covenants	<p>The indenture that will govern the notes includes several covenants which will, among other things and subject to certain exceptions, restrict our ability and the ability of our restricted subsidiaries to:</p> <p>create, incur, assume or guarantee secured debt; and</p> <p>enter into sale and leaseback transactions.</p>

For more details, see [Description of Notes](#) [Certain Covenants](#).

S-5

**Table of Contents**

Change of Control Repurchase Event	Upon the occurrence of both a Change of Control and a Below Investment Grade Rating Event (each as described in Description of Notes ), we will be required, unless we have exercised our right to redeem the notes, to make an offer to each holder to repurchase all or any part of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest to the date of repurchase.
Use of Proceeds	We intend to use the net proceeds from this offering for general corporate purposes, which may include repurchases of our common shares.
No Listing	The notes are a new issue of securities and currently there is no market for them. We do not intend to apply for the listing of the notes on any securities exchange or for the quotation of the notes in any dealer quotation system.
Risk Factors	See Risk Factors and all other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes.

**Table of Contents****Summary Financial and Other Data**

The consolidated statement of income and the consolidated balance sheet information for the six months ended June 30, 2012 and 2011 have been derived from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement. The consolidated statement of income and the consolidated balance sheet information at and for the years ended December 31, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. Interim results may not be indicative of full year results. The other operating information has been derived from information included in Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference in this prospectus supplement.

You should read the following summary financial and other data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated and unaudited condensed consolidated financial statements and related notes incorporated by reference in this prospectus supplement.

	Six Months Ended June 30, 2012                      2011 (unaudited)		Year Ended December 31, 2011                      2010                      2009		
	(in thousands)				
<b>Consolidated Statement of Income Information:</b>					
Homebuilding:					
Revenues	\$ 1,341,485	\$ 1,185,407	\$ 2,611,195	\$ 2,980,758	\$ 2,683,467
Other income	1,446	2,820	4,301	9,299	8,697
Cost of sales	(1,116,807)	(976,521)	(2,165,625)	(2,438,292)	(2,185,733)
Selling, general and administrative	(145,930)	(135,233)	(264,266)	(257,394)	(233,152)
Operating income	80,194	76,473	185,605	294,371	273,279
Interest expense	(228)	(509)	(1,017)	(4,903)	(10,196)
Homebuilding income	79,966	75,964	184,588	289,468	263,083
Mortgage banking income	14,947	12,225	22,988	32,925	35,331
Income before taxes	94,913	88,189	207,576	322,393	298,414
Income tax expense	(27,952)	(34,570)	(78,156)	(116,388)	(106,234)
Net income	\$ 66,961	\$ 53,619	\$ 129,420	\$ 206,005	\$ 192,180
	As of June 30, 2012                      2011 (unaudited)		As of December 31, 2011                      2010                      2009		
	(in thousands)				
<b>Consolidated Balance Sheet Information:</b>					
Homebuilding cash and cash equivalents	\$ 587,646	\$ 927,370	\$ 475,566	\$ 1,190,731	\$ 1,248,689
Homebuilding inventory	\$ 701,163	\$ 535,179	\$ 533,150	\$ 431,329	\$ 418,718
Contract land deposits, net	\$ 155,860	\$ 129,202	\$ 131,930	\$ 100,786	\$ 49,906
Total assets	\$ 1,990,960	\$ 2,175,675	\$ 1,779,485	\$ 2,260,061	\$ 2,395,770
Notes and loans payable	\$ 1,048	\$ 91,345	\$ 1,613	\$ 92,089	\$ 147,880
Shareholders' equity	\$ 1,521,824	\$ 1,650,796	\$ 1,374,799	\$ 1,740,374	\$ 1,757,262

**Table of Contents**

	Six Months Ended June 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
	(unaudited)		(dollars in thousands)		
<b>Other Operating Information:</b>					
New orders (units)	5,771	4,871	9,247	9,415	9,409
Average new order price	\$ 321.1	\$ 299.7	\$ 304.1	\$ 304.0	\$ 292.7
Settlements (units)	4,399	3,841	8,487	10,030	9,042
Average settlement price	\$ 304.9	\$ 308.5	\$ 307.5	\$ 297.1	\$ 296.4
Backlog (units)	5,048	3,946	3,676	2,916	3,531
Backlog (dollars)	\$ 1,672,622	\$ 1,233,269	\$ 1,160,879	\$ 958,287	\$ 1,076,437
Community count (average)	395	383	384	371	355
New order cancellation rate	13%	12%	14%	14%	14%
<b>Ratios of Earnings to Fixed Charges</b>					

Our ratios of earnings to fixed charges were 12.0, 15.2, 11.0, 5.3 and 13.8 for the years ended December 31, 2011, 2010, 2009, 2008 and 2007, respectively, and our ratio of earnings to fixed charges was 11.9 for the six months ended June 30, 2012. The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For purposes of such computation, earnings consist of pretax income from continuing operations before adjustment for non-controlling interests in consolidated subsidiaries or income or loss from equity investees, net of distributions, and fixed charges. Fixed charges consist of interest expense, amortized premiums, discounts and capitalized expenses related to indebtedness and an estimate of interest within rental expense. There were no preferred shares outstanding for any of the periods shown above. Accordingly, the ratio of earnings to combined fixed charges and preferred stock dividends was identical to the ratio of earnings to fixed charges.

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**Table of Contents**

**RISK FACTORS**

*In addition to the description of the risks related to our business, which are incorporated by reference in this prospectus supplement from our 2011 Annual Report on Form 10-K filed with the SEC on February 22, 2012, and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, you should carefully consider the following risk factors before making an investment in the notes. The risks described below and in the documents incorporated by reference in this prospectus supplement are not the only risks facing us. Additional risks not known to us may also impair our business.*

**The notes will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries.**

The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to all existing and future claims of creditors of our subsidiaries. This is because these creditors will have priority as to the assets of our subsidiaries over our claims as an equity holder in our subsidiaries and thereby, indirectly, your claims as holders of the notes. As a result, upon any distribution to these creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property, these creditors would be entitled to be paid in full before any payment may be made with respect to the notes. Thereafter, the holders of the notes would participate with our trade creditors and all other holders of our unsubordinated indebtedness in the assets remaining, if any. In any of these cases, we may have insufficient funds to pay all of our creditors, including holders of the notes. At June 30, 2012, there was no outstanding indebtedness for borrowed money incurred by our subsidiaries, but one of our subsidiaries, NVR Mortgage Finance, Inc., is party to a revolving mortgage repurchase agreement under which it could borrow up to \$25 million.

**We may not be able to purchase the notes upon a Change of Control Repurchase Event.**

Upon the occurrence of a Change of Control Repurchase Event (as defined in Description of Notes ), subject to certain exceptions, we will be required to make an offer to each holder of notes to purchase all or any part of such holder's notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. If we experience a Change of Control Repurchase Event, we cannot assure you that we would have sufficient financial resources available to satisfy our obligations to purchase the notes. Our failure to purchase the notes as required under the indenture that will govern the notes would result in a default under the indenture, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes. See Description of Notes Change of Control Repurchase Event.

**The terms of the indenture and the notes will provide only limited protection against significant corporate events that could affect adversely your investment in the notes.**

While the indenture and the notes contain terms intended to provide protection to holders upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the notes. As described under Description of Notes Change of Control Repurchase Event, upon the occurrence of a change of control repurchase event, holders are entitled to require us to repurchase their notes at 101% of their principal amount. However, the definition of the term Change of Control Repurchase Event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that could negatively affect the value of the notes. If we were to enter into a significant corporate transaction that negatively affects the value of the notes, but would not constitute a Change of Control Repurchase Event, you would not have any rights to require us to repurchase the notes prior to their maturity, which also would adversely affect your investment.

**There is no active trading market for the notes.**

The notes are a new issue of securities with no established trading market. One or more of the underwriters intends to make a secondary market for the notes. However, they are not obligated to do so and may discontinue

**Table of Contents**

making a secondary market for the notes at any time without notice. No assurance can be given as to how liquid the trading market for the notes will be. If no active trading market develops, you may be unable to resell the notes at any price or at their fair market value.

**We may invest or spend the net proceeds of this offering in ways with which you may not agree or in ways that may not earn a profit.**

We intend to use the net proceeds of this offering for general corporate purposes, which may include repurchases of our common shares. However, we will retain broad discretion over the use of the net proceeds from this offering. You may not agree with the ways we decide to use these proceeds, and our use of the proceeds may not yield any profits.

**The indenture that will govern the notes will contain only limited covenants which may not protect your investment.**

The indenture that governs the notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit our subsidiaries' ability to incur unsecured indebtedness which would be structurally senior to the notes;

limit our ability to incur unsecured indebtedness that is equal in right of payment to the notes; or

restrict our ability to repurchase our common shares, make investments or pay dividends or make other payments in respect of our common shares or other securities ranking junior to the notes.

The indenture also permits us and our subsidiaries to incur secured indebtedness that would rank effectively senior to the notes, and to engage in sale and leaseback transactions, subject to certain limitations.

**Table of Contents**

**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering will be approximately \$593.7 million, after deducting underwriting discounts and other estimated expenses of this offering payable by us. We intend to use all of the net proceeds from this offering for general corporate purposes, which may include repurchases of our common shares.

S-11



**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization, excluding our mortgage banking segment and consolidated joint venture, at June 30, 2012 on a historical basis and on an as adjusted basis to give effect to this offering. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited condensed consolidated financial information as of and for the six months ended June 30, 2012, presented in our quarterly report on Form 10-Q for the three months ended June 30, 2012, and our audited consolidated financial statements and notes thereto in our 2011 Annual Report on Form 10-K filed with the SEC and incorporated by reference in this prospectus supplement.

	<b>As of June 30, 2012</b>	
	<b>Historical</b>	<b>As Adjusted(1)</b>
	<b>(Unaudited)</b>	
	<b>(\$ in thousands)</b>	
<b>Cash and cash equivalents</b>	\$ 587,646	\$ 1,181,346
<b>Debt:</b>		
Capital lease obligation	\$ 1,048	\$ 1,048
3.950% senior notes due 2022 offered hereby		600,000
Total debt	\$ 1,048	\$ 601,048
<b>Shareholders equity:</b>		
Common Stock, \$0.01 par value; 60,000,000 shares authorized, 20,556,198 shares issued as of June 30, 2012	206	206
Additional paid-in capital	1,113,118	1,113,118
Deferred compensation trust 152,223 shares of common stock as of June 30, 2012	(25,331)	(25,331)
Deferred compensation liability	25,331	25,331
Retained earnings	4,225,453	4,225,453
Less treasury stock at cost 15,418,099 shares at June 30, 2012	(3,816,953)	(3,816,953)
Total shareholders equity	1,521,824	1,521,824
<b>Total capitalization</b>	<b>\$ 1,522,872</b>	<b>\$ 2,122,872</b>

- (1) Gives effect to the issuance of the notes offered hereby and our receipt of approximately \$593.7 million of estimated net proceeds from their sale (after deducting the underwriting discounts and other estimated expenses of this offering payable by us).

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**Table of Contents**

**DESCRIPTION OF NOTES**

You can find the definitions of certain terms used in this description under the heading "Certain Definitions." In this description, the words "we," "our" and "us" refer only to NVR, Inc. and not to any of our subsidiaries.

We will issue the notes under an indenture dated as of April 14, 1998 (as supplemented by a supplemental indenture with respect to the notes, the "indenture"), between us and U.S. Bank Trust National Association, as successor trustee to The Bank of New York. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

The following description is a summary of the material provisions of the indenture. It does not restate that agreement in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes. We have filed or will file copies of the indenture and the notes with the SEC.

The notes will be issued in fully registered form and will constitute a single series of debt securities for purposes of the indenture. The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Except in certain limited circumstances, The Depository Trust Company ("DTC") will be the sole registered holder of all the notes. Accordingly, owners of beneficial interests in the notes must rely on the policies and procedures of DTC, and if beneficial owners are not themselves participants in DTC, on the policies and procedures of its participants with regard to receiving payments of principal, premium, if any, and interest in respect of the notes and exercising rights under the notes. For more information, see the section below under the heading "Book-Entry, Delivery and Form."

**Brief Description of the Notes**

The notes:

will be our general unsecured obligations;

will be effectively subordinated to any of our existing and future secured Indebtedness to the extent of the assets securing such Indebtedness;

will be structurally subordinated to any Indebtedness or other obligations of our Subsidiaries;

will rank *pari passu* in right of payment with any of our existing and future unsecured senior Indebtedness; and

will rank senior in right of payment to any of our future Indebtedness that is by its terms expressly subordinated to the notes.

**Principal, Maturity and Interest**

We will issue notes in an initial aggregate principal amount of \$600 million. We will issue notes in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The notes will mature on September 15, 2022.

Interest on the notes will accrue at the rate of 3.950% per annum and will be payable semi-annually in arrears on March 15 and September 15, commencing on March 15, 2013. We will make each interest payment to the holders of record as of the close of business on the immediately preceding March 1 and September 1.



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## **Table of Contents**

Interest on the notes will accrue from September 10, 2012 or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### **Additional Notes**

We may issue an unlimited principal amount of additional notes having identical terms and conditions as the notes (the "additional notes"), other than the issue price, the date of issuance and, if issued after March 15, 2013, the date from which interest will begin to accrue. Any additional notes will be part of the same issue as the notes that we are currently offering and will vote on all matters with the holders of the notes. The notes (and any additional notes) will constitute a series of debt securities under the indenture. We may issue other series of debt securities under the indenture.

### **No Guarantees**

The notes will be our obligations only. None of the notes will be guaranteed or otherwise supported by any of our Subsidiaries or any other person or entity. As of June 30, 2012, our Subsidiaries had no Indebtedness outstanding.

### **Paying Agent and Registrar for the Notes**

The trustee will initially act as paying agent and registrar for the notes. We may change the paying agent or registrar without prior notice to the holders of the notes, and we or any of our Subsidiaries may act as paying agent or registrar.

### **Transfer and Exchange**

A holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. We are not required to transfer or exchange any note selected for redemption. Also, we are not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

### **Optional Redemption**

The notes may be redeemed, in whole or in part, at any time prior to the date that is three months prior to the maturity of the notes and at our option, upon at least 30 but not more than 60 days prior notice mailed by first-class mail to each holder's registered address, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the notes to be redeemed; and
  - (2) as determined by an Independent Investment Banker, the sum of the present values of the Remaining Scheduled Payments discounted to the redemption date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Adjusted Treasury Rate;
- plus, in each case, accrued and unpaid interest to, but not including, the applicable date of redemption.

On or after the date that is three months prior to the maturity of the notes, the notes may be redeemed, in whole or in part, at our option, upon at least 30 but not more than 60 days prior notice mailed by first-class mail to each holder's registered address, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the applicable date of redemption.

If money sufficient to pay the redemption price of and accrued and unpaid interest on the notes to be redeemed is deposited with the trustee on or before the redemption date, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption and such notes will cease to be outstanding.



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## **Table of Contents**

We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

### **Selection and Notice**

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

- (1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of \$1,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder of the note upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on notes or portions of them called for redemption.

### **Change of Control Repurchase Event**

If a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem the notes as described above, we will make an offer to each holder of notes to repurchase all or any part (in amounts of \$1,000 and integral multiples of \$1,000 in excess thereof) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the date of purchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control Repurchase Event, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

- (1) accept for payment all notes or portions of notes properly tendered pursuant to our offer;
- (2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and
- (3) deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers' certificate stating the aggregate principal amount of notes being purchased by us.

## **Table of Contents**

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided that each new note will be in a principal amount of \$1,000 or an integral multiple of \$1,000 in excess thereof.

We will not be required to make an offer to repurchase the notes upon a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

Our ability to pay cash to the holders of notes upon a Change of Control Repurchase Event may be limited by our then existing financial resources. Further, our future agreements may contain prohibitions of certain events, including events that would constitute a Change of Control. If the exercise by the holders of notes of their right to require us to repurchase the notes upon a Change of Control Repurchase Event occurred at the same time as a change of control event under one or more of our other debt agreements, our ability to pay cash to the holders of notes upon a repurchase may be further limited by our then existing financial resources. See Risk Factors We may not be able to purchase the notes upon a Change of Control Repurchase Event.

Holders may not be entitled to require us to purchase their notes in certain circumstances involving a significant change in the composition of our board of directors, including in connection with a proxy contest.

The provisions of the indenture will not afford holders protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction affecting us that may adversely affect holders, if such transaction is not the type of transaction included within the definition of Change of Control. A transaction involving the management of us or our affiliates, or a transaction involving a recapitalization, will result in a Change of Control only if it is the type of transaction specified in such definition. The definition of Change of Control and Change of Control Repurchase Event may be amended or modified with the written consent of a majority in aggregate principal amount of outstanding notes. See Amendment, Supplement and Waiver.

## **Certain Covenants**

### ***Restrictions on Secured Debt***

Under the terms of the notes, we will not, and will not cause or permit a Restricted Subsidiary to, create, incur, assume or guarantee any Secured Debt unless the notes will be secured equally and ratably with (or prior to) such Secured Debt, with certain exceptions. This restriction does not prohibit the creation, incurrence, assumption or guarantee of Secured Debt which is secured by:

- (1) Security Interests on model homes, homes held for sale, homes that are under contract for sale, contracts for the sale of homes, land (improved or unimproved), manufacturing plants, warehouses or office buildings and fixtures and equipment located thereat, or thereon;
- (2) Security Interests on property at the time of its acquisition by us or a Restricted Subsidiary, which Security Interests secure obligations assumed by us or a Restricted Subsidiary, or on the property of a corporation or other entity at the time it is merged into or consolidated with us or a Restricted Subsidiary (other than Secured Debt created in contemplation of the acquisition of such property or the consummation of such a merger or consolidation or where the Security Interest attaches to or affects our property or the property of a Restricted Subsidiary prior to such transaction);
- (3) Security Interests arising from conditional sales agreements or title retention agreements with respect to property acquired by us or a Restricted Subsidiary;
- (4) Security Interests securing Indebtedness of a Restricted Subsidiary owing to us or to another Restricted Subsidiary that is wholly-owned (directly or indirectly) by us; and





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**Table of Contents**

(5) Security Interests constituting the pledge or deposit of cash or other property in connection with obtaining surety, performance, completion or payment bonds and letters of credit or other similar instruments or providing earnest money obligations, escrows or similar purpose undertakings or indemnifications in the ordinary course of business of the Company and the Restricted Subsidiaries. Additionally, such permitted Secured Debt includes any amendments, modifications, restatements, supplements, renewals, replacements, extensions, refinancings or refundings, in whole or in part, including, in each case, any increase in the principal amount, of Secured Debt permitted at the time of the original incurrence thereof.

In addition, we and our Restricted Subsidiaries may create, incur, assume or guarantee Secured Debt, without equally or ratably securing the notes, if immediately thereafter the sum of (1) the aggregate principal amount of all Secured Debt outstanding (excluding Secured Debt permitted under clauses (1) through (5) above and any Secured Debt in relation to which the notes have been secured equally and ratably (or prior to)) and (2) all Attributable Debt in respect of Sale and Leaseback Transactions (excluding Attributable Debt in respect of Sale and Leaseback Transactions as to which the provisions set forth in clauses (1), (2) and (3) under Restrictions on Sale and Leaseback Transactions have been complied with) as of the date of determination would not exceed 20% of Consolidated Net Tangible Assets.

The provisions described above with respect to limitations on Secured Debt are not applicable to Indebtedness and other obligations not included within the definition of Secured Debt, and will not restrict or limit our or our Restricted Subsidiaries' ability to create, incur, assume or guarantee any unsecured Indebtedness, or the ability of any Subsidiary which is not a Restricted Subsidiary to create, incur, assume or guarantee any secured or unsecured Indebtedness. Except as described above, the indenture will not limit the amount of Indebtedness that we or our Subsidiaries may create, incur, assume or guarantee.

***Restrictions on Sale and Leaseback Transactions***

Under the terms of the notes, we will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction, unless:

- (1) written notice is promptly given to the trustee of the Sale and Leaseback Transaction;
- (2) fair value is received by us or the relevant Restricted Subsidiary for the property sold (as determined in good faith by us or the relevant Restricted Subsidiary and so certified in an officer's certificate delivered to the trustee); and
- (3) we or a Restricted Subsidiary, within 365 days after the completion of the Sale and Leaseback Transaction, apply an amount equal to the net proceeds therefrom either:

to the redemption, repayment or retirement of debt securities of any series under the indenture (including the cancellation by the trustee of any debt securities of any series delivered by us to the trustee) or our Senior Indebtedness, or

to the purchase by us or any Restricted Subsidiary of property substantially similar to the property sold or transferred.

In addition, we and our Restricted Subsidiaries may enter into a Sale and Leaseback Transaction if immediately thereafter the sum of (1) the aggregate principal amount of all Secured Debt outstanding (excluding Secured Debt permitted under clauses (1) through (5) described in Restrictions on Secured Debt above or Secured Debt in relation to which the notes have been secured equally and ratably (or prior to)) and (2) all Attributable Debt in respect of Sale and Leaseback Transactions (excluding Attributable Debt in respect of Sale and Leaseback Transactions as to which the provisions set forth in clauses (1), (2) and (3) above have been complied with) as of the date of determination would not exceed 20% of Consolidated Net Tangible Assets.

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## **Table of Contents**

### ***Merger, Consolidation or Sale of Assets***

We may not consolidate or merge with or into another Person (whether or not we are the surviving corporation); or sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of our and our Subsidiaries' assets taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) we are the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than us) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger (if other than us) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all of our obligations under the notes and pursuant to agreements reasonably satisfactory to the trustee; and
- (3) immediately after such transaction, no Default or Event of Default exists.

Upon any such consolidation, merger, sale, assignment, transfer, conveyance or disposition, the successor corporation will be substituted for us under the indenture. The successor corporation may then exercise every power and right of ours under the indenture, and we will be released from all of our liabilities and obligations in respect of the notes and the indenture. If we lease all or substantially all of our assets, the lessee corporation will be the successor to us and may exercise every power and right of ours under the indenture, but we will not be released from our obligations to pay the principal of and premium, if any, and interest, if any, on the notes.

This Merger, Consolidation or Sale of Assets covenant will not apply to a sale, assignment, transfer, conveyance, lease or other disposition of assets between or among us and any of our Subsidiaries.

### ***Other Matters***

The covenant contained in the indenture regarding insurance will not be applicable to the notes.

### **Events of Default and Remedies**

Each of the following is an Event of Default :

- (1) default in the payment of any interest on the notes as and when the same becomes due and payable and continuance of any such failure for 30 days;
- (2) default in payment of all or any part of the principal, or premium, if any, on the notes when as and the same become due and payable at maturity, redemption, by declaration of acceleration or otherwise;
- (3) failure by us or any of our Subsidiaries to comply with the provisions described under the caption **Certain Covenants Merger, Consolidation or Sale of Assets**;
- (4) default in the observance or performance, or breach, of any of our or our Subsidiaries' other agreements in the indenture, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to us by the trustee, or to us and the trustee by the holders of at least 25% in aggregate principal amount of the outstanding notes, a written notice specifying such default or breach, requiring it to be remedied and stating that such notice is a Notice of Default under the indenture;

- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness (other than Non-Recourse Indebtedness) for money borrowed by us or any of our Restricted Subsidiaries (or the payment of which is guaranteed by us or any of our Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:
  - (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness within 30 days of such principal, interest or premium becoming due and payable (after giving

S-18

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**Table of Contents**

effect to any applicable grace period provided in such Indebtedness) and the aggregate outstanding principal amount of such unpaid Indebtedness is \$50.0 million or more; or

- (b) results in the acceleration of such Indebtedness prior to its express maturity, and such acceleration does not cease to exist, or such Indebtedness is not satisfied, in either case within 30 days after such acceleration, and the aggregate outstanding principal amount of such accelerated Indebtedness is \$50.0 million or more; and

(6) certain events of bankruptcy or insolvency described in the indenture with respect to us or any of our Significant Subsidiaries. In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to us or any Subsidiary that is a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding notes may declare all the notes to be due and payable immediately by a notice in writing to us (and to the trustee if given by the holders).

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal or interest.

The holders of a majority in aggregate principal amount of the notes then outstanding by written notice to the trustee may on behalf of the holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the notes. The holders of a majority in aggregate principal amount of the notes then outstanding may rescind an acceleration and its consequence (except an acceleration due to nonpayment of principal or interest on the notes) if the rescission would not conflict with any judgment or decree and if all existing Events of Default (other than the non-payment of accelerated principal) have been cured and waived.

We are required to deliver to the trustee annually a statement regarding compliance with the indenture. Upon becoming aware of any Default or Event of Default, we are required to deliver to the trustee a statement specifying such Default or Event of Default.

**No Personal Liability of Directors, Officers, Employees and Stockholders**

None of our directors, officers, employees or stockholders, as such, will have any liability for any of our obligations under the notes, the indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

**Legal Defeasance and Covenant Defeasance**

We may, at our option and at any time, elect to have all of our obligations discharged with respect to the outstanding notes ( Legal Defeasance ) except for:

- (1) the rights of holders of outstanding notes to receive payments in respect of the principal of, or interest or premium, if any, on such notes when such payments are due, solely from the trust referred to below;
- (2) our obligations with respect to the notes concerning registration of notes, mutilated, destroyed, lost or stolen notes, the maintenance of an office or agency for payment, segregation of money for payments held in trust, and payment of additional amounts pursuant to the indenture in respect of charges imposed on certain holders as the result of our failure to pay taxes and certain other claims;

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**Table of Contents**

(3) the rights, powers, trusts, duties and immunities of the trustee, and our obligations in connection therewith; and

(4) the Legal Defeasance provisions of the indenture.

We may exercise our Legal Defeasance option even if we have previously exercised our Covenant Defeasance option.

In addition, we may, at our option and at any time, elect to have our obligations released with respect to certain covenants that are described in the indenture ( Covenant Defeasance ), and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under Events of Default and Remedies will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) we must irrevocably deposit with the trustee (or another qualifying trustee), in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable government securities, or a combination of cash in U.S. dollars and non-callable government securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be;
- (2) in the case of Legal Defeasance, we have delivered to the trustee an opinion of counsel confirming that (a) we have received from, or there has been published by, the Internal Revenue Service (the IRS ) a ruling or (b) since the date of the indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, we have delivered to the trustee an opinion of counsel confirming that the holders of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit;
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under the indenture or any other material agreement or instrument to which we are a party or by which we are bound; and
- (6) we must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with and an opinion of counsel to the effect that registration is not required under the Investment Company Act of 1940, as amended, by us or the trustee with respect to the trust fund or that all such registrations that are necessary have been effected.

**Amendment, Supplement and Waiver**

Except as provided in the next two succeeding paragraphs, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any existing default or compliance with any provision of the indenture may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes.



**Table of Contents**

Without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder), among other things:

- (1) reduce the percentage in principal amount of notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any note or reduce the premium payable upon redemption of the notes;
- (3) reduce the rate, amount or stated payment date of interest on any note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes if certain conditions stated in the indenture are satisfied);
- (5) make any note payable in currency other than that stated in the notes;
- (6) make certain changes in the provisions of the indenture relating to amendments, waivers of past Defaults or the absolute rights of holders of notes to receive payments of principal of, or interest or premium, if any, on the notes;
- (7) impair the right of any holder to bring suit as permitted by the indenture; or
- (8) modify the ranking or priority of the notes.

Notwithstanding the preceding, without the consent of any holder of notes, we and the trustee may amend or supplement the indenture or the notes, among other things:

- (1) to evidence the succession of another Person to us and the assumption by any such successor of our covenants in the indenture and in the notes;
- (2) to add to our covenants for the benefit of the holders of notes or to surrender any right or power conferred upon us by the indenture;
- (3) to add any additional Events of Default for the benefit of the holders;
- (4) to provide for uncertificated notes in addition to or in place of certificated notes;
- (5) to change or eliminate any provisions of the indenture, provided that any such change or elimination shall become effective only when there are no outstanding notes;

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- (6) to secure the notes;
- (7) to establish the form or terms of another series of notes pursuant to the terms of the indenture, which may be *pari passu* with the notes;
- (8) to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the indenture by more than one trustee;
- (9) to cure any ambiguity, defect or inconsistency;
- (10) to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate the defeasance and discharge of the notes; provide that such action shall not adversely affect the interest of the holders of the notes or any other series of debt securities in any material respect;
- (11) to make any change that does not adversely affect the legal rights of the holders of the notes;
- (12) to add guarantors;
- (13) to provide for the assumption of our obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of our assets;
- (14) to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act; or

S-21



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## **Table of Contents**

- (15) to conform the text of the indenture or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the indenture or the notes, as evidenced by an officer's certificate.

### **Regarding the Trustee**

The indenture and the Trust Indenture Act contains certain limitations on the rights of the trustee, which is one of our creditors, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest (as defined in the Trust Indenture Act) it must eliminate such conflict or resign.

### **Book-Entry, Delivery and Form**

#### ***General***

The notes initially will be issued in the form of one or more fully registered notes in global form (the "global notes"). The global notes will be deposited upon issuance with the trustee of the notes as custodian for DTC and registered in the name of DTC or its nominee, in each case for credit to the accounts of institutions that have accounts with DTC or its nominee (the "DTC participants") and to the accounts of institutions that have accounts with Euroclear or its nominee participants (the "Euroclear participants" and, collectively with the DTC participants, the "participants"). Each of DTC and Euroclear is referred to herein as a "Book Entry Facility." Ownership of beneficial interests in the global notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interest in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by a Book Entry Facility or its nominee (with respect to participants interests) for such global notes or by participants or persons that hold interests through participants (with respect to beneficial interests of persons other than participants). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer or pledge beneficial interests in the global notes.

So long as DTC, or its nominee, is the registered holder of the global notes, DTC or such nominee, as the case may be, will be considered the sole legal owner and holder of such notes represented by such global notes for all purposes under the indenture and the notes. Except as set forth below, owners of beneficial interests in the global notes will not be entitled to have such global notes or any notes represented thereby registered in their names, will not receive or be entitled to receive physical delivery or certificated notes in exchange therefor and will not be considered to be the owners or holders of such global notes or any notes represented thereby for any purpose under the notes or the indenture. We understand that under existing industry practice, in the event an owner of a beneficial interest in a global notes desires to take any action that DTC, as the holder of such global notes, is entitled to take, DTC would authorize the participants to take such action, and that the participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Any payment of principal or interest due on the notes on any interest payment date or at maturity will be made available by us to the trustee of the notes by such date. As soon as possible thereafter, the trustee of the notes will make such payments to DTC or its nominee, as the case may be, as the registered owner of the global notes representing such notes in accordance with existing arrangements between the trustee of the notes and the depository.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest in respect of the global notes will credit immediately the accounts of the related participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global notes as shown on the records of DTC. We also expect that payments by participants to owners of beneficial interests in the global

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## **Table of Contents**

notes held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form of registered in street name, and will be the responsibility of such participants.

None of us, the trustee of the notes or any payment agent for the global notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for other aspects of the relationship between the depositary and its participants or the relationship between such participants and the owners of beneficial interests in the global notes owning through such participants.

Because of time zone differences, the securities account of a Euroclear participant purchasing an interest in a global note from a DTC participant will be credited, and any such crediting will be reported to the relevant Euroclear participant, during the securities settlement processing day (which must be a business day for Euroclear) immediately following the DTC settlement date. Cash received in Euroclear as a result of sales of interests in a global note by or through a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear cash account only as of the business day following settlement in DTC.

As long as the notes are represented by a global note, DTC's nominee will be the holder of such notes and therefore will be the only entity that can exercise a right to repayment or repurchase of such notes.

Notice by participants or by owners of beneficial interests in the global notes held through such participants of the exercise of the option to elect repayment of beneficial interests in notes represented by the global note must be transmitted to the relevant Book Entry Facility in accordance with its procedures on a form required by the relevant Book Entry Facility and provided to participants. In order to ensure that DTC's nominee will timely exercise a right to repayment with respect to a particular Note, the beneficial owner of such note must instruct the broker or other participant to exercise a right to repayment. Different firms have cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other participant through which it holds an interest in a note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to DTC. We will not be liable for any delay in delivery of notices of the exercise of the option to elect repayment.

Unless and until exchanged in whole or in part for notes in definitive form in accordance with the terms of the notes, the global notes may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any such nominee to a successor of DTC or a nominee of each successor.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among participants of a Book Entry Facility, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us or the trustee of the notes will have any responsibility for the performance by a Book Entry Facility or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations. We and the trustee of the notes may conclusively rely on, and shall be protected in relying on, instructions from a Book Entry Facility for all purposes.

### ***The Clearing System***

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of section 17A of the Exchange Act. DTC was created to hold securities of institutions that have accounts with its participants and to facilitate the clearance and settlement of securities transactions among its participants in such

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## **Table of Contents**

securities through electronic book-entry changes in accounts of participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

### **Certificated Notes**

We will issue certificated notes in exchange for a global note if:

DTC or any other designated replacement depository is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Exchange Act and a successor depository registered as a clearing agency under the Exchange Act is not appointed by us within 90 calendar days;

an Event of Default has occurred and is continuing and the beneficial owners representing a majority in aggregate principal amount of the notes represented by such global note advises DTC to cease acting as depository; or

we determine in our sole discretion to not have the notes represented by the global notes.

In any instance, you, as an owner of a beneficial interest in a global note, will be entitled to have certificated notes equal in principal amount to the beneficial interest registered in your name and will be entitled to physical delivery of the certificated notes. The certificated notes will be registered in the name or names as the depository shall instruct the trustee. These instructions may be based upon directions received by the depository from participants with respect to beneficial interests in the global notes. The notes will be issued in denominations of \$1,000 and will be issued in registered form only, without coupons. No service charge will be made for any transfer or exchange of certificated notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge.

### **Settlement Procedures**

Initial settlement of the notes will be made by us, the underwriters, dealers, agents, or sales managers, as applicable, in immediately available funds. So long as the notes are represented by global notes registered in the name of DTC or its nominee, secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and procedures and will be settled in immediately available funds using DTC's same-day funds settlement system. No assurance though can be given as to the effect, if any, of settlement in immediately available funds on the trading activity of the notes.

### **Certain Definitions**

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

*Adjusted Treasury Rate* means, with respect to any redemption date, the rate per annum equal to: (1) the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, plus (2) 40 basis points.

*Attributable Debt* in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

**Table of Contents**

*Below Investment Grade Rating Event* means the notes are rated below Investment Grade b