

BAMBURG MICHAEL L  
 Form 4  
 February 01, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL  
 OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 BAMBURG MICHAEL L

2. Issuer Name and Ticker or Trading Symbol  
 NOVASTAR FINANCIAL INC  
 [NFI]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)  
 \_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
 Senior Vice President

(Last) (First) (Middle)  
 C/O NOVASTAR FINANCIAL  
 INC, 8140 WARD PARKWAY,  
 SUITE 300  
 (Street)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 01/28/2006

KANSAS CITY, MO 64114  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount		
NovaStar Financial, Inc. Common Stock	01/28/2006		M	1,000	A	\$ 0	374,451	D
NovaStar Financial, Inc. Common Stock							3,502	I
								By Spouse

Edgar Filing: BAMBURG MICHAEL L - Form 4

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. F... Der... Sec... (In...
				Code	V (A) (D)	Date Exercisable Expiration Date	Title	Amount or Number of Shares
Restricted Stock	\$ 0	01/28/2006		M	1,000	01/28/2006 <u>(1)</u>	NovaStar Financial, Inc. Common Stock	1,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAMBURG MICHAEL L C/O NOVASTAR FINANCIAL INC 8140 WARD PARKWAY, SUITE 300 KANSAS CITY, MO 64114			Senior Vice President	

## Signatures

Michael L. Bamburg 02/01/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted stock is converted to common stock on the exercisable date. Thus, expiration date is not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

## Edgar Filing: BAMBURG MICHAEL L - Form 4

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.