

NOVASTAR FINANCIAL INC  
Form 4  
March 16, 2007

**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

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**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 \*  
ANDERSON W LANCE

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
8140 WARD PARKWAY, STE 300  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
03/14/2007

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President and COO

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 Indirect Beneficial Ownership (Instr. 4)
NovaStar Financial, Inc. Common Stock	03/14/2007		A	76,882 (1)	A \$ 0 379,571 (2)	D	

NovaStar Financial, Inc. Common Stock

463,401 I

By W. Lance Anderson and Rania H. Anderson Trust

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

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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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option	\$ 4.18	03/14/2007		A	32,927	03/14/2008 03/14/2017	NovaStar Financial Inc, Common Stock 32,927
Stock Option	\$ 4.18	03/14/2007		A	32,927	03/14/2009 03/14/2017	NovaStar Financial Inc, Common Stock 32,927
Stock Option	\$ 4.18	03/14/2007		A	32,927	03/14/2010 03/14/2017	NovaStar Financial Inc, Common Stock 32,927
Stock Option	\$ 4.18	03/14/2007		A	32,927	03/14/2011 03/14/2017	NovaStar Financial Inc, Common Stock 32,927

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ANDERSON W LANCE 8140 WARD PARKWAY	X		President and COO	

STE 300  
KANSAS CITY, MO 64114

## Signatures

W. Lance  
Anderson

03/16/2007

    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) This is a grant of restricted stock subject to a 5 year Cliff vesting period. Restricted stock has voting rights and rights to receive future dividends at dividend payment date, but is subject to forfeiture.
  - (2) Includes 8,415 shares held in the Company's 401(k) plan.

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