

ANDERSON W LANCE
Form 4
August 25, 2011

FORM 4

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

OMB APPROVAL

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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 *
ANDERSON W LANCE

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
03/15/2011

Director 10% Owner
 Officer (give title below) Other (specify below)
Chief Executive Officer

C/O NOVASTAR FINANCIAL, INC., 2114 CENTRAL, SUITE 600
(Street)

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

KANSAS CITY, MO 64108

(City) (State) (Zip)

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)
				(A) or (D) Code V Amount (D) Price			
Common Stock	08/23/2011		J ⁽¹⁾	V 2,748 D \$ 0.4306	0	I	By 401(k) Plan
Common Stock					142,936	D	
Common Stock					36,111	I	By W. Lance Anderson & Renia H. Anderson Trust

Common Stock 35,729 I By son

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

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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 Number Shares
Employee Stock Option (right to buy)	\$ 0.51	03/15/2011		A	109,750	12/31/2012 03/15/2021	Common Stock 109,7
Employee Stock Option (right to buy)	\$ 0.51	03/15/2011		A	109,750	12/31/2013 03/15/2021	Common Stock 109,7
Employee Stock Option (right to buy)	\$ 0.51	03/15/2011		A	109,750	12/31/2014 03/15/2021	Common Stock 109,7
Employee Stock Option (right to buy)	\$ 0.51	03/15/2011		A	109,750	12/31/2015 03/15/2021	Common Stock 109,7

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

ANDERSON W LANCE
C/O NOVASTAR FINANCIAL, INC.
2114 CENTRAL, SUITE 600
KANSAS CITY, MO 64108

X

Chief Executive Officer

Signatures

/s/ W. Lance
Anderson

08/25/2011

__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).

In a non-discretionary transaction, the board of directors of NovaStar Financial, Inc. approved the liquidation of the Company Stock Fund (1) in the 401(k) plan, eliminating the Company Stock Fund as an investment alternative, and the plan administrator reinvested the participants accounts into a different fund.

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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