

ANDERSON W LANCE
Form 4/A
March 22, 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 *
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)
02/08/2006

____ 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)
02/10/2006

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)
			Code	V	Amount	(D)	Price
NovaStar Financial, Inc. Common Stock ⁽¹⁾ ⁽²⁾	02/08/2006		A		10,712	A	\$ 0
NovaStar Financial, Inc. Common Stock					436,382 ⁽³⁾	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)

Table with 10 columns: 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. Price of Derivative Security (Instr. 5), 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 3 and 4).

Reporting Owners

Table with 2 columns: Reporting Owner Name / Address, Relationships. Relationship types include Director, 10% Owner, Officer, Other. Entry for ANDERSON W LANCE, 8140 WARD PARKWAY, STE 300, KANSAS CITY, MO 64114, with relationship President and COO.

Signatures

W. Lance Anderson 03/22/2006
**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) This a a grant of restricted stock subect to a 5 year Cliff vesting period.
(2) Restricted stock has voting rights and rights to receive dividends at transaction date, but is subject to forfeiture.
(3) This report amends the Amount of Securities Benefically Owned Following the Reported Transaction as well as to add an Indirect Ownership Form for this reporting person.

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