

NOVASTAR FINANCIAL INC  
Form 8-K  
September 12, 2006  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

September 12, 2006

Date of Report (Date of earliest event reported)

NOVASTAR FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Maryland	001-13533	74-2830661
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

8140 Ward Parkway, Suite 300, Kansas City, MO 64114

(Address of principal executive offices)

(Zip Code)

(816) 237-7000

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(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**INFORMATION TO BE INCLUDED IN THE REPORT**

**Item 8.01 Other Events**

On September 12, 2006, NovaStar Mortgage, Inc., and Oak Street Mortgage LLC announced that NovaStar Mortgage, the primary loan origination unit of NovaStar Financial, Inc. (NYSE: NFI) has agreed to acquire up to 21 retail mortgage lending locations and certain other assets of Oak Street. A significant number of Oak Street's employees are expected to become employees of NovaStar Mortgage. NovaStar Mortgage will create a new Retail Division and expand its retail mortgage lending business beyond the current focus on customer retention programs.

A copy of the press release announcing this acquisition is included as Exhibit 99 and is incorporated herein by reference. References to the registrant's website in the press release do not incorporate by reference the information on the registrant's website into this Current Report and the registrant disclaims any such incorporation by reference.

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

99 NovaStar Mortgage, Inc. Agrees to Purchase Retail Mortgage Lending Assets From Oak Street Mortgage LLC

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: September 12, 2006

NOVASTAR FINANCIAL, INC.

/s/ Gregory S. Metz  
Gregory S. Metz  
Chief Financial Officer

**Exhibit Index**

Exhibit

Number

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