

NOVASTAR FINANCIAL INC  
Form 4  
March 16, 2007

**FORM 4**

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

OMB APPROVAL

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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 \*  
**BAMBURG MICHAEL L**

(Last) (First) (Middle)

C/O NOVASTAR FINANCIAL INC, 8140 WARD PARKWAY, SUITE 300

(Street)

KANSAS CITY, MO 64114

(City) (State) (Zip)

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

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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Senior Vice President**

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)
			Code	V	Amount (D) Price		
NovaStar Financial, Inc. Common Stock	03/14/2007		A		47,847 (1)	A	\$ 0
NovaStar Financial, Inc. Common Stock					3,502	I	By Spouse

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

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(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	20,491	03/14/2008 03/14/2017	NovaStar Financial, Inc. Common Stock 20,491
Stock Option	\$ 4.18	03/14/2007		A	20,492	03/14/2009 03/14/2017	NovaStar Financial, Inc. Common Stock 20,492
Stock Option	\$ 4.18	03/14/2007		A	20,492	03/14/2010 03/14/2017	NovaStar Financial, Inc. Common Stock 20,492
Stock Option	\$ 4.18	03/14/2007		A	20,492	03/14/2010 03/14/2017	NovaStar Financial, Inc. Common Stock 20,492

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAMBURG MICHAEL L C/O NOVASTAR FINANCIAL INC			Senior Vice	

8140 WARD PARKWAY, SUITE 300  
KANSAS CITY, MO 64114

President

## Signatures

Michael L.  
Bamburg

03/16/2006

          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 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 on dividend payment dates, but is subject to forfeiture.
- (2) Includes 3,235 shares of stock held in the deferred compensation plan.

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.