

Eberwein Jeffrey E.
Form 4
April 03, 2018

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
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 *
Eberwein Jeffrey E.

2. Issuer Name and Ticker or Trading Symbol
NOVATION COMPANIES, INC.
[NOVC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
53 FOREST AVENUE, 1ST FLOOR
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
03/30/2018

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

OLD GREENWICH, CT 06870

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

(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)
Common Stock	03/30/2018		J ⁽¹⁾	2,852,963 D	\$ 0 0	I	By Lone Star Value Investors, LP ⁽²⁾
Common Stock	03/30/2018		J ⁽³⁾	1,082,031 A	\$ 0 2,345,768	D	
Common Stock	03/30/2018		J ⁽³⁾	8,029 A	\$ 0 8,029	I	By Lone Star Value Investors GP, LLC ⁽⁴⁾

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Common Stock	03/31/2018	J ⁽⁵⁾	248,002	D	\$ 0	0	I	By Separately Managed Account ⁽⁶⁾
Common Stock	03/31/2018	D ⁽⁷⁾	1,071,429	D	\$ 0	1,274,339	D	

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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Eberwein Jeffrey E. 53 FOREST AVENUE, 1ST FLOOR OLD GREENWICH, CT 06870		X		

Signatures

/s/ Jeffrey E. Eberwein 04/03/2018

**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) Represents a pro rata in-kind distribution of shares from Lone Star Value Investors to its partners.

Shares owned directly by Lone Star Value Investors, LP ("Lone Star Value Investors"). Mr. Eberwein, solely by virtue of his position as the manager of Lone Star Value Investors GP, LLC, the general partner of Lone Star Value Investors, and as the sole member of Lone

(2) Star Value Management, LLC ("Lone Star Value Management"), the investment manager of Lone Star Value Investors, may be deemed to beneficially own the shares owned directly by Lone Star Value Investors for purposes of Section 16. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(3) Represents shares acquired in connection with the pro rata in-kind distribution from Lone Star Value Investors to its partners.

Shares owned directly by Lone Star Value Investors GP, LLC ("Lone Star Value GP"). Mr. Eberwein, as the manager of Lone Star Value

(4) GP, may be deemed the beneficial owner of the securities owned by Lone Star Value GP. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(5) The shares held in an account separately managed by Lone Star Value Management (the "Separately Managed Account I") were transferred directly to the owner of the Separately Managed Account I.

Shares held in the Separately Managed Account I. Lone Star Value Management, as the investment manager of the Separately Managed Account I, may be deemed to beneficially own the shares of Common Stock held in the Separately Managed Account I; and Jeffrey

(6) Eberwein, as the sole member of Lone Star Value Management may be deemed to beneficially own the shares of Common Stock held in the Separately Managed Account I for purposes of Section 16. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The reporting person undertakes to provide the Securities and Exchange Commission, upon request, the underlying identity of the separately managed account.

(7) Forfeiture of unvested restricted shares of common stock issued under the Novation Companies, Inc. 2015 Incentive Stock Plan resulting from Mr. Eberwein's resignation from the Board of Directors of Novation Companies, Inc. effective March 31, 2018.

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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