

IGDALOFF BARRY
Form 4
July 07, 2011

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 *
IGDALOFF BARRY

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
06/30/2011

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

(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

(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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
NovaStar Financial, Inc. 8.90% Series C Preferred Stock	06/30/2011		D		207,649	D	0
NovaStar Financial, Inc. Common Stock	06/30/2011		A		3,465,027	A	3,465,027

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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)	8. Pr Deriv Secur (Instr	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 1.25					06/25/2010	06/25/2019	NovaStar Financial, Inc. Common Stock	625
Stock Option	\$ 1.25					06/25/2011	06/25/2019	NovaStar Financial, Inc. Common Stock	625
Stock Option	\$ 1.25					06/25/2012	06/25/2019	NovaStar Financial, Inc. Common Stock	625
Stock Option	\$ 1.25					06/25/2013	06/25/2019	NovaStar Financial, Inc. Common Stock	625
Stock Option	\$ 1					06/18/2010	06/18/2020	NovaStar Financial, Inc. Common Stock	1,250

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
IGDALOFF BARRY		X		

Signatures

/s/ Barry
Igdaloff

07/07/2011

__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).
- (1) The reporting person disposed of his 8.90% Series C Preferred Stock in exchange for common stock and cash in an issuer exchange offer by NovaStar Financial, Inc. pursuant to a proxy statement/consent solicitation/prospectus dated May 3, 2011.

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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