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NOVASTAR FINANCIAL INC  
Form 8-K  
June 07, 2007

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

June 1, 2007

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

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(State or other jurisdiction of  
incorporation or organization)

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(Commission  
File Number)

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(I.R.S. Employer  
Identification Number)

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

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(Address of principal executive offices)  
(Zip Code)

(816) 237-7000

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(Registrant's telephone number, including area code)

Not Applicable

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(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))

**Section 1--Registrant's Business and Operations**

**Item 1.01 Entry into a Material Definitive Agreement.**

***Extensions of Existing Wachovia Facilities***

On June 1, 2007, NovaStar Financial, Inc. and certain of its affiliates (collectively, "NovaStar") entered into short-term extensions of two existing one-year Master Repurchase Agreements with Wachovia Bank, NA and certain of its affiliates (collectively "Wachovia"). One facility sets forth the terms under which certain NovaStar entities may sell and Wachovia may purchase certain mortgage securities and the other sets forth the terms under which certain NovaStar entities may sell and Wachovia may purchase certain mortgage loans, in each case against an obligation of the relevant NovaStar entity to repurchase the mortgage loans or mortgage securities purchased by Wachovia. NovaStar Financial, Inc. and certain of its subsidiaries have guaranteed the obligations under these facilities. The termination date of these facilities was extended to June 8, 2007. In addition to the financing facilities described in this Current Report, Wachovia routinely engages in other ordinary course financial transactions with NovaStar, including but not limited to acting as an underwriter for certain securitizations sponsored by NovaStar.

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**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.

NOVASTAR FINANCIAL, INC.

DATE: June 7, 2007

/s/ Gregory S. Metz

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Gregory S. Metz  
Chief Financial Officer

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