

NOVASTAR FINANCIAL INC  
Form 8-K  
August 15, 2011

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  
August 9, 2011  
Date of Report (Date of earliest event reported)  
NOVASTAR FINANCIAL, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)  
2114 Central Street, Suite 600, Kansas City, MO 64108  
(Address of principal executive offices) (Zip Code)  
(816) 237-7000  
(Registrant's telephone number, including area code)

001-13533  
(Commission File Number)

74-2830661  
(I.R.S. Employer  
Identification No.)

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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Item 8.01 Other Events.

On August 9, 2011, the Company established a revised supplemental compensation arrangement for its independent directors under the NovaStar Financial, Inc. 2004 Incentive Stock Plan, as amended. A description of the supplemental compensation arrangement is being filed as Exhibit 10.1 to this current report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

The following exhibit is filed with this report as required by Item 601 of Regulation S-K:

Exhibit Number	Description
10.1	2011 Compensation Plan for Independent Directors

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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: August 15, 2011

/s/ Rodney E. Schwatken  
Rodney E. Schwatken  
Chief Financial Officer