

Edgar Filing: NOVASTAR FINANCIAL INC - Form 8-K/A

NOVASTAR FINANCIAL INC
Form 8-K/A
September 20, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

September 7, 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)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

(Address of principal executive offices)
(Zip Code)

(816) 237-7000

(Registrant's telephone number, including area code)

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:

- 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))

Explanatory Note

This Form 8-K/A amends the Current Report on Form 8-K filed by NovaStar

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Financial, Inc. with the Securities and Exchange Commission on September 12, 2007 (the "Original 8-K") to disclose an increase in the interest rate of certain loans. Other than this amendment to Item 1.01 of the Original 8-K, no other changes are being made to the Original 8-K.

Item 1.01 Entry into a Material Definitive Agreement.

On September 7, 2007, Wachovia Bank, National Association ("Wachovia"), NFI Repurchase Corporation ("NRC"), HomeView Lending, Inc. ("HLI"), NMI Property Financing, Inc. ("NPF"), NovaStar Financial, Inc. ("NFI"), NovaStar Mortgage, Inc. ("NMI") and NFI Holding Corporation ("NHC"), executed Amendment Number One to the Master Repurchase Agreement (2007 Whole Loan), dated as of May 9, 2007 (the "Whole Loan Amendment"), Wachovia, Wachovia Capital Markets, LLC ("WCM"), NMI, NovaStar Certificates Financing LLC ("NCF"), NovaStar Certificates Financing Corporation ("NCFC"), NFI and NHC, executed Amendment Number One to the Master Repurchase Agreement (Investment Grade Securities), dated as of May 31, 2007 (the "Investment Securities Amendment"), Wachovia Investment Holdings, LLC ("WIH"), WCM, NMI, NCF, NCFC, NFI and NHC, executed Amendment Number One to the Master Repurchase Agreement (Non-Investment Grade Securities), dated as of May 31, 2007 (the "Non-Investment Securities Amendment"), Wachovia, WCM, NMI, NFI, NHC and HLI, executed Amendment Number Two to the Master Repurchase Agreement (2007 Servicing Rights), dated as of April 25, 2007 (the "Servicing Rights Amendment"), and WIH, WCM, NMI, NCF and NCFC executed Amendment Number Two to the Master Repurchase Agreement (Residual Securities), dated as of April 18, 2007 (the "Residual Securities Amendment" and together with the Whole Loan Amendment, Investment Securities Amendment, Non-Investment Securities Amendment and Servicing Rights Amendment, the "Amendments").

Under the Amendments, the adjusted tangible net worth to required equity ratio requirements are eliminated and the amount of adjusted consolidated tangible net worth that NFI is required to maintain is decreased from \$517 million to \$150 million.

The Servicing Rights Amendment changes the minimum required servicer ratings to SQ4 (Moody's), "Average" (S&P) and RPS4 (Fitch).

In addition, the Servicing Rights Amendment and Whole Loan Amendment allow Wachovia at any time and for any reason the right to appoint a back-up servicer to service some or all of the securitization deals and loans currently serviced by NFI.

Effective September 7, 2007, the interest rate payable under the Master Repurchase Agreement (2007 Whole Loan) for recently originated mortgage loans under which there has been no delinquency in any of the first three monthly payments following origination was increased from one-month LIBOR plus 0.65% to one-month LIBOR plus 1.80%.

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In addition to the financing agreements listed above, Wachovia and certain of its affiliates routinely engage in other ordinary course financial transactions with NFI and its affiliates, including but not limited to acting as an underwriter for certain securitizations sponsored by NFI.

The foregoing is a summary of the terms of the Amendments. This summary is qualified in its entirety by reference to the full text of the Amendments, which are attached to the Original 8-K and are incorporated herein by reference.

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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 hereunto duly authorized.

NOVASTAR FINANCIAL, INC.

DATE: September 18, 2007

/s/ Gregory S. Metz

Gregory S. Metz
Chief Financial Officer