

NOVASTAR FINANCIAL INC  
Form NT 10-Q  
May 13, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

SEC FILE NUMBER: 001-13533  
CUSIP NUMBER: 669 947 889 Common Stock  
669 947 806 8.90% Series C Cumulative Redeemable Preferred Stock

(Check One) Form 10-K Form 20-F Form 11-K |X|  
Form 10-Q Form 10-D Form N-SAR Form N-CSR

For Period Ended: March 31, 2008  
[ ] Transition Report on Form 10-K  
[ ] Transition Report on Form 20-F  
[ ] Transition Report on Form 11-K  
[ ] Transition Report on Form 10-Q  
[ ] Transition Report on Form N-SAR

For the Transition Period Ended:

**Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.**

If the notification relates to a portion of the filing checked above, identify the Item(s) to which the notification relates:

**PART I--REGISTRANT INFORMATION**

**NovaStar Financial, Inc.**  
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Full Name of Registrant

**Not Applicable**  
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Former Name if Applicable

**8140 Ward Parkway, Suite 300**  
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Address of Principal Executive Office (Street and Number)

**Kansas City, Missouri 64114**  
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City, State and Zip Code

**PART II--RULES 12b-25(b) AND (c)**

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If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate)

(a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;

(b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q, or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and

(c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III--NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the magnitude of changes occurring in the business of NovaStar Financial, Inc. (the "Company") during the last nine months, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, due on May 12, 2008 (the "Form 10-Q"), could not be filed with the Securities and Exchange Commission on a timely basis without unreasonable effort or expense. The Company intends to file the Form 10-Q within the 5 calendar day period contemplated by Rule 12b-25 promulgated under the Securities Exchange Act of 1934, as amended.

**PART IV--OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification

**Rodney Schwatken**  
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**(816) 237-7000**  
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(Name)

(Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If answer is no, identify report(s).  Yes  No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?  Yes  No

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

As a result of changes in the Company's business, including the termination

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of the Company's mortgage origination business and other market factors impacting the valuation of the Company's investment portfolio, the Company's results of operations for three month period ending March 31, 2008 will change significantly from the Company's results of operations for the three month period ending March 31, 2007. The Company has not finalized its financial statements for the first quarter of 2008.

**NovaStar Financial, Inc.**  
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(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 13, 2008

By: /s/ RODNEY SCHWATKEN  
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Name: **Rodney Schwatken**

Title: **Principal Financial Officer**