

Mail Stop 4561

October 30, 2007

VIA U.S. MAIL AND FAX (816) 237-7515

Mr. Scott F Hartman
Chief Executive Officer
Novastar Financial, Inc.
8140 Ward Parkway, Suite 300
Kansas City, MO 64114

Re: Novastar Financial, Inc.
Form 10-K for the year ended December 31, 2006
Filed March 1, 2007
File No. 001-13533

Dear Mr. Hartman:

We have completed our review of your Form 10-K and do not, at this time, have any further comments.

Sincerely,

Daniel L. Gordon
Branch Chief