

Mail Stop 4561

April 2, 2009

Mr. Rodney E. Schwatken
Chief Financial Officer
NovaStar Financial, Inc.
2114 Central Street, Suite 600
Kansas City, MO 64108

**Re: NovaStar Financial, Inc.
Form 10-K for the Year Ended December 31, 2007
Forms 10-Q for the Quarters Ended March 31, 2008 and June 30, 2008
File No. 1-13533**

Dear Mr. Schwatken:

We have completed our review of your Form 10-K and related filings and have no further comments at this time.

Sincerely,

Jessica Barberich
Assistant Chief Accountant