

NOVATION COMPANIES, INC.

Form 4

August 12, 2015

# FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

### STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Eberwein Jeffrey E.

2. Issuer Name and Ticker or Trading Symbol  
NOVATION COMPANIES, INC.  
[NOVC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
53 FOREST AVENUE, 1ST FLOOR  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
08/10/2015

Director  10% Owner  
 Officer (give title below)  Other (specify below)

OLD GREENWICH, CT 06870

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock	08/10/2015		A <sup>(1)</sup>		192,308 <sup>(2)</sup>	A	
					\$ 0		
Common Stock	08/10/2015		P <sup>(3)</sup>		22,500	A	By Lone Star Value Investors, LP <sup>(5)</sup>
					\$ 0.289 <sup>(4)</sup>		
Common Stock	08/10/2015		P <sup>(3)</sup>		2,500	A	By Separately Managed Account <sup>(6)</sup>
					\$ 0.289 <sup>(4)</sup>		
	08/11/2015		P <sup>(3)</sup>		22,500	A	
					\$ 1,664,366		



## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On May 14, 2015, the Compensation Committee (the "Committee") of the Board of Directors of Novation Companies, Inc. (the "Company") determined that the annual retainer for each non-employee director serving on the Board and the fees for service as a committee chair or lead independent director shall be paid as restricted stock awarded under the 2015 Incentive Stock Plan in an amount equal to the total of such fees for each such director.

(2) The number of restricted stock awards was calculated based on the total annual cash compensation for each non-employee director and the closing price of the Company's common stock on the transaction date, as quoted by the OTC Markets' Group inter-dealer quotation service as an OTCQB security. The restricted stock awards shall vest on August 10, 2016.

(3) The purchases of shares reported on this Form 4 were effected pursuant to a Rule 10b5-1 trading plan entered into by Lone Star Value Management, LLC on behalf of Lone Star Value Investors, LP and similarly managed funds and accounts on May 13, 2015.

(4) The price reported is a weighted average price. These shares were purchased in multiple transactions at prices ranging from \$0.281 to \$0.289. The reporting person undertakes to provide the Securities and Exchange Commission, upon request, further information regarding the number of shares purchased at each separate price such shares were purchased.

(5) Shares owned directly by Lone Star Value Investors, LP ("Lone Star Value Investors"). Mr. Eberwein, solely by virtue of his position as the manager of Lone Star Value Investors GP, LLC, the general partner of Lone Star Value Investors, and as the sole member of Lone Star Value Management, LLC ("Lone Star Value Management"), the investment manager of Lone Star Value Investors, may be deemed to beneficially own the shares owned directly by Lone Star Value Investors for purposes of Section 16. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(6) Shares held in an account separately managed by Lone Star Value Management (the "Separately Managed Account I"). Lone Star Value Management, as the investment manager of the Separately Managed Account I, may be deemed to beneficially own the shares of Common Stock held in the Separately Managed Account I; and Jeffrey Eberwein, as the sole member of Lone Star Value Management may be deemed to beneficially own the shares of Common Stock held in the Separately Managed Account I for purposes of Section 16. Mr. Eberwein expressly disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The reporting person undertakes to provide the Securities and Exchange Commission, upon request, the underlying identity of the separately managed account.

(7) Shares were purchased in a single transaction at \$0.27.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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