

NOVATION COMPANIES, INC.  
Form 10-K/A  
May 27, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K/A  
Amendment No. 2

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

For the Fiscal Year ended December 31, 2014

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

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-13533

NOVATION COMPANIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland

(State or Other Jurisdiction of Incorporation or  
Organization)

74-2830661

(I.R.S. Employer Identification No.)

2114 Central Street, Suite 600, Kansas City, MO

(Address of Principal Executive Office)

64108

(Zip Code)

Registrant's Telephone Number, Including Area Code: (816) 237-7000

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Title of Each Class

Common Stock, \$0.01 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the  
Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

Edgar Filing: NOVATION COMPANIES, INC. - Form 10-K/A

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes  No

The aggregate market value of voting and non-voting stock held by non-affiliates of the registrant as of June 30, 2014 was approximately \$16,851,881, based upon the closing sales price of the registrant's common stock as quoted by OTC Markets' Group inter-dealer quotation service as a OTCQB security.

The number of shares of the Registrant's Common Stock outstanding on February 27, 2015 was 91,479,519.

Documents Incorporated by Reference

None.

---

NOVATION COMPANIES, INC.  
FORM 10-K/A  
For the Fiscal Year ended December 31, 2014

TABLE OF CONTENTS

	Explanatory Note	<u>1</u>
Part III		
Item 11.	Executive Compensation	<u>2</u>
Part IV		
Item 15.	Exhibits, Financial Statement Schedules	<u>3</u>

---

Explanatory Note

This Amendment No. 2 on Form 10-K/A (this “Amendment”) amends the Annual Report on Form 10-K of Novation Companies, Inc., a Maryland corporation (the “Company”, “we”, “our” or “us”), for the year ended December 31, 2014 that was originally filed with the Securities and Exchange Commission (“SEC”) on March 2, 2015 and Amendment No. 1 to the Annual Report on Form 10-K/A that was originally filed with the SEC on April 30, 2015 (the “Original Filings”). The Summary Compensation Table set forth in Item 11 of Part III of the Original Filings unintentionally omitted the 2014 bonus information for our chief executive officer, W. Lance Anderson, and our chief financial officer, Rodney E. Schwatken. The 2014 bonus information for Mr. Anderson and Mr. Schwatken was described on pages 10 and 12 in Amendment No. 1 to the Annual Report under the heading “Compensation Agreements with Named Executive Officers”.

We are filing this Amendment No. 2 in order to amend and restate the Summary Compensation Table and associated footnotes appearing on page 8 of Amendment No. 1 to the Annual Report to show the 2014 bonus information for Mr. Anderson and Mr. Schwatken and the corresponding changes to their total compensation. Item 15 of Part IV has also been amended to include the currently dated certifications of our principal executive officer and principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. The certifications of our principal executive officer and principal financial officer are filed with this Form 10-K/A as Exhibits 31.5 and 31.6 hereto. Because no financial statements have been included in this Form 10-K/A and this Form 10-K/A does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted. We are not including the certificate under Section 906 of the Sarbanes-Oxley Act of 2002 as no financial statements are being filed with this Form 10-K/A.

Except as described above, no other changes have been made to the Original Filings. The Original Filings continue to speak as of the date of the Original Filings, and we have not updated the disclosures contained therein to reflect any events which occurred at a date subsequent to the filing of the Original Filings. This Form 10-K/A should be read in conjunction with the Original Filings and with our filings with the SEC subsequent to the Original Filings.

---

## Summary Compensation Table

The following table sets forth the compensation of our Named Executive Officers during the fiscal year ended December 31, 2014 and 2013.

Name and Principal	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	All Other Comp (\$)(2)	Total (\$)
W. Lance Anderson, Chief Executive Officer	2014	665,784	371,250	(8) 58,028	52,076	—	1,147,138
	2013	665,784	—	10,236	47,844	—	723,864
Rodney E. Schwatken, Chief Financial Officer	2014	225,000	100,000	(8) 2,321	—	10,229	(3) 337,550
	2013	225,000	—	409	18,957	—	244,366
Steve Haslam Chief Operating Officer	2014	351,246	(4) —	(14,533)	(5) 50,220	(6) 95,861	(7) 482,794
	2013	400,000	—	1,238	245,991	—	647,229
Matthew Lautz Chief Technology Officer	2014	234,135	120,000	(8) —	160,825	—	514,960
	2013	210,096	80,000	(8) —	45,251	—	335,347

Represents the dollar amount recognized for financial reporting purposes for the fiscal years ended December 31, 2014 and 2013, in accordance with FASB ASC Topic 718. The stock awards column includes amounts for restricted stock granted in 2005 and 2007. The option awards column includes amounts for stock option awards granted in 2009, 2011, 2012, 2013 and 2014. The Company calculated the weighted average fair value of options granted for the years ended December 31, 2014 and 2013 using the Black-Scholes option pricing model. The

(1) assumptions used in their determination were as follows: The expected life is a significant assumption as it determines the period for which the risk free interest rate, volatility and dividend yield must be applied. The expected life is the period over which employees and directors are expected to hold their options and is based on the Company's historical experience with similar grants. The annual risk-free rate of return is estimated using US treasury rates commensurate with the expected life. The volatility is calculated using the fluctuations of the historical stock prices of the Company. The Company has not paid a dividend in several years, and accordingly, the assumed dividend yield was zero for these options.

Except where otherwise indicated, the total value of all perquisites and other personal benefits did not exceed (2) \$10,000 for any named executive officer for fiscal years 2014 and 2013 so the amounts have been excluded from the Summary Compensation Table.

(3) Mr. Schwatken's Other Compensation consists of a \$173 employer HSA contribution, \$471 in imputed income for group term life insurance, and \$9,585 for partial reimbursement for individual medical insurance.

(4) Mr. Haslam retired from the Company effective October 1, 2014. \$351,246 reflects base salary earned through September 30, 2014.

(5) Mr. Haslam retired from the Company effective October 1, 2014. This amount reflects his forfeiture of \$14,533 in restricted stock awards upon his retirement.

(6) Mr. Haslam retired from the Company effective October 1, 2014. Although this values option awards at \$50,220 as of December 31, 2014, such awards were forfeited on January 1, 2015.

(7) Mr. Haslam retired from the Company effective October 1, 2014. His Other Compensation consists of \$318 in imputed income for group term life insurance, \$7,851 for partial reimbursement for individual medical insurance and \$87,692 in severance.

(8) Represents the bonuses awarded under Mr. Lautz's bonus plan for 2013 and 2014 and the bonuses awarded to Mr. Anderson and Mr. Schwatken for 2014 and paid in 2015, as described below under the heading "Compensation Agreements with Named Executive Officers."

Item 15. Exhibits and Financial Statements Schedules

Financial Statements and Schedules

Exhibit Listing

Exhibit No. Description of Document

31.5 Chief Executive Officer Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.6 Principal Financial Officer Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

---

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVATION COMPANIES, INC.  
(Registrant)

DATE: May 27, 2015

/s/ RODNEY E. SCHWATKEN  
Rodney E. Schwatken  
Chief Financial Officer