

**NovaStar Home Equity Loan Trust**  
**NovaStar Home Equity Loan Asset-Backed Notes**  
**Series 1998-1**

**Statement To Bondholder**

DISTRIBUTIONS IN DOLLARS									
CLASS	ORIGINAL FACE VALUE	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	REALIZED LOSSES	CUMULATIVE REALIZED LOSSES	DEFERRED INTEREST	CURRENT PRINCIPAL BALANCE
BONDS	300,000,000.00	23,590,112.79	30,470.56	1,037,349.20	1,067,819.76	0.00	11,496,909.87	0.00	22,552,763.59
TOTALS	300,000,000.00	23,590,112.79	30,470.56	1,037,349.20	1,067,819.76	0.00	11,496,909.87	0.00	22,552,763.59
Net Monthly Excess Cashflow									83,460.67
<b>Maximum Bond Interest Rate</b>									13.50000%
<b>Available Funds Interest Rate</b>									8.90240%
<b>Bond Interest Rate</b>									1.50000%
FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE								PASS-THROUGH RATES	
CLASS	CUSIP	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	CURRENT PRINCIPAL BALANCE	CURRENT	NEXT	
BONDS	66987XAA3	78.633709	0.101569	3.457831	3.559399	75.175879	1.500000%	1.490000%	
Seller:		NovaStar Financial, Inc.							
Servicer:		NovaStar Mortgage Corporation							
Record Date:		January 31, 2004							
Distribution Date:		February 25, 2004							

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Distribution Date: February 25, 2004

**Aggregate Collections From the Mortgage Loans**

Total Collection on Pool	1,154,994.30
Total Servicer Advances	0.00
Total Compensating Interest	0.00

<b>Available Funds Cap Carry-Forward Amount</b>	0.00
<b>Aggregate Unpaid Available Funds Cap Carry-Forward Amount</b>	0.00
<b>Current Period Insured Payments Paid by Insurer</b>	0.00
<b>Aggregate Unreimbursed Insured Amounts Payable to Insurer</b>	0.00
<b>Aggregate Beginning Principal Balance of Mortgage Loans</b>	26,269,613.35
<b>Aggregate Ending Principal Balance of Mortgage Loans</b>	25,321,064.98
<b>Required Subordination Amount</b>	2,768,301.39
<b>Current Subordination Amount</b>	2,768,301.39
<b>Subordination Increase Amount</b>	88,800.83
<b>Subordination Reduction Amount</b>	0.00
<b>Net Monthly Excess Cashflow</b>	83,460.67
<b>Unpaid Accrued Interest</b>	0.00
<b>Current Realized Loss on Mortgage Loans</b>	0.00
<b>Aggregate Realized Loss on Mortgage Loans</b>	11,496,909.87
<b>Weighted Average Net Mortgage Rate</b>	8.91798201%

<b>DELINQUENCY INFORMATION</b>	<b>DELINQUENT 30-59 DAYS</b>	<b>DELINQUENT 60-89 DAYS</b>	<b>DELINQUENT 90 + DAYS</b>	<b>LOANS IN FORECLOSURE</b>	<b>REO PROPERTY</b>
PRINCIPAL BALANCE	628,381.26	301,903.40	351,183.71	1,628,884.93	1,009,666.76
NUMBER OF LOANS	7	3	5	16	10

<b>REPURCHASE INFORMATION</b>	<b>CURRENT PERIOD</b>	<b>CUMULATIVE HISTORY</b>
PRINCIPAL BALANCE	0.00	0.00
NUMBER OF LOANS	0	0

<b>Cumulative Loss Percentage</b>	3.79644%
<b>Delinquency Percentage</b>	11.80730%
<b>Rolling Delinquency Percentage</b>	10.93280%
<b>Prepayment Interest Shortfalls</b>	0.00
<b>Relief Act Shortfalls</b>	0.00