

**NovaStar CAPS Trust  
NovaStar CAPS Notes  
Series 2002-C1**

**Statement to Note Holder**

DISTRIBUTIONS IN DOLLARS								
CLASS	ORIGINAL FACE VALUE	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	CURRENT PRINCIPAL BALANCE
Notes	68,000,000.00	4,507,632.97	26,857.98	2,332,155.39	2,359,013.37	0.00	0.00	2,175,477.58
<b>TOTALS</b>	<b>68,000,000.00</b>	<b>4,507,632.97</b>	<b>26,857.98</b>	<b>2,332,155.39</b>	<b>2,359,013.37</b>	<b>0.00</b>	<b>0.00</b>	<b>2,175,477.58</b>
<b><u>Underlying Certificates</u></b>								
AIO Certificate (2001-1) Beginning Balance								112,727,729.72
AIO Certificate (2001-1) Ending Balance								106,842,717.15
AIO Certificate (2001-2) Beginning Balance								0.00
AIO Certificate (2001-2) Ending Balance								0.00
P Certificate (2001-1) Beginning Balance								0.00
P Certificate (2001-1) Ending Balance								0.00
P Certificate (2001-2) Beginning Balance								100.00
P Certificate (2001-2) Ending Balance								100.00
<b><u>Collections</u></b>								
AIO Certificate (2001-1) Available Interest								674,804.88
AIO Certificate (2001-2) Available Interest								1,503,851.07
AIO Certificate (2001-1) Available Principal								0.00
AIO Certificate (2001-2) Available Principal								0.00
P Certificate (2001-1) Available Interest								35,420.32
P Certificate (2001-2) Available Interest								144,937.10
P Certificate (2001-1) Available Principal								0.00
P Certificate (2001-2) Available Principal								0.00
<b>Trustee Fee</b>								<b>0.00</b>
<b>Available Funds</b>								<b>2,359,013.37</b>
<b><u>Additional Information</u></b>								
<b>Unpaid Interest Shortfall</b>								<b>0.00</b>
<b>Pay taxes, assessments and governmental charges levied upon the Issuer</b>								<b>0.00</b>
<b>Distribution To Owner Trust Certificate Holders</b>								<b>0.00</b>
<b>FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE</b>							<b>PASS-THROUGH RATES</b>	
CLASS	CUSIP	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	CURRENT PRINCIPAL BALANCE	CURRENT	
Notes	66988DAB4	15,085.522813	0.394970	34.296403	34.691373	31.992317	7.150000%	
Seller:		NovaStar Financial, Inc.						
Servicer:		NovaStar Mortgage Corporation						
Record Date:		January 31, 2004						
Distribution Date:		February 26, 2004						