

## NovaStar Mortgage Funding Trust, Series 2004-2

## Statement to Certificateholders

December 27, 2004

## DISTRIBUTION IN DOLLARS

CLASS	ORIGINAL FACE VALUE	BEGINNING PRINCIPAL BALANCE	PRINCIPAL	INTEREST	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	ENDING PRINCIPAL BALANCE
A1	944,800,000.00	884,406,172.92	28,855,868.63	1,911,391.29	30,767,259.92	0.00	0.00	855,550,304.29
A2	100,000,000.00	90,314,283.35	4,011,460.24	195,577.34	4,207,037.58	0.00	0.00	86,302,823.11
A3	55,000,000.00	41,343,139.52	5,656,158.93	82,587.73	5,738,746.66	0.00	0.00	35,686,980.59
A4	68,000,000.00	68,000,000.00	0.00	144,620.54	144,620.54	0.00	0.00	68,000,000.00
A5	18,000,000.00	18,000,000.00	0.00	41,536.64	41,536.64	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	182,988.55	182,988.55	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	51,714.16	51,714.16	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	49,423.79	49,423.79	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	61,116.73	61,116.73	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	44,360.86	44,360.86	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	49,785.42	49,785.42	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	38,695.21	38,695.21	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	68,470.51	68,470.51	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	578,439.31	578,439.31	0.00	0.00	100.00
O	25,199,900.00	25,200,000.00	0.00	0.00	0.00	0.00	0.00	25,200,000.00
R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTALS</b>	1,400,000,000.00	1,316,263,695.79	38,523,487.80	3,500,708.08	42,024,195.88	0.00	0.00	1,277,740,207.99
X	1,400,000,000.00	1,316,263,695.79	0.00	4,109,833.61	4,109,833.61	0.00	0.00	1,277,740,207.99

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## FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL
A1	66987XEN1	936.07765974	30.54177459	2.02306445	32.56483903	905.53588515
A2	66987XEP6	903.14283350	40.11460240	1.95577340	42.07037580	863.02823110
A3	66987XEQ4	751.69344582	102.83925327	1.50159509	104.34084836	648.85419255
A4	66987XER2	1,000.00000000	0.00000000	2.12677265	2.12677265	1,000.00000000
A5	66987XES0	1,000.00000000	0.00000000	2.30759111	2.30759111	1,000.00000000
M1	66987XET8	1,000.00000000	0.00000000	2.37647468	2.37647468	1,000.00000000
M2	66987XEU5	1,000.00000000	0.00000000	2.46257905	2.46257905	1,000.00000000
M3	66987XEV3	1,000.00000000	0.00000000	2.82421657	2.82421657	1,000.00000000
M4	66987XEW1	1,000.00000000	0.00000000	2.91032048	2.91032048	1,000.00000000
M5	66987XEX9	1,000.00000000	0.00000000	3.16863286	3.16863286	1,000.00000000
B1	66987XEY7	1,000.00000000	0.00000000	3.55610143	3.55610143	1,000.00000000
B2	66987XEZ4	1,000.00000000	0.00000000	3.68525810	3.68525810	1,000.00000000
B3	66987XFA8	1,000.00000000	0.00000000	4.89075071	4.89075071	1,000.00000000
P	66987XFB6	1,000.00000000	0.00000000	5,784,393.10000000	5,784,393.10000000	1,000.00000000
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827
<b>TOTALS</b>		940.18835414	27.51677700	2.50050577	30.01728277	912.67157714
X	66987XFD2	940.18835414	0.00000000	2.93559544	2.93559544	912.67157714

## PASS-THROUGH RATES

CLASS	CURRENT PASS-THRU RATE
A1	2.510000 %
A2	2.515000 %
A3	2.320000 %
A4	2.470000 %
A5	2.680000 %
M1	2.760000 %
M2	2.860000 %
M3	3.280000 %
M4	3.380000 %
M5	3.680000 %
B1	4.130000 %
B2	4.280000 %
B3	5.177174 %
P	.000000 %
O	.000000 %
X	3.625953 %

**NovaStar Mortgage Funding Trust, Series 2004-2**

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IF THERE ARE ANY QUESTIONS OR PROBLEMS WITH THIS STATEMENT, PLEASE CONTACT THE ADMINISTRATOR LISTED BELOW:

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## NovaStar Mortgage Funding Trust, Series 2004-2

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	REMIC Available Funds - Group I	34,865,691.04
	REMIC Available Funds - Group II	11,327,154.54
Sec. 4.03	Principal	
	Group I Scheduled Principal	830,813.08
	Group I Prepayments in Full	27,861,989.98
	Group I Curtailments	87,262.12
	Group I Net Liquidation Proceeds	61,595.00
	Group I Realized Losses	18,968.72
	Group II Scheduled Principal	165,131.62
	Group II Prepayments in Full	9,458,101.12
	Group II Curtailments	39,626.15
	Group II Net Liquidation Proceeds	0.00
	Group II Realized Losses	0.00
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	28,855,868.63
	Class A-2	4,011,460.24
	Class A-3	5,656,158.93
	Class A-4	0.00
	Class A-5	0.00
	Class M-1	0.00

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Class M-4	0.00
Class M-5	0.00
Class M-2	0.00
Class M-3	0.00
Class B-1	0.00
Class B-2	0.00
Class B-3	0.00
Class P	0.00

Sec. 4.03(a)(ii)

Distributions of Interest

Class A-1	1,911,391.29
Class A-2	195,577.34
Class A-3	82,587.73
Class A-4	144,620.54
Class A-5	41,536.64
Class M-1	182,988.55
Class M-2	51,714.16
Class M-3	49,423.79
Class M-4	61,116.73
Class M-5	44,360.86
Class B-1	49,785.42
Class B-2	38,695.21
Class B-3	68,470.51
Class I	76,170.56

## NovaStar Mortgage Funding Trust, Series 2004-2

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		Class P - Prepay Penalty	578,439.31
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	1,055,099,864.27
		Group I Ending Pool Balance	1,026,239,235.36
		Group II Beginning Pool Balance	261,163,831.52
		Group II Ending Pool Balance	251,500,972.63
		Total Beginning Pool Balance	1,316,263,695.79
		Total Ending Pool Balance	1,277,740,207.99
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	8,806
		Aggregate Principal Balance of Mortgage Loans	1,277,740,207.99
		Beginning Weighted Average Mortgage Rate	7.4767 %
		Number of Subsequent Mortgage Loans Added during Prepayment Period	0
		Balance of Subsequent Mortgage Loans Added during Prepayment Period	0.00
		Balance of Pre-Funding Account	0.00
Section 4.03(a)(v) A	Loans Delinquent		
	Contractual Delinquency - Group I		
		Balance of 0-30 Days	1,004,287,517.63
		Number of 0-30 Days	7,112
		Balance of 30-59 Days	7,437,662.33

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Number of 30-59 Days	55
Balance of 60-89 Days	2,463,806.97
Number of 60-89 Days	20
Balance of 90+ Days	2,713,733.72
Number of 90+ Days	18
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	1,102,881.60
Number of 0-30 Days	8
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	299,307.62
Number of 60-89 Days	3
Balance of 60-89 Days	1,021,163.17
Number of 60-89 Days	11
Legal Delinquency - Group I	
Balance of 0-30 Days	1,004,287,517.63
Number of 0-30 Days	7,112
Balance of 30-59 Days	7,437,662.33
Number of 30-59 Days	55
Balance of 60-89 Days	2,463,806.97
Number of 60-89 Days	20
Balance of 60-89 Days	2,713,733.72
Number of 60-89 Days	18

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## Legal Bankruptcy - Group I

Balance of 0-30 Days	1,928,783.98
Number of 0-30 Days	18
Balance of 30-59 Days	217,476.50
Number of 30-59 Days	2
Balance of 60-89 Days	47,592.16
Number of 60-89 Days	1
Balance of 60-89 Days	229,499.75
Number of 60-89 Days	1

## Sec. 4.03 (a)(v) B

## Loans in Foreclosure - Group I

Balance of 0-30 Days	596,491.04
Number of 0-30 Days	5
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	548,031.13
Number of 60-89 Days	3
Balance of 60-89 Days	4,730,342.95
Number of 60-89 Days	35

## Contractual Delinquency - Group II

Balance of 0-30 Days	240,387,183.93
Number of 0-30 Days	1,448
Balance of 30-59 Days	2,861,803.37

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Number of 30-59 Days	22
Balance of 60-89 Days	594,275.72
Number of 60-89 Days	9
Balance of 90+ Days	1,580,606.97
Number of 90+ Days	9
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	888,971.70
Number of 0-30 Days	4
Balance of 30-59 Days	177,707.38
Number of 30-59 Days	1
Balance of 60-89 Days	160,811.51
Number of 60-89 Days	2
Balance of 90+ Days	310,827.97
Number of 90+ Days	3
Legal Delinquency - Group II	
Balance of 0-30 Days	240,387,183.93
Number of 0-30 Days	1,448
Balance of 30-59 Days	2,861,803.37
Number of 30-59 Days	22
Balance of 60-89 Days	594,275.72
Number of 60-89 Days	9
Balance of 90+ Days	1,580,606.97
Number of 90+ Days	9

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## Legal Bankruptcy - Group II

Balance of 0-30 Days	1,427,117.86
Number of 0-30 Days	8
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	111,200.70
Number of 60-89 Days	2
Balance of 90+ Days	0.00
Number of 90+ Days	0

## Sec. 4.03 (a)(v) B

## Loans in Foreclosure - Group II

	0.00
Balance of 0-30 Days	516,959.82
Number of 0-30 Days	3
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	88,308.54
Number of 60-89 Days	2
Balance of 90+ Days	3,408,794.46
Number of 90+ Days	20

## Sec. 4.03(a)(v) C

## Loans in REO

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Group 1		
Number	Principal Balance	Percentage
8	1,038,297.20	0.10 %

Group 2		
Number	Principal Balance	Percentage
5	524,721.26	0.21 %

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		27,861,989.98
	Group II Prepayments		9,458,101.12
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		80,563.72
	Group I Net Liquidation Proceeds		61,595.00
	Group I Current Period Realized Losses		18,968.72
	Group I Recoveries of Prior Losses		0.00
	Group I Subsequent Losses		0.00
	Group I Cumulative Liquidated Loan Balance		201,773.89
	Group I Cumulative Net Liquidation Proceeds		170,178.85
	Group I Cumulative Recoveries of Prior Losses		0.00
	Group I Cumulative Subsequent Losses		0.00
	Group I Cumulative Realized Losses		31,595.04

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Group II Liquidated Loan Balance	0.00
Group II Net Liquidation Proceeds	0.00
Group II Current Period Realized Losses	0.00
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	0.00
Group II Cumulative Net Liquidation Proceeds	0.00
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	0.00
Total Liquidated Loan Balance	80,563.72
Total Net Liquidation Proceeds	61,595.00
Total Current Period Realized Losses	18,968.72
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	201,773.89
Total Cumulative Net Liquidation Proceeds	170,178.85
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	0.00
Total Cumulative Realized Losses	31,595.04

## NovaStar Mortgage Funding Trust, Series 2004-2

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Sec. 4.03 (a)(ix)	Unpaid Interest Shortfall Amounts	
	Unpaid Interest Shortfall - A-1	0.00
	Unpaid Interest Shortfall - A-2	0.00
	Unpaid Interest Shortfall - A-3	0.00
	Unpaid Interest Shortfall - A-4	0.00
	Unpaid Interest Shortfall - A-5	0.00
	Unpaid Interest Shortfall - M-1	0.00
	Unpaid Interest Shortfall - M-2	0.00
	Unpaid Interest Shortfall - M-3	0.00
	Unpaid Interest Shortfall - M-4	0.00
	Unpaid Interest Shortfall - M-5	0.00
	Unpaid Interest Shortfall - B-1	0.00
	Unpaid Interest Shortfall - B-2	0.00
	Unpaid Interest Shortfall - B-2	0.00
	Unpaid Interest Shortfall - I	0.00
Sec. 4.03 (a)(x)	Prepayment Interest Shortfalls not covered by the Servicer	235.55
	PPIS Interest Reduction Class A1	154.39
	PPIS Interest Reduction Class A2	15.80
	PPIS Interest Reduction Class A3	6.67
	PPIS Interest Reduction Class A4	11.68
	PPIS Interest Reduction Class A5	3.36
	PPIS Interest Reduction Class M1	14.78
	PPIS Interest Reduction Class M2	4.18

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PPIS Interest Reduction Class M3		3.99
PPIS Interest Reduction Class M4		4.94
PPIS Interest Reduction Class M5		3.58
PPIS Interest Reduction Class B1		4.02
PPIS Interest Reduction Class B2		3.13
PPIS Interest Reduction Class B3		5.04
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	16.27 %
Sec. 4.03 (a)(xii)	Available Funds Cap Carryforward Amount	
	Available Funds Cap Carryforward Amount - A-1	0.00
	Available Funds Cap Carryforward Amount - A-2	0.00
	Available Funds Cap Carryforward Amount - A-3	0.00
	Available Funds Cap Carryforward Amount - A-4	0.00
	Available Funds Cap Carryforward Amount - A-5	0.00
	Available Funds Cap Carryforward Amount - M-1	0.00
	Available Funds Cap Carryforward Amount - M-2	0.00
	Available Funds Cap Carryforward Amount - M-3	0.00
	Available Funds Cap Carryforward Amount - M-4	0.00
	Available Funds Cap Carryforward Amount - M-5	0.00
	Available Funds Cap Carryforward Amount - B-1	0.00
	Available Funds Cap Carryforward Amount - B-2	0.00
	Available Funds Cap Carryforward Amount - B-3	0.00

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Remaining Available Funds Cap Carryforward Amount - A-1	0.00
Remaining Available Funds Cap Carryforward Amount - A-2	0.00
Remaining Available Funds Cap Carryforward Amount - A-3	0.00
Remaining Available Funds Cap Carryforward Amount - A-4	0.00
Remaining Available Funds Cap Carryforward Amount - A-5	0.00
Remaining Available Funds Cap Carryforward Amount - M-1	0.00
Remaining Available Funds Cap Carryforward Amount - M-2	0.00
Remaining Available Funds Cap Carryforward Amount - M-3	0.00
Remaining Available Funds Cap Carryforward Amount - M-4	0.00
Remaining Available Funds Cap Carryforward Amount - M-5	0.00
Remaining Available Funds Cap Carryforward Amount - B-1	0.00
Remaining Available Funds Cap Carryforward Amount - B-2	0.00
Remaining Available Funds Cap Carryforward Amount - B-3	0.00

Sec. 4.03 (a)(xiii)

REMIC Pass-Through Rates

REMIC Pass-Through Rate - A-1	2.5100 %
REMIC Pass-Through Rate - A-2	2.5150 %
REMIC Pass-Through Rate - A-3	2.3200 %
REMIC Pass-Through Rate - A-4	2.4700 %
REMIC Pass-Through Rate - A-5	2.6800 %
REMIC Pass-Through Rate - M-1	2.7600 %
REMIC Pass-Through Rate - M-2	2.8600 %
REMIC Pass-Through Rate - M-3	3.2800 %
REMIC Pass-Through Rate - M-4	3.3800 %

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REMIC Pass-Through Rate - M-5	3.6800 %
REMIC Pass-Through Rate - B-1	4.1300 %
REMIC Pass-Through Rate - B-2	4.2800 %
REMIC Pass-Through Rate - B-3	5.1772 %
Next REMIC Pass-Through Rate - A-1	2.7475 %
Next REMIC Pass-Through Rate - A-2	2.7525 %
Next REMIC Pass-Through Rate - A-3	2.5575 %
Next REMIC Pass-Through Rate - A-4	2.7075 %
Next REMIC Pass-Through Rate - A-5	2.9175 %
Next REMIC Pass-Through Rate - M-1	2.9975 %
Next REMIC Pass-Through Rate - M-2	3.0975 %
Next REMIC Pass-Through Rate - M-3	3.5175 %
Next REMIC Pass-Through Rate - M-4	3.6175 %
Next REMIC Pass-Through Rate - M-5	3.9175 %
Next REMIC Pass-Through Rate - B-1	4.3675 %
Next REMIC Pass-Through Rate - B-2	4.5175 %
Next REMIC Pass-Through Rate - B-3	5.9175 %

Sec. 4.03 (a)(xiv)

Supplemental Interest Payment

Supplemental Interest Payment - A-1	0.00
Supplemental Interest Payment - A-2	0.00
Supplemental Interest Payment - A-3	0.00
Supplemental Interest Payment - A-4	0.00
Supplemental Interest Payment - A-5	0.00

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Supplemental Interest Payment - M-1	0.00
Supplemental Interest Payment - M-2	0.00
Supplemental Interest Payment - M-3	0.00
Supplemental Interest Payment - M-4	0.00
Supplemental Interest Payment - M-5	0.00
Supplemental Interest Payment - B-1	0.00
Supplemental Interest Payment - B-2	0.00
Supplemental Interest Payment - B-3	6,061.85

Sec. 4.03 (a)(xv)

Swap Notional Amount and the Underwritten Certificates Principal Balance

Underwritten Certificates Principal Balance	1,252,540,207.99
Swap Notional Amount	825,000,000.00
Difference	427,540,207.99
Funds paid to Swap Counterparty	-20,526.73

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Sec. 4.03 (a)(xvi)	Overcollateralization Amounts		
		Required Overcollateralization Amount	25,200,000.00
		Overcollateralization Amount	25,200,000.00
Sec. 4.03 (a)(xvi)	Excess Cashflow		4,038,166.89