

## NovaStar Mortgage Funding Trust, Series 2003-2

## Statement to Certificateholders

January 25, 2005

## DISTRIBUTION IN DOLLARS

CLASS	ORIGINAL FACE VALUE	BEGINNING PRINCIPAL BALANCE	PRINCIPAL	INTEREST	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	ENDING PRINCIPAL BALANCE
A_1	1,000,000,000.00	552,870,379.26	30,228,059.46	1,212,513.85	31,440,573.31	0.00	0.00	522,642,319.80
A_2	320,000,000.00	159,295,417.47	11,941,199.60	353,846.01	12,295,045.61	0.00	0.00	147,354,217.87
M_1	63,750,000.00	63,750,000.00	0.00	162,664.32	162,664.32	0.00	0.00	63,750,000.00
M_2	52,500,000.00	52,500,000.00	0.00	180,479.69	180,479.69	0.00	0.00	52,500,000.00
M_3	15,000,000.00	15,000,000.00	0.00	56,398.96	56,398.96	0.00	0.00	15,000,000.00
B_1	15,000,000.00	15,000,000.00	0.00	67,273.96	67,273.96	0.00	0.00	15,000,000.00
B_2	15,000,000.00	15,000,000.00	0.00	75,732.29	75,732.29	0.00	0.00	15,000,000.00
O	18,750,001.00	18,750,001.25	0.00	0.00	0.00	0.00	0.00	18,750,001.25
P	100.00	100.00	0.00	894,211.41	894,211.41	0.00	0.00	100.00
<b>TOTALS</b>	<b>1,500,000,101.00</b>	<b>892,165,897.98</b>	<b>42,169,259.06</b>	<b>3,003,120.49</b>	<b>45,172,379.55</b>	<b>0.00</b>	<b>0.00</b>	<b>849,996,638.92</b>
X_1	1,500,000,100.00	892,165,897.98	0.00	2,425,875.28	2,425,875.28	0.00	0.00	849,996,638.92
X_2	400,502,570.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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## FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL
A_1	66987WAP2	552.87037926	30.22805946	1.21251385	31.44057331	522.64231980
A_2	66987WAQ0	497.79817959	37.31624875	1.10576878	38.42201753	460.48193084
M_1	66987WAR8	1,000.00000000	0.00000000	2.55159718	2.55159718	1,000.00000000
M_2	66987WAS6	1,000.00000000	0.00000000	3.43770838	3.43770838	1,000.00000000
M_3	66987WAT4	1,000.00000000	0.00000000	3.75993067	3.75993067	1,000.00000000
B_1	66987WAU1	1,000.00000000	0.00000000	4.48493067	4.48493067	1,000.00000000
B_2	66987WAV9	1,000.00000000	0.00000000	5.04881933	5.04881933	1,000.00000000
O	66987XCN3	1,000.00001333	0.00000000	0.00000000	0.00000000	1,000.00001333
P	66987XCL7	1,000.00000000	0.00000000	8,942,114.10000000	8,942,114.10000000	1,000.00000000
<b>TOTALS</b>		594.77722527	28.11283748	2.00208019	30.11491767	566.66438779
X_1	66987XCM5	594.77722567	0.00000000	1.61725008	1.61725008	566.66438817
X_2	66987XCM5	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000

## PASS-THROUGH RATES

CLASS	CURRENT PASS-THRU RATE
A_1	2.722500 %
A_2	2.757500 %
M_1	3.167500 %
M_2	4.267500 %
M_3	4.667500 %
B_1	5.567500 %
B_2	6.267500 %
O	.000000 %
P	.000000 %
X_1	3.375416 %
X_2	.000000 %

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

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	REMIC Available Funds - Group I	34,285,912.48
	REMIC Available Funds - Group II	13,149,456.80
Sec. 4.03	Principal	
	Group I Scheduled Principal	759,089.81
	Group I Prepayments in Full	28,754,218.88
	Group I Curtailments	237,479.11
	Group I Net Liquidation Proceeds	335,849.05
	Group I Realized Losses	113,103.14
	Group II Scheduled Principal	228,085.97
	Group II Prepayments in Full	11,627,815.13
	Group II Curtailments	10,964.95
	Group II Net Liquidation Proceeds	-2,552.53
	Group II Realized Losses	105,205.54
	Total Scheduled Principal	987,175.78
	Total Prepayments in Full	40,382,034.01
	Total Curtailments	248,444.06
	Total Net Liquidation Proceeds	350,697.78
	Total Realized Losses	200,907.42

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Sec. 4.03(a)(i)	Distributions of Principal		
	Class A-1		30,228,059.46
	Class A-2		11,941,199.60
	Class M-1		0.00
	Class M-2		0.00
	Class M-3		0.00
	Class B-1		0.00
	Class B-2		0.00
	Class P		0.00
Sec. 4.03(a)(ii)	Distributions of Interest		
	Class A-1		1,212,513.85
	Class A-2		353,846.01
	Class M-1		162,664.32
	Class M-2		180,479.69
	Class M-3		56,398.96
	Class B-1		67,273.96
	Class B-2		75,732.29
	Class I		-166,835.50
	Class P - Prepay Penalty		894,211.41

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Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	689,124,599.12
		Group I Ending Pool Balance	658,924,859.12
		Group II Beginning Pool Balance	203,041,298.86
		Group II Ending Pool Balance	191,071,779.80
		Total Beginning Pool Balance	892,165,897.98
		Total Ending Pool Balance	849,996,638.92
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	6,468
		Aggregate Principal Balance of Mortgage Loans	849,996,638.92
		Beginning Weighted Average Mortgage Rate	7.1922 %
		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	631,606,423.89
		Number of 0-30 Days	5,057
		Balance of 30-59 Days	3,530,298.09
		Number of 30-59 Days	31
		Balance of 60-89 Days	1,668,963.96

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Number of 60-89 Days	18
Balance of 90+ Days	2,194,763.36
Number of 90+ Days	15
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	3,176,051.39
Number of 0-30 Days	30
Balance of 30-59 Days	247,187.96
Number of 30-59 Days	2
Balance of 60-89 Days	838,815.12
Number of 60-89 Days	7
Balance of 90+ Days	4,338,018.94
Number of 90+ Days	36
Legal Delinquency - Group I	
Balance of 0-30 Days	631,606,423.89
Number of 0-30 Days	5,057
Balance of 30-59 Days	3,530,298.09
Number of 30-59 Days	31
Balance of 60-89 Days	1,668,963.96
Number of 60-89 Days	18
Balance of 90+ Days	2,194,763.36
Number of 90+ Days	15
Legal Bankruptcy - Group I	

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	Balance of 0-30 Days	6,067,514.47
	Number of 0-30 Days	53
	Balance of 30-59 Days	1,044,828.32
	Number of 30-59 Days	10
	Balance of 60-89 Days	726,630.27
	Number of 60-89 Days	6
	Balance of 90+ Days	761,100.35
	Number of 90+ Days	6
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	351,363.55
	Number of 0-30 Days	4
	Balance of 30-59 Days	58,637.40
	Number of 30-59 Days	1
	Balance of 60-89 Days	0.00
	Number of 60-89 Days	0
	Balance of 90+ Days	6,595,232.37
	Number of 90+ Days	59
Section 4.03(a)(v) A	Loans Delinquent	
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	183,292,796.30
	Number of 0-30 Days	1,111
	Balance of 30-59 Days	1,162,736.29
	Number of 30-59 Days	7

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Balance of 60-89 Days	106,553.78
Number of 60-89 Days	2
Balance of 90+ Days	630,832.80
Number of 90+ Days	4
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	2,031,951.80
Number of 0-30 Days	15
Balance of 30-59 Days	152,015.86
Number of 30-59 Days	2
Balance of 60-89 Days	96,829.33
Number of 60-89 Days	1
Balance of 90+ Days	735,655.45
Number of 90+ Days	6
Legal Delinquency - Group II	
Balance of 0-30 Days	183,292,796.30
Number of 0-30 Days	1,111
Balance of 30-59 Days	1,162,736.29
Number of 30-59 Days	7
Balance of 60-89 Days	106,553.78
Number of 60-89 Days	2
Balance of 90+ Days	630,832.80
Number of 90+ Days	4

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## Legal Bankruptcy - Group II

Balance of 0-30 Days	2,402,876.54
Number of 0-30 Days	18
Balance of 30-59 Days	303,617.48
Number of 30-59 Days	4
Balance of 60-89 Days	309,958.42
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

Balance of 0-30 Days	0.00
Number of 0-30 Days	0
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	1,498,586.54
Number of 90+ Days	12

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

## Group I and Group II Loans in REO

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Group 1		
Number	Principal Balance	Percentage
36	4,319,103.09	0.66 %

Group 2		
Number	Principal Balance	Percentage
12	1,363,821.65	0.71 %

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		28,754,218.88
	Group II Prepayments		11,627,815.13
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		448,952.19
	Group I Net Liquidation Proceeds		335,849.05
	Group I Current Period Net Realized Losses		113,103.14
	Group I Recoveries of Prior Losses		5,490.26
	Group I Subsequent Losses		1,872.59
	Group I Cumulative Liquidated Loan Balance		5,956,354.07
	Group I Cumulative Net Liquidation Proceeds		4,487,948.62
	Group I Cumulative Recoveries of Prior Losses		48,768.59
	Group I Cumulative Subsequent Losses		182,876.91
	Group I Cumulative Realized Losses		1,602,513.77

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Group II Liquidated Loan Balance	102,653.01
Group II Net Liquidation Proceeds	-2,552.53
Group II Current Period Net Realized Losses	105,205.54
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	1,615,312.15
Group II Cumulative Net Liquidation Proceeds	1,150,430.60
Group II Cumulative Recoveries of Prior Losses	51,002.00
Group II Cumulative Subsequent Losses	41,781.86
Group II Cumulative Realized Losses	455,661.41
Total Liquidated Loan Balance	551,605.20
Total Net Liquidation Proceeds	350,697.78
Total Current Period Net Realized Losses	218,308.68
Total Recoveries of Prior Losses	5,490.26
Total Subsequent Losses	1,872.59
Total Cumulative Liquidated Loan Balance	7,571,666.22
Total Cumulative Net Liquidation Proceeds	5,638,379.22
Total Cumulative Recoveries of Prior Losses	99,770.59
Total Cumulative Subsequent Losses	224,658.77
Total Cumulative Realized Losses	2,058,175.18

## NovaStar Mortgage Funding Trust, Series 2003-2

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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 - M-1	0.00
	Unpaid Interest Shortfall - M-2	0.00
	Unpaid Interest Shortfall - M-3	0.00
	Unpaid Interest Shortfall - B-1	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	0.00
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	20.18 %
Sec. 4.03 (a)(xii)	Available Funds Cap Carryforward Amount	
	Available Funds Cap Carryforward Amount Paid - A-1	0.00
	Available Funds Cap Carryforward Amount Paid - A-2	0.00
	Available Funds Cap Carryforward Amount Paid - M-1	0.00
	Available Funds Cap Carryforward Amount Paid - M-2	0.00
	Available Funds Cap Carryforward Amount Paid - M-3	0.00
	Available Funds Cap Carryforward Amount Paid - B-1	0.00
	Available Funds Cap Carryforward Amount Paid - B-2	0.00
	Remaining Available Funds Cap Carryforward Amount - A-1	0.00

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Remaining Available Funds Cap Carryforward Amount - A-2	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 - B-1	0.00
Remaining Available Funds Cap Carryforward Amount - B-2	0.00

Sec. 4.03 (a)(xiii)

## REMIC Pass-Through Rates

REMIC Pass-Through Rate - A-1	2.7225 %
REMIC Pass-Through Rate - A-2	2.7575 %
REMIC Pass-Through Rate - M-1	3.1675 %
REMIC Pass-Through Rate - M-2	4.2675 %
REMIC Pass-Through Rate - M-3	4.6675 %
REMIC Pass-Through Rate - B-1	5.5675 %
REMIC Pass-Through Rate - B-2	6.2675 %
Next REMIC Pass-Through Rate - A-1	2.8350 %
Next REMIC Pass-Through Rate - A-2	2.8700 %
Next REMIC Pass-Through Rate - M-1	3.2800 %
Next REMIC Pass-Through Rate - M-2	4.3800 %
Next REMIC Pass-Through Rate - M-3	4.7800 %
Next REMIC Pass-Through Rate - B-1	5.6800 %
Next REMIC Pass-Through Rate - B-2	6.3800 %

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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 - M-1		0.00
	Supplemental Interest payment - M-2		0.00
	Supplemental Interest payment - M-3		0.00
	Supplemental Interest payment - B-1		0.00
	Supplemental Interest payment - B-2		0.00
Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		831,246,637.67
	Ending Swap Notional Amount		825,000,000.00
	Difference		6,246,637.67
	Funds paid to Swap Counterparty		-166,835.50
Sec. 4.03 (a)(xvi)	Overcollateralization Amounts		
	Required Overcollateralization Amount		18,750,001.25
	Overcollateralization Amount		18,750,001.25
Sec. 4.03 (a)(xvi)	Excess Cashflow		2,456,329.54