

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

June 27, 2005

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	684,991,779.96	43,990,179.04	2,147,449.23	46,137,628.27	0.00	0.00	641,001,600.92
A2	100,000,000.00	65,059,861.59	3,885,750.29	204,260.86	4,090,011.15	0.00	0.00	61,174,111.30
A3	55,000,000.00	5,734,404.84	5,478,907.90	16,978.62	5,495,886.52	0.00	0.00	255,496.94
A4	68,000,000.00	68,000,000.00	0.00	210,686.67	210,686.67	0.00	0.00	68,000,000.00
A5	18,000,000.00	18,000,000.00	0.00	59,235.00	59,235.00	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	259,040.83	259,040.83	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	72,572.50	72,572.50	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	67,214.58	67,214.58	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	82,582.50	82,582.50	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	58,905.00	58,905.00	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	64,680.00	64,680.00	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	49,953.75	49,953.75	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	84,571.67	84,571.67	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	902,480.57	902,480.57	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
TOTALS	1,400,000,000.00	1,055,986,146.39	53,354,837.23	4,280,611.78	57,635,449.01	0.00	0.00	1,002,631,309.16
X	1,400,000,000.00	1,055,986,146.39	0.00	2,768,722.29	2,768,722.29	0.00	0.00	1,002,631,309.16

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

June 27, 2005

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CLASS	CURRENT PASS-THRU RATE
A1	66987XEN1	725.01246820	46.56030804	2.27291409	48.83322213	678.45216016	A1	3.420000 %
A2	66987XEP6	650.59861590	38.85750290	2.04260860	40.90011150	611.74111300	A2	3.425000 %
A3	66987XEQ4	104.26190618	99.61650727	0.30870218	99.92520945	4.64539891	A3	3.230000 %
A4	66987XER2	1,000.00000000	0.00000000	3.09833338	3.09833338	1,000.00000000	A4	3.380000 %
A5	66987XES0	1,000.00000000	0.00000000	3.29083333	3.29083333	1,000.00000000	A5	3.590000 %
M1	66987XET8	1,000.00000000	0.00000000	3.36416662	3.36416662	1,000.00000000	M1	3.670000 %
M2	66987XEU5	1,000.00000000	0.00000000	3.45583333	3.45583333	1,000.00000000	M2	3.770000 %
M3	66987XEV3	1,000.00000000	0.00000000	3.84083314	3.84083314	1,000.00000000	M3	4.190000 %
M4	66987XEW1	1,000.00000000	0.00000000	3.93250000	3.93250000	1,000.00000000	M4	4.290000 %
M5	66987XEX9	1,000.00000000	0.00000000	4.20750000	4.20750000	1,000.00000000	M5	4.590000 %
B1	66987XEY7	1,000.00000000	0.00000000	4.62000000	4.62000000	1,000.00000000	B1	5.040000 %
B2	66987XEZ4	1,000.00000000	0.00000000	4.75750000	4.75750000	1,000.00000000	B2	5.190000 %
B3	66987XFA8	1,000.00000000	0.00000000	6.04083357	6.04083357	1,000.00000000	B3	6.590000 %
P	66987XFB6	1,000.00000000	0.00000000	9,024,805.70000000	9,024,805.70000000	1,000.00000000	P	.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	.000000 %
TOTALS		754.27581885	38.11059802	3.05757984	41.16817786	716.16522083		
X	66987XFD2	754.27581885	0.00000000	1.97765878	1.97765878	716.16522083	X	2.860288 %

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

June 27, 2005

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

Ariella Kaminer
JPMorgan Chase Bank, N.A. - Structured Finance Services
4 New York Plaza, Floor 6,
New York, New York 10004
Tel: (212) 623-5439 / Fax: (212) 623-5931
Email: ariella.x.kaminer@jpmchase.com

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

	REMIC Available Funds - Group I	49,050,927.24
	REMIC Available Funds - Group II	10,606,728.93
Sec. 4.03	Principal	
	Group I Scheduled Principal	720,172.93
	Group I Prepayments in Full	41,992,954.68
	Group I Curtailments	125,796.16
	Group I Net Liquidation Proceeds	901,914.17
	Group I Realized Losses	242,120.27
	Group II Scheduled Principal	138,418.95
	Group II Prepayments in Full	9,033,497.36
	Group II Curtailments	15,551.00
	Group II Net Liquidation Proceeds	123,994.16
	Group II Realized Losses	60,966.30
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	43,990,179.04
	Class A-2	3,885,750.29
	Class A-3	5,478,907.90
	Class A-4	0.00
	Class A-5	0.00
	Class M-1	0.00

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

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	2,147,449.23
Class A-2	204,260.86
Class A-3	16,978.62
Class A-4	210,686.67
Class A-5	59,235.00
Class M-1	259,040.83
Class M-2	72,572.50
Class M-3	67,214.58
Class M-4	82,582.50
Class M-5	58,905.00
Class B-1	64,680.00
Class B-2	49,953.75
Class B-3	84,571.67
Class I	0.00

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

		Class P - Prepay Penalty	902,480.57
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	855,914,190.13
		Group I Ending Pool Balance	811,931,780.68
		Group II Beginning Pool Balance	200,071,956.26
		Group II Ending Pool Balance	190,699,528.48
		Total Beginning Pool Balance	1,055,986,146.39
		Total Ending Pool Balance	1,002,631,309.16
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	7,194
		Aggregate Principal Balance of Mortgage Loans	1,002,631,309.16
		Beginning Weighted Average Mortgage Rate	7.4653 %
		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	785,003,341.63
		Number of 0-30 Days	5,773
		Balance of 30-59 Days	2,966,338.27

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Number of 30-59 Days	27
Balance of 60-89 Days	1,971,896.62
Number of 60-89 Days	16
Balance of 90+ Days	1,126,568.29
Number of 90+ Days	11
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	4,641,419.89
Number of 0-30 Days	39
Balance of 30-59 Days	316,412.60
Number of 30-59 Days	3
Balance of 60-89 Days	303,091.37
Number of 60-89 Days	5
Balance of 60-89 Days	3,352,042.41
Number of 60-89 Days	30
Legal Delinquency - Group I	
Balance of 0-30 Days	785,003,341.63
Number of 0-30 Days	5,773
Balance of 30-59 Days	2,966,338.27
Number of 30-59 Days	27
Balance of 60-89 Days	1,971,896.62
Number of 60-89 Days	16
Balance of 60-89 Days	1,126,568.29
Number of 60-89 Days	11

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Legal Bankruptcy - Group I

Balance of 0-30 Days	5,837,037.46
Number of 0-30 Days	52
Balance of 30-59 Days	1,076,316.61
Number of 30-59 Days	12
Balance of 60-89 Days	373,722.12
Number of 60-89 Days	4
Balance of 60-89 Days	1,325,890.08
Number of 60-89 Days	9

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group I

Balance of 0-30 Days	198,176.94
Number of 0-30 Days	2
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	269,707.25
Number of 60-89 Days	2
Balance of 60-89 Days	7,306,121.55
Number of 60-89 Days	56

Contractual Delinquency - Group II

Balance of 0-30 Days	177,745,577.18
Number of 0-30 Days	1,096
Balance of 30-59 Days	2,455,363.22

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Number of 30-59 Days	20
Balance of 60-89 Days	684,459.80
Number of 60-89 Days	8
Balance of 90+ Days	261,670.85
Number of 90+ Days	4
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	633,045.20
Number of 0-30 Days	11
Balance of 30-59 Days	60,022.73
Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	1,942,269.84
Number of 90+ Days	14
Legal Delinquency - Group II	
Balance of 0-30 Days	177,745,577.18
Number of 0-30 Days	1,096
Balance of 30-59 Days	2,455,363.22
Number of 30-59 Days	20
Balance of 60-89 Days	684,459.80
Number of 60-89 Days	8
Balance of 90+ Days	261,670.85
Number of 90+ Days	4

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Legal Bankruptcy - Group II

Balance of 0-30 Days	1,587,220.03
Number of 0-30 Days	18
Balance of 30-59 Days	609,249.52
Number of 30-59 Days	4
Balance of 60-89 Days	269,219.13
Number of 60-89 Days	2
Balance of 90+ Days	169,649.09
Number of 90+ Days	2

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	399,419.79
Number of 60-89 Days	2
Balance of 90+ Days	4,147,977.98
Number of 90+ Days	29

Sec. 4.03(a)(v) C

Loans in REO

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Group 1		
Number	Principal Balance	Percentage
30	4,476,663.86	0.55 %

Group 2		
Number	Principal Balance	Percentage
15	2,369,721.89	1.24 %

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		41,992,954.68
	Group II Prepayments		9,033,497.36
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		1,143,485.67
	Group I Net Liquidation Proceeds		901,914.17
	Group I Recoveries of Prior Losses		1,277.50
	Group I Subsequent Losses		1,826.27
	Group I Current Period Realized Losses		242,120.27
	Group I Cumulative Liquidated Loan Balance		4,099,837.39
	Group I Cumulative Net Liquidation Proceeds		3,256,125.70
	Group I Cumulative Recoveries of Prior Losses		2,383.21
	Group I Cumulative Subsequent Losses		1,826.27
	Group I Cumulative Realized Losses		843,154.75

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

Group II Liquidated Loan Balance	184,960.46
Group II Net Liquidation Proceeds	123,994.16
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Current Period Realized Losses	60,966.30
Group II Cumulative Liquidated Loan Balance	1,744,481.71
Group II Cumulative Net Liquidation Proceeds	1,197,086.06
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	555,115.53
Total Liquidated Loan Balance	1,328,446.13
Total Net Liquidation Proceeds	1,025,908.33
Total Recoveries of Prior Losses	1,277.50
Total Subsequent Losses	1,826.27
Total Current Period Realized Losses	303,086.57
Total Cumulative Liquidated Loan Balance	5,844,319.10
Total Cumulative Net Liquidation Proceeds	4,453,211.76
Total Cumulative Recoveries of Prior Losses	2,383.21
Total Cumulative Subsequent Losses	1,826.27
Total Cumulative Realized Losses	1,398,270.28

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

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	0.00
	PPIS Interest Reduction Class A1	0.00
	PPIS Interest Reduction Class A2	0.00
	PPIS Interest Reduction Class A3	0.00
	PPIS Interest Reduction Class A4	0.00
	PPIS Interest Reduction Class A5	0.00
	PPIS Interest Reduction Class M1	0.00
	PPIS Interest Reduction Class M2	0.00



NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

PPIS Interest Reduction Class M3		0.00
PPIS Interest Reduction Class M4		0.00
PPIS Interest Reduction Class M5		0.00
PPIS Interest Reduction Class B1		0.00
PPIS Interest Reduction Class B2		0.00
PPIS Interest Reduction Class B3		0.00
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	20.28 %
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

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

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	3.4200 %
REMIC Pass-Through Rate - A-2	3.4250 %
REMIC Pass-Through Rate - A-3	3.2300 %
REMIC Pass-Through Rate - A-4	3.3800 %
REMIC Pass-Through Rate - A-5	3.5900 %
REMIC Pass-Through Rate - M-1	3.6700 %
REMIC Pass-Through Rate - M-2	3.7700 %
REMIC Pass-Through Rate - M-3	4.1900 %
REMIC Pass-Through Rate - M-4	4.2900 %

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

REMIC Pass-Through Rate - M-5	4.5900 %
REMIC Pass-Through Rate - B-1	5.0400 %
REMIC Pass-Through Rate - B-2	5.1900 %
REMIC Pass-Through Rate - B-3	6.5900 %
Next REMIC Pass-Through Rate - A-1	3.6444 %
Next REMIC Pass-Through Rate - A-2	3.6494 %
Next REMIC Pass-Through Rate - A-3	3.4544 %
Next REMIC Pass-Through Rate - A-4	3.6044 %
Next REMIC Pass-Through Rate - A-5	3.8144 %
Next REMIC Pass-Through Rate - M-1	3.8944 %
Next REMIC Pass-Through Rate - M-2	3.9944 %
Next REMIC Pass-Through Rate - M-3	4.4144 %
Next REMIC Pass-Through Rate - M-4	4.5144 %
Next REMIC Pass-Through Rate - M-5	4.8144 %
Next REMIC Pass-Through Rate - B-1	5.2644 %
Next REMIC Pass-Through Rate - B-2	5.4144 %
Next REMIC Pass-Through Rate - B-3	6.8144 %

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

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

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	1,224.84
Supplemental Interest Payment - B-2	2,362.38
Supplemental Interest Payment - B-3	21,116.51

Sec. 4.03 (a)(xv)

Swap Notional Amount and the Underwritten Certificates Principal Balance

Underwritten Certificates Principal Balance	977,431,309.16
Swap Notional Amount	825,000,000.00
Difference	152,431,309.16
Funds paid to Swap Counterparty	-808,183.33

NovaStar Mortgage Funding Trust, Series 2004-2

June 27, 2005

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		2,288,329.28