

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

December 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	437,619,010.17	27,333,005.73	1,759,714.66	29,092,720.39	0.00	0.00	410,286,004.44
A2	100,000,000.00	41,014,230.24	2,480,678.59	165,105.06	2,645,783.65	0.00	0.00	38,533,551.65
A3	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A4	68,000,000.00	39,830,064.64	3,497,756.81	158,744.94	3,656,501.75	0.00	0.00	36,332,307.83
A5	18,000,000.00	18,000,000.00	0.00	75,100.00	75,100.00	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	326,736.67	326,736.67	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	90,976.67	90,976.67	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	82,347.22	82,347.22	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	100,683.33	100,683.33	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	70,855.56	70,855.56	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	76,455.56	76,455.56	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	58,741.67	58,741.67	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	95,744.44	95,744.44	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	568,025.72	568,025.72	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	750,663,405.05	33,311,441.13	3,629,231.50	36,940,672.63	0.00	0.00	717,351,963.92
X	1,400,000,000.00	750,663,405.05	0.00	1,481,397.94	1,481,397.94	0.00	0.00	717,351,963.92

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	463.18692863	28.92993833	1.86252610	30.79246443	434.25699030	A1	4.523750 %
A2	66987XEP6	410.14230240	24.80678590	1.65105060	26.45783650	385.33551650	A2	4.528750 %
A3	66987XEQ4	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	A3	0.000000 %
A4	66987XER2	585.73624471	51.43760015	2.33448441	53.77208456	534.29864456	A4	4.483750 %
A5	66987XES0	1,000.00000000	0.00000000	4.17222222	4.17222222	1,000.00000000	A5	4.693750 %
M1	66987XET8	1,000.00000000	0.00000000	4.24333338	4.24333338	1,000.00000000	M1	4.773750 %
M2	66987XEU5	1,000.00000000	0.00000000	4.33222238	4.33222238	1,000.00000000	M2	4.873750 %
M3	66987XEV3	1,000.00000000	0.00000000	4.70555543	4.70555543	1,000.00000000	M3	5.293750 %
M4	66987XEW1	1,000.00000000	0.00000000	4.79444429	4.79444429	1,000.00000000	M4	5.393750 %
M5	66987XEX9	1,000.00000000	0.00000000	5.06111143	5.06111143	1,000.00000000	M5	5.693750 %
B1	66987XEY7	1,000.00000000	0.00000000	5.46111143	5.46111143	1,000.00000000	B1	6.143750 %
B2	66987XEZ4	1,000.00000000	0.00000000	5.59444476	5.59444476	1,000.00000000	B2	6.293750 %
B3	66987XFA8	1,000.00000000	0.00000000	6.83888857	6.83888857	1,000.00000000	B3	7.693750 %

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FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CLASS	CURRENT PASS-THRU RATE
P	66987XFB6	1,000.00000000	0.00000000	5,680,257.20000000	5,680,257.20000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		536.18814646	23.79388652	2.59230821	26.38619474	512.39425994		
X	66987XFD2	536.18814646	0.00000000	1.05814139	1.05814139	512.39425994	X	2.220133 %

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	30,375,260.42
	REMIC Available Funds - Group II	6,766,472.23
Sec. 4.03	Principal	
	Group I Scheduled Principal	555,713.66
	Group I Prepayments in Full	24,575,431.86
	Group I Curtailments	415,854.67
	Group I Net Liquidation Proceeds	1,166,265.13
	Group I Realized Losses	457,673.99
	Group II Scheduled Principal	106,078.69
	Group II Prepayments in Full	5,556,638.71
	Group II Curtailments	57,277.82
	Group II Net Liquidation Proceeds	122,847.70
	Group II Realized Losses	314,040.29
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	27,333,005.73
	Class A-2	2,480,678.59
	Class A-3	0.00
	Class A-4	3,497,756.81
	Class A-5	0.00
	Class M-1	0.00
	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

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Sec. 4.03(a)(ii)	Distributions of Interest		
		Class A-1	1,759,714.66
		Class A-2	165,105.06
		Class A-3	0.00
		Class A-4	158,744.94
		Class A-5	75,100.00
		Class M-1	326,736.67
		Class M-2	90,976.67
		Class M-3	82,347.22
		Class M-4	100,683.33
		Class M-5	70,855.56
		Class B-1	76,455.56
		Class B-2	58,741.67
		Class B-3	95,744.44
		Class I	0.00
		Class P - Prepay Penalty	568,025.72
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	609,045,489.01
		Group I Ending Pool Balance	581,874,728.98
		Group II Beginning Pool Balance	141,617,916.04
		Group II Ending Pool Balance	135,477,234.94
		Total Beginning Pool Balance	750,663,405.05
		Total Ending Pool Balance	717,351,963.92
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	5,305
		Aggregate Principal Balance of Mortgage Loans	717,351,963.92
		Beginning Weighted Average Mortgage Rate	7.4376%

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	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	541,041,269.65
	Number of 0-30 Days	4,095
	Balance of 30-59 Days	4,777,765.32
	Number of 30-59 Days	40
	Balance of 60-89 Days	2,054,076.81
	Number of 60-89 Days	16
	Balance of 90+ Days	2,996,768.83
	Number of 90+ Days	24
	Contractual Bankruptcy - Group I	
	Balance of 0-30 Days	9,178,644.09
	Number of 0-30 Days	78
	Balance of 30-59 Days	759,811.72
	Number of 30-59 Days	8
	Balance of 60-89 Days	776,807.88
	Number of 60-89 Days	6
	Balance of 90+ Days	5,294,432.45
	Number of 90+ Days	45
	Legal Delinquency - Group I	
	Balance of 0-30 Days	541,041,269.65
	Number of 0-30 Days	4,095
	Balance of 30-59 Days	4,777,765.32
	Number of 30-59 Days	40
	Balance of 60-89 Days	2,054,076.81
	Number of 60-89 Days	16
	Balance of 90+ Days	2,996,768.83

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	Number of 90+ Days	24
	Legal Bankruptcy - Group I	
	Balance of 0-30 Days	12,015,878.10
	Number of 0-30 Days	102
	Balance of 30-59 Days	850,506.89
	Number of 30-59 Days	8
	Balance of 60-89 Days	1,507,207.85
	Number of 60-89 Days	11
	Balance of 90+ Days	1,636,103.30
	Number of 90+ Days	16
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	579,887.34
	Number of 0-30 Days	4
	Balance of 30-59 Days	0.00
	Number of 30-59 Days	0
	Balance of 60-89 Days	263,441.78
	Number of 60-89 Days	2
	Balance of 90+ Days	7,499,962.23
	Number of 90+ Days	65
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	121,455,175.98
	Number of 0-30 Days	747
	Balance of 30-59 Days	526,958.26
	Number of 30-59 Days	5
	Balance of 60-89 Days	760,930.12
	Number of 60-89 Days	10
	Balance of 90+ Days	491,232.94
	Number of 90+ Days	5
	Contractual Bankruptcy - Group II	

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	Balance of 0-30 Days	1,196,289.67
	Number of 0-30 Days	17
	Balance of 30-59 Days	431,695.68
	Number of 30-59 Days	2
	Balance of 60-89 Days	506,776.80
	Number of 60-89 Days	4
	Balance of 90+ Days	2,663,767.02
	Number of 90+ Days	22
Legal Delinquency - Group II		
	Balance of 0-30 Days	121,455,175.98
	Number of 0-30 Days	747
	Balance of 30-59 Days	526,958.26
	Number of 30-59 Days	5
	Balance of 60-89 Days	760,930.12
	Number of 60-89 Days	10
	Balance of 90+ Days	491,232.94
	Number of 90+ Days	5
Legal Bankruptcy - Group II		
	Balance of 0-30 Days	3,371,196.55
	Number of 0-30 Days	29
	Balance of 30-59 Days	214,091.16
	Number of 30-59 Days	3
	Balance of 60-89 Days	240,828.33
	Number of 60-89 Days	3
	Balance of 90+ Days	972,413.13
	Number of 90+ Days	10
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group II	0.00
	Balance of 0-30 Days	322,012.45
	Number of 0-30 Days	3
	Balance of 30-59 Days	0.00

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Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	2,994,150.40
Number of 90+ Days	25

Sec. 4.03(a)(v) C Loans in REO

REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	52	6,651,860.88	1.14%
2	30	4,128,245.62	3.05%

Sec. 4.03(a)(vi) Principal Prepayments

Group I Prepayments	24,575,431.86
Group II Prepayments	5,556,638.71

Sec. 4.03 (a)(vii) Realized Losses

Group I Liquidated Loan Balance	1,623,759.83
Group I Net Liquidation Proceeds	1,166,265.13
Group I Recoveries of Prior Losses	0.00
Group I Subsequent Losses	179.29
Group I Current Period Realized Losses	457,673.99
Group I Cumulative Liquidated Loan Balance	10,333,108.45
Group I Cumulative Net Liquidation Proceeds	8,077,472.75
Group I Cumulative Recoveries of Prior Losses	159,152.73
Group I Cumulative Subsequent Losses	4,432.02

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Group I Cumulative Realized Losses	2,119,785.25
Group II Liquidated Loan Balance	420,685.87
Group II Net Liquidation Proceeds	122,847.70
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Current Period Realized Losses	314,040.29
Group II Cumulative Liquidated Loan Balance	4,433,944.58
Group II Cumulative Net Liquidation Proceeds	2,806,120.65
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	1,657,860.71
Total Liquidated Loan Balance	2,044,445.70
Total Net Liquidation Proceeds	1,289,112.83
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	179.29
Total Current Period Realized Losses	771,714.28
Total Cumulative Liquidated Loan Balance	14,767,053.03
Total Cumulative Net Liquidation Proceeds	10,883,593.40
Total Cumulative Recoveries of Prior Losses	159,219.60
Total Cumulative Subsequent Losses	4,432.02
Total Cumulative Realized Losses	3,777,645.96

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

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	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
	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	28.53%
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

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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
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	4.5238%
REMIC Pass-Through Rate - A-2	4.5288%
REMIC Pass-Through Rate - A-3	0.0000%
REMIC Pass-Through Rate - A-4	4.4838%
REMIC Pass-Through Rate - A-5	4.6938%
REMIC Pass-Through Rate - M-1	4.7738%
REMIC Pass-Through Rate - M-2	4.8738%

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REMIC Pass-Through Rate - M-3	5.2938%
REMIC Pass-Through Rate - M-4	5.3938%
REMIC Pass-Through Rate - M-5	5.6938%
REMIC Pass-Through Rate - B-1	6.1438%
REMIC Pass-Through Rate - B-2	6.2938%
REMIC Pass-Through Rate - B-3	7.6938%
Next REMIC Pass-Through Rate - A-1	0.3300%
Next REMIC Pass-Through Rate - A-2	0.3350%
Next REMIC Pass-Through Rate - A-3	0.1400%
Next REMIC Pass-Through Rate - A-4	0.2900%
Next REMIC Pass-Through Rate - A-5	0.5000%
Next REMIC Pass-Through Rate - M-1	0.5800%
Next REMIC Pass-Through Rate - M-2	0.6800%
Next REMIC Pass-Through Rate - M-3	1.1000%
Next REMIC Pass-Through Rate - M-4	1.2000%
Next REMIC Pass-Through Rate - M-5	1.5000%
Next REMIC Pass-Through Rate - B-1	1.9500%
Next REMIC Pass-Through Rate - B-2	2.1000%
Next REMIC Pass-Through Rate - B-3	3.5000%

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
Supplemental Interest Payment - M-1	0.00
Supplemental Interest Payment - M-2	0.00
Supplemental Interest Payment - M-3	3,906.61
Supplemental Interest Payment - M-4	6,554.60
Supplemental Interest Payment - M-5	8,103.07
Supplemental Interest Payment - B-1	13,703.07

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Supplemental Interest Payment - B-2	11,677.30
Supplemental Interest Payment - B-3	32,991.96

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Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		692,151,963.92
	Beginning Swap Notional Amount		715,000,000.00
	Beginning Cap Notional Amount		9,078,949.00
	Total Beginning Notional Amount		724,078,949.00
	Ending Swap Notional Amount		675,000,000.00
	Ending Cap Notional Amount		9,078,949.00
	Total Ending Notional Amount		684,078,949.00
	Difference		8,073,014.92
	Funds paid to Swap Counterparty		-1,320,101.39
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		993,745.34