

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

January 25, 2006

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	410,286,004.44	29,161,977.17	1,556,280.35	30,718,257.52	0.00	0.00	381,124,027.27
A2	100,000,000.00	38,533,551.65	2,900,856.64	146,319.12	3,047,175.76	0.00	0.00	35,632,695.01
A3	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A4	68,000,000.00	36,332,307.83	4,090,207.86	136,643.54	4,226,851.40	0.00	0.00	32,242,099.97
A5	18,000,000.00	18,000,000.00	0.00	70,741.88	70,741.88	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	307,580.24	307,580.24	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	85,577.19	85,577.19	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	77,235.16	77,235.16	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	94,373.85	94,373.85	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	66,299.24	66,299.24	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	71,374.24	71,374.24	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	54,799.43	54,799.43	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	88,854.79	88,854.79	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	609,734.36	609,734.36	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	717,351,963.92	36,153,041.67	3,365,813.39	39,518,855.06	0.00	0.00	681,198,922.25
X	1,400,000,000.00	717,351,963.92	0.00	1,341,378.22	1,341,378.22	0.00	0.00	681,198,922.25

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	434.25699030	30.86576754	1.64720613	32.51297367	403.39122277	A1	4.708750 %
A2	66987XEP6	385.33551650	29.00856640	1.46319120	30.47175760	356.32695010	A2	4.713750 %
A3	66987XEQ4	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	A3	0.000000 %
A4	66987XER2	534.29864456	60.15011559	2.00946382	62.15957941	474.14852897	A4	4.668750 %
A5	66987XES0	1,000.00000000	0.00000000	3.93010444	3.93010444	1,000.00000000	A5	4.878750 %
M1	66987XET8	1,000.00000000	0.00000000	3.99454857	3.99454857	1,000.00000000	M1	4.958750 %
M2	66987XEU5	1,000.00000000	0.00000000	4.07510429	4.07510429	1,000.00000000	M2	5.058750 %
M3	66987XEV3	1,000.00000000	0.00000000	4.41343771	4.41343771	1,000.00000000	M3	5.478750 %
M4	66987XEW1	1,000.00000000	0.00000000	4.49399286	4.49399286	1,000.00000000	M4	5.578750 %
M5	66987XEX9	1,000.00000000	0.00000000	4.73566000	4.73566000	1,000.00000000	M5	5.878750 %
B1	66987XEY7	1,000.00000000	0.00000000	5.09816000	5.09816000	1,000.00000000	B1	6.328750 %
B2	66987XEZ4	1,000.00000000	0.00000000	5.21899333	5.21899333	1,000.00000000	B2	6.478750 %
B3	66987XFA8	1,000.00000000	0.00000000	6.34677071	6.34677071	1,000.00000000	B3	7.878750 %

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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	6,097,343.60000000	6,097,343.60000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		512.39425994	25.82360119	2.40415242	28.22775361	486.57065875		
X	66987XFD2	512.39425994	0.00000000	0.95812730	0.95812730	486.57065875	X	2.321258 %

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	32,086,335.15
	REMIC Available Funds - Group II	7,704,300.75
Sec. 4.03	Principal	
	Group I Scheduled Principal	537,369.91
	Group I Prepayments in Full	27,126,765.11
	Group I Curtailments	39,585.01
	Group I Net Liquidation Proceeds	818,717.65
	Group I Realized Losses	487,025.94
	Group II Scheduled Principal	103,353.66
	Group II Prepayments in Full	6,107,465.85
	Group II Curtailments	9,903.53
	Group II Net Liquidation Proceeds	612,214.42
	Group II Realized Losses	339,877.37
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	29,161,977.17
	Class A-2	2,900,856.64
	Class A-3	0.00
	Class A-4	4,090,207.86
	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		1,556,280.35
	Class A-2		146,319.12
	Class A-3		0.00
	Class A-4		136,643.54
	Class A-5		70,741.88
	Class M-1		307,580.24
	Class M-2		85,577.19
	Class M-3		77,235.16
	Class M-4		94,373.85
	Class M-5		66,299.24
	Class B-1		71,374.24
	Class B-2		54,799.43
	Class B-3		88,854.79
	Class I		0.00
	Class P - Prepay Penalty		609,734.36
Sec. 4.03(a)(iii)	Pool Balances		
	Group I Beginning Pool Balance		581,874,728.98
	Group I Ending Pool Balance		552,892,727.46
	Group II Beginning Pool Balance		135,477,234.94
	Group II Ending Pool Balance		128,306,194.79
	Total Beginning Pool Balance		717,351,963.92
	Total Ending Pool Balance		681,198,922.25
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
	Number of Mortgage Loans		5,054
	Aggregate Principal Balance of Mortgage Loans		681,198,922.25
	Beginning Weighted Average Mortgage Rate		7.4317%

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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	515,421,395.35
Number of 0-30 Days	3,906
Balance of 30-59 Days	4,411,988.38
Number of 30-59 Days	36
Balance of 60-89 Days	1,446,733.19
Number of 60-89 Days	14
Balance of 90+ Days	2,269,805.60
Number of 90+ Days	17

Contractual Bankruptcy - Group I

Balance of 0-30 Days	7,572,169.09
Number of 0-30 Days	65
Balance of 30-59 Days	813,110.76
Number of 30-59 Days	8
Balance of 60-89 Days	666,431.96
Number of 60-89 Days	7
Balance of 90+ Days	5,477,434.26
Number of 90+ Days	46

Legal Delinquency - Group I

Balance of 0-30 Days	515,421,395.35
Number of 0-30 Days	3,906
Balance of 30-59 Days	4,411,988.38
Number of 30-59 Days	36
Balance of 60-89 Days	1,446,733.19
Number of 60-89 Days	14
Balance of 90+ Days	2,269,805.60

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Number of 90+ Days 17

Legal Bankruptcy - Group I

Balance of 0-30 Days 10,240,021.07
 Number of 0-30 Days 89
 Balance of 30-59 Days 1,242,938.47
 Number of 30-59 Days 11
 Balance of 60-89 Days 614,162.91
 Number of 60-89 Days 6
 Balance of 90+ Days 2,432,023.62
 Number of 90+ Days 20

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group I

Balance of 0-30 Days 795,538.75
 Number of 0-30 Days 5
 Balance of 30-59 Days 0.00
 Number of 30-59 Days 0
 Balance of 60-89 Days 388,299.59
 Number of 60-89 Days 4
 Balance of 90+ Days 7,812,943.87
 Number of 90+ Days 68

Contractual Delinquency - Group II

Balance of 0-30 Days 114,343,111.28
 Number of 0-30 Days 705
 Balance of 30-59 Days 999,487.52
 Number of 30-59 Days 12
 Balance of 60-89 Days 543,434.32
 Number of 60-89 Days 5
 Balance of 90+ Days 425,463.17
 Number of 90+ Days 4

Contractual Bankruptcy - Group II

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	Balance of 0-30 Days	1,157,394.53
	Number of 0-30 Days	17
	Balance of 30-59 Days	0.00
	Number of 30-59 Days	0
	Balance of 60-89 Days	274,309.97
	Number of 60-89 Days	2
	Balance of 90+ Days	2,895,598.88
	Number of 90+ Days	25
	Legal Delinquency - Group II	
	Balance of 0-30 Days	114,343,111.28
	Number of 0-30 Days	705
	Balance of 30-59 Days	999,487.52
	Number of 30-59 Days	12
	Balance of 60-89 Days	543,434.32
	Number of 60-89 Days	5
	Balance of 90+ Days	425,463.17
	Number of 90+ Days	4
	Legal Bankruptcy - Group II	
	Balance of 0-30 Days	2,550,792.62
	Number of 0-30 Days	27
	Balance of 30-59 Days	811,904.65
	Number of 30-59 Days	6
	Balance of 60-89 Days	153,704.67
	Number of 60-89 Days	2
	Balance of 90+ Days	810,901.44
	Number of 90+ Days	9
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group II	0.00
	Balance of 0-30 Days	283,169.98
	Number of 0-30 Days	3
	Balance of 30-59 Days	126,230.18

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Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	3,131,061.27
Number of 90+ Days	23

Sec. 4.03(a)(v) C

Loans in REO

REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	49	5,816,876.66	1.05%
2	32	4,126,933.69	3.22%

Sec. 4.03(a)(vi)

Principal Prepayments

Group I Prepayments	27,126,765.11
Group II Prepayments	6,107,465.85

Sec. 4.03 (a)(vii)

Realized Losses

Group I Liquidated Loan Balance	1,278,281.51
Group I Net Liquidation Proceeds	818,717.65
Group I Recoveries of Prior Losses	18,233.09
Group I Subsequent Losses	45,695.17
Group I Current Period Realized Losses	487,025.94
Group I Cumulative Liquidated Loan Balance	11,611,389.96
Group I Cumulative Net Liquidation Proceeds	8,896,190.40
Group I Cumulative Recoveries of Prior Losses	177,385.82
Group I Cumulative Subsequent Losses	50,127.19

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Group I Cumulative Realized Losses	2,606,811.19
Group II Liquidated Loan Balance	950,317.09
Group II Net Liquidation Proceeds	612,214.42
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	1,774.70
Group II Current Period Realized Losses	339,877.37
Group II Cumulative Liquidated Loan Balance	5,384,261.67
Group II Cumulative Net Liquidation Proceeds	3,418,335.07
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	1,774.70
Group II Cumulative Realized Losses	1,997,738.08
Total Liquidated Loan Balance	2,228,598.60
Total Net Liquidation Proceeds	1,430,932.07
Total Recoveries of Prior Losses	18,233.09
Total Subsequent Losses	47,469.87
Total Current Period Realized Losses	826,903.31
Total Cumulative Liquidated Loan Balance	16,995,651.63
Total Cumulative Net Liquidation Proceeds	12,314,525.47
Total Cumulative Recoveries of Prior Losses	177,452.69
Total Cumulative Subsequent Losses	51,901.89
Total Cumulative Realized Losses	4,604,549.27

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	29.86%
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	4.7088%
REMIC Pass-Through Rate - A-2	4.7138%
REMIC Pass-Through Rate - A-3	0.0000%
REMIC Pass-Through Rate - A-4	4.6688%
REMIC Pass-Through Rate - A-5	4.8788%
REMIC Pass-Through Rate - M-1	4.9588%
REMIC Pass-Through Rate - M-2	5.0588%

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REMIC Pass-Through Rate - M-3	5.4788%
REMIC Pass-Through Rate - M-4	5.5788%
REMIC Pass-Through Rate - M-5	5.8788%
REMIC Pass-Through Rate - B-1	6.3288%
REMIC Pass-Through Rate - B-2	6.4788%
REMIC Pass-Through Rate - B-3	7.8788%
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	0.00
Supplemental Interest Payment - M-4	0.00
Supplemental Interest Payment - M-5	3,164.56
Supplemental Interest Payment - B-1	8,239.56

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Supplemental Interest Payment - B-2

7,448.42

Supplemental Interest Payment - B-3

25,720.11

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Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		655,998,922.25
	Beginning Swap Notional Amount		675,000,000.00
	Beginning Cap Notional Amount		9,078,949.00
	Total Beginning Notional Amount		684,078,949.00
	Ending Swap Notional Amount		645,000,000.00
	Ending Cap Notional Amount		9,078,949.00
	Total Ending Notional Amount		654,078,949.00
	Difference		1,919,973.25
	Funds paid to Swap Counterparty		-1,106,941.15
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		1,105,913.02