

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

February 27, 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	381,124,027.27	18,350,389.15	1,697,907.54	20,048,296.69	0.00	0.00	362,773,638.12
A2	100,000,000.00	35,632,695.01	987,117.24	158,906.97	1,146,024.21	0.00	0.00	34,645,577.77
A3	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A4	68,000,000.00	32,242,099.97	1,391,835.30	142,456.35	1,534,291.65	0.00	0.00	30,850,264.67
A5	18,000,000.00	18,000,000.00	0.00	82,995.00	82,995.00	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	360,680.83	360,680.83	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	100,292.50	100,292.50	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	90,314.58	90,314.58	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	110,302.50	110,302.50	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	77,385.00	77,385.00	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	83,160.00	83,160.00	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	63,813.75	63,813.75	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	103,051.67	103,051.67	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	325,787.15	325,787.15	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	681,198,922.25	20,729,341.69	3,397,053.84	24,126,395.53	0.00	0.00	660,469,580.56
X	1,400,000,000.00	681,198,922.25	0.00	1,476,690.21	1,476,690.21	0.00	0.00	660,469,580.56

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	403.39122277	19.42251180	1.79710790	21.21961970	383.96871097	A1	4.860000 %
A2	66987XEP6	356.32695010	9.87117240	1.58906970	11.46024210	346.45577770	A2	4.865000 %
A3	66987XEQ4	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	A3	0.000000 %
A4	66987XER2	474.14852897	20.46816618	2.09494632	22.56311250	453.68036279	A4	4.820000 %
A5	66987XES0	1,000.00000000	0.00000000	4.61083333	4.61083333	1,000.00000000	A5	5.030000 %
M1	66987XET8	1,000.00000000	0.00000000	4.68416662	4.68416662	1,000.00000000	M1	5.110000 %
M2	66987XEU5	1,000.00000000	0.00000000	4.77583333	4.77583333	1,000.00000000	M2	5.210000 %
M3	66987XEV3	1,000.00000000	0.00000000	5.16083314	5.16083314	1,000.00000000	M3	5.630000 %
M4	66987XEW1	1,000.00000000	0.00000000	5.25250000	5.25250000	1,000.00000000	M4	5.730000 %
M5	66987XEX9	1,000.00000000	0.00000000	5.52750000	5.52750000	1,000.00000000	M5	6.030000 %
B1	66987XEY7	1,000.00000000	0.00000000	5.94000000	5.94000000	1,000.00000000	B1	6.480000 %
B2	66987XEZ4	1,000.00000000	0.00000000	6.07750000	6.07750000	1,000.00000000	B2	6.630000 %
B3	66987XFA8	1,000.00000000	0.00000000	7.36083357	7.36083357	1,000.00000000	B3	8.030000 %

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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	3,257,871.50000000	3,257,871.50000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		486.57065875	14.80667264	2.42646703	17.23313966	471.76398611		
X	66987XFD2	486.57065875	0.00000000	1.05477872	1.05477872	471.76398611	X	2.364852 %

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	21,072,851.48
	REMIC Available Funds - Group II	3,107,258.90
Sec. 4.03	Principal	
	Group I Scheduled Principal	515,320.95
	Group I Prepayments in Full	16,920,968.50
	Group I Curtailments	140,843.24
	Group I Net Liquidation Proceeds	314,571.19
	Group I Realized Losses	167,338.85
	Group II Scheduled Principal	97,711.85
	Group II Prepayments in Full	1,804,386.37
	Group II Curtailments	15,131.49
	Group II Net Liquidation Proceeds	407,299.38
	Group II Realized Losses	363,940.44
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	18,350,389.15
	Class A-2	987,117.24
	Class A-3	0.00
	Class A-4	1,391,835.30
	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	1,697,907.54
		Class A-2	158,906.97
		Class A-3	0.00
		Class A-4	142,456.35
		Class A-5	82,995.00
		Class M-1	360,680.83
		Class M-2	100,292.50
		Class M-3	90,314.58
		Class M-4	110,302.50
		Class M-5	77,385.00
		Class B-1	83,160.00
		Class B-2	63,813.75
		Class B-3	103,051.67
		Class I	0.00
		Class P - Prepay Penalty	325,787.15
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	552,892,727.46
		Group I Ending Pool Balance	534,840,535.73
		Group II Beginning Pool Balance	128,306,194.79
		Group II Ending Pool Balance	125,629,044.83
		Total Beginning Pool Balance	681,198,922.25
		Total Ending Pool Balance	660,469,580.56
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	4,901
		Aggregate Principal Balance of Mortgage Loans	660,469,580.56
		Beginning Weighted Average Mortgage Rate	7.4336%

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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	496,463,300.61
	Number of 0-30 Days	3,767
	Balance of 30-59 Days	3,246,319.08
	Number of 30-59 Days	28
	Balance of 60-89 Days	1,914,940.23
	Number of 60-89 Days	16
	Balance of 90+ Days	5,041,010.80
	Number of 90+ Days	45
	Contractual Bankruptcy - Group I	
	Balance of 0-30 Days	8,553,842.76
	Number of 0-30 Days	73
	Balance of 30-59 Days	398,081.04
	Number of 30-59 Days	4
	Balance of 60-89 Days	1,101,062.01
	Number of 60-89 Days	10
	Balance of 90+ Days	5,651,502.34
	Number of 90+ Days	47
	Legal Delinquency - Group I	
	Balance of 0-30 Days	496,463,300.61
	Number of 0-30 Days	3,767
	Balance of 30-59 Days	3,246,319.08
	Number of 30-59 Days	28
	Balance of 60-89 Days	1,914,940.23
	Number of 60-89 Days	16
	Balance of 90+ Days	5,041,010.80

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	Number of 90+ Days	45
	Legal Bankruptcy - Group I	
	Balance of 0-30 Days	7,761,279.58
	Number of 0-30 Days	65
	Balance of 30-59 Days	2,557,487.10
	Number of 30-59 Days	22
	Balance of 60-89 Days	1,779,491.22
	Number of 60-89 Days	16
	Balance of 90+ Days	3,606,230.25
	Number of 90+ Days	31
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	983,415.73
	Number of 0-30 Days	8
	Balance of 30-59 Days	152,364.97
	Number of 30-59 Days	1
	Balance of 60-89 Days	266,582.71
	Number of 60-89 Days	1
	Balance of 90+ Days	5,792,272.78
	Number of 90+ Days	52
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	111,686,112.92
	Number of 0-30 Days	685
	Balance of 30-59 Days	1,165,903.97
	Number of 30-59 Days	9
	Balance of 60-89 Days	1,296,152.61
	Number of 60-89 Days	8
	Balance of 90+ Days	1,481,722.33
	Number of 90+ Days	16
	Contractual Bankruptcy - Group II	

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	Balance of 0-30 Days	1,111,537.78
	Number of 0-30 Days	15
	Balance of 30-59 Days	274,038.63
	Number of 30-59 Days	3
	Balance of 60-89 Days	0.00
	Number of 60-89 Days	0
	Balance of 90+ Days	2,845,388.01
	Number of 90+ Days	24
	Legal Delinquency - Group II	
	Balance of 0-30 Days	111,686,112.92
	Number of 0-30 Days	685
	Balance of 30-59 Days	1,165,903.97
	Number of 30-59 Days	9
	Balance of 60-89 Days	1,296,152.61
	Number of 60-89 Days	8
	Balance of 90+ Days	1,481,722.33
	Number of 90+ Days	16
	Legal Bankruptcy - Group II	
	Balance of 0-30 Days	1,170,504.83
	Number of 0-30 Days	14
	Balance of 30-59 Days	312,795.39
	Number of 30-59 Days	5
	Balance of 60-89 Days	1,468,625.41
	Number of 60-89 Days	8
	Balance of 90+ Days	1,279,038.79
	Number of 90+ Days	15
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group II	0.00
	Balance of 0-30 Days	244,921.47
	Number of 0-30 Days	3
	Balance of 30-59 Days	126,331.00

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Number of 30-59 Days	1
Balance of 60-89 Days	126,148.14
Number of 60-89 Days	1
Balance of 90+ Days	2,514,592.31
Number of 90+ Days	20

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

REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	43	5,275,840.67	0.99%
2	21	2,756,195.66	2.19%

Sec. 4.03(a)(vi) Principal Prepayments

Group I Prepayments	16,920,968.50
Group II Prepayments	1,804,386.37

Sec. 4.03 (a)(vii) Realized Losses

Group I Liquidated Loan Balance	475,059.04
Group I Net Liquidation Proceeds	314,571.19
Group I Recoveries of Prior Losses	6,429.25
Group I Subsequent Losses	13,280.25
Group I Current Period Realized Losses	167,338.85
Group I Cumulative Liquidated Loan Balance	12,086,449.00
Group I Cumulative Net Liquidation Proceeds	9,210,761.59
Group I Cumulative Recoveries of Prior Losses	183,815.07
Group I Cumulative Subsequent Losses	63,407.44

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Group I Cumulative Realized Losses	2,774,150.04
Group II Liquidated Loan Balance	759,920.25
Group II Net Liquidation Proceeds	407,299.38
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	5,928.88
Group II Current Period Realized Losses	363,940.44
Group II Cumulative Liquidated Loan Balance	6,144,181.92
Group II Cumulative Net Liquidation Proceeds	3,825,634.45
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	7,703.58
Group II Cumulative Realized Losses	2,361,678.52
Total Liquidated Loan Balance	1,234,979.29
Total Net Liquidation Proceeds	721,870.57
Total Recoveries of Prior Losses	6,429.25
Total Subsequent Losses	19,209.13
Total Current Period Realized Losses	531,279.29
Total Cumulative Liquidated Loan Balance	18,230,630.92
Total Cumulative Net Liquidation Proceeds	13,036,396.04
Total Cumulative Recoveries of Prior Losses	183,881.94
Total Cumulative Subsequent Losses	71,111.02
Total Cumulative Realized Losses	5,135,828.56

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	31.44%
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	4.8600%
REMIC Pass-Through Rate - A-2	4.8650%
REMIC Pass-Through Rate - A-3	0.0000%
REMIC Pass-Through Rate - A-4	4.8200%
REMIC Pass-Through Rate - A-5	5.0300%
REMIC Pass-Through Rate - M-1	5.1100%
REMIC Pass-Through Rate - M-2	5.2100%

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REMIC Pass-Through Rate - M-3	5.6300%
REMIC Pass-Through Rate - M-4	5.7300%
REMIC Pass-Through Rate - M-5	6.0300%
REMIC Pass-Through Rate - B-1	6.4800%
REMIC Pass-Through Rate - B-2	6.6300%
REMIC Pass-Through Rate - B-3	8.0300%
Next REMIC Pass-Through Rate - A-1	4.9106%
Next REMIC Pass-Through Rate - A-2	4.9156%
Next REMIC Pass-Through Rate - A-3	4.7206%
Next REMIC Pass-Through Rate - A-4	4.8706%
Next REMIC Pass-Through Rate - A-5	5.0806%
Next REMIC Pass-Through Rate - M-1	5.1606%
Next REMIC Pass-Through Rate - M-2	5.2606%
Next REMIC Pass-Through Rate - M-3	5.6806%
Next REMIC Pass-Through Rate - M-4	5.7806%
Next REMIC Pass-Through Rate - M-5	6.0806%
Next REMIC Pass-Through Rate - B-1	6.5306%
Next REMIC Pass-Through Rate - B-2	6.6806%
Next REMIC Pass-Through Rate - B-3	8.0806%

Sec. 4.03 (a)(xiv)

Supplemental Interest Payment

Supplemental Interest Payment - A-1	39,882.47
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	15,108.67
Supplemental Interest Payment - M-2	6,045.55
Supplemental Interest Payment - M-3	11,775.45
Supplemental Interest Payment - M-4	16,055.55
Supplemental Interest Payment - M-5	14,553.70
Supplemental Interest Payment - B-1	20,328.70

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Supplemental Interest Payment - B-2	16,690.27
Supplemental Interest Payment - B-3	40,220.36

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Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		635,269,580.56
	Beginning Swap Notional Amount		645,000,000.00
	Total Beginning Notional Amount		645,000,000.00
	Ending Swap Notional Amount		545,000,000.00
	Total Ending Notional Amount		545,000,000.00
	Difference		90,269,580.56
	Funds paid to Swap Counterparty		-1,457,733.33
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		725,506.19