

NovaStar Mortgage Funding Trust
NovaStar Home Equity Loan Asset-Backed Certificates
Series 2002-2
Statement To Bondholder

DISTRIBUTIONS IN DOLLARS

CLASS	ORIGINAL FACE VALUE	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	CURRENT PRINCIPAL BALANCE
A-1	200,000,000.00	118,379,157.27	143,732.03	6,098,429.90	6,242,161.93	0.00	0.00	112,280,727.37
A-2	80,550,000.00	49,790,324.15	61,311.25	3,013,796.39	3,075,107.64	0.00	0.00	46,776,527.76
M-1	8,525,000.00	8,525,000.00	13,874.44	0.00	13,874.44	0.00	0.00	8,525,000.00
M-2	6,975,000.00	6,975,000.00	14,955.56	0.00	14,955.56	0.00	0.00	6,975,000.00
M-3	5,425,000.00	5,425,000.00	13,734.29	0.00	13,734.29	0.00	0.00	5,425,000.00
B	3,100,000.00	3,100,000.00	15,055.67	0.00	15,055.67	0.00	0.00	3,100,000.00
AIO	310,000,000.00	197,190,065.14	652,406.31	0.00	652,406.31	0.00	0.00	197,190,065.14
O	5,425,000.00	4,995,483.72	0.00	0.00	0.00	70,810.48	0.00	4,924,673.24
P	100.00	100.00	215,376.00	0.00	215,376.00	0.00	0.00	100.00
R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	310,000,100.00	197,190,065.14	1,130,445.55	9,112,226.29	10,242,671.84	70,810.48	0.00	188,007,028.37

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE				PASS-THROUGH RATES		
		PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	CURRENT PRINCIPAL BALANCE	CURRENT	NEXT
A-1	66987XBM6	591.895786	0.718660	30.492150	31.210810	561.403637	1.410000%	1.411250%
A-2	66987XBN4	618.129412	0.761158	37.415225	38.176383	580.714187	1.430000%	1.431250%
M-1	66987XBP9	1,000.000000	1.627500	0.000000	1.627500	1,000.000000	1.890000%	1.891250%
M-2	66987XBQ7	1,000.000000	2.144166	0.000000	2.144166	1,000.000000	2.490000%	2.491250%
M-3	66987XBR5	1,000.000000	2.531666	0.000000	2.531666	1,000.000000	2.940000%	2.941250%
B	66987WAM9	1,000.000000	4.856668	0.000000	4.856668	1,000.000000	5.640000%	5.641250%
AIO	66987XBS3	636.096984	2.104536	0.000000	2.104536	636.096984	3.842147%	-
P	66987XBT1	1,000.000000	2,153,760.000000	0.000000	2,153,760.000000	1,000.000000	-	-

Seller:	NovaStar Financial, Inc.
Servicer:	NovaStar Mortgage Corporation
Record Date:	December 31, 2003
Distribution Date:	January 26, 2004

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Distribution Date: January 26, 2004

Aggregate Collections From the Mortgage Loans	
Available Funds	10,544,997.53
Total Servicer Advances	0.00
Total Compensating Interest	0.00
Aggregate Beginning Principal Balance of Mortgage Loans	197,190,065.14
Aggregate Ending Principal Balance of Mortgage Loans	188,007,028.37
Credit Enhancement Percentage	15.43585%
Cumulative Realized Losses	500,326.76
Current Realized Losses	70,810.48
Difference between Swap Notional Amount and Certificates	33,082,255.13
Loan Count	1,518
Prepayment Interest Shortfalls	0.00
Principal Prepayments	8,961,916.85
Subsequent Mortgage Loans added (Number/Balance)	0 0.00
Swap Notional Amount	150,000,000.00
Weighted Average Mortgage Rate	8.90368%
Available Funds Cap Carryforward Amount A-1	0.00
Available Funds Cap Carryforward Amount A-2	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 B	0.00
Supplemental Interest Payment to Class A-1	0.00
Supplemental Interest Payment to Class A-2	0.00
Supplemental Interest Payment to Class M-1	0.00
Supplemental Interest Payment to Class M-2	0.00
Supplemental Interest Payment to Class M-3	0.00
Supplemental Interest Payment to Class B	0.00
Unpaid Interest Shortfall Amount to Class A-1	0.00
Unpaid Interest Shortfall Amount to Class A-2	0.00
Unpaid Interest Shortfall Amount to Class M-1	0.00
Unpaid Interest Shortfall Amount to Class M-2	0.00
Unpaid Interest Shortfall Amount to Class M-3	0.00
Unpaid Interest Shortfall Amount to Class B	0.00
Unpaid Interest Shortfall Amount to Class AIO	0.00
Swap Payment to Credit Suisse First Boston1	134,633.33
Swap Payment to Credit Suisse First Boston2	55,340.28
Swap Payment to Credit Suisse First Boston3	0.00
Swap Payment to Credit Suisse First Boston4	49,246.53
Swap Payment to Morgan Stanley1	61,955.28
Swap Payment to Morgan Stanley2	0.00
Certificate Administrator Fee	1,150.28

DELINQUENCY INFORMATION	30-59 DAYS	60-89 DAYS	90 + DAYS	FORECLOSURE	REO PROPERTY
DELINQUENT BALANCE	1,988,156.41	1,699,258.30	1,546,849.51	3,317,267.67	4,821,766.04
NUMBER OF LOANS	14	13	11	31	31