

**NovaStar CAPS Trust
NovaStar CAPS Notes
Series 2002-C1**

Statement to Note Holder

DISTRIBUTIONS IN DOLLARS								
CLASS	ORIGINAL FACE VALUE	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	CURRENT PRINCIPAL BALANCE
Notes	68,000,000.00	7,070,145.95	42,126.29	2,562,512.98	2,604,639.27	0.00	0.00	4,507,632.97
TOTALS	68,000,000.00	7,070,145.95	42,126.29	2,562,512.98	2,604,639.27	0.00	0.00	4,507,632.97
<u>Underlying Certificates</u>								
AIO Certificate (2001-1) Beginning Balance								120,975,556.21
AIO Certificate (2001-1) Ending Balance								112,727,729.72
AIO Certificate (2001-2) Beginning Balance								0.00
AIO Certificate (2001-2) Ending Balance								0.00
P Certificate (2001-1) Beginning Balance								0.00
P Certificate (2001-1) Ending Balance								0.00
P Certificate (2001-2) Beginning Balance								100.00
P Certificate (2001-2) Ending Balance								100.00
<u>Collections</u>								
AIO Certificate (2001-1) Available Interest								717,970.51
AIO Certificate (2001-2) Available Interest								1,625,520.25
AIO Certificate (2001-1) Available Principal								0.00
AIO Certificate (2001-2) Available Principal								0.00
P Certificate (2001-1) Available Interest								77,519.33
P Certificate (2001-2) Available Interest								183,629.18
P Certificate (2001-1) Available Principal								0.00
P Certificate (2001-2) Available Principal								0.00
Trustee Fee								0.00
Available Funds								2,604,639.27
<u>Additional Information</u>								
Unpaid Interest Shortfall								0.00
Pay taxes, assessments and governmental charges levied upon the Issuer								0.00
Distribution To Owner Trust Certificate Holders								0.00
FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	PRIOR PRINCIPAL BALANCE	INTEREST	PRINCIPAL	TOTAL	CURRENT PRINCIPAL BALANCE	CURRENT	
Notes	66988DAB4	9,617.906120	0.619504	37.684014	38.303519	66.288720	7.150000%	
Seller:		NovaStar Financial, Inc.						
Servicer:		NovaStar Mortgage Corporation						
Record Date:		December 31, 2003						
Distribution Date:		January 27, 2004						