

## NovaStar Mortgage Funding Trust, Series 2003-2

## Statement to Certificateholders

January 26, 2004

## DISTRIBUTION IN DOLLARS

CLASS	ORIGINAL FACE VALUE	BEGINNING PRINCIPAL BALANCE	PRINCIPAL	INTEREST	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	ENDING PRINCIPAL BALANCE
A_1	1,000,000,000.00	938,449,429.08	19,752,053.47	1,168,727.97	20,920,781.44	0.00	0.00	918,697,375.61
A_2	320,000,000.00	289,187,675.71	8,507,006.50	368,864.91	8,875,871.41	0.00	0.00	280,680,669.21
M_1	63,750,000.00	63,750,000.00	0.00	103,821.74	103,821.74	0.00	0.00	63,750,000.00
M_2	52,500,000.00	52,500,000.00	0.00	135,229.43	135,229.43	0.00	0.00	52,500,000.00
M_3	15,000,000.00	15,000,000.00	0.00	43,803.65	43,803.65	0.00	0.00	15,000,000.00
B_1	15,000,000.00	15,000,000.00	0.00	55,428.65	55,428.65	0.00	0.00	15,000,000.00
B_2	15,000,000.00	15,000,000.00	0.00	64,470.31	64,470.31	0.00	0.00	15,000,000.00
O	18,750,001.00	18,750,001.25	0.00	0.00	0.00	0.00	0.00	18,750,001.25
P	100.00	100.00	0.00	472,716.23	472,716.23	0.00	0.00	100.00
<b>TOTALS</b>	<b>1,500,000,101.00</b>	<b>1,407,637,206.04</b>	<b>28,259,059.97</b>	<b>2,413,062.89</b>	<b>30,672,122.86</b>	<b>0.00</b>	<b>0.00</b>	<b>1,379,378,146.07</b>
X_1	1,500,000,100.00	1,407,637,206.04	0.00	4,697,434.64	4,697,434.64	0.00	0.00	1,379,378,146.07
X_2	400,502,570.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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## FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL
A_1	66987WAP2	938.44942908	19.75205347	1.16872797	20.92078144	918.69737561
A_2	66987WAQ0	903.71148659	26.58439531	1.15270284	27.73709816	877.12709128
M_1	66987WAR8	1,000.00000000	0.00000000	1.62857631	1.62857631	1,000.00000000
M_2	66987WAS6	1,000.00000000	0.00000000	2.57579867	2.57579867	1,000.00000000
M_3	66987WAT4	1,000.00000000	0.00000000	2.92024333	2.92024333	1,000.00000000
B_1	66987WAU1	1,000.00000000	0.00000000	3.69524333	3.69524333	1,000.00000000
B_2	66987WAV9	1,000.00000000	0.00000000	4.29802067	4.29802067	1,000.00000000
O	66987XCN3	1,000.00001333	0.00000000	0.00000000	0.00000000	1,000.00001333
P	66987XCL7	1,000.00000000	0.00000000	4,727,162.30000000	4,727,162.30000000	1,000.00000000
<b>TOTALS</b>		938.42474084	18.83937204	1.60870849	20.44808053	919.58536879
X_1	66987XCM5	938.42474147	0.00000000	3.13162288	3.13162288	919.58536941
X_2	66987XCM5	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000

## PASS-THROUGH RATES

CLASS	CURRENT PASS-THRU RATE
A_1	1.446250 %
A_2	1.481250 %
M_1	1.891250 %
M_2	2.991250 %
M_3	3.391250 %
B_1	4.291250 %
B_2	4.991250 %
O	.000000 %
P	.000000 %
X_1	3.875349 %
X_2	.000000 %

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	25,682,836.75
	REMIC Available Funds - Group II	10,345,977.73
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	19,752,053.47
	Class A-2	8,507,006.50
	Class M-1	0.00
	Class M-2	0.00
	Class M-3	0.00
	Class B-1	0.00
	Class B-2	0.00
	Class P	0.00
Sec. 4.03(a)(ii)	Distributions of Interest	
	Class A-1	1,168,727.97
	Class A-2	368,864.91
	Class M-1	103,821.74
	Class M-2	135,229.43
	Class M-3	43,803.65
	Class B-1	55,428.65
	Class B-2	64,470.31
	Class I	653,147.57
	Class P - Prepay Penalty	472,716.23

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Sec. 4.03(a)(iii)	Pool Balances		
	Group I Beginning Pool Balance		1,074,789,738.07
	Group I Ending Pool Balance		1,055,037,684.60
	Group II Beginning Pool Balance		332,847,467.97
	Group II Ending Pool Balance		324,340,461.47
	Total Beginning Pool Balance		1,407,637,206.04
	Total Ending Pool Balance		1,379,378,146.07

Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
	Number of Mortgage Loans		9,857
	Aggregate Principal Balance of Mortgage Loans		1,379,378,146.07
	Beginning Weighted Average Mortgage Rate		7.2523 %
	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 Group I and Group II Loans Delinquent

Group 1			
Period	Number	Principal Balance	Percentage
30-59 days	21	2,255,205.94	0.21 %
60-89 days	6	573,450.30	0.05 %
90+days	18	2,299,686.86	0.22 %
<b>Total</b>	<b>45</b>	<b>5,128,343.10</b>	<b>0.48 %</b>

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Group 2			
Period	Number	Principal Balance	Percentage
30-59 days	4	288,800.11	0.09 %
60-89 days	3	233,166.81	0.07 %
90+days	5	491,145.86	0.15 %
Total	12	1,013,112.78	0.31 %

Sec. 4.03 (a)(v) B

Group I and Group II Loans in foreclosure

Group 1		
Number	Principal Balance	Percentage
54	8,448,303.74	0.80 %

Group 2		
Number	Principal Balance	Percentage
16	3,078,436.42	0.95 %

Sec. 4.03(a)(v) C

Group I and Group II Loans in REO

Group 1		
Number	Principal Balance	Percentage
9	941,852.21	0.09 %

Group 2		
Number	Principal Balance	Percentage
2	131,292.45	0.04 %

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Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		18,610,363.13
	Group II Prepayments		8,145,229.47
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Current Period Realized Losses		0.00
	Group I Recoveries of Prior Losses		0.00
	Group I Cumulative Realized Losses		68,357.46
	Group II Current Period Realized Losses		0.00
	Group II Recoveries of Prior Losses		0.00
	Group II Cumulative Realized Losses		0.00
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 - M-1		0.00
	Unpaid Interest Shortfall - M-2		0.00
	Unpaid Interest Shortfall - M-3		0.00
	Unpaid Interest Shortfall - B-1		0.00
	Unpaid Interest Shortfall - B-2		0.00
	Unpaid Interest Shortfall - I		0.00

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Sec. 4.03 (a)(x)	Prepayment Interest Shortfalls not covered by the Servicer	0.00
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	12.79 %
Sec. 4.03 (a)(xii)	Available Funds Cap Carryforward Amount	
	Available Funds Cap Carryforward Amount Paid - A-1	0.00
	Available Funds Cap Carryforward Amount Paid - A-2	0.00
	Available Funds Cap Carryforward Amount Paid - M-1	0.00
	Available Funds Cap Carryforward Amount Paid - M-2	0.00
	Available Funds Cap Carryforward Amount Paid - M-3	0.00
	Available Funds Cap Carryforward Amount Paid - B-1	0.00
	Available Funds Cap Carryforward Amount Paid - B-2	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 - 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 - B-1	0.00
	Remaining Available Funds Cap Carryforward Amount - B-2	0.00
Sec. 4.03 (a)(xiii)	REMIC Pass-Through Rates	
	REMIC Pass-Through Rate - A-1	1.4463 %

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REMIC Pass-Through Rate - A-2	1.4813 %
REMIC Pass-Through Rate - M-1	1.8913 %
REMIC Pass-Through Rate - M-2	2.9913 %
REMIC Pass-Through Rate - M-3	3.3913 %
REMIC Pass-Through Rate - B-1	4.2913 %
REMIC Pass-Through Rate - B-2	4.9913 %
Next REMIC Pass-Through Rate - A-1	1.4050 %
Next REMIC Pass-Through Rate - A-2	1.4400 %
Next REMIC Pass-Through Rate - M-1	1.8500 %
Next REMIC Pass-Through Rate - M-2	2.9500 %
Next REMIC Pass-Through Rate - M-3	3.3500 %
Next REMIC Pass-Through Rate - B-1	4.2500 %
Next REMIC Pass-Through Rate - B-2	4.9500 %

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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 - M-1		0.00
	Supplemental Interest payment - M-2		0.00
	Supplemental Interest payment - M-3		0.00
	Supplemental Interest payment - B-1		0.00
	Supplemental Interest payment - B-2		0.00
Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		1,360,628,144.82
	Swap Notional Amount		850,000,000.00
	Difference		510,628,144.82
	Funds paid to Swap Counterparty		653,147.57
Sec. 4.03 (a)(xvi)	Overcollateralization Amounts		
	Required Overcollateralization Amount		18,750,001.25
	Overcollateralization Amount		18,750,001.25
Sec. 4.03 (a)(xvi)	Excess Cashflow		4,697,434.64