

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

September 27, 2004

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	930,865,209.67	11,372,303.13	1,659,745.57	13,032,048.70	0.00	0.00	919,492,906.54
A2	100,000,000.00	98,199,468.64	1,938,631.97	175,541.12	2,114,173.09	0.00	0.00	96,260,836.67
A3	55,000,000.00	52,461,250.79	2,733,471.07	84,401.64	2,817,872.71	0.00	0.00	49,727,779.72
A4	68,000,000.00	68,000,000.00	0.00	118,751.47	118,751.47	0.00	0.00	68,000,000.00
A5	18,000,000.00	18,000,000.00	0.00	34,899.40	34,899.40	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	154,938.86	154,938.86	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	44,181.16	44,181.16	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	43,555.50	43,555.50	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	54,191.70	54,191.70	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	39,978.01	39,978.01	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	45,753.33	45,753.33	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	35,758.82	35,758.82	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	65,645.77	65,645.77	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	207,270.43	207,270.43	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	1,381,726,029.10	16,044,406.17	2,764,612.78	18,809,018.95	0.00	0.00	1,365,681,622.93
X	1,400,000,000.00	1,381,726,029.10	0.00	4,510,918.71	4,510,918.71	0.00	0.00	1,365,681,622.93

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FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL
A1	66987XEN1	985.25106866	12.03673066	1.75671631	13.79344697	973.21433800
A2	66987XEP6	981.99468640	19.38631970	1.75541120	21.14173090	962.60836670
A3	66987XEQ4	953.84092345	49.69947400	1.53457527	51.23404927	904.14144945
A4	66987XER2	1,000.00000000	0.00000000	1.74634515	1.74634515	1,000.00000000
A5	66987XES0	1,000.00000000	0.00000000	1.93885556	1.93885556	1,000.00000000
M1	66987XET8	1,000.00000000	0.00000000	2.01219299	2.01219299	1,000.00000000
M2	66987XEU5	1,000.00000000	0.00000000	2.10386476	2.10386476	1,000.00000000
M3	66987XEV3	1,000.00000000	0.00000000	2.48888571	2.48888571	1,000.00000000
M4	66987XEW1	1,000.00000000	0.00000000	2.58055714	2.58055714	1,000.00000000
M5	66987XEX9	1,000.00000000	0.00000000	2.85557214	2.85557214	1,000.00000000
B1	66987XEY7	1,000.00000000	0.00000000	3.26809500	3.26809500	1,000.00000000
B2	66987XEZ4	1,000.00000000	0.00000000	3.40560190	3.40560190	1,000.00000000
B3	66987XFA8	1,000.00000000	0.00000000	4.68898357	4.68898357	1,000.00000000
P	66987XFB6	1,000.00000000	0.00000000	2,072,704.30000000	2,072,704.30000000	1,000.00000000
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827
TOTALS		986.94716364	11.46029012	1.97472341	13.43501354	975.48687352
X	66987XFD2	986.94716364	0.00000000	3.22208479	3.22208479	975.48687352

PASS-THROUGH RATES

CLASS	CURRENT PASS-THRU RATE
A1	1.945000 %
A2	1.950000 %
A3	1.755000 %
A4	1.905000 %
A5	2.115000 %
M1	2.195000 %
M2	2.295000 %
M3	2.715000 %
M4	2.815000 %
M5	3.115000 %
B1	3.565000 %
B2	3.715000 %
B3	4.669623 %
P	.000000 %
O	.000000 %
X	3.561489 %

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IF THERE ARE ANY QUESTIONS OR PROBLEMS WITH THIS STATEMENT, PLEASE CONTACT THE ADMINISTRATOR LISTED BELOW:

STANISLAV PERTSEV

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	REMIC Available Funds - Group I	17,322,912.16
	REMIC Available Funds - Group II	6,387,784.85
Sec. 4.03	Principal	
	Group I Scheduled Principal	844,775.99
	Group I Prepayments in Full	10,451,924.87
	Group I Curtailments	75,602.27
	Group I Net Liquidation Proceeds	0.00
	Group I Realized Losses	0.00
	Group II Scheduled Principal	171,054.72
	Group II Prepayments in Full	4,493,559.24
	Group II Curtailments	7,489.08
	Group II Net Liquidation Proceeds	0.00
	Group II Realized Losses	0.00
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	11,372,303.13
	Class A-2	1,938,631.97
	Class A-3	2,733,471.07
	Class A-4	0.00
	Class A-5	0.00
	Class M-1	0.00

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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

Sec. 4.03(a)(ii)

Distributions of Interest

Class A-1	1,659,745.57
Class A-2	175,541.12
Class A-3	84,401.64
Class A-4	118,751.47
Class A-5	34,899.40
Class M-1	154,938.86
Class M-2	44,181.16
Class M-3	43,555.50
Class M-4	54,191.70
Class M-5	39,978.01
Class B-1	45,753.33
Class B-2	35,758.82
Class B-3	65,645.77
Class I	307,285.42

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		Class P - Prepay Penalty	207,270.43
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	1,101,562,043.93
		Group I Ending Pool Balance	1,090,189,740.80
		Group II Beginning Pool Balance	280,163,985.17
		Group II Ending Pool Balance	275,491,882.13
		Total Beginning Pool Balance	1,381,726,029.10
		Total Ending Pool Balance	1,365,681,622.93
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	9,275
		Aggregate Principal Balance of Mortgage Loans	1,365,681,622.93
		Beginning Weighted Average Mortgage Rate	7.4805 %
		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	1,080,677,893.14
		Number of 0-30 Days	7,570
		Balance of 30-59 Days	4,969,146.23

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Number of 30-59 Days	31
Balance of 60-89 Days	1,533,170.96
Number of 60-89 Days	12
Balance of 90+ Days	518,800.55
Number of 90+ Days	4
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	1,034,195.77
Number of 0-30 Days	8
Balance of 30-59 Days	125,562.93
Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Legal Delinquency - Group I	
Balance of 0-30 Days	1,080,677,893.14
Number of 0-30 Days	7,570
Balance of 30-59 Days	4,969,146.23
Number of 30-59 Days	31
Balance of 60-89 Days	1,533,170.96
Number of 60-89 Days	12
Balance of 60-89 Days	518,800.55
Number of 60-89 Days	4

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Legal Bankruptcy - Group I

Balance of 0-30 Days	1,034,195.77
Number of 0-30 Days	8
Balance of 30-59 Days	125,562.93
Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group I

Balance of 0-30 Days	0.00
Number of 0-30 Days	0
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	918,027.88
Number of 60-89 Days	7
Balance of 60-89 Days	418,048.43
Number of 60-89 Days	2

Contractual Delinquency - Group II

Balance of 0-30 Days	271,953,210.83
Number of 0-30 Days	1,607
Balance of 30-59 Days	1,541,784.36

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Number of 30-59 Days	15
Balance of 60-89 Days	1,049,979.51
Number of 60-89 Days	10
Balance of 90+ Days	0.00
Number of 90+ Days	0
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	305,510.79
Number of 0-30 Days	3
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Delinquency - Group II	
Balance of 0-30 Days	271,953,210.83
Number of 0-30 Days	1,607
Balance of 30-59 Days	1,541,784.36
Number of 30-59 Days	15
Balance of 60-89 Days	1,049,979.51
Number of 60-89 Days	10
Balance of 90+ Days	0.00
Number of 90+ Days	0

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Legal Bankruptcy - Group II

Balance of 0-30 Days	305,510.79
Number of 0-30 Days	3
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group II

	0.00
Balance of 0-30 Days	0.00
Number of 0-30 Days	0
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	665,900.93
Number of 90+ Days	4

Sec. 4.03(a)(v) C

Loans in REO



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Group 1		
Number	Principal Balance	Percentage
1	56,730.39	0.01 %

Group 2		
Number	Principal Balance	Percentage
0	0.00	0.00 %

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		10,451,924.87
	Group II Prepayments		4,493,559.24
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		0.00
	Group I Net Liquidation Proceeds		0.00
	Group I Current Period Realized Losses		0.00
	Group I Recoveries of Prior Losses		0.00
	Group I Subsequent Losses		0.00
	Group I Cumulative Liquidated Loan Balance		0.00
	Group I Cumulative Net Liquidation Proceeds		0.00
	Group I Cumulative Recoveries of Prior Losses		0.00
	Group I Cumulative Subsequent Losses		0.00
	Group I Cumulative Realized Losses		0.00

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Group II Liquidated Loan Balance	0.00
Group II Net Liquidation Proceeds	0.00
Group II Current Period Realized Losses	0.00
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	0.00
Group II Cumulative Net Liquidation Proceeds	0.00
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	0.00
Total Liquidated Loan Balance	0.00
Total Net Liquidation Proceeds	0.00
Total Current Period Realized Losses	0.00
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	0.00
Total Cumulative Net Liquidation Proceeds	0.00
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	0.00
Total Cumulative Realized Losses	0.00

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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
	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	-139.09
	PPIS Interest Reduction Class A1	-90.47
	PPIS Interest Reduction Class A2	-9.57
	PPIS Interest Reduction Class A3	-4.60
	PPIS Interest Reduction Class A4	-6.47
	PPIS Interest Reduction Class A5	-1.90
	PPIS Interest Reduction Class M1	-8.45
	PPIS Interest Reduction Class M2	-2.41

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PPIS Interest Reduction Class M3	-2.37
PPIS Interest Reduction Class M4	-2.95
PPIS Interest Reduction Class M5	-2.18
PPIS Interest Reduction Class B1	-2.49
PPIS Interest Reduction Class B2	-1.95
PPIS Interest Reduction Class B3	-3.27
Sec. 4.03 (a)(xi) Credit Enhancement Percentage	15.50 %
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
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

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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	1.9450 %
REMIC Pass-Through Rate - A-2	1.9500 %
REMIC Pass-Through Rate - A-3	1.7550 %
REMIC Pass-Through Rate - A-4	1.9050 %
REMIC Pass-Through Rate - A-5	2.1150 %
REMIC Pass-Through Rate - M-1	2.1950 %
REMIC Pass-Through Rate - M-2	2.2950 %
REMIC Pass-Through Rate - M-3	2.7150 %
REMIC Pass-Through Rate - M-4	2.8150 %

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REMIC Pass-Through Rate - M-5	3.1150 %
REMIC Pass-Through Rate - B-1	3.5650 %
REMIC Pass-Through Rate - B-2	3.7150 %
REMIC Pass-Through Rate - B-3	4.6696 %
Next REMIC Pass-Through Rate - A-1	2.1700 %
Next REMIC Pass-Through Rate - A-2	2.1750 %
Next REMIC Pass-Through Rate - A-3	1.9800 %
Next REMIC Pass-Through Rate - A-4	2.1300 %
Next REMIC Pass-Through Rate - A-5	2.3400 %
Next REMIC Pass-Through Rate - M-1	2.4200 %
Next REMIC Pass-Through Rate - M-2	2.5200 %
Next REMIC Pass-Through Rate - M-3	2.9400 %
Next REMIC Pass-Through Rate - M-4	3.0400 %
Next REMIC Pass-Through Rate - M-5	3.3400 %
Next REMIC Pass-Through Rate - B-1	3.7900 %
Next REMIC Pass-Through Rate - B-2	3.9400 %
Next REMIC Pass-Through Rate - B-3	5.3400 %

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

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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	0.00
Supplemental Interest Payment - B-1	0.00
Supplemental Interest Payment - B-2	0.00
Supplemental Interest Payment - B-3	5,715.68

Sec. 4.03 (a)(xv)

Swap Notional Amount and the Underwritten Certificates Principal Balance

Underwritten Certificates Principal Balance	1,340,481,622.93
Swap Notional Amount	825,000,000.00
Difference	515,481,622.93
Funds paid to Swap Counterparty	307,285.42

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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		4,516,634.38