

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

January 25, 2005

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	855,550,304.29	32,608,525.42	1,893,437.18	34,501,962.60	0.00	0.00	822,941,778.87
A2	100,000,000.00	86,302,823.11	5,443,617.34	191,346.26	5,634,963.60	0.00	0.00	80,859,205.77
A3	55,000,000.00	35,686,980.59	7,675,500.45	73,517.90	7,749,018.35	0.00	0.00	28,011,480.14
A4	68,000,000.00	68,000,000.00	0.00	148,301.32	148,301.32	0.00	0.00	68,000,000.00
A5	18,000,000.00	18,000,000.00	0.00	42,301.04	42,301.04	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	185,916.34	185,916.34	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	52,396.02	52,396.02	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	49,583.80	49,583.80	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	61,192.12	61,192.12	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	44,177.86	44,177.86	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	49,252.54	49,252.54	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	38,208.07	38,208.07	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	66,732.23	66,732.23	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	731,831.26	731,831.26	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	1,277,740,207.99	45,727,643.21	3,628,193.94	49,355,837.15	0.00	0.00	1,232,012,564.78
X	1,400,000,000.00	1,277,740,207.99	0.00	3,720,964.40	3,720,964.40	0.00	0.00	1,232,012,564.78

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

January 25, 2005

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL
A1	66987XEN1	905.53588515	34.51368059	2.00406137	36.51774196	871.02220456
A2	66987XEP6	863.02823110	54.43617340	1.91346260	56.34963600	808.59205770
A3	66987XEQ4	648.85419255	139.55455364	1.33668909	140.89124273	509.29963891
A4	66987XER2	1,000.00000000	0.00000000	2.18090176	2.18090176	1,000.00000000
A5	66987XES0	1,000.00000000	0.00000000	2.35005778	2.35005778	1,000.00000000
M1	66987XET8	1,000.00000000	0.00000000	2.41449792	2.41449792	1,000.00000000
M2	66987XEU5	1,000.00000000	0.00000000	2.49504857	2.49504857	1,000.00000000
M3	66987XEV3	1,000.00000000	0.00000000	2.83336000	2.83336000	1,000.00000000
M4	66987XEW1	1,000.00000000	0.00000000	2.91391048	2.91391048	1,000.00000000
M5	66987XEX9	1,000.00000000	0.00000000	3.15556143	3.15556143	1,000.00000000
B1	66987XEY7	1,000.00000000	0.00000000	3.51803857	3.51803857	1,000.00000000
B2	66987XEZ4	1,000.00000000	0.00000000	3.63886381	3.63886381	1,000.00000000
B3	66987XFA8	1,000.00000000	0.00000000	4.76658786	4.76658786	1,000.00000000
P	66987XFB6	1,000.00000000	0.00000000	7,318,312.60000000	7,318,312.60000000	1,000.00000000
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827
TOTALS		912.67157714	32.66260229	2.59156710	35.25416939	880.00897484
X	66987XFD2	912.67157714	0.00000000	2.65783171	2.65783171	880.00897484

PASS-THROUGH RATES

CLASS	CURRENT PASS-THRU RATE
A1	2.747500 %
A2	2.752500 %
A3	2.557500 %
A4	2.707500 %
A5	2.917500 %
M1	2.997500 %
M2	3.097500 %
M3	3.517500 %
M4	3.617500 %
M5	3.917500 %
B1	4.367500 %
B2	4.517500 %
B3	5.557207 %
P	.000000 %
O	.000000 %
X	3.615076 %

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

January 25, 2005

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

Indira A. Javier

JPMorgan Chase Bank, N.A. - Structured Finance Services

JPMorgan Chase Bank, ITS, 6th Floor

New York, New York 10004

Tel: (212) 623-5430

Email: indira.javier@chase.com

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

	REMIC Available Funds - Group I	38,348,637.55
	REMIC Available Funds - Group II	14,726,946.75
Sec. 4.03	Principal	
	Group I Scheduled Principal	817,011.58
	Group I Prepayments in Full	31,373,095.98
	Group I Curtailments	84,442.80
	Group I Net Liquidation Proceeds	127,422.67
	Group I Realized Losses	182,699.12
	Group II Scheduled Principal	160,639.66
	Group II Prepayments in Full	12,545,458.38
	Group II Curtailments	23,758.34
	Group II Net Liquidation Proceeds	306,160.90
	Group II Realized Losses	106,953.78
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	32,608,525.42
	Class A-2	5,443,617.34
	Class A-3	7,675,500.45
	Class A-4	0.00
	Class A-5	0.00
	Class M-1	-0.00

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

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	1,893,437.18
Class A-2	191,346.26
Class A-3	73,517.90
Class A-4	148,301.32
Class A-5	42,301.04
Class M-1	185,916.34
Class M-2	52,396.02
Class M-3	49,583.80
Class M-4	61,192.12
Class M-5	44,177.86
Class B-1	49,252.54
Class B-2	38,208.07
Class B-3	66,732.23
Class I	60,288.19

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

		Class P - Prepay Penalty	731,831.26
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	1,026,239,235.36
		Group I Ending Pool Balance	993,654,563.21
		Group II Beginning Pool Balance	251,500,972.63
		Group II Ending Pool Balance	238,358,001.57
		Total Beginning Pool Balance	1,277,740,207.99
		Total Ending Pool Balance	1,232,012,564.78
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	8,559
		Aggregate Principal Balance of Mortgage Loans	1,232,012,564.78
		Beginning Weighted Average Mortgage Rate	7.4767 %
		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	969,962,404.88
		Number of 0-30 Days	6,915
		Balance of 30-59 Days	5,699,315.30

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Number of 30-59 Days	43
Balance of 60-89 Days	3,623,961.88
Number of 60-89 Days	26
Balance of 90+ Days	3,063,020.32
Number of 90+ Days	23
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	1,527,894.05
Number of 0-30 Days	12
Balance of 30-59 Days	43,174.78
Number of 30-59 Days	1
Balance of 60-89 Days	71,726.97
Number of 60-89 Days	1
Balance of 60-89 Days	1,680,284.86
Number of 60-89 Days	17
Legal Delinquency - Group I	
Balance of 0-30 Days	969,962,404.88
Number of 0-30 Days	6,915
Balance of 30-59 Days	5,699,315.30
Number of 30-59 Days	43
Balance of 60-89 Days	3,623,961.88
Number of 60-89 Days	26
Balance of 60-89 Days	3,063,020.32
Number of 60-89 Days	23

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Legal Bankruptcy - Group I

Balance of 0-30 Days	2,802,217.44
Number of 0-30 Days	25
Balance of 30-59 Days	318,121.42
Number of 30-59 Days	4
Balance of 60-89 Days	202,741.80
Number of 60-89 Days	2
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	407,842.60
Number of 0-30 Days	3
Balance of 30-59 Days	94,210.83
Number of 30-59 Days	1
Balance of 60-89 Days	320,000.00
Number of 60-89 Days	1
Balance of 60-89 Days	5,842,535.34
Number of 60-89 Days	39

Contractual Delinquency - Group II

Balance of 0-30 Days	226,807,570.47
Number of 0-30 Days	1,379
Balance of 30-59 Days	3,000,455.43

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Number of 30-59 Days	22
Balance of 60-89 Days	1,278,350.01
Number of 60-89 Days	10
Balance of 90+ Days	514,471.58
Number of 90+ Days	8
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	598,170.05
Number of 0-30 Days	5
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	177,604.91
Number of 60-89 Days	1
Balance of 90+ Days	474,686.05
Number of 90+ Days	5
Legal Delinquency - Group II	
Balance of 0-30 Days	226,807,570.47
Number of 0-30 Days	1,379
Balance of 30-59 Days	3,000,455.43
Number of 30-59 Days	22
Balance of 60-89 Days	1,278,350.01
Number of 60-89 Days	10
Balance of 90+ Days	514,471.58
Number of 90+ Days	8

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Legal Bankruptcy - Group II

Balance of 0-30 Days	1,250,461.01
Number of 0-30 Days	11
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	654,690.65
Number of 0-30 Days	4
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	69,602.06
Number of 60-89 Days	1
Balance of 90+ Days	3,984,273.44
Number of 90+ Days	25

Sec. 4.03(a)(v) C

Loans in REO

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Group 1		
Number	Principal Balance	Percentage
10	1,318,191.40	0.13 %

Group 2		
Number	Principal Balance	Percentage
7	798,126.92	0.33 %

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		31,373,095.98
	Group II Prepayments		12,545,458.38
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		310,121.79
	Group I Net Liquidation Proceeds		127,422.67
	Group I Current Period Realized Losses		182,699.12
	Group I Recoveries of Prior Losses		0.00
	Group I Subsequent Losses		0.00
	Group I Cumulative Liquidated Loan Balance		511,895.68
	Group I Cumulative Net Liquidation Proceeds		297,601.52
	Group I Cumulative Recoveries of Prior Losses		0.00
	Group I Cumulative Subsequent Losses		0.00
	Group I Cumulative Realized Losses		214,294.16

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

Group II Liquidated Loan Balance	413,114.68
Group II Net Liquidation Proceeds	306,160.90
Group II Current Period Realized Losses	106,953.78
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	413,114.68
Group II Cumulative Net Liquidation Proceeds	306,160.90
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	106,953.78
Total Liquidated Loan Balance	723,236.47
Total Net Liquidation Proceeds	433,583.57
Total Current Period Realized Losses	289,652.90
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	925,010.36
Total Cumulative Net Liquidation Proceeds	603,762.42
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	0.00
Total Cumulative Realized Losses	321,247.94

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

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	185.47
	PPIS Interest Reduction Class A1	121.42
	PPIS Interest Reduction Class A2	12.27
	PPIS Interest Reduction Class A3	4.71
	PPIS Interest Reduction Class A4	9.51
	PPIS Interest Reduction Class A5	2.71
	PPIS Interest Reduction Class M1	11.92
	PPIS Interest Reduction Class M2	3.36

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

PPIS Interest Reduction Class M3		3.18
PPIS Interest Reduction Class M4		3.92
PPIS Interest Reduction Class M5		2.83
PPIS Interest Reduction Class B1		3.16
PPIS Interest Reduction Class B2		2.45
PPIS Interest Reduction Class B3		4.02
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	16.76 %
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

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

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	2.7475 %
REMIC Pass-Through Rate - A-2	2.7525 %
REMIC Pass-Through Rate - A-3	2.5575 %
REMIC Pass-Through Rate - A-4	2.7075 %
REMIC Pass-Through Rate - A-5	2.9175 %
REMIC Pass-Through Rate - M-1	2.9975 %
REMIC Pass-Through Rate - M-2	3.0975 %
REMIC Pass-Through Rate - M-3	3.5175 %
REMIC Pass-Through Rate - M-4	3.6175 %

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

REMIC Pass-Through Rate - M-5	3.9175 %
REMIC Pass-Through Rate - B-1	4.3675 %
REMIC Pass-Through Rate - B-2	4.5175 %
REMIC Pass-Through Rate - B-3	5.5572 %
Next REMIC Pass-Through Rate - A-1	2.8600 %
Next REMIC Pass-Through Rate - A-2	2.8650 %
Next REMIC Pass-Through Rate - A-3	2.6700 %
Next REMIC Pass-Through Rate - A-4	2.8200 %
Next REMIC Pass-Through Rate - A-5	3.0300 %
Next REMIC Pass-Through Rate - M-1	3.1100 %
Next REMIC Pass-Through Rate - M-2	3.2100 %
Next REMIC Pass-Through Rate - M-3	3.6300 %
Next REMIC Pass-Through Rate - M-4	3.7300 %
Next REMIC Pass-Through Rate - M-5	4.0300 %
Next REMIC Pass-Through Rate - B-1	4.4800 %
Next REMIC Pass-Through Rate - B-2	4.6300 %
Next REMIC Pass-Through Rate - B-3	6.0300 %

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

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

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	4,063.30

Sec. 4.03 (a)(xv)

Swap Notional Amount and the Underwritten Certificates Principal Balance

Underwritten Certificates Principal Balance	1,206,812,564.78
Swap Notional Amount	825,000,000.00
Difference	381,812,564.78
Funds paid to Swap Counterparty	-78,001.04

NovaStar Mortgage Funding Trust, Series 2004-2

January 25, 2005

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		3,876,391.36