

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

July 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	641,001,600.92	49,638,409.38	1,816,930.43	51,455,339.81	0.00	0.00	591,363,191.54
A2	100,000,000.00	61,174,111.30	3,576,834.82	173,637.01	3,750,471.83	0.00	0.00	57,597,276.48
A3	55,000,000.00	255,496.94	255,496.94	686.45	256,183.39	0.00	0.00	0.00
A4	68,000,000.00	68,000,000.00	4,787,840.15	190,631.65	4,978,471.80	0.00	0.00	63,212,159.85
A5	18,000,000.00	18,000,000.00	0.00	53,401.32	53,401.32	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	233,230.09	233,230.09	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	65,241.54	65,241.54	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	60,084.62	60,084.62	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	73,734.87	73,734.87	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	52,423.25	52,423.25	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	57,323.25	57,323.25	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	44,217.44	44,217.44	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	74,201.03	74,201.03	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	1,047,643.71	1,047,643.71	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	1,002,631,309.16	58,258,581.29	3,943,386.66	62,201,967.95	0.00	0.00	944,372,727.87
X	1,400,000,000.00	1,002,631,309.16	0.00	2,799,314.77	2,799,314.77	0.00	0.00	944,372,727.88

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CLASS	CURRENT PASS-THRU RATE
A1	66987XEN1	678.45216016	52.53853660	1.92308471	54.46162131	625.91362356	A1	3.644380 %
A2	66987XEP6	611.74111300	35.76834820	1.73637010	37.50471830	575.97276480	A2	3.649380 %
A3	66987XEQ4	4.64539891	4.64539891	0.01248091	4.65787982	0.00000000	A3	3.454380 %
A4	66987XER2	1,000.00000000	70.40941397	2.80340662	73.21282059	929.59058603	A4	3.604380 %
A5	66987XES0	1,000.00000000	0.00000000	2.96674000	2.96674000	1,000.00000000	A5	3.814380 %
M1	66987XET8	1,000.00000000	0.00000000	3.02896221	3.02896221	1,000.00000000	M1	3.894380 %
M2	66987XEU5	1,000.00000000	0.00000000	3.10674000	3.10674000	1,000.00000000	M2	3.994380 %
M3	66987XEV3	1,000.00000000	0.00000000	3.43340686	3.43340686	1,000.00000000	M3	4.414380 %
M4	66987XEW1	1,000.00000000	0.00000000	3.51118429	3.51118429	1,000.00000000	M4	4.514380 %
M5	66987XEX9	1,000.00000000	0.00000000	3.74451786	3.74451786	1,000.00000000	M5	4.814380 %
B1	66987XEY7	1,000.00000000	0.00000000	4.09451786	4.09451786	1,000.00000000	B1	5.264380 %
B2	66987XEZ4	1,000.00000000	0.00000000	4.21118476	4.21118476	1,000.00000000	B2	5.414380 %

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

July 25, 2005

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CLASS	CURRENT PASS-THRU RATE
B3	66987XFA8	1,000.00000000	0.00000000	5.30007357	5.30007357	1,000.00000000	B3	6.814380 %
P	66987XFB6	1,000.00000000	0.00000000	10,476,437.10000000	10,476,437.10000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		716.16522083	41.61327235	2.81670476	44.42997711	674.55194848		
X	66987XFD2	716.16522083	0.00000000	1.99951055	1.99951055	674.55194849	X	3.589673 %

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

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NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

	REMIC Available Funds - Group I	54,615,828.15
	REMIC Available Funds - Group II	9,845,136.50
Sec. 4.03	Principal	
	Group I Scheduled Principal	688,922.65
	Group I Prepayments in Full	47,459,408.33
	Group I Curtailments	271,032.30
	Group I Net Liquidation Proceeds	981,030.69
	Group I Realized Losses	135,263.61
	Group II Scheduled Principal	133,431.51
	Group II Prepayments in Full	8,141,978.76
	Group II Curtailments	9,463.94
	Group II Net Liquidation Proceeds	297,702.04
	Group II Realized Losses	126,228.72
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	49,638,409.38
	Class A-2	3,576,834.82
	Class A-3	255,496.94
	Class A-4	4,787,840.15
	Class A-5	0.00
	Class M-1	0.00
	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

NovaStar Mortgage Funding Trust, Series 2004-2
July 25, 2005

Sec. 4.03(a)(ii)	Distributions of Interest		
		Class A-1	1,816,930.43
		Class A-2	173,637.01
		Class A-3	686.45
		Class A-4	190,631.65
		Class A-5	53,401.32
		Class M-1	233,230.09
		Class M-2	65,241.54
		Class M-3	60,084.62
		Class M-4	73,734.87
		Class M-5	52,423.25
		Class B-1	57,323.25
		Class B-2	44,217.44
		Class B-3	74,201.03
		Class I	0.00
		Class P - Prepay Penalty	1,047,643.71
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	811,931,780.68
		Group I Ending Pool Balance	762,382,071.23
		Group II Beginning Pool Balance	190,699,528.48
		Group II Ending Pool Balance	181,990,656.65
		Total Beginning Pool Balance	1,002,631,309.16
		Total Ending Pool Balance	944,372,727.88
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	6,812
		Aggregate Principal Balance of Mortgage Loans	944,372,727.88
		Beginning Weighted Average Mortgage Rate	7.4630%

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

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	732,779,643.81
Number of 0-30 Days	5,430
Balance of 30-59 Days	4,766,303.89
Number of 30-59 Days	39
Balance of 60-89 Days	2,248,338.10
Number of 60-89 Days	17
Balance of 90+ Days	940,794.52
Number of 90+ Days	9

Contractual Bankrutpcy - Group I

Balance of 0-30 Days	4,755,410.49
Number of 0-30 Days	40
Balance of 30-59 Days	197,164.96
Number of 30-59 Days	2
Balance of 60-89 Days	449,162.84
Number of 60-89 Days	6
Balance of 60-89 Days	3,273,914.81
Number of 60-89 Days	30

Legal Delinquency - Group I

Balance of 0-30 Days	732,779,643.81
Number of 0-30 Days	5,430
Balance of 30-59 Days	4,766,303.89
Number of 30-59 Days	39
Balance of 60-89 Days	2,248,338.10
Number of 60-89 Days	17
Balance of 60-89 Days	940,794.52

NovaStar Mortgage Funding Trust, Series 2004-2
July 25, 2005

	Number of 60-89 Days	9
	Legal Bankruptcy - Group I	
	Balance of 0-30 Days	6,562,819.74
	Number of 0-30 Days	56
	Balance of 30-59 Days	603,277.56
	Number of 30-59 Days	7
	Balance of 60-89 Days	696,269.45
	Number of 60-89 Days	9
	Balance of 60-89 Days	813,286.35
	Number of 60-89 Days	6
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	434,721.57
	Number of 0-30 Days	4
	Balance of 30-59 Days	0.00
	Number of 30-59 Days	0
	Balance of 60-89 Days	207,889.25
	Number of 60-89 Days	1
	Balance of 60-89 Days	6,959,019.69
	Number of 60-89 Days	58
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	167,346,638.35
	Number of 0-30 Days	1,028
	Balance of 30-59 Days	3,152,919.58
	Number of 30-59 Days	22
	Balance of 60-89 Days	630,523.90
	Number of 60-89 Days	8
	Balance of 90+ Days	285,236.86
	Number of 90+ Days	3
	Contractual Bankruptcy - Group II	

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

Balance of 0-30 Days	582,656.85
Number of 0-30 Days	9
Balance of 30-59 Days	316,466.87
Number of 30-59 Days	3
Balance of 60-89 Days	295,483.11
Number of 60-89 Days	3
Balance of 90+ Days	2,226,110.27
Number of 90+ Days	15

Legal Delinquency - Group II

Balance of 0-30 Days	167,346,638.35
Number of 0-30 Days	1,028
Balance of 30-59 Days	3,152,919.58
Number of 30-59 Days	22
Balance of 60-89 Days	630,523.90
Number of 60-89 Days	8
Balance of 90+ Days	285,236.86
Number of 90+ Days	3

Legal Bankruptcy - Group II

Balance of 0-30 Days	2,350,738.62
Number of 0-30 Days	22
Balance of 30-59 Days	133,076.95
Number of 30-59 Days	1
Balance of 60-89 Days	677,699.02
Number of 60-89 Days	4
Balance of 90+ Days	259,202.51
Number of 90+ Days	3

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group II

	0.00
Balance of 0-30 Days	59,639.94
Number of 0-30 Days	1
Balance of 30-59 Days	0.00

NovaStar Mortgage Funding Trust, Series 2004-2
July 25, 2005

Number of 30-59 Days	0
Balance of 60-89 Days	491,165.73
Number of 60-89 Days	1
Balance of 90+ Days	3,925,105.28
Number of 90+ Days	30

Sec. 4.03(a)(v) C

Loans in REO

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	36	5,369,707.30	0.70%
2	17	2,678,709.91	1.47%

Sec. 4.03(a)(vi)

Principal Prepayments

Group I Prepayments	47,459,408.33
Group II Prepayments	8,141,978.76

Sec. 4.03 (a)(vii)

Realized Losses

Group I Liquidated Loan Balance	1,130,346.17
Group I Net Liquidation Proceeds	981,030.69
Group I Recoveries of Prior Losses	23,712.84
Group I Subsequent Losses	1,803.24
Group I Current Period Realized Losses	135,263.61
Group I Cumulative Liquidated Loan Balance	5,230,183.56
Group I Cumulative Net Liquidation Proceeds	4,237,156.39
Group I Cumulative Recoveries of Prior Losses	26,096.05
Group I Cumulative Subsequent Losses	3,629.51
Group I Cumulative Realized Losses	978,418.36
Group II Liquidated Loan Balance	423,997.63
Group II Net Liquidation Proceeds	297,702.04
Group II Recoveries of Prior Losses	66.87
Group II Subsequent Losses	0.00
Group II Current Period Realized Losses	126,228.72

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

Group II Cumulative Liquidated Loan Balance	2,168,479.34
Group II Cumulative Net Liquidation Proceeds	1,494,788.10
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	681,344.25
Total Liquidated Loan Balance	1,554,343.80
Total Net Liquidation Proceeds	1,278,732.73
Total Recoveries of Prior Losses	23,779.71
Total Subsequent Losses	1,803.24
Total Current Period Realized Losses	261,492.33
Total Cumulative Liquidated Loan Balance	7,398,662.90
Total Cumulative Net Liquidation Proceeds	5,731,944.49
Total Cumulative Recoveries of Prior Losses	26,162.92
Total Cumulative Subsequent Losses	3,629.51
Total Cumulative Realized Losses	1,659,762.61

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

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

	Unpaid Interest Shortfall - I	0.00
Sec. 4.03 (a)(x)	Prepayment Interest Shortfalls not covered by the Servicer	0.00
	PPIS Interest Reduction Class A1	0.00
	PPIS Interest Reduction Class A2	0.00
	PPIS Interest Reduction Class A3	0.00
	PPIS Interest Reduction Class A4	0.00
	PPIS Interest Reduction Class A5	0.00
	PPIS Interest Reduction Class M1	0.00
	PPIS Interest Reduction Class M2	0.00
	PPIS Interest Reduction Class M3	0.00
	PPIS Interest Reduction Class M4	0.00
	PPIS Interest Reduction Class M5	0.00
	PPIS Interest Reduction Class B1	0.00
	PPIS Interest Reduction Class B2	0.00
	PPIS Interest Reduction Class B3	0.00
Sec. 4.03 (a)(xi)	Credit Enhancement Percentage	21.36%
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

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

Available Funds Cap Carryforward Amount - B-3	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 - 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	3.6444%
REMIC Pass-Through Rate - A-2	3.6494%
REMIC Pass-Through Rate - A-3	3.4544%
REMIC Pass-Through Rate - A-4	3.6044%
REMIC Pass-Through Rate - A-5	3.8144%
REMIC Pass-Through Rate - M-1	3.8944%
REMIC Pass-Through Rate - M-2	3.9944%
REMIC Pass-Through Rate - M-3	4.4144%
REMIC Pass-Through Rate - M-4	4.5144%
REMIC Pass-Through Rate - M-5	4.8144%
REMIC Pass-Through Rate - B-1	5.2644%
REMIC Pass-Through Rate - B-2	5.4144%
REMIC Pass-Through Rate - B-3	6.8144%
Next REMIC Pass-Through Rate - A-1	3.7900%
Next REMIC Pass-Through Rate - A-2	3.7950%

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

Next REMIC Pass-Through Rate - A-3	3.6000%
Next REMIC Pass-Through Rate - A-4	3.7500%
Next REMIC Pass-Through Rate - A-5	3.9600%
Next REMIC Pass-Through Rate - M-1	4.0400%
Next REMIC Pass-Through Rate - M-2	4.1400%
Next REMIC Pass-Through Rate - M-3	4.5600%
Next REMIC Pass-Through Rate - M-4	4.6600%
Next REMIC Pass-Through Rate - M-5	4.9600%
Next REMIC Pass-Through Rate - B-1	5.4100%
Next REMIC Pass-Through Rate - B-2	5.5600%
Next REMIC Pass-Through Rate - B-3	6.9600%

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
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	10,797.08

Sec. 4.03 (a)(xv)

Swap Notional Amount and the Underwritten Certificates Principal Balance

Underwritten Certificates Principal Balance	919,172,727.88
Swap Notional Amount	825,000,000.00
Difference	94,172,727.88

NovaStar Mortgage Funding Trust, Series 2004-2

July 25, 2005

Funds paid to Swap Counterparty

-598,098.00

NovaStar Mortgage Funding Trust, Series 2004-2
July 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	2,465,648.44