

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

September 26, 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	551,251,318.99	46,401,922.91	1,945,917.16	48,347,840.07	0.00	0.00	504,849,396.08
A2	100,000,000.00	53,952,996.88	6,504,078.91	190,693.87	6,694,772.78	0.00	0.00	47,448,917.97
A3	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A4	68,000,000.00	58,073,725.62	9,170,751.27	202,935.41	9,373,686.68	0.00	0.00	48,902,974.35
A5	18,000,000.00	18,000,000.00	0.00	66,260.00	66,260.00	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	288,921.11	288,921.11	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	80,663.33	80,663.33	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	73,752.78	73,752.78	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	90,370.00	90,370.00	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	63,980.00	63,980.00	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	69,580.00	69,580.00	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	53,585.00	53,585.00	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	88,868.89	88,868.89	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	1,202,659.93	1,202,659.93	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	895,478,141.49	62,076,753.09	4,418,187.48	66,494,940.57	0.00	0.00	833,401,388.40
X	1,400,000,000.00	895,478,141.49	0.00	2,454,211.96	2,454,211.96	0.00	0.00	833,401,388.40

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	583.45821231	49.11295820	2.05960749	51.17256570	534.34525411	A1	3.971250 %
A2	66987XEP6	539.52996880	65.04078910	1.90693870	66.94772780	474.48917970	A2	3.976250 %
A3	66987XEQ4	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	A3	0.000000 %
A4	66987XER2	854.02537676	134.86398926	2.98434426	137.84833353	719.16138750	A4	3.931250 %
A5	66987XES0	1,000.00000000	0.00000000	3.68111111	3.68111111	1,000.00000000	A5	4.141250 %
M1	66987XET8	1,000.00000000	0.00000000	3.75222221	3.75222221	1,000.00000000	M1	4.221250 %
M2	66987XEU5	1,000.00000000	0.00000000	3.84111095	3.84111095	1,000.00000000	M2	4.321250 %
M3	66987XEV3	1,000.00000000	0.00000000	4.21444457	4.21444457	1,000.00000000	M3	4.741250 %
M4	66987XEW1	1,000.00000000	0.00000000	4.30333333	4.30333333	1,000.00000000	M4	4.841250 %
M5	66987XEX9	1,000.00000000	0.00000000	4.57000000	4.57000000	1,000.00000000	M5	5.141250 %
B1	66987XEY7	1,000.00000000	0.00000000	4.97000000	4.97000000	1,000.00000000	B1	5.591250 %
B2	66987XEZ4	1,000.00000000	0.00000000	5.10333333	5.10333333	1,000.00000000	B2	5.741250 %
B3	66987XFA8	1,000.00000000	0.00000000	6.34777786	6.34777786	1,000.00000000	B3	7.141250 %

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FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							PASS-THROUGH RATES	
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CLASS	CURRENT PASS-THRU RATE
P	66987XFB6	1,000.00000000	0.00000000	12,026,599.30000000	12,026,599.30000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		639.62724392	44.34053792	3.15584820	47.49638612	595.28670600		
X	66987XFD2	639.62724392	0.00000000	1.75300854	1.75300854	595.28670600	X	3.083256 %

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	50,922,117.18
	REMIC Available Funds - Group II	16,935,262.13
Sec. 4.03	Principal	
	Group I Scheduled Principal	634,106.66
	Group I Prepayments in Full	45,182,775.86
	Group I Curtailments	165,389.29
	Group I Net Liquidation Proceeds	175,714.99
	Group I Realized Losses	-13,985.46
	Group II Scheduled Principal	124,158.43
	Group II Prepayments in Full	15,000,451.18
	Group II Curtailments	16,831.37
	Group II Net Liquidation Proceeds	469,095.41
	Group II Realized Losses	270,146.91
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	46,401,922.91
	Class A-2	6,504,078.91
	Class A-3	0.00
	Class A-4	9,170,751.27
	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

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Sec. 4.03(a)(ii)	Distributions of Interest		
		Class A-1	1,945,917.16
		Class A-2	190,693.87
		Class A-3	0.00
		Class A-4	202,935.41
		Class A-5	66,260.00
		Class M-1	288,921.11
		Class M-2	80,663.33
		Class M-3	73,752.78
		Class M-4	90,370.00
		Class M-5	63,980.00
		Class B-1	69,580.00
		Class B-2	53,585.00
		Class B-3	88,868.89
		Class I	0.00
		Class P - Prepay Penalty	1,202,659.93
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	722,333,679.56
		Group I Ending Pool Balance	676,136,069.87
		Group II Beginning Pool Balance	173,144,461.93
		Group II Ending Pool Balance	157,265,318.53
		Total Beginning Pool Balance	895,478,141.49
		Total Ending Pool Balance	833,401,388.40
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	6,097
		Aggregate Principal Balance of Mortgage Loans	833,401,388.40
		Beginning Weighted Average Mortgage Rate	7.4518%

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	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	641,843,471.24
	Number of 0-30 Days	4,813
	Balance of 30-59 Days	5,624,829.43
	Number of 30-59 Days	47
	Balance of 60-89 Days	3,828,116.58
	Number of 60-89 Days	31
	Balance of 90+ Days	803,286.90
	Number of 90+ Days	8
	Contractual Bankruptcy - Group I	
	Balance of 0-30 Days	4,314,793.31
	Number of 0-30 Days	38
	Balance of 30-59 Days	567,081.23
	Number of 30-59 Days	4
	Balance of 60-89 Days	769,031.54
	Number of 60-89 Days	8
	Balance of 60-89 Days	3,442,602.92
	Number of 60-89 Days	32
	Legal Delinquency - Group I	
	Balance of 0-30 Days	641,843,471.24
	Number of 0-30 Days	4,813
	Balance of 30-59 Days	5,355,704.40
	Number of 30-59 Days	46
	Balance of 60-89 Days	3,708,862.71
	Number of 60-89 Days	30
	Balance of 60-89 Days	1,191,665.80

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	Number of 60-89 Days	10
	Legal Bankruptcy - Group I	
	Balance of 0-30 Days	4,856,424.16
	Number of 0-30 Days	43
	Balance of 30-59 Days	1,765,920.21
	Number of 30-59 Days	15
	Balance of 60-89 Days	1,281,563.74
	Number of 60-89 Days	13
	Balance of 60-89 Days	1,189,600.89
	Number of 60-89 Days	11
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	456,270.55
	Number of 0-30 Days	3
	Balance of 30-59 Days	147,658.84
	Number of 30-59 Days	1
	Balance of 60-89 Days	243,210.55
	Number of 60-89 Days	2
	Balance of 60-89 Days	7,532,175.32
	Number of 60-89 Days	61
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	143,437,081.01
	Number of 0-30 Days	885
	Balance of 30-59 Days	2,089,296.71
	Number of 30-59 Days	16
	Balance of 60-89 Days	736,832.78
	Number of 60-89 Days	8
	Balance of 90+ Days	55,605.26
	Number of 90+ Days	3
	Contractual Bankruptcy - Group II	

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	Balance of 0-30 Days	456,734.67
	Number of 0-30 Days	8
	Balance of 30-59 Days	308,923.10
	Number of 30-59 Days	3
	Balance of 60-89 Days	190,960.56
	Number of 60-89 Days	2
	Balance of 90+ Days	2,906,217.55
	Number of 90+ Days	20
	Legal Delinquency - Group II	
	Balance of 0-30 Days	143,393,420.75
	Number of 0-30 Days	884
	Balance of 30-59 Days	1,669,335.67
	Number of 30-59 Days	15
	Balance of 60-89 Days	736,832.78
	Number of 60-89 Days	8
	Balance of 90+ Days	519,226.56
	Number of 90+ Days	5
	Legal Bankruptcy - Group II	
	Balance of 0-30 Days	2,189,539.98
	Number of 0-30 Days	19
	Balance of 30-59 Days	833,005.03
	Number of 30-59 Days	7
	Balance of 60-89 Days	412,287.23
	Number of 60-89 Days	5
	Balance of 90+ Days	428,003.64
	Number of 90+ Days	2
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group II	0.00
	Balance of 0-30 Days	240,396.99
	Number of 0-30 Days	2
	Balance of 30-59 Days	0.00

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Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	3,773,459.80
Number of 90+ Days	30

Sec. 4.03(a)(v) C

Loans in REO

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REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	48	6,563,541.46	0.97%
2	24	3,069,810.10	1.95%

Sec. 4.03(a)(vi)	Principal Prepayments		
	Group I Prepayments		45,182,775.86
	Group II Prepayments		15,000,451.18
Sec. 4.03 (a)(vii)	Realized Losses		
	Group I Liquidated Loan Balance		215,337.85
	Group I Net Liquidation Proceeds		175,714.99
	Group I Recoveries of Prior Losses		53,608.32
	Group I Subsequent Losses		0.00
	Group I Current Period Realized Losses		-13,985.46
	Group I Cumulative Liquidated Loan Balance		6,966,201.47
	Group I Cumulative Net Liquidation Proceeds		5,633,945.87
	Group I Cumulative Recoveries of Prior Losses		159,152.73
	Group I Cumulative Subsequent Losses		4,019.82
	Group I Cumulative Realized Losses		1,184,980.42
	Group II Liquidated Loan Balance		737,702.39
	Group II Net Liquidation Proceeds		469,095.41
	Group II Recoveries of Prior Losses		0.00
	Group II Subsequent Losses		0.00
	Group II Current Period Realized Losses		270,146.91

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Group II Cumulative Liquidated Loan Balance	3,346,782.03
Group II Cumulative Net Liquidation Proceeds	2,278,813.35
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	1,077,161.62
Total Liquidated Loan Balance	953,040.24
Total Net Liquidation Proceeds	644,810.40
Total Recoveries of Prior Losses	53,608.32
Total Subsequent Losses	0.00
Total Current Period Realized Losses	256,161.45
Total Cumulative Liquidated Loan Balance	10,312,983.50
Total Cumulative Net Liquidation Proceeds	7,912,759.22
Total Cumulative Recoveries of Prior Losses	159,219.60
Total Cumulative Subsequent Losses	4,019.82
Total Cumulative Realized Losses	2,262,142.04

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

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	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	23.92%
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

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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	3.9713%
REMIC Pass-Through Rate - A-2	3.9763%
REMIC Pass-Through Rate - A-3	0.0000%
REMIC Pass-Through Rate - A-4	3.9313%
REMIC Pass-Through Rate - A-5	4.1413%
REMIC Pass-Through Rate - M-1	4.2213%
REMIC Pass-Through Rate - M-2	4.3213%
REMIC Pass-Through Rate - M-3	4.7413%
REMIC Pass-Through Rate - M-4	4.8413%
REMIC Pass-Through Rate - M-5	5.1413%
REMIC Pass-Through Rate - B-1	5.5913%
REMIC Pass-Through Rate - B-2	5.7413%
REMIC Pass-Through Rate - B-3	7.1413%
Next REMIC Pass-Through Rate - A-1	4.1600%
Next REMIC Pass-Through Rate - A-2	4.1650%

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Next REMIC Pass-Through Rate - A-3	3.9700%
Next REMIC Pass-Through Rate - A-4	4.1200%
Next REMIC Pass-Through Rate - A-5	4.3300%
Next REMIC Pass-Through Rate - M-1	4.4100%
Next REMIC Pass-Through Rate - M-2	4.5100%
Next REMIC Pass-Through Rate - M-3	4.9300%
Next REMIC Pass-Through Rate - M-4	5.0300%
Next REMIC Pass-Through Rate - M-5	5.3300%
Next REMIC Pass-Through Rate - B-1	5.7800%
Next REMIC Pass-Through Rate - B-2	5.9300%
Next REMIC Pass-Through Rate - B-3	7.3300%

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	481.53
Supplemental Interest Payment - B-1	6,081.53
Supplemental Interest Payment - B-2	5,961.15
Supplemental Interest Payment - B-3	25,370.42

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Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		808,201,388.40
	Beginning Swap Notional Amount		825,000,000.00
	Beginning Cap Notional Amount		9,580,885.00
	Total Beginning Notional Amount		834,580,885.00
	Ending Swap Notional Amount		795,000,000.00
	Ending Cap Notional Amount		9,326,601.00
	Total Ending Notional Amount		804,326,601.00
	Difference		3,874,787.40
	Funds paid to Swap Counterparty		-1,141,620.83
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		1,605,107.34