

NovaStar Mortgage Funding Trust, Series 2004-2

Statement to Certificateholders

October 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	504,849,396.08	36,121,803.19	1,691,806.42	37,813,609.61	0.00	0.00	468,727,592.89
A2	100,000,000.00	47,448,917.97	2,421,009.15	159,197.71	2,580,206.86	0.00	0.00	45,027,908.82
A3	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
A4	68,000,000.00	48,902,974.35	3,413,622.91	162,303.54	3,575,926.45	0.00	0.00	45,489,351.44
A5	18,000,000.00	18,000,000.00	0.00	62,785.00	62,785.00	0.00	0.00	18,000,000.00
M1	77,000,000.00	77,000,000.00	0.00	273,542.50	273,542.50	0.00	0.00	77,000,000.00
M2	21,000,000.00	21,000,000.00	0.00	76,294.17	76,294.17	0.00	0.00	21,000,000.00
M3	17,500,000.00	17,500,000.00	0.00	69,499.31	69,499.31	0.00	0.00	17,500,000.00
M4	21,000,000.00	21,000,000.00	0.00	85,090.83	85,090.83	0.00	0.00	21,000,000.00
M5	14,000,000.00	14,000,000.00	0.00	60,110.56	60,110.56	0.00	0.00	14,000,000.00
B1	14,000,000.00	14,000,000.00	0.00	65,185.56	65,185.56	0.00	0.00	14,000,000.00
B2	10,500,000.00	10,500,000.00	0.00	50,157.92	50,157.92	0.00	0.00	10,500,000.00
B3	14,000,000.00	14,000,000.00	0.00	82,666.11	82,666.11	0.00	0.00	14,000,000.00
P	100.00	100.00	0.00	760,841.84	760,841.84	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	833,401,388.40	41,956,435.25	3,599,481.47	45,555,916.72	0.00	0.00	791,444,953.15
X	1,400,000,000.00	833,401,388.40	0.00	2,045,354.62	2,045,354.62	0.00	0.00	791,444,953.15

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	534.34525411	38.23222184	1.79065032	40.02287215	496.11303227	A1	4.160000 %
A2	66987XEP6	474.48917970	24.21009150	1.59197710	25.80206860	450.27908820	A2	4.165000 %
A3	66987XEQ4	0.00000000	0.00000000	0.00000000	0.00000000	0.00000000	A3	0.000000 %
A4	66987XER2	719.16138750	50.20033691	2.38681676	52.58715368	668.96105059	A4	4.120000 %
A5	66987XES0	1,000.00000000	0.00000000	3.48805556	3.48805556	1,000.00000000	A5	4.330000 %
M1	66987XET8	1,000.00000000	0.00000000	3.55250000	3.55250000	1,000.00000000	M1	4.410000 %
M2	66987XEU5	1,000.00000000	0.00000000	3.63305571	3.63305571	1,000.00000000	M2	4.510000 %
M3	66987XEV3	1,000.00000000	0.00000000	3.97138914	3.97138914	1,000.00000000	M3	4.930000 %
M4	66987XEW1	1,000.00000000	0.00000000	4.05194429	4.05194429	1,000.00000000	M4	5.030000 %
M5	66987XEX9	1,000.00000000	0.00000000	4.29361143	4.29361143	1,000.00000000	M5	5.330000 %
B1	66987XEY7	1,000.00000000	0.00000000	4.65611143	4.65611143	1,000.00000000	B1	5.780000 %
B2	66987XEZ4	1,000.00000000	0.00000000	4.77694476	4.77694476	1,000.00000000	B2	5.930000 %
B3	66987XFA8	1,000.00000000	0.00000000	5.90472214	5.90472214	1,000.00000000	B3	7.330000 %

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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	7,608,418.40000000	7,608,418.40000000	1,000.00000000	P	0.000000 %
O	66987XFE0	1,000.00396827	0.00000000	0.00000000	0.00000000	1,000.00396827	O	0.000000 %
TOTALS		595.28670600	29.96888232	2.57105819	32.53994051	565.31782368		
X	66987XFD2	595.28670600	0.00000000	1.46096759	1.46096759	565.31782368	X	3.046624 %

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	39,879,342.01
	REMIC Available Funds - Group II	6,793,858.58
Sec. 4.03	Principal	
	Group I Scheduled Principal	604,509.43
	Group I Prepayments in Full	34,507,927.86
	Group I Curtailments	78,879.78
	Group I Net Liquidation Proceeds	487,634.45
	Group I Realized Losses	296,499.63
	Group II Scheduled Principal	115,472.53
	Group II Prepayments in Full	5,298,080.51
	Group II Curtailments	8,218.09
	Group II Net Liquidation Proceeds	341,300.34
	Group II Realized Losses	233,741.88
Sec. 4.03(a)(i)	Distributions of Principal	
	Class A-1	36,121,803.19
	Class A-2	2,421,009.15
	Class A-3	0.00
	Class A-4	3,413,622.91
	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	1,691,806.42
		Class A-2	159,197.71
		Class A-3	0.00
		Class A-4	162,303.54
		Class A-5	62,785.00
		Class M-1	273,542.50
		Class M-2	76,294.17
		Class M-3	69,499.31
		Class M-4	85,090.83
		Class M-5	60,110.56
		Class B-1	65,185.56
		Class B-2	50,157.92
		Class B-3	82,666.11
		Class I	0.00
		Class P - Prepay Penalty	760,841.84
Sec. 4.03(a)(iii)	Pool Balances		
		Group I Beginning Pool Balance	676,136,069.87
		Group I Ending Pool Balance	640,171,806.25
		Group II Beginning Pool Balance	157,265,318.53
		Group II Ending Pool Balance	151,273,146.90
		Total Beginning Pool Balance	833,401,388.40
		Total Ending Pool Balance	791,444,953.15
Sec. 4.03(a)(iv)	Mortgage Loan Information as of Determination Date		
		Number of Mortgage Loans	5,796
		Aggregate Principal Balance of Mortgage Loans	791,444,953.15
		Beginning Weighted Average Mortgage Rate	7.4436%

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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	605,347,722.32
Number of 0-30 Days	4,551
Balance of 30-59 Days	3,671,583.91
Number of 30-59 Days	33
Balance of 60-89 Days	3,912,295.38
Number of 60-89 Days	30
Balance of 90+ Days	4,018,124.76
Number of 90+ Days	32

Contractual Bankruptcy - Group I

Balance of 0-30 Days	4,649,861.93
Number of 0-30 Days	39
Balance of 30-59 Days	262,790.10
Number of 30-59 Days	3
Balance of 60-89 Days	296,657.18
Number of 60-89 Days	3
Balance of 90+ Days	4,209,324.72
Number of 90+ Days	39

Legal Delinquency - Group I

Balance of 0-30 Days	605,347,722.32
Number of 0-30 Days	4,551
Balance of 30-59 Days	3,671,583.91
Number of 30-59 Days	33
Balance of 60-89 Days	3,912,295.38
Number of 60-89 Days	30
Balance of 90+ Days	4,018,124.76

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	Number of 90+ Days	32
	Legal Bankruptcy - Group I	
	Balance of 0-30 Days	5,819,728.42
	Number of 0-30 Days	49
	Balance of 30-59 Days	815,617.25
	Number of 30-59 Days	11
	Balance of 60-89 Days	830,998.29
	Number of 60-89 Days	8
	Balance of 90+ Days	1,952,289.97
	Number of 90+ Days	16
Sec. 4.03 (a)(v) B	Loans in Foreclosure - Group I	
	Balance of 0-30 Days	713,535.41
	Number of 0-30 Days	6
	Balance of 30-59 Days	0.00
	Number of 30-59 Days	0
	Balance of 60-89 Days	395,595.88
	Number of 60-89 Days	3
	Balance of 90+ Days	6,908,331.10
	Number of 90+ Days	56
	Contractual Delinquency - Group II	
	Balance of 0-30 Days	136,442,395.32
	Number of 0-30 Days	841
	Balance of 30-59 Days	2,943,038.29
	Number of 30-59 Days	17
	Balance of 60-89 Days	616,275.31
	Number of 60-89 Days	7
	Balance of 90+ Days	1,565,455.77
	Number of 90+ Days	16
	Contractual Bankruptcy - Group II	

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Balance of 0-30 Days	369,061.78
Number of 0-30 Days	7
Balance of 30-59 Days	660,390.18
Number of 30-59 Days	4
Balance of 60-89 Days	202,037.96
Number of 60-89 Days	2
Balance of 90+ Days	1,919,866.35
Number of 90+ Days	16

Legal Delinquency - Group II

Balance of 0-30 Days	136,442,395.32
Number of 0-30 Days	841
Balance of 30-59 Days	2,943,038.29
Number of 30-59 Days	17
Balance of 60-89 Days	616,275.31
Number of 60-89 Days	7
Balance of 90+ Days	1,565,455.77
Number of 90+ Days	16

Legal Bankruptcy - Group II

Balance of 0-30 Days	1,324,777.22
Number of 0-30 Days	14
Balance of 30-59 Days	924,285.91
Number of 30-59 Days	6
Balance of 60-89 Days	505,271.50
Number of 60-89 Days	4
Balance of 90+ Days	397,021.64
Number of 90+ Days	5

Sec. 4.03 (a)(v) B

Loans in Foreclosure - Group II

Balance of 0-30 Days	0.00
Number of 0-30 Days	4
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	3,354,529.06
Number of 90+ Days	25

Sec. 4.03(a)(v) C

Loans in REO

REO by Group			
Group Number	Number of Loans	Principal Balance	Percentage
1	41	5,785,983.56	0.90%
2	21	2,817,036.67	1.86%

Sec. 4.03(a)(vi)

Principal Prepayments

Group I Prepayments	34,507,927.86
Group II Prepayments	5,298,080.51

Sec. 4.03 (a)(vii)

Realized Losses

Group I Liquidated Loan Balance	772,946.55
Group I Net Liquidation Proceeds	487,634.45
Group I Recoveries of Prior Losses	0.00
Group I Subsequent Losses	175.00
Group I Current Period Realized Losses	296,499.63
Group I Cumulative Liquidated Loan Balance	7,739,148.02
Group I Cumulative Net Liquidation Proceeds	6,121,580.32
Group I Cumulative Recoveries of Prior Losses	159,152.73
Group I Cumulative Subsequent Losses	4,194.82

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Group I Cumulative Realized Losses	1,481,480.05
Group II Liquidated Loan Balance	570,400.50
Group II Net Liquidation Proceeds	341,300.34
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Current Period Realized Losses	233,741.88
Group II Cumulative Liquidated Loan Balance	3,917,182.53
Group II Cumulative Net Liquidation Proceeds	2,620,113.69
Group II Cumulative Recoveries of Prior Losses	66.87
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	1,310,903.50
Total Liquidated Loan Balance	1,343,347.05
Total Net Liquidation Proceeds	828,934.79
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	175.00
Total Current Period Realized Losses	530,241.51
Total Cumulative Liquidated Loan Balance	11,656,330.55
Total Cumulative Net Liquidation Proceeds	8,741,694.01
Total Cumulative Recoveries of Prior Losses	159,219.60
Total Cumulative Subsequent Losses	4,194.82
Total Cumulative Realized Losses	2,792,383.55

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

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	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	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	25.70%
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

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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
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	4.1600%
REMIC Pass-Through Rate - A-2	4.1650%
REMIC Pass-Through Rate - A-3	0.0000%
REMIC Pass-Through Rate - A-4	4.1200%
REMIC Pass-Through Rate - A-5	4.3300%
REMIC Pass-Through Rate - M-1	4.4100%
REMIC Pass-Through Rate - M-2	4.5100%

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REMIC Pass-Through Rate - M-3	4.9300%
REMIC Pass-Through Rate - M-4	5.0300%
REMIC Pass-Through Rate - M-5	5.3300%
REMIC Pass-Through Rate - B-1	5.7800%
REMIC Pass-Through Rate - B-2	5.9300%
REMIC Pass-Through Rate - B-3	7.3300%
Next REMIC Pass-Through Rate - A-1	0.3300%
Next REMIC Pass-Through Rate - A-2	0.3350%
Next REMIC Pass-Through Rate - A-3	0.1400%
Next REMIC Pass-Through Rate - A-4	0.2900%
Next REMIC Pass-Through Rate - A-5	0.5000%
Next REMIC Pass-Through Rate - M-1	0.5800%
Next REMIC Pass-Through Rate - M-2	0.6800%
Next REMIC Pass-Through Rate - M-3	1.1000%
Next REMIC Pass-Through Rate - M-4	1.2000%
Next REMIC Pass-Through Rate - M-5	1.5000%
Next REMIC Pass-Through Rate - B-1	1.9500%
Next REMIC Pass-Through Rate - B-2	2.1000%
Next REMIC Pass-Through Rate - B-3	3.5000%

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	2,216.14

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Supplemental Interest Payment - B-2	2,930.86
Supplemental Interest Payment - B-3	19,696.70

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Sec. 4.03 (a)(xv)	Swap Notional Amount and the Underwritten Certificates Principal Balance		
	Underwritten Certificates Principal Balance		766,244,953.15
	Beginning Swap Notional Amount		795,000,000.00
	Beginning Cap Notional Amount		9,326,601.00
	Total Beginning Notional Amount		804,326,601.00
	Ending Swap Notional Amount		755,000,000.00
	Ending Cap Notional Amount		9,078,949.00
	Total Ending Notional Amount		764,078,949.00
	Difference		2,166,004.15
	Funds paid to Swap Counterparty		-973,791.67
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		1,610,993.91