

## NOVASTAR NIM TRUST, SERIES 2004-N2

## Statement to Certificateholders

October 26, 2005

## DISTRIBUTION IN DOLLARS

| CLASS         | ORIGINAL<br>FACE VALUE | BEGINNING<br>PRINCIPAL<br>BALANCE | PRINCIPAL    | INTEREST  | TOTAL        | REALIZED<br>LOSSES | DEFERRED<br>INTEREST | ENDING<br>PRINCIPAL<br>BALANCE |
|---------------|------------------------|-----------------------------------|--------------|-----------|--------------|--------------------|----------------------|--------------------------------|
| N2            | 157,500,000.00         | 19,796,825.77                     | 5,925,742.55 | 73,545.21 | 5,999,287.76 | 0.00               | 0.00                 | 13,871,083.22                  |
| CERT          | 0.00                   | 0.00                              | 0.00         | 0.00      | 0.00         | 0.00               | 0.00                 | 0.00                           |
| <b>TOTALS</b> | 157,500,000.00         | 19,796,825.77                     | 5,925,742.55 | 73,545.21 | 5,999,287.76 | 0.00               | 0.00                 | 13,871,083.22                  |

## FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE

| CLASS         | CUSIP     | BEGINNING<br>PRINCIPAL | PRINCIPAL   | INTEREST   | TOTAL       | ENDING<br>PRINCIPAL | PASS-THROUGH RATES |                            |
|---------------|-----------|------------------------|-------------|------------|-------------|---------------------|--------------------|----------------------------|
|               |           |                        |             |            |             |                     | CLASS              | CURRENT PASS-<br>THRU RATE |
| N2            | 669885AB1 | 125.69413187           | 37.62376222 | 0.46695371 | 38.09071594 | 88.07036965         | N2                 | 4.458000 %                 |
| <b>TOTALS</b> |           | 125.69413187           | 37.62376222 | 0.46695371 | 38.09071594 | 88.07036965         |                    |                            |

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

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## NOVASTAR NIM TRUST, SERIES 2004-N2

October 26, 2005

|                           |   |               |
|---------------------------|---|---------------|
| Section 6.04(a)(i)        | Available Funds   | 5,999,287.76  |
|                           | Underlying Trust Fund 2004-1                            |               |
|                           | Amounts Received From Underlying Certificates - Class X | 2,391,912.12  |
|                           | Amounts Received From Underlying Certificates - Class P | 801,179.18    |
|                           | Amounts Received From Underlying Certificates - Class O | 0.00          |
|                           | Underlying Trust Fund 2004-2                            |               |
|                           | Amounts Received From Underlying Certificates - Class X | 2,045,354.62  |
|                           | Amounts Received From Underlying Certificates - Class P | 760,841.84    |
|                           | Amounts Received From Underlying Certificates - Class O | 0.00          |
| Section 6.04(a)(ii)       | Payment Allocable to Interest                           | 73,545.21     |
|                           | Interest Shortfall Paid                                 | 0.00          |
|                           | Current Interest Shortfall                              | 0.00          |
|                           | Outstanding Interest Shortfall                          | 0.00          |
| Section 6.04(a)(iii)      | Payment Allocable to Principal                          | 5,925,742.55  |
| Section 6.04(aN2 Balance) |   | 13,871,083.22 |