

Mail Stop 3561

November 3, 2006

Via Fax and U.S. Mail

Mr. Peter F. Makowiecki
President and CEO
First Horizon Asset Securities Inc.
4000 Horizon Way
Irving, TX 75063

**Re: First Horizon Asset Securities Inc.
Supplemental response regarding amendment no. 1 to Form S-3
Submitted October 25, 2006
File No. 333-137018**

Dear Mr. Makowiecki,

We have reviewed your supplemental responses to comments 2 and 3 of our letter dated October 17, 2006 and have the following additional comments.

General

1. The Division of Investment Management has asked us to advise you that, on the basis of the information in your Form S-3 registration statement, it appears that the issuing entity may be an investment company as defined in the Investment Company Act of 1940 ("1940 Act").

Accordingly, please explain why the issuing entity should not be considered an investment company subject to registration and regulation under the 1940 Act. If, for example, the issuing entity intends to rely on the exception in Section 3(c)(5)(C) of the 1940 Act, please confirm that the issuing entity's asset composition will comply with interpretations issued by IM regarding Section 3(c)(5)(C). Please note that, in the staff's view, an issuer is not excepted under Section 3(c)(5)(C) unless at least 55% of its assets directly consist of "mortgages and other liens on and interests in real estate" and the remaining 45% of its assets consist primarily of real estate-type interests. See, e.g., NAB Asset Corporation (pub. avail. June 20, 1991); Citytrust (pub. avail. Dec. 19, 1980); Salomon Brothers, Inc. (pub. avail. June 17, 1985). Of the remaining 45% of the issuer's assets, at least 25% must be in real estate related assets, although this percentage may be reduced to the extent that more than 55% of the issuer's assets are invested in mortgages and other liens on and interests in real estate. See Division

of Investment Management, SEC, Protecting Investors: A Half Century of
Investment Company Regulation (1992) at p. 72.

Second Prospectus Supplement

Summary, page S-6

2. The prospectus states that:

(i) . . . upon notice to the note insurer and subject to the satisfaction of certain other conditions, the owner of the transferor interest will be permitted to remove a portion of the mortgage loans from the issuing entity on any payment date without notice to the noteholders; provided that the aggregate principal balance of the mortgages loans so removed will not exceed the amount of the transferor interest.

Please explain whether such a feature creates a “redeemable security” as defined in Section 2(a)(32) of the 1940 Act. Please note that the Division of Investment Management considers a number of factors to be important in determining whether a security is redeemable. See, e.g., Brown & Wood (pub. avail. Feb. 24, 1994).

(ii) Please confirm that the owner of the transferor interest would be limited to sophisticated investors (e.g., Qualified Institutional Buyers as defined in Rule 144A of the Securities Act of 1933).

(iii) If the issuing entity intends to rely on Rule 3a-7 under the 1940 Act, please explain whether the option by the master servicer to purchase up to one percent of the mortgage loans is consistent with the requirement in Rule 3a-7(a)(1) that the issuer issue securities which entitle their holders to receive payments that depend primarily on the cash flow from eligible assets.

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As appropriate, please amend your registration statement in response to these comments. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

We direct your attention to Rule 461 regarding requesting acceleration of a registration statement. Please allow adequate time after the filing of any amendment for

Peter Makowiecki
First Horizon Asset Securities Inc.
November 3, 2006
Page 3

further review before submitting a request for acceleration. Please provide this request at least two business days in advance of the requested effective date.

If you have any questions regarding these comments, you may contact me at (202) 551-3454.

Sincerely,

Sara D. Kalin
Branch Chief—Legal

cc: Via Facsimile: (214) 659-4401
Mr. David Barbour, Esq.
Andrews Kurth LLP