

101 Barclay Street, 4W  
New York, NY 10286

Officer: Kelly Crosson  
212-815-3235

Associate: William J. Herrmann  
212-815-7080

**First Horizon Asset Securities Inc.**  
**First Horizon Alternative Mortgage Securities Trust 2006-AA2**  
**Mortgage Pass-Through Certificates, Series 2006-AA2**

*Certificateholder Monthly Distribution Summary*

Class	Cusip	Class Description	Certificate Rate Type	Beginning Balance	Pass Through Rate (%)	Principal Distribution	Interest Distribution	Total Distribution	Current Realized Losses	Ending Balance	Cumulative Realized Losses
I-A-1	32051GW50	Senior	Var-30/360	5,872,904.30	6.177077	824.88	30,231.15	31,056.03	0.00	5,872,079.42	0.00
I-A-2	32051GW68	Senior	Var-30/360	338,433.42	6.177077	47.53	1,742.11	1,789.64	0.00	338,385.89	0.00
II-A-1	32051GW76	Senior	Var-30/360	180,074,899.41	6.208689	4,174,408.16	931,690.92	5,106,099.09	0.00	175,900,491.24	0.00
II-A-2	32051GW84	Senior	Var-30/360	10,379,628.50	6.208689	240,615.47	53,703.24	294,318.71	0.00	10,139,013.04	0.00
II-A-R	32051GW92	Senior	Fix-30/360	0.00	6.208689	0.00	0.00	0.00	0.00	0.00	0.00
B-1	32051GX26	Junior	Var-30/360	7,094,419.04	6.207182	812.82	36,696.96	37,509.77	0.00	7,093,606.22	0.00
B-2	32051GX34	Junior	Var-30/360	2,592,595.04	6.207182	297.04	13,410.59	13,707.63	0.00	2,592,298.01	0.00
B-3	32051GX42	Junior	Var-30/360	1,910,228.02	6.207182	218.86	9,880.94	10,099.80	0.00	1,910,009.17	0.00
B-4	32051GX59	Junior	Var-30/360	1,364,734.04	6.207182	156.36	7,059.29	7,215.65	0.00	1,364,577.68	0.00
B-5	32051GX67	Junior	Var-30/360	1,090,987.97	6.207182	125.00	5,643.30	5,768.30	0.00	1,090,862.98	0.00
B-6	32051GX75	Junior	Var-30/360	819,460.56	6.207182	93.89	4,238.78	4,332.67	0.00	819,366.67	0.00
Totals				211,538,290.30		4,417,600.01	1,094,297.28	5,511,897.29	0.00	207,120,690.32	0.00

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*Principal Distribution Detail*

Class	Cusip	Original Certificate Balance	Beginning Certificate Balance	Scheduled Principal Distribution	Unscheduled Principal Adjustments	Net Principal Distribution	Current Realized Losses	Ending Certificate Balance	Ending Certificate Factor
I-A-1	32051GW50	11,644,000.00	5,872,904.30	824.88	0.00	824.88	0.00	5,872,079.42	0.50430087759
I-A-2	32051GW68	671,000.00	338,433.42	47.53	0.00	47.53	0.00	338,385.89	0.50430087759
II-A-1	32051GW76	232,527,000.00	180,074,899.41	4,174,408.16	0.00	4,174,408.16	0.00	175,900,491.24	0.75647340414
II-A-2	32051GW84	13,403,000.00	10,379,628.50	240,615.47	0.00	240,615.47	0.00	10,139,013.04	0.75647340414
II-A-R	32051GW92	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00000000000
B-1	32051GX26	7,101,000.00	7,094,419.04	812.82	0.00	812.82	0.00	7,093,606.22	0.99895876943
B-2	32051GX34	2,595,000.00	2,592,595.04	297.04	0.00	297.04	0.00	2,592,298.01	0.99895876943
B-3	32051GX42	1,912,000.00	1,910,228.02	218.86	0.00	218.86	0.00	1,910,009.17	0.99895876943
B-4	32051GX59	1,366,000.00	1,364,734.04	156.36	0.00	156.36	0.00	1,364,577.68	0.99895876943
B-5	32051GX67	1,092,000.00	1,090,987.97	125.00	0.00	125.00	0.00	1,090,862.98	0.99895876943
B-6	32051GX75	820,220.71	819,460.56	93.89	0.00	93.89	0.00	819,366.67	0.99895876943
Totals		273,131,320.71	211,538,290.30	4,417,600.01	0.00	4,417,600.01	0.00	207,120,690.32	

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*Interest Distribution Detail*

Class	Beginning Certificate Balance	Pass Through Rate (%)	Effective Coupon (%)	Current Interest	Total Interest Due	Net Interest Shortfall	Interest Paid
I-A-1	5,872,904.30	6.177077	6.177077	30,231.15	30,231.15	0.00	30,231.15
I-A-2	338,433.42	6.177077	6.177077	1,742.11	1,742.11	0.00	1,742.11
II-A-1	180,074,899.41	6.208689	6.208689	931,690.92	931,690.92	0.00	931,690.92
II-A-2	10,379,628.50	6.208689	6.208689	53,703.24	53,703.24	0.00	53,703.24
II-A-R	0.00	6.208689	0.000000	0.00	0.00	0.00	0.00
B-1	7,094,419.04	6.207182	6.207182	36,696.96	36,696.96	0.00	36,696.96
B-2	2,592,595.04	6.207182	6.207182	13,410.59	13,410.59	0.00	13,410.59
B-3	1,910,228.02	6.207182	6.207182	9,880.94	9,880.94	0.00	9,880.94
B-4	1,364,734.04	6.207182	6.207182	7,059.29	7,059.29	0.00	7,059.29
B-5	1,090,987.97	6.207182	6.207182	5,643.30	5,643.30	0.00	5,643.30
B-6	819,460.56	6.207182	6.207182	4,238.78	4,238.78	0.00	4,238.78
Totals	211,538,290.30			1,094,297.28	1,094,297.28	0.00	1,094,297.28

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*Current Payment Information*  
*Factors per \$1,000*

Class	Cusip	Original Certificate Balance	Beginning Certificate Balance	Principal Distribution	Interest Distribution	Ending Certificate Balance	Pass Through Rate (%)
I-A-1	32051GW50	11,644,000.00	504.371719295	0.070841704	2.596285851	504.300877592	6.177077
I-A-2	32051GW68	671,000.00	504.371719295	0.070841704	2.596285851	504.300877592	6.177077
II-A-1	32051GW76	232,527,000.00	774.425763070	17.952358929	4.006807476	756.473404141	6.208689
II-A-2	32051GW84	13,403,000.00	774.425763070	17.952358929	4.006807476	756.473404141	6.208689
II-A-R	32051GW92	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.208689
B-1	32051GX26	7,101,000.00	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
B-2	32051GX34	2,595,000.00	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
B-3	32051GX42	1,912,000.00	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
B-4	32051GX59	1,366,000.00	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
B-5	32051GX67	1,092,000.00	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
B-6	32051GX75	820,220.71	999.073234559	0.114465125	5.167857453	998.958769434	6.207182
Totals		273,131,320.71	774.492979238	16.173904913	4.006487711	758.319074435	

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**Pool Level Data**

Distribution Date		01/25/07
Cut-off Date		03/01/06
Record Date		12/29/06
Determination Date		01/20/07
Accrual Period 30/360	Begin	12/01/06
	End	01/01/07
Number of Days in 30/360 Accrual Period		30

**Collateral Detail**

**Original Mortgage Loan Details**

	<b>Group I</b>	<b>Group II</b>	<b>Total</b>
Original Aggregate Loan Count	45	1,000	1,045
Original Stated Principal Balance	13,025,093.39	260,106,227.34	273,131,320.73
Original Weighted Average Mortgage Rate	6.65319%	6.66382%	
Original Weighted Average Net Mortgage Rate	6.27819%	6.28882%	
Original Weighted Average Remaining Term	360	360	

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**Current Mortgage Loan Details**

	<b><u>Group I</u></b>	<b><u>Group II</u></b>	<b><u>Total</u></b>
Beginning Aggregate Loan Count	26	833	859
Loans Paid Off or otherwise removed pursuant to the PSA	0	14	14
Ending Aggregate Loan Count	26	819	845
Beginning Pool Stated Principal Balance	6,920,700.92	204,617,589.41	211,538,290.33
Scheduled Principal	866.20	23,334.78	24,200.98
Unscheduled Principal	95.00	4,393,304.02	4,393,399.02
Realized Principal Losses	0.00	0.00	0.00
Ending Pool Stated Principal Balance	6,919,739.72	200,200,950.61	207,120,690.33
Beginning Weighted Average Mortgage Rate	6.55208%	6.58369%	
Beginning Weighted Average Net Mortgage Rate	6.17708%	6.20869%	
Ending Weighted Average Mortgage Rate	6.55202%	6.57689%	
Ending Weighted Average Net Mortgage Rate	6.17702%	6.20189%	
Beginning Weighted Average Remaining Term to Maturity	349	351	
Ending Weighted Average Remaining Term to Maturity	348	350	

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**Delinquency Information**

Delinquency Information

	30-59 Days				60-89 Days				90+ Days			
	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %
Group 1	1	3.84615%	755,928.52	10.92423%	0	0.00000%	0.00	0.00000%	0	0.00000%	0.00	0.00000%
Group 2	22	2.68620%	6,340,015.47	3.16683%	4	0.48840%	810,300.00	0.40474%	1	0.12210%	195,979.28	0.09789%
<b>Total</b>	<b>23</b>	<b>2.72189%</b>	<b>7,095,943.99</b>	<b>3.42599%</b>	<b>4</b>	<b>0.47337%</b>	<b>810,300.00</b>	<b>0.39122%</b>	<b>1</b>	<b>0.11834%</b>	<b>195,979.28</b>	<b>0.09462%</b>

  

	Foreclosure				Bankruptcy				REO			
	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %
Group 1	0	0.00000%	0.00	0.00000%	0	0.00000%	0.00	0.00000%	0	0.00000%	0.00	0.00000%
Group 2	6	0.73260%	1,115,696.34	0.55729%	0	0.00000%	0.00	0.00000%	3	0.36630%	517,600.00	0.25854%
<b>Total</b>	<b>6</b>	<b>0.71006%</b>	<b>1,115,696.34</b>	<b>0.53867%</b>	<b>0</b>	<b>0.00000%</b>	<b>0.00</b>	<b>0.00000%</b>	<b>3</b>	<b>0.35503%</b>	<b>517,600.00</b>	<b>0.24990%</b>

	<u><b>Group I</b></u>	<u><b>Group II</b></u>	<u><b>Total</b></u>
60+ Delinquency, Foreclosure, REO and Bankruptcy	0.00	2,639,575.62	2,639,575.62

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Available Funds			
<b>Interest</b>			
	<u><b>Group I</b></u>	<u><b>Group II</b></u>	<u><b>Total</b></u>
Scheduled Interest	37,787.50	1,120,222.34	1,158,009.84
Plus: Compensating Interest	0.00	2,393.42	2,393.42
Less: Master Servicer Fee	<u>2,128.12</u>	<u>62,919.91</u>	<u>65,048.02</u>
Less: Trustee Fee	34.60	1,023.09	1,057.69
Total Interest Available	35,624.78	1,058,672.76	1,094,297.54
<b>Principal</b>			
	<u><b>Group I</b></u>	<u><b>Group II</b></u>	<u><b>Total</b></u>
Scheduled Principal	866.20	23,334.78	24,200.98
Paid in Full Principal	0.00	4,384,312.25	4,384,312.25
Curtailment Principal	95.00	8,991.77	9,086.77
Liquidation Principal	0.00	0.00	0.00
Repurchased Principal	0.00	0.00	0.00
Substitution Adjustment Principal	0.00	0.00	0.00
Unanticipated Principal Recoveries	0.00	0.00	0.00
Remaining Amounts in Supplemental Account	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Principal Available	<u>961.20</u>	<u>4,416,638.80</u>	<u>4,417,600.00</u>
<b>Total Available Funds</b>	<b>36,585.98</b>	<b>5,475,311.56</b>	<b>5,511,897.54</b>



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<b>Principal Distribution Amounts</b>
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**Senior and Subordinate Percentages**

	<u><b>Group I</b></u>	<u><b>Group II</b></u>
Senior Percentage Original	94.54827%	94.54987%
Senior Prepayment Percentage Original	100.00000%	100.00000%
Senior Percentage	89.75012%	93.07828%
Senior Prepayment Percentage	100.00000%	100.00000%
Subordinate Percentages	10.24988%	6.92172%
Subordinate Prepayment Percentage	0.00000%	0.00000%

**Principal Distribution Amounts**

	<u><b>Group I</b></u>	<u><b>Group II</b></u>	<u><b>Total</b></u>
Senior Principal Distribution Amount	872.42	4,415,023.63	4,415,896.05
Subordinate Principal Distribution Amount	88.78	1,615.17	1,703.95
Total Principal Distribution Amount	961.20	4,416,638.80	4,417,600.00

**Conditions for Senior Prepayment Interest Shifting**

Delinquency Test Pass	YES
Loss Test Pass	YES

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Distribution Account			
	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Beginning Balance	0.00	0.00	0.00
Deposits			
Available Funds	36,585.98	5,475,311.56	5,511,897.54
Other Deposits Required by the PSA	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Deposits	36,585.98	5,475,311.56	5,511,897.54
Withdrawals			
To the Senior Classes	32,845.68	5,400,417.79	5,433,263.47
To the Subordinate Classes	<u>3,740.31</u>	<u>74,893.77</u>	<u>78,634.07</u>
Total Withdrawals	<u>36,585.98</u>	<u>5,475,311.56</u>	<u>5,511,897.54</u>
Ending Balance	0.00	0.00	0.00

Fees of the Trust			
	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Gross Master Servicing Fee	2,128.12	62,919.91	65,048.02
Net Master Servicing Fee	2,128.12	60,526.49	62,654.60
Trustee Fee	34.60	1,023.09	1,057.69
Bond Insurance Premium	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Net Loan Fees	2,162.72	61,549.58	63,712.30

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<b>Mortgage Prepayment Details</b>
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	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Principal Balance of Loans Paid in Full	0.00	4,384,312.25	4,384,312.25
Prepayment Interest Excess ( to Master Servicer )	0.00	0.00	0.00
Prepayment Interest Shortfall	0.00	2,393.42	2,393.42
Compensating Interest	0.00	2,393.42	2,393.42
Non-Supported Prepayment Interest Shortfall	0.00	0.00	0.00
CPR %	0.01647%	22.93230%	
SMM %	0.00137%	2.14733%	

<b>Loan Substitution</b>
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	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Aggregate Stated of Principal Balances Removed	0.00	0.00	0.00
Aggregate Stated of Principal Balance Added	0.00	0.00	0.00
Aggregate Principal Substitution Shortfall Amount	0.00	0.00	0.00

<b>Net Interest Shortfalls</b>
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	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Net Prepayment Interest Shortfalls	0.00	0.00	0.00
Relief Act Reduction Shortfalls	0.00	0.00	0.00
Total Net Interest Shortfalls	0.00	0.00	0.00

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**Servicer Advances**

	<u><b>Group I</b></u>	<u><b>Group II</b></u>	<u><b>Total</b></u>
Principal Advances	0.00	256.97	256.97
Interest Advances	940.00	30,612.03	31,552.03
Total Advances	940.00	30,869.00	31,809.00

Advances made regarding the Mortgage Loans other than for Delinquent Principal and Interest NONE

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**Realized Loss Detail**

	<u>Group I</u>	<u>Group II</u>	<u>Total</u>
Current Period Realized Losses	0.00	0.00	0.00
Cumulative Realized Losses	0.00	0.00	0.00
Total Liquidated Loan Balance	0.00	0.00	0.00
Total Liquidated Proceeds	0.00	0.00	0.00
Subsequent Recoveries	0.00	0.00	0.00

<u>Loan ID</u>	<u>Liquidation Balance</u>	<u>Liquidation Proceeds</u>	<u>Realized Loss</u>	<u>Date</u>
<u>Group I</u>	N/A			
<u>Group II</u>	N/A			

**Bankruptcy, Fraud and Special Hazard Coverage Amounts**

Original Bankruptcy Loss Limit	150,000.00
Original Bankruptcy Loss Limit %	0.055%
Current Bankruptcy Loss Limit	150,000.00
Current Bankruptcy Loss Limit %	0.072%
Original Special Hazard Loss Limit	2,731,313.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	2,071,206.90
Current Special Hazard Loss Limit %	1.000%
Original Fraud Loss Limit	5,462,626.00
Original Fraud Loss Limit %	2.000%
Current Fraud Loss Limit	5,462,626.00
Current Fraud Loss Limit %	2.637%

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<b>Credit Enhancements</b>
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**Subordination**

**Credit Support**

	<u>Original</u>	<u>Current</u>
Class A	258,245,100.00	192,249,969.59
Class A Percentage	94.549794%	92.820263%
Class B-1	7,101,000.00	7,093,606.22
Class B-1 Percentage	2.599848%	3.424866%
Class B-2	2,595,000.00	2,592,298.01
Class B-2 Percentage	0.950092%	1.251588%
Class B-3	1,912,000.00	1,910,009.17
Class B-3 Percentage	0.700030%	0.922172%
Class B-4	1,366,000.00	1,364,577.68
Class B-4 Percentage	0.500126%	0.658832%
Class B-5	1,092,000.00	1,090,862.98
Class B-5 Percentage	0.399808%	0.526680%
Class B-6	820,220.71	819,366.67
Class B-6 Percentage	0.300303%	0.395599%

<b>Material Changes to Pool Assets Disclosure</b>
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Material Modifications, extensions or waivers to pool asset terms, fees, penalties or payments  
Material breaches of pool asset representations or warranties or transaction covenants

NONE  
NONE

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**First Horizon Asset Securities Inc.**  
First Horizon Alternative Mortgage Securities Trust 2006-AA2  
Mortgage Pass-Through Certificates, Series 2006-AA2