



101 Barclay Street, 8W
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-AA3
Mortgage Pass-Through Certificates, Series 2006-AA3

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
A-1	320516AA5	Senior	Var-30/360	356,489,000.00	6.437794	8,059,028.20	1,912,502.42	9,971,530.62	0.00	348,429,971.80	0.00
A-2	320516AB3	Senior	Var-30/360	21,148,000.00	6.437794	478,085.80	113,455.40	591,541.20	0.00	20,669,914.20	0.00
A-R	320516AC1	Senior	Fix-30/360	100.00	6.437794	100.00	0.54	100.54	0.00	0.00	0.00
B-1	320516AD9	Junior	Var-30/360	11,001,000.00	6.437794	1,226.49	59,018.48	60,244.97	0.00	10,999,773.51	0.00
B-2	320516AE7	Junior	Var-30/360	3,801,000.00	6.437794	423.77	20,391.71	20,815.48	0.00	3,800,576.23	0.00
B-3	320516AF4	Junior	Var-30/360	2,800,000.00	6.437794	312.17	15,021.52	15,333.69	0.00	2,799,687.83	0.00
B-4	320516AG2	Junior	Var-30/360	2,000,000.00	6.437794	222.98	10,729.66	10,952.64	0.00	1,999,777.02	0.00
B-5	320516AH0	Junior	Var-30/360	1,600,000.00	6.437794	178.38	8,583.73	8,762.11	0.00	1,599,821.62	0.00
B-6	320516AJ6	Junior	Var-30/360	1,200,863.07	6.437794	133.88	6,442.42	6,576.31	0.00	1,200,729.19	0.00
Totals				400,039,963.07		8,539,711.67	2,146,145.88	10,685,857.56	0.00	391,500,251.40	0.00



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Principal Distribution Detail

Class	Cusip	Original Certificate Balance	Beginning Certificate Balance	Scheduled Principal Distribution	Accretion Principal	Unscheduled Principal Adjustments	Net Principal Distribution	Current Realized Losses	Ending Certificate Balance	Ending Certificate Factor
A-1	320516AA5	356,489,000.00	356,489,000.00	8,059,028.20	0.00	0.00	8,059,028.20	0.00	348,429,971.80	0.97739333275
A-2	320516AB3	21,148,000.00	21,148,000.00	478,085.80	0.00	0.00	478,085.80	0.00	20,669,914.20	0.97739333275
A-R	320516AC1	100.00	100.00	100.00	0.00	0.00	100.00	0.00	0.00	0.00000000000
B-1	320516AD9	11,001,000.00	11,001,000.00	1,226.49	0.00	0.00	1,226.49	0.00	10,999,773.51	0.99988851066
B-2	320516AE7	3,801,000.00	3,801,000.00	423.77	0.00	0.00	423.77	0.00	3,800,576.23	0.99988851066
B-3	320516AF4	2,800,000.00	2,800,000.00	312.17	0.00	0.00	312.17	0.00	2,799,687.83	0.99988851066
B-4	320516AG2	2,000,000.00	2,000,000.00	222.98	0.00	0.00	222.98	0.00	1,999,777.02	0.99988851066
B-5	320516AH0	1,600,000.00	1,600,000.00	178.38	0.00	0.00	178.38	0.00	1,599,821.62	0.99988851066
B-6	320516AJ6	1,200,863.07	1,200,863.07	133.88	0.00	0.00	133.88	0.00	1,200,729.19	0.99988851066
Totals		400,039,963.07	400,039,963.07	8,539,711.67	0.00	0.00	8,539,711.67	0.00	391,500,251.40	



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Interest Distribution Detail

Class	Beginning Certificate Balance	Pass Through Rate (%)	Current Interest	Interest Carryforward Amount	Deferred Interest	Total Interest Due	Net Interest Shortfall	Interest Paid	Interest Carryforward After Dist.
A-1	356,489,000.00	6.437794	1,912,502.42	0.00	0.00	1,912,502.42	0.00	1,912,502.42	0.00
A-2	21,148,000.00	6.437794	113,455.40	0.00	0.00	113,455.40	0.00	113,455.40	0.00
A-R	100.00	6.437794	0.54	0.00	0.00	0.54	0.00	0.54	0.00
B-1	11,001,000.00	6.437794	59,018.48	0.00	0.00	59,018.48	0.00	59,018.48	0.00
B-2	3,801,000.00	6.437794	20,391.71	0.00	0.00	20,391.71	0.00	20,391.71	0.00
B-3	2,800,000.00	6.437794	15,021.52	0.00	0.00	15,021.52	0.00	15,021.52	0.00
B-4	2,000,000.00	6.437794	10,729.66	0.00	0.00	10,729.66	0.00	10,729.66	0.00
B-5	1,600,000.00	6.437794	8,583.73	0.00	0.00	8,583.73	0.00	8,583.73	0.00
B-6	1,200,863.07	6.437794	6,442.42	0.00	0.00	6,442.42	0.00	6,442.42	0.00
Totals	400,039,963.07		2,146,145.88	0.00	0.00	2,146,145.88	0.00	2,146,145.88	0.00



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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 (%)
A-1	320516AA5	356,489,000.00	1,000.000000000	22.606667248	5.364828707	977.393332752	6.437794
A-2	320516AB3	21,148,000.00	1,000.000000000	22.606667248	5.364828707	977.393332752	6.437794
A-R	320516AC1	100.00	1,000.000000000	1,000.000000000	5.364828707	0.000000000	6.437794
B-1	320516AD9	11,001,000.00	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
B-2	320516AE7	3,801,000.00	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
B-3	320516AF4	2,800,000.00	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
B-4	320516AG2	2,000,000.00	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
B-5	320516AH0	1,600,000.00	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
B-6	320516AJ6	1,200,863.07	1,000.000000000	0.111489336	5.364828707	999.888510664	6.437794
Totals		400,039,963.07	1,000.000000000	21.347146431	5.364828712	978.652853569	



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Pool Level Data

Distribution Date		6/26/06
Cut-off Date		5/ 1/06
Record Date		5/31/06
Determination Date		6/20/06
Accrual Period 30/360	Begin	5/ 1/06
	End	6/ 1/06
Number of Days in 30/360 Accrual Period		30

Collateral Detail

Original Mortgage Loan Details

Original Aggregate Loan Count	1,538
Original Stated Principal Balance	400,039,963.07
Original Weighted Average Mortgage Rate	6.81279%
Original Weighted Average Net Mortgage Rate	6.43779%
Original Weighted Average Remaining Term	360



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Current Mortgage Loan Details

Beginning Aggregate Loan Count	1,538
Loans Paid Off or otherwise removed pursuant to the PSA	<u>27</u>
Ending Aggregate Loan Count	1,511
Beginning Pool Stated Principal Balance	400,039,963.07
Scheduled Principal	44,600.19
Unscheduled Principal	8,495,111.49
Realized Principal Losses	<u>0.00</u>
Ending Pool Stated Principal Balance	391,500,251.39
Beginning Weighted Average Mortgage Rate	6.81279%
Beginning Weighted Average Net Mortgage Rate	6.43779%
Ending Weighted Average Mortgage Rate	6.80232%
Ending Weighted Average Net Mortgage Rate	6.42732%
Beginning Weighted Average Remaining Term to Maturity	360
Ending Weighted Average Remaining Term to Maturity	359



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Delinquency Information

Delinquency Information

	30-59 Days				60-89 Days				90+ Days			
	Count	Count %	Balance	Balance %	Count	Count %	Balance	Balance %	Count	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%

	Foreclosure				Bankruptcy				REO			
	Count	Count %	Balance	Balance %	Count	Count %	Balance	Balance %	Count	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%

60+ Delinquency, Foreclosure, REO and Bankruptcy

0.00



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Available Funds

Interest

Scheduled Interest	2,264,458.59
Plus: Compensating Interest	6,700.50
Less: Master Servicer Fee	<u>123,012.29</u>
Total Interest Available	2,146,146.60

Principal

Scheduled Principal	44,600.19
Paid in Full Principal	8,127,079.01
Curtailment Principal	368,032.48
Liquidation Principal	0.00
Repurchased Principal	0.00
Substitution Adjustment Principal	0.00
Unanticipated Principal Recoveries	0.00
Remaining Amounts in Supplemental Account	<u>0.00</u>
Total Principal Available	8,539,711.68

Total Available Funds	10,685,858.28
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The BANK
of NEW YORK

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Principal Distribution Amounts

Senior and Subordinate Percentages

Senior Percentage Original	94.39984%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	94.39984%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	5.60016%
Subordinate Prepayment Percentage	0.00000%

Principal Distribution Amounts

Senior Principal Distribution Amount	8,537,214.00
Subordinate Principal Distribution Amount	<u>2,497.68</u>
Total Principal Distribution Amount	8,539,711.68

Conditions for Senior Prepayment Interest Shifting

Delinquency Test Pass	YES
Loss Test Pass	YES



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Distribution Account	
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	Beginning Balance	0.00
Deposits	Available Funds	10,685,858.28
	Other Deposits Required by the PSA	<u>0.00</u>
	Total Deposits	10,685,858.28
Withdrawals	To the Senior Classes	10,563,071.82
	To the Subordinate Classes	<u>122,786.46</u>
	Total Withdrawals	<u>10,685,858.28</u>
	Ending Balance	0.00

Fees of the Trust	
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Gross Master Servicing Fee	123,012.29
Net Master Servicing Fee	116,311.79
Trustee Fee	2,000.20
Bond Insurance Premium	<u>0.00</u>
Total Net Loan Fees	118,311.99



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Mortgage Prepayment Details

Principal Balance of Loans Paid in Full	8,127,079.01
Prepayment Interest Excess (to Master Servicer)	0.00
Prepayment Interest Shortfall	6,700.50
Compensating Interest	6,700.50
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	22.70969%
SMM %	2.12380%

Loan Substitution

Aggregate Stated of Principal Balances Removed	0.00
Aggregate Stated of Principal Balance Added	0.00
Aggregate Principal Substitution Shortfall Amount	0.00

Net Interest Shortfalls

Net Prepayment Interest Shortfalls	0.00
Relief Act Reduction Shortfalls	0.00
Total Net Interest Shortfalls	0.00

Servicer Advances

Principal Advances	0.00
Interest Advances	0.00
Total Advances	0.00

Advances made regarding the Mortgage Loans other than for Delinquent Principal and Interest

NONE



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Realized Loss Detail

Current Period Realized Losses	0.00
Cumulative Realized Losses	0.00
Total Liquidated Loan Balance	0.00
Total Liquidated Proceeds	0.00
Subsequent Recoveries	0.00

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

Bankruptcy, Fraud and Special Hazard Coverage Amounts

Original Bankruptcy Loss Limit	150,000.00
Original Bankruptcy Loss Limit %	0.037%
Current Bankruptcy Loss Limit	150,000.00
Current Bankruptcy Loss Limit %	0.038%
Original Special Hazard Loss Limit	4,000,400.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	3,915,002.51
Current Special Hazard Loss Limit %	1.000%
Original Fraud Loss Limit	8,000,799.00
Original Fraud Loss Limit %	2.000%
Current Fraud Loss Limit	8,000,799.00
Current Fraud Loss Limit %	2.044%



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Credit Enhancements

Subordination

Credit Support

	Original	Current
Class A	377,637,100.00	369,099,886.00
Class A Percentage	94.399844%	94.278327%
Class B-1	11,001,000.00	10,999,773.51
Class B-1 Percentage	2.749975%	2.809647%
Class B-2	3,801,000.00	3,800,576.23
Class B-2 Percentage	0.950155%	0.970772%
Class B-3	2,800,000.00	2,799,687.83
Class B-3 Percentage	0.699930%	0.715118%
Class B-4	2,000,000.00	1,999,777.02
Class B-4 Percentage	0.499950%	0.510798%
Class B-5	1,600,000.00	1,599,821.62
Class B-5 Percentage	0.399960%	0.408639%
Class B-6	1,200,863.07	1,200,729.19
Class B-6 Percentage	0.300186%	0.306699%

Material Changes to Pool Assets Disclosure

Material Modifications, extensions or waivers to pool asset terms, fees, penalties or payments	NONE
Material breaches of pool asset representations or warranties or transaction covenants	NONE



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<u>Issuance Coupon</u>		Number of Items	Percent of Items	Principal Balance	Percent of Balance
< =	5.0	0	0.000	0.00	0.000
5.0	- 5.5	3	0.199	834,874.80	0.213
5.5	- 6.0	100	6.618	24,905,192.67	6.361
6.0	- 6.5	485	32.098	119,906,789.88	30.628
6.5	- 7.0	572	37.856	143,649,496.51	36.692
7.0	- 7.5	200	13.236	60,288,033.38	15.399
7.5	- 8.0	118	7.809	30,579,533.22	7.811
8.0	- 8.5	33	2.184	11,336,330.93	2.896
8.5	- 9.0	0	0.000	0.00	0.000
9.0	- 9.5	0	0.000	0.00	0.000
9.5	- 10.0	0	0.000	0.00	0.000
10.0	- 10.5	0	0.000	0.00	0.000
10.5	- 11.0	0	0.000	0.00	0.000
11.0	- 11.5	0	0.000	0.00	0.000
11.5	- 12.0	0	0.000	0.00	0.000
12.0	- 12.5	0	0.000	0.00	0.000
>	12.5	0	0.000	0.00	0.000
Wgt Ave / Total:		1511	100.000	391,500,251.39	100.000

<u>Update Face</u>		Number of Items	Percent of Items	Principal Balance	Percent of Balance
< =	0.00	0	0.000	0.00	0.000
0.00	- 25,000.00	0	0.000	0.00	0.000
25,000.00	- 50,000.00	5	0.331	226,826.18	0.058
50,000.00	- 75,000.00	28	1.853	1,798,615.96	0.459
75,000.00	- 100,000.00	78	5.162	7,059,650.04	1.803
100,000.00	- 125,000.00	109	7.214	12,365,403.32	3.158
125,000.00	- 150,000.00	137	9.067	18,828,220.47	4.809
150,000.00	- 175,000.00	119	7.876	19,314,953.61	4.934
175,000.00	- 200,000.00	148	9.795	27,956,999.51	7.141
200,000.00	- 225,000.00	131	8.670	27,899,616.52	7.126
225,000.00	- 250,000.00	129	8.537	30,690,152.81	7.839



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Update Face			Number of Items	Percent of Items	Principal Balance	Percent of Balance
250,000.00	-	275,000.00	95	6.287	24,913,783.35	6.364
275,000.00	-	300,000.00	88	5.824	25,323,165.22	6.468
300,000.00	-	325,000.00	74	4.897	23,236,759.44	5.935
325,000.00	-	350,000.00	76	5.030	25,659,937.53	6.554
350,000.00	-	375,000.00	56	3.706	20,267,832.62	5.177
375,000.00	-	400,000.00	52	3.441	20,177,739.45	5.154
400,000.00	-	425,000.00	71	4.699	29,362,584.14	7.500
425,000.00	-	450,000.00	7	0.463	3,068,281.42	0.784
450,000.00	-	475,000.00	8	0.529	3,686,151.19	0.942
475,000.00	-	500,000.00	10	0.662	4,908,418.89	1.254
500,000.00	-	525,000.00	8	0.529	4,108,099.53	1.049
525,000.00	-	550,000.00	9	0.596	4,848,544.57	1.238
550,000.00	-	575,000.00	7	0.463	3,949,384.60	1.009
575,000.00	-	600,000.00	8	0.529	4,733,948.15	1.209
600,000.00	-	625,000.00	5	0.331	3,073,400.00	0.785
625,000.00	-	650,000.00	15	0.993	9,650,717.08	2.465
650,000.00	-	675,000.00	2	0.132	1,329,000.00	0.339
675,000.00	-	700,000.00	1	0.066	693,600.00	0.177
700,000.00	-	725,000.00	1	0.066	720,000.00	0.184
725,000.00	-	750,000.00	2	0.132	1,478,944.51	0.378
750,000.00	-	775,000.00	3	0.199	2,293,115.37	0.586
775,000.00	-	800,000.00	3	0.199	2,360,500.00	0.603
>		800,000.00	26	1.721	25,515,905.91	6.517
Wgt Ave / Total:			1511	100.000	391,500,251.39	100.000

Update Term			Number of Items	Percent of Items	Principal Balance	Percent of Balance
< =		120	0	0.000	0.00	0.000
120	-	180	0	0.000	0.00	0.000
180	-	300	0	0.000	0.00	0.000
300	-	360	1511	100.000	391,500,251.39	100.000
>		360	0	0.000	0.00	0.000
Wgt Ave / Total:			1511	100.000	391,500,251.39	100.000