



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	348,429,971.80	6.427212	7,902,937.23	1,866,194.31	9,769,131.54	0.00	340,527,034.57	0.00
A-2	320516AB3	Senior	Var-30/360	20,669,914.20	6.427212	468,826.01	110,708.26	579,534.27	0.00	20,201,088.19	0.00
A-R	320516AC1	Senior	Fix-30/360	0.00	6.427212	0.00	0.00	0.00	0.00	0.00	0.00
B-1	320516AD9	Junior	Var-30/360	10,999,773.51	6.427212	1,229.88	58,914.89	60,144.77	0.00	10,998,543.63	0.00
B-2	320516AE7	Junior	Var-30/360	3,800,576.23	6.427212	424.94	20,355.92	20,780.86	0.00	3,800,151.29	0.00
B-3	320516AF4	Junior	Var-30/360	2,799,687.83	6.427212	313.03	14,995.16	15,308.19	0.00	2,799,374.80	0.00
B-4	320516AG2	Junior	Var-30/360	1,999,777.02	6.427212	223.59	10,710.83	10,934.42	0.00	1,999,553.43	0.00
B-5	320516AH0	Junior	Var-30/360	1,599,821.62	6.427212	178.88	8,568.66	8,747.54	0.00	1,599,642.74	0.00
B-6	320516AJ6	Junior	Var-30/360	1,200,729.19	6.427212	134.25	6,431.12	6,565.37	0.00	1,200,594.93	0.00
Totals				391,500,251.40		8,374,267.81	2,096,879.15	10,471,146.96	0.00	383,125,983.58	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	348,429,971.80	7,902,937.23	0.00	0.00	7,902,937.23	0.00	340,527,034.57	0.95522452184
A-2	320516AB3	21,148,000.00	20,669,914.20	468,826.01	0.00	0.00	468,826.01	0.00	20,201,088.19	0.95522452184
A-R	320516AC1	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00000000000
B-1	320516AD9	11,001,000.00	10,999,773.51	1,229.88	0.00	0.00	1,229.88	0.00	10,998,543.63	0.99977671367
B-2	320516AE7	3,801,000.00	3,800,576.23	424.94	0.00	0.00	424.94	0.00	3,800,151.29	0.99977671367
B-3	320516AF4	2,800,000.00	2,799,687.83	313.03	0.00	0.00	313.03	0.00	2,799,374.80	0.99977671367
B-4	320516AG2	2,000,000.00	1,999,777.02	223.59	0.00	0.00	223.59	0.00	1,999,553.43	0.99977671367
B-5	320516AH0	1,600,000.00	1,599,821.62	178.88	0.00	0.00	178.88	0.00	1,599,642.74	0.99977671367
B-6	320516AJ6	1,200,863.07	1,200,729.19	134.25	0.00	0.00	134.25	0.00	1,200,594.93	0.99977671367
Totals		400,039,963.07	391,500,251.40	8,374,267.81	0.00	0.00	8,374,267.81	0.00	383,125,983.58	



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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	348,429,971.80	6.427212	1,866,194.31	0.00	0.00	1,866,194.31	0.00	1,866,194.31	0.00
A-2	20,669,914.20	6.427212	110,708.26	0.00	0.00	110,708.26	0.00	110,708.26	0.00
A-R	0.00	6.427212	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B-1	10,999,773.51	6.427212	58,914.89	0.00	0.00	58,914.89	0.00	58,914.89	0.00
B-2	3,800,576.23	6.427212	20,355.92	0.00	0.00	20,355.92	0.00	20,355.92	0.00
B-3	2,799,687.83	6.427212	14,995.16	0.00	0.00	14,995.16	0.00	14,995.16	0.00
B-4	1,999,777.02	6.427212	10,710.83	0.00	0.00	10,710.83	0.00	10,710.83	0.00
B-5	1,599,821.62	6.427212	8,568.66	0.00	0.00	8,568.66	0.00	8,568.66	0.00
B-6	1,200,729.19	6.427212	6,431.12	0.00	0.00	6,431.12	0.00	6,431.12	0.00
Totals	391,500,251.40		2,096,879.15	0.00	0.00	2,096,879.15	0.00	2,096,879.15	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	977.393332752	22.168810915	5.234928167	955.224521837	6.427212
A-2	320516AB3	21,148,000.00	977.393332752	22.168810915	5.234928167	955.224521837	6.427212
A-R	320516AC1	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.427212
B-1	320516AD9	11,001,000.00	999.888510664	0.111796990	5.355412558	999.776713674	6.427212
B-2	320516AE7	3,801,000.00	999.888510664	0.111796990	5.355412558	999.776713674	6.427212
B-3	320516AF4	2,800,000.00	999.888510664	0.111796990	5.355412558	999.776713674	6.427212
B-4	320516AG2	2,000,000.00	999.888510664	0.111796990	5.355412558	999.776713674	6.427212
B-5	320516AH0	1,600,000.00	999.888510664	0.111796990	5.355412558	999.776713674	6.427212
B-6	320516AJ6	1,200,863.07	999.888510664	0.111796990	5.355412558	999.776713673	6.427212
Totals		400,039,963.07	978.652853569	20.933578100	5.241674192	957.719275444	



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Pool Level Data

Distribution Date		7/25/06
Cut-off Date		5/ 1/06
Record Date		6/30/06
Determination Date		7/20/06
Accrual Period 30/360	Begin	6/ 1/06
	End	7/ 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	1,511
Loans Paid Off or otherwise removed pursuant to the PSA	<u>27</u>
Ending Aggregate Loan Count	1,484
Beginning Pool Stated Principal Balance	391,500,251.39
Scheduled Principal	43,773.43
Unscheduled Principal	8,330,494.39
Realized Principal Losses	<u>0.00</u>
Ending Pool Stated Principal Balance	383,125,983.57
Beginning Weighted Average Mortgage Rate	6.80221%
Beginning Weighted Average Net Mortgage Rate	6.42721%
Ending Weighted Average Mortgage Rate	6.79515%
Ending Weighted Average Net Mortgage Rate	6.42015%
Beginning Weighted Average Remaining Term to Maturity	359
Ending Weighted Average Remaining Term to Maturity	358



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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	17	1.14555%	5,670,647.84	1.48010%	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	2,214,598.21
Plus: Compensating Interest	4,625.36
Less: Master Servicer Fee	<u>120,386.33</u>
Total Interest Available	2,096,879.74

Principal

Scheduled Principal	43,773.43
Paid in Full Principal	8,068,674.89
Curtailement Principal	261,819.50
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	<u>8,374,267.82</u>

Total Available Funds	10,471,147.56
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Principal Distribution Amounts

Senior and Subordinate Percentages

Senior Percentage Original	94.39984%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	94.27833%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	5.72167%
Subordinate Prepayment Percentage	0.00000%

Principal Distribution Amounts

Senior Principal Distribution Amount	8,371,763.25
Subordinate Principal Distribution Amount	<u>2,504.57</u>
Total Principal Distribution Amount	8,374,267.82

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	10,471,147.56
	Other Deposits Required by the PSA	<u>0.00</u>
	Total Deposits	10,471,147.56
Withdrawals	To the Senior Classes	10,348,665.82
	To the Subordinate Classes	<u>122,481.74</u>
	Total Withdrawals	<u>10,471,147.56</u>
	Ending Balance	0.00

Fees of the Trust	
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Gross Master Servicing Fee	120,386.33
Net Master Servicing Fee	115,760.97
Trustee Fee	1,957.50
Bond Insurance Premium	<u>0.00</u>
Total Net Loan Fees	117,718.47



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Mortgage Prepayment Details

Principal Balance of Loans Paid in Full	8,068,674.89
Prepayment Interest Excess (to Master Servicer)	0.00
Prepayment Interest Shortfall	4,625.36
Compensating Interest	4,625.36
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	22.75018%
SMM %	2.12808%

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	22,388.40
Total Advances	22,388.40

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>
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Group I	N/A			
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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 %	0.039%
Original Special Hazard Loss Limit	4,000,400.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	3,831,259.84
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 %	2.088%



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Credit Enhancements

Subordination

Credit Support

	Original	Current
Class A	377,637,100.00	360,728,122.75
Class A Percentage	94.399844%	94.153918%
Class B-1	11,001,000.00	10,998,543.63
Class B-1 Percentage	2.749975%	2.870738%
Class B-2	3,801,000.00	3,800,151.29
Class B-2 Percentage	0.950155%	0.991880%
Class B-3	2,800,000.00	2,799,374.80
Class B-3 Percentage	0.699930%	0.730667%
Class B-4	2,000,000.00	1,999,553.43
Class B-4 Percentage	0.499950%	0.521905%
Class B-5	1,600,000.00	1,599,642.74
Class B-5 Percentage	0.399960%	0.417524%
Class B-6	1,200,863.07	1,200,594.93
Class B-6 Percentage	0.300186%	0.313368%

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
< =	5.000000000000	0	0.000	0.00	0.000
5.000000000000	- 5.501000000000	3	0.202	834,863.75	0.218
5.501000000000	- 6.001000000000	98	6.604	24,460,015.99	6.384
6.001000000000	- 6.501000000000	482	32.480	119,110,925.19	31.089
6.501000000000	- 7.001000000000	562	37.871	140,862,666.03	36.767
7.001000000000	- 7.501000000000	193	13.005	57,397,461.53	14.981
7.501000000000	- 8.001000000000	113	7.615	29,126,737.81	7.602
8.001000000000	- 8.501000000000	33	2.224	11,333,313.27	2.958
8.501000000000	- 9.001000000000	0	0.000	0.00	0.000
9.001000000000	- 9.501000000000	0	0.000	0.00	0.000
9.501000000000	- 10.001000000000	0	0.000	0.00	0.000
10.001000000000	- 10.501000000000	0	0.000	0.00	0.000
10.501000000000	- 11.001000000000	0	0.000	0.00	0.000
11.001000000000	- 11.501000000000	0	0.000	0.00	0.000
11.501000000000	- 12.001000000000	0	0.000	0.00	0.000
12.001000000000	- 12.501000000000	0	0.000	0.00	0.000
>	12.501000000000	0	0.000	0.00	0.000
Wgt Ave / Total:		1484	100.000	383,125,983.57	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	6	0.404	263,427.03	0.069
50,000.00	- 75,000.00	27	1.819	1,724,497.26	0.450
75,000.00	- 100,000.00	79	5.323	7,151,922.97	1.867
100,000.00	- 125,000.00	106	7.143	12,016,198.17	3.136
125,000.00	- 150,000.00	134	9.030	18,416,453.41	4.807
150,000.00	- 175,000.00	115	7.749	18,660,787.07	4.871
175,000.00	- 200,000.00	146	9.838	27,576,963.83	7.198
200,000.00	- 225,000.00	129	8.693	27,490,011.16	7.175
225,000.00	- 250,000.00	128	8.625	30,445,418.74	7.947



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Update Face			Number of Items	Percent of Items	Principal Balance	Percent of Balance
250,000.00	-	275,000.00	93	6.267	24,380,160.04	6.363
275,000.00	-	300,000.00	87	5.863	25,023,767.24	6.531
300,000.00	-	325,000.00	73	4.919	22,929,639.82	5.985
325,000.00	-	350,000.00	74	4.987	25,000,695.40	6.525
350,000.00	-	375,000.00	58	3.908	20,998,179.17	5.481
375,000.00	-	400,000.00	49	3.302	19,014,260.82	4.963
400,000.00	-	425,000.00	70	4.717	28,940,853.17	7.554
425,000.00	-	450,000.00	7	0.472	3,067,555.29	0.801
450,000.00	-	475,000.00	8	0.539	3,685,727.47	0.962
475,000.00	-	500,000.00	9	0.606	4,422,403.20	1.154
500,000.00	-	525,000.00	7	0.472	3,589,995.84	0.937
525,000.00	-	550,000.00	9	0.606	4,847,409.59	1.265
550,000.00	-	575,000.00	7	0.472	3,948,650.68	1.031
575,000.00	-	600,000.00	9	0.606	5,313,568.34	1.387
600,000.00	-	625,000.00	4	0.270	2,461,750.00	0.643
625,000.00	-	650,000.00	13	0.876	8,370,504.02	2.185
650,000.00	-	675,000.00	2	0.135	1,329,000.00	0.347
675,000.00	-	700,000.00	1	0.067	693,600.00	0.181
700,000.00	-	725,000.00	1	0.067	720,000.00	0.188
725,000.00	-	750,000.00	2	0.135	1,477,710.13	0.386
750,000.00	-	775,000.00	3	0.202	2,292,627.41	0.598
775,000.00	-	800,000.00	3	0.202	2,360,500.00	0.616
>		800,000.00	25	1.685	24,511,746.30	6.398
Wgt Ave / Total:			1484	100.000	383,125,983.57	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	0.00	0.000
180	-	300	0	0.00	0.000
300	-	360	1484	383,125,983.57	100.000
>	360	0	0.000	0.00	0.000
Wgt Ave / Total:		1484	100.000	383,125,983.57	100.000