



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	333,881,092.00	6.410042	15,474,742.94	1,783,493.24	17,258,236.18	0.00	318,406,349.06	0.00
A-2	320516AB3	Senior	Var-30/360	19,806,830.88	6.410042	918,008.31	105,802.18	1,023,810.49	0.00	18,888,822.57	0.00
A-R	320516AC1	Senior	Var-30/360	0.00	6.410042	0.00	0.00	0.00	0.00	0.00	0.00
B-1	320516AD9	Junior	Var-30/360	10,997,289.16	6.410042	1,209.39	58,744.24	59,953.63	0.00	10,996,079.77	0.00
B-2	320516AE7	Junior	Var-30/360	3,799,717.85	6.410042	417.86	20,296.96	20,714.82	0.00	3,799,299.99	0.00
B-3	320516AF4	Junior	Var-30/360	2,799,055.51	6.410042	307.82	14,951.72	15,259.54	0.00	2,798,747.69	0.00
B-4	320516AG2	Junior	Var-30/360	1,999,325.36	6.410042	219.87	10,679.80	10,899.67	0.00	1,999,105.49	0.00
B-5	320516AH0	Junior	Var-30/360	1,599,460.29	6.410042	175.90	8,543.84	8,719.74	0.00	1,599,284.40	0.00
B-6	320516AJ6	Junior	Var-30/360	1,200,458.00	6.410042	132.02	6,412.49	6,544.51	-0.00	1,200,325.98	0.00
Totals				376,083,229.05		16,395,214.11	2,008,924.47	18,404,138.58	0.00	359,688,014.95	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
A-1	320516AA5	356,489,000.00	333,881,092.00	15,474,742.94	0.00	15,474,742.94	0.00	318,406,349.06	0.89317299849
A-2	320516AB3	21,148,000.00	19,806,830.88	918,008.31	0.00	918,008.31	0.00	18,888,822.57	0.89317299849
A-R	320516AC1	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00000000000
B-1	320516AD9	11,001,000.00	10,997,289.16	1,209.39	0.00	1,209.39	0.00	10,996,079.77	0.99955274689
B-2	320516AE7	3,801,000.00	3,799,717.85	417.86	0.00	417.86	0.00	3,799,299.99	0.99955274689
B-3	320516AF4	2,800,000.00	2,799,055.51	307.82	0.00	307.82	0.00	2,798,747.69	0.99955274689
B-4	320516AG2	2,000,000.00	1,999,325.36	219.87	0.00	219.87	0.00	1,999,105.49	0.99955274689
B-5	320516AH0	1,600,000.00	1,599,460.29	175.90	0.00	175.90	0.00	1,599,284.40	0.99955274689
B-6	320516AJ6	1,200,863.07	1,200,458.00	132.02	0.00	132.02	-0.00	1,200,325.98	0.99955274689
Totals		400,039,963.07	376,083,229.05	16,395,214.11	0.00	16,395,214.11	0.00	359,688,014.95	



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Interest Distribution Detail

Class	Beginning Certificate Balance	Pass Through Rate (%)	Current Interest	Deferred Interest	Total Interest Due	Net Interest Shortfall	Interest Paid
A-1	333,881,092.00	6.410042	1,783,493.24	0.00	1,783,493.24	0.00	1,783,493.24
A-2	19,806,830.88	6.410042	105,802.18	0.00	105,802.18	0.00	105,802.18
A-R	0.00	6.410042	0.00	0.00	0.00	0.00	0.00
B-1	10,997,289.16	6.410042	58,744.24	0.00	58,744.24	0.00	58,744.24
B-2	3,799,717.85	6.410042	20,296.96	0.00	20,296.96	0.00	20,296.96
B-3	2,799,055.51	6.410042	14,951.72	0.00	14,951.72	0.00	14,951.72
B-4	1,999,325.36	6.410042	10,679.80	0.00	10,679.80	0.00	10,679.80
B-5	1,599,460.29	6.410042	8,543.84	0.00	8,543.84	0.00	8,543.84
B-6	1,200,458.00	6.410042	6,412.49	0.00	6,412.49	0.00	6,412.49
Totals	376,083,229.05		2,008,924.47	0.00	2,008,924.47	0.00	2,008,924.47



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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	936.581751465	43.408752977	5.002940445	893.172998489	6.410042
A-2	320516AB3	21,148,000.00	936.581751465	43.408752977	5.002940445	893.172998489	6.410042
A-R	320516AC1	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.410042
B-1	320516AD9	11,001,000.00	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
B-2	320516AE7	3,801,000.00	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
B-3	320516AF4	2,800,000.00	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
B-4	320516AG2	2,000,000.00	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
B-5	320516AH0	1,600,000.00	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
B-6	320516AJ6	1,200,863.07	999.662681594	0.109934705	5.339899964	999.552746888	6.410042
Totals		400,039,963.07	940.114148006	40.983940665	5.021809458	899.130207366	



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Pool Level Data

Distribution Date		9/25/06
Cut-off Date		5/ 1/06
Record Date		8/31/06
Determination Date		9/20/06
Accrual Period 30/360	Begin	8/ 1/06
	End	9/ 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



The BANK
of NEW YORK

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Current Mortgage Loan Details

Beginning Aggregate Loan Count	1,460
Loans Paid Off or otherwise removed pursuant to the PSA	<u>44</u>
Ending Aggregate Loan Count	1,416
Beginning Pool Stated Principal Balance	376,083,229.05
Scheduled Principal	41,358.55
Unscheduled Principal	16,353,855.55
Realized Principal Losses	<u>0.00</u>
Ending Pool Stated Principal Balance	359,688,014.95
Beginning Weighted Average Mortgage Rate	6.78504%
Beginning Weighted Average Net Mortgage Rate	6.41004%
Ending Weighted Average Mortgage Rate	6.76738%
Ending Weighted Average Net Mortgage Rate	6.39238%
Beginning Weighted Average Remaining Term to Maturity	356
Ending Weighted Average Remaining Term to Maturity	355



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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	1.20056%	4,248,072.56	1.18104%	1	0.07062%	196,200.00	0.05455%	5	0.35311%	1,834,000.00	0.50989%

	Foreclosure				Bankruptcy				REO			
	Count	Count %	Balance	Balance %	Count	Count %	Balance	Balance %	Count	Count %	Balance	Balance %
Group 1	2	0.14124%	392,310.97	0.10907%	0	0.00000%	0.00	0.00000%	0	0.00000%	0.00	0.00000%

60+ Delinquency, Foreclosure, REO and Bankruptcy

2,422,510.97



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Available Funds

Interest

Scheduled Interest	2,112,576.39
Plus: Compensating Interest	13,874.65
Less: Master Servicer Fee	115,645.59
Less: Trustee Fee	<u>1,880.42</u>
Total Interest Available	2,008,925.03

Principal

Scheduled Principal	41,358.55
Paid in Full Principal	16,101,296.33
Curtailment Principal	252,559.22
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>16,395,214.10</u>

Total Available Funds

18,404,139.13



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Principal Distribution Amounts

Senior and Subordinate Percentages

Senior Percentage Original	94.39984%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	94.04512%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	5.95488%
Subordinate Prepayment Percentage	0.00000%

Principal Distribution Amounts

Senior Principal Distribution Amount	16,392,751.25
Subordinate Principal Distribution Amount	<u>2,462.85</u>
Total Principal Distribution Amount	16,395,214.10

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	18,404,139.13
	Other Deposits Required by the PSA	0.00
	Total Deposits	18,404,139.13
Withdrawals	To the Senior Classes	18,282,046.67
	To the Subordinate Classes	<u>122,092.47</u>
	Total Withdrawals	<u>18,404,139.13</u>
	Ending Balance	0.00

Fees of the Trust		
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Gross Master Servicing Fee	115,645.59
Net Master Servicing Fee	101,770.94
Trustee Fee	1,880.42
Bond Insurance Premium	0.00
Total Net Loan Fees	103,651.36



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Mortgage Prepayment Details

Principal Balance of Loans Paid in Full	16,101,296.33
Prepayment Interest Excess (to Master Servicer)	0.00
Prepayment Interest Shortfall	13,874.65
Compensating Interest	13,874.65
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	41.34877%
SMM %	4.34895%

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	508.78
Interest Advances	<u>24,580.31</u>
Total Advances	25,089.09

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 %	0.042%
Original Special Hazard Loss Limit	4,000,400.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	3,596,880.15
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 %	2.224%



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Credit Enhancements

Subordination

Credit Support

	Original	Current
Class A	377,637,100.00	337,295,171.63
Class A Percentage	94.399844%	93.774370%
Class B-1	11,001,000.00	10,996,079.77
Class B-1 Percentage	2.749975%	3.057116%
Class B-2	3,801,000.00	3,799,299.99
Class B-2 Percentage	0.950155%	1.056277%
Class B-3	2,800,000.00	2,798,747.69
Class B-3 Percentage	0.699930%	0.778104%
Class B-4	2,000,000.00	1,999,105.49
Class B-4 Percentage	0.499950%	0.555789%
Class B-5	1,600,000.00	1,599,284.40
Class B-5 Percentage	0.399960%	0.444631%
Class B-6	1,200,863.07	1,200,325.98
Class B-6 Percentage	0.300186%	0.333713%

Material Changes to Pool Assets Disclosure

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
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