



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-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	312,165,194.44	6.384084	4,928,558.65	1,660,740.59	6,589,299.24	0.00	307,236,635.78	0.00
A-2	320516AB3	Senior	Var-30/360	18,518,578.50	6.384084	292,376.93	98,520.13	390,897.06	0.00	18,226,201.58	0.00
A-R	320516AC1	Senior	Var-30/360	0.00	6.384084	0.00	0.00	0.00	0.00	0.00	0.00
B-1	320516AD9	Junior	Var-30/360	10,994,796.75	6.384084	1,262.82	58,493.08	59,755.90	0.00	10,993,533.93	0.00
B-2	320516AE7	Junior	Var-30/360	3,798,856.69	6.384084	436.32	20,210.18	20,646.50	0.00	3,798,420.37	0.00
B-3	320516AF4	Junior	Var-30/360	2,798,421.13	6.384084	321.42	14,887.80	15,209.21	0.00	2,798,099.72	0.00
B-4	320516AG2	Junior	Var-30/360	1,998,872.24	6.384084	229.58	10,634.14	10,863.72	0.00	1,998,642.66	0.00
B-5	320516AH0	Junior	Var-30/360	1,599,097.79	6.384084	183.67	8,507.31	8,690.98	0.00	1,598,914.12	0.00
B-6	320516AJ6	Junior	Var-30/360	1,200,185.93	6.384084	137.85	6,385.07	6,522.92	0.00	1,200,048.08	0.00
Totals				353,074,003.47		5,223,507.24	1,878,378.30	7,101,885.53	0.00	347,850,496.24	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	312,165,194.44	4,928,558.65	0.00	4,928,558.65	0.00	307,236,635.78	0.86184043767
A-2	320516AB3	21,148,000.00	18,518,578.50	292,376.93	0.00	292,376.93	0.00	18,226,201.58	0.86184043767
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	10,994,796.75	1,262.82	0.00	1,262.82	0.00	10,993,533.93	0.99932132780
B-2	320516AE7	3,801,000.00	3,798,856.69	436.32	0.00	436.32	0.00	3,798,420.37	0.99932132780
B-3	320516AF4	2,800,000.00	2,798,421.13	321.42	0.00	321.42	0.00	2,798,099.72	0.99932132780
B-4	320516AG2	2,000,000.00	1,998,872.24	229.58	0.00	229.58	0.00	1,998,642.66	0.99932132780
B-5	320516AH0	1,600,000.00	1,599,097.79	183.67	0.00	183.67	0.00	1,598,914.12	0.99932132780
B-6	320516AJ6	1,200,863.07	1,200,185.93	137.85	0.00	137.85	0.00	1,200,048.08	0.99932132780
Totals		400,039,963.07	353,074,003.47	5,223,507.24	0.00	5,223,507.24	0.00	347,850,496.24	



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*Interest Distribution Detail*

Class	Beginning Certificate Balance	Pass Through Rate (%)	Effective Coupon (%)	Current Interest	Deferred Interest	Total Interest Due	Net Interest Shortfall	Interest Paid
A-1	312,165,194.44	6.384084	6.384084	1,660,740.59	0.00	1,660,740.59	0.00	1,660,740.59
A-2	18,518,578.50	6.384084	6.384084	98,520.13	0.00	98,520.13	0.00	98,520.13
A-R	0.00	6.384084	0.000000	0.00	0.00	0.00	0.00	0.00
B-1	10,994,796.75	6.384084	6.384084	58,493.08	0.00	58,493.08	0.00	58,493.08
B-2	3,798,856.69	6.384084	6.384084	20,210.18	0.00	20,210.18	0.00	20,210.18
B-3	2,798,421.13	6.384084	6.384084	14,887.80	0.00	14,887.80	0.00	14,887.80
B-4	1,998,872.24	6.384084	6.384084	10,634.14	0.00	10,634.14	0.00	10,634.14
B-5	1,599,097.79	6.384084	6.384084	8,507.31	0.00	8,507.31	0.00	8,507.31
B-6	1,200,185.93	6.384084	6.384084	6,385.07	0.00	6,385.07	0.00	6,385.07
Totals	353,074,003.47			1,878,378.30	0.00	1,878,378.30	0.00	1,878,378.30



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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	875.665713208	13.825275538	4.658602624	861.840437670	6.384084
A-2	320516AB3	21,148,000.00	875.665713208	13.825275538	4.658602624	861.840437670	6.384084
A-R	320516AC1	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.384084
B-1	320516AD9	11,001,000.00	999.436119011	0.114791213	5.317069809	999.321327799	6.384084
B-2	320516AE7	3,801,000.00	999.436119011	0.114791213	5.317069809	999.321327799	6.384084
B-3	320516AF4	2,800,000.00	999.436119011	0.114791213	5.317069809	999.321327799	6.384084
B-4	320516AG2	2,000,000.00	999.436119011	0.114791213	5.317069809	999.321327799	6.384084
B-5	320516AH0	1,600,000.00	999.436119011	0.114791213	5.317069809	999.321327799	6.384084
B-6	320516AJ6	1,200,863.07	999.436119011	0.114791213	5.317069809	999.321327798	6.384084
Totals		400,039,963.07	882.596830478	13.057463559	4.695476636	869.539366944	



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**Pool Level Data**

Distribution Date		11/27/06
Cut-off Date		05/01/06
Record Date		10/31/06
Determination Date		11/20/06
Accrual Period 30/360	Begin	10/01/06
	End	11/01/06
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	1,391
Loans Paid Off or otherwise removed pursuant to the PSA	19
Ending Aggregate Loan Count	1,372
Beginning Pool Stated Principal Balance	353,074,003.46
Scheduled Principal	40,552.66
Unscheduled Principal	5,182,954.57
Realized Principal Losses	0.00
Ending Pool Stated Principal Balance	347,850,496.23
Beginning Weighted Average Mortgage Rate	6.75908%
Beginning Weighted Average Net Mortgage Rate	6.38408%
Ending Weighted Average Mortgage Rate	6.75404%
Ending Weighted Average Net Mortgage Rate	6.37904%
Beginning Weighted Average Remaining Term to Maturity	354
Ending Weighted Average Remaining Term to Maturity	353



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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	17	1.23907%	4,981,314.56	1.43203%	3	0.21866%	542,872.45	0.15606%	4	0.29155%	1,217,831.45	0.35010%

  

	Foreclosure				Bankruptcy				REO			
	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %
Group 1	5	0.36443%	1,411,936.93	0.40590%	0	0.00000%	0.00	0.00000%	0	0.00000%	0.00	0.00000%

60+ Delinquency, Foreclosure, REO and Bankruptcy

3,172,640.83



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Available Funds
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**Interest**

Scheduled Interest	1,985,091.53
Plus: Compensating Interest	3,622.96
Less: Master Servicer Fee	108,570.26
Less: Trustee Fee	<u>1,765.37</u>
Total Interest Available	1,878,378.86

**Principal**

Scheduled Principal	40,552.66
Paid in Full Principal	5,063,425.21
Curtailment Principal	119,529.36
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>5,223,507.23</u>

<b>Total Available Funds</b>	<b>7,101,886.09</b>
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<b>Principal Distribution Amounts</b>
---------------------------------------

**Senior and Subordinate Percentages**

Senior Percentage Original	94.39984%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	93.65849%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	6.34151%
Subordinate Prepayment Percentage	0.00000%

**Principal Distribution Amounts**

Senior Principal Distribution Amount	5,220,935.58
Subordinate Principal Distribution Amount	<u>2,571.65</u>
Total Principal Distribution Amount	5,223,507.23

**Conditions for Senior Prepayment Interest Shifting**

Delinquency Test Pass	YES
Loss Test Pass	YES



The BANK  
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Distribution Account		
	Beginning Balance	0.00
Deposits	Available Funds	7,101,886.09
	Other Deposits Required by the PSA	<u>0.00</u>
	Total Deposits	7,101,886.09
Withdrawals	To the Senior Classes	6,980,196.30
	To the Subordinate Classes	<u>121,689.80</u>
	Total Withdrawals	<u>7,101,886.09</u>
	Ending Balance	0.00

  

Fees of the Trust		
	Gross Master Servicing Fee	108,570.26
	Net Master Servicing Fee	104,947.30
	Trustee Fee	1,765.37
	Bond Insurance Premium	<u>0.00</u>
	Total Net Loan Fees	<u>106,712.67</u>



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**Mortgage Prepayment Details**

Principal Balance of Loans Paid in Full	5,063,425.21
Prepayment Interest Excess ( to Master Servicer )	0.00
Prepayment Interest Shortfall	3,622.96
Compensating Interest	3,622.96
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	16.26226%
SMM %	1.46812%

**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	499.98
Interest Advances	33,145.55
Total Advances	33,645.53

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>Loan ID</u>	<u>Liquidation Balance</u>	<u>Liquidation Proceeds</u>	<u>Realized Loss</u>	<u>Date</u>
<u>Group I</u>	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 %	0.043%
Original Special Hazard Loss Limit	4,000,400.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	3,478,504.96
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 %	2.300%



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**Credit Enhancements**

**Subordination**

**Credit Support**

Class A  
Class A Percentage

<u>Original</u>	<u>Current</u>
377,637,100.00	325,462,837.36
94.399844%	93.564000%

Class B-1  
Class B-1 Percentage

11,001,000.00	10,993,533.93
2.749975%	3.160419%

Class B-2  
Class B-2 Percentage

3,801,000.00	3,798,420.37
0.950155%	1.091969%

Class B-3  
Class B-3 Percentage

2,800,000.00	2,798,099.72
0.699930%	0.804397%

Class B-4  
Class B-4 Percentage

2,000,000.00	1,998,642.66
0.499950%	0.574569%

Class B-5  
Class B-5 Percentage

1,600,000.00	1,598,914.12
0.399960%	0.459656%

Class B-6  
Class B-6 Percentage

1,200,863.07	1,200,048.08
0.300186%	0.344990%

**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  
NONE



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Issuance Coupon		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	0.219	834,701.19	0.240
5.501000000000	- 6.001000000000	96	6.997	23,924,827.98	6.878
6.001000000000	- 6.501000000000	466	33.965	115,292,041.15	33.144
6.501000000000	- 7.001000000000	523	38.120	129,826,134.06	37.322
7.001000000000	- 7.501000000000	167	12.172	47,363,933.91	13.616
7.501000000000	- 8.001000000000	92	6.706	21,912,741.83	6.299
8.001000000000	- 8.501000000000	25	1.822	8,696,116.11	2.500
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:		1372	100.000	347,850,496.23	100.000

Update Face		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	0.437	261,931.03	0.075
50,000.00	- 75,000.00	26	1.895	1,671,375.55	0.480
75,000.00	- 100,000.00	72	5.248	6,504,270.63	1.870
100,000.00	- 125,000.00	102	7.434	11,557,981.97	3.323
125,000.00	- 150,000.00	126	9.184	17,325,178.33	4.981
150,000.00	- 175,000.00	110	8.017	17,838,611.30	5.128
175,000.00	- 200,000.00	138	10.058	26,026,913.29	7.482
200,000.00	- 225,000.00	122	8.892	25,983,518.19	7.470
225,000.00	- 250,000.00	119	8.673	28,315,412.52	8.140
250,000.00	- 275,000.00	78	5.685	20,458,151.37	5.881
275,000.00	- 300,000.00	81	5.904	23,293,970.99	6.697
300,000.00	- 325,000.00	67	4.883	21,001,473.34	6.037
325,000.00	- 350,000.00	69	5.029	23,313,425.44	6.702
350,000.00	- 375,000.00	54	3.936	19,543,194.90	5.618
375,000.00	- 400,000.00	45	3.280	17,453,158.85	5.017
400,000.00	- 425,000.00	64	4.665	26,449,479.71	7.604
425,000.00	- 450,000.00	7	0.510	3,064,608.63	0.881
450,000.00	- 475,000.00	7	0.510	3,229,009.05	0.928
475,000.00	- 500,000.00	8	0.583	3,934,080.21	1.131
500,000.00	- 525,000.00	5	0.364	2,577,999.21	0.741
525,000.00	- 550,000.00	7	0.510	3,787,110.72	1.089
550,000.00	- 575,000.00	5	0.364	2,814,228.18	0.809



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Update Face			Number of Items	Percent of Items	Principal Balance	Percent of Balance
575,000.00	-	600,000.00	7	0.510	4,127,200.00	1.186
600,000.00	-	625,000.00	3	0.219	1,849,000.00	0.532
625,000.00	-	650,000.00	11	0.802	7,079,269.98	2.035
650,000.00	-	675,000.00	2	0.146	1,329,000.00	0.382
675,000.00	-	700,000.00	1	0.073	693,600.00	0.199
700,000.00	-	725,000.00	1	0.073	720,000.00	0.207
725,000.00	-	750,000.00	2	0.146	1,472,700.71	0.423
750,000.00	-	775,000.00	2	0.146	1,517,041.78	0.436
775,000.00	-	800,000.00	4	0.292	3,158,191.66	0.908
>		800,000.00	21	1.531	19,499,408.69	5.606
<b>Wgt Ave / Total:</b>			<b>1372</b>	<b>100.000</b>	<b>347,850,496.23</b>	<b>100.000</b>

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	1372	100.000	347,850,496.23	100.000
>		360	0	0.000	0.00	0.000
<b>Wgt Ave / Total:</b>			<b>1372</b>	<b>100.000</b>	<b>347,850,496.23</b>	<b>100.000</b>