



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	307,236,635.78	6.379040	7,947,634.24	1,633,229.05	9,580,863.30	0.00	299,289,001.54	0.00
A-2	320516AB3	Senior	Var-30/360	18,226,201.58	6.379040	471,477.57	96,888.06	568,365.64	0.00	17,754,724.00	0.00
A-R	320516AC1	Senior	Var-30/360	0.00	6.379040	0.00	0.00	0.00	0.00	0.00	0.00
B-1	320516AD9	Junior	Var-30/360	10,993,533.93	6.379040	1,232.58	58,440.16	59,672.74	0.00	10,992,301.35	0.00
B-2	320516AE7	Junior	Var-30/360	3,798,420.37	6.379040	425.87	20,191.90	20,617.77	0.00	3,797,994.49	0.00
B-3	320516AF4	Junior	Var-30/360	2,798,099.72	6.379040	313.72	14,874.33	15,188.04	0.00	2,797,786.00	0.00
B-4	320516AG2	Junior	Var-30/360	1,998,642.66	6.379040	224.08	10,624.52	10,848.60	0.00	1,998,418.57	0.00
B-5	320516AH0	Junior	Var-30/360	1,598,914.12	6.379040	179.27	8,499.61	8,678.88	0.00	1,598,734.86	0.00
B-6	320516AJ6	Junior	Var-30/360	1,200,048.08	6.379040	134.55	6,379.30	6,513.84	0.00	1,199,913.53	0.00
Totals				347,850,496.24		8,421,621.88	1,849,126.93	10,270,748.81	0.00	339,428,874.34	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	307,236,635.78	7,947,634.24	0.00	7,947,634.24	0.00	299,289,001.54	0.83954624558
A-2	320516AB3	21,148,000.00	18,226,201.58	471,477.57	0.00	471,477.57	0.00	17,754,724.00	0.83954624558
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	10,993,533.93	1,232.58	0.00	1,232.58	0.00	10,992,301.35	0.99920928538
B-2	320516AE7	3,801,000.00	3,798,420.37	425.87	0.00	425.87	0.00	3,797,994.49	0.99920928538
B-3	320516AF4	2,800,000.00	2,798,099.72	313.72	0.00	313.72	0.00	2,797,786.00	0.99920928538
B-4	320516AG2	2,000,000.00	1,998,642.66	224.08	0.00	224.08	0.00	1,998,418.57	0.99920928538
B-5	320516AH0	1,600,000.00	1,598,914.12	179.27	0.00	179.27	0.00	1,598,734.86	0.99920928538
B-6	320516AJ6	1,200,863.07	1,200,048.08	134.55	0.00	134.55	0.00	1,199,913.53	0.99920928538
Totals		400,039,963.07	347,850,496.24	8,421,621.88	0.00	8,421,621.88	0.00	339,428,874.34	



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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	307,236,635.78	6.379040	6.379040	1,633,229.05	0.00	1,633,229.05	0.00	1,633,229.05
A-2	18,226,201.58	6.379040	6.379040	96,888.06	0.00	96,888.06	0.00	96,888.06
A-R	0.00	6.379040	0.000000	0.00	0.00	0.00	0.00	0.00
B-1	10,993,533.93	6.379040	6.379040	58,440.16	0.00	58,440.16	0.00	58,440.16
B-2	3,798,420.37	6.379040	6.379040	20,191.90	0.00	20,191.90	0.00	20,191.90
B-3	2,798,099.72	6.379040	6.379040	14,874.33	0.00	14,874.33	0.00	14,874.33
B-4	1,998,642.66	6.379040	6.379040	10,624.52	0.00	10,624.52	0.00	10,624.52
B-5	1,598,914.12	6.379040	6.379040	8,499.61	0.00	8,499.61	0.00	8,499.61
B-6	1,200,048.08	6.379040	6.379040	6,379.30	0.00	6,379.30	0.00	6,379.30
Totals	347,850,496.24			1,849,126.93	0.00	1,849,126.93	0.00	1,849,126.93



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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	861.840437670	22.294192092	4.581429025	839.546245578	6.379040
A-2	320516AB3	21,148,000.00	861.840437670	22.294192092	4.581429025	839.546245578	6.379040
A-R	320516AC1	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.379040
B-1	320516AD9	11,001,000.00	999.321327799	0.112042420	5.312259134	999.209285378	6.379040
B-2	320516AE7	3,801,000.00	999.321327799	0.112042420	5.312259134	999.209285378	6.379040
B-3	320516AF4	2,800,000.00	999.321327799	0.112042420	5.312259134	999.209285378	6.379040
B-4	320516AG2	2,000,000.00	999.321327799	0.112042420	5.312259134	999.209285378	6.379040
B-5	320516AH0	1,600,000.00	999.321327799	0.112042420	5.312259134	999.209285378	6.379040
B-6	320516AJ6	1,200,863.07	999.321327798	0.112042420	5.312259134	999.209285378	6.379040
Totals		400,039,963.07	869.539366944	21.051951448	4.622355516	848.487415445	



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Pool Level Data

Distribution Date		12/26/06
Cut-off Date		05/01/06
Record Date		11/30/06
Determination Date		12/20/06
Accrual Period 30/360	Begin	11/01/06
	End	12/01/06
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	1,372
Loans Paid Off or otherwise removed pursuant to the PSA	29
Ending Aggregate Loan Count	1,343
Beginning Pool Stated Principal Balance	347,850,496.23
Scheduled Principal	39,000.48
Unscheduled Principal	8,382,621.41
Realized Principal Losses	0.00
Ending Pool Stated Principal Balance	339,428,874.34
Beginning Weighted Average Mortgage Rate	6.75404%
Beginning Weighted Average Net Mortgage Rate	6.37904%
Ending Weighted Average Mortgage Rate	6.75192%
Ending Weighted Average Net Mortgage Rate	6.37692%
Beginning Weighted Average Remaining Term to Maturity	353
Ending Weighted Average Remaining Term to Maturity	352



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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	29	2.15934%	8,220,397.29	2.42183%	3	0.22338%	1,325,993.49	0.39065%	4	0.29784%	967,637.50	0.28508%

	Foreclosure				Bankruptcy				REO			
	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %	Loan Count	Loan Count %	Balance	Balance %
Group 1	6	0.44676%	1,968,766.12	0.58002%	2	0.14892%	425,995.28	0.12550%	1	0.07446%	139,810.85	0.04119%

60+ Delinquency, Foreclosure, REO and Bankruptcy

4,828,203.24



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Available Funds	
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Interest

Scheduled Interest	1,954,036.25
Plus: Compensating Interest	3,794.52
Less: Master Servicer Fee	106,964.03
Less: Trustee Fee	<u>1,739.25</u>
Total Interest Available	1,849,127.49

Principal

Scheduled Principal	39,000.48
Paid in Full Principal	8,168,738.08
Curtailment Principal	213,883.33
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>8,421,621.89</u>

Total Available Funds	10,270,749.38
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Principal Distribution Amounts

Senior and Subordinate Percentages

Senior Percentage Original	94.39984%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	93.56400%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	6.43600%
Subordinate Prepayment Percentage	0.00000%

Principal Distribution Amounts

Senior Principal Distribution Amount	8,419,111.82
Subordinate Principal Distribution Amount	<u>2,510.07</u>
Total Principal Distribution Amount	8,421,621.89

Conditions for Senior Prepayment Interest Shifting

Delinquency Test Pass	YES
Loss Test Pass	YES



The BANK
of NEW YORK

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Distribution Account		
	Beginning Balance	0.00
Deposits	Available Funds	10,270,749.38
	Other Deposits Required by the PSA	<u>0.00</u>
	Total Deposits	10,270,749.38
Withdrawals	To the Senior Classes	10,149,228.93
	To the Subordinate Classes	<u>121,520.44</u>
	Total Withdrawals	<u>10,270,749.38</u>
	Ending Balance	0.00

Fees of the Trust		
	Gross Master Servicing Fee	106,964.03
	Net Master Servicing Fee	103,169.51
	Trustee Fee	1,739.25
	Bond Insurance Premium	<u>0.00</u>
	Total Net Loan Fees	104,908.76



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Mortgage Prepayment Details

Principal Balance of Loans Paid in Full	8,168,738.08
Prepayment Interest Excess (to Master Servicer)	0.00
Prepayment Interest Shortfall	3,794.52
Compensating Interest	3,794.52
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	25.37949%
SMM %	2.41010%

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	955.15
Interest Advances	48,902.80
Total Advances	49,857.95

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 %	0.044%
Original Special Hazard Loss Limit	4,000,400.00
Original Special Hazard Loss Limit %	1.000%
Current Special Hazard Loss Limit	3,394,288.74
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 %	2.357%



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Credit Enhancements

Subordination

Credit Support

Class A
Class A Percentage

<u>Original</u>	<u>Current</u>
377,637,100.00	317,043,725.54
94.399844%	93.405055%

Class B-1
Class B-1 Percentage

11,001,000.00	10,992,301.35
2.749975%	3.238470%

Class B-2
Class B-2 Percentage

3,801,000.00	3,797,994.49
0.950155%	1.118937%

Class B-3
Class B-3 Percentage

2,800,000.00	2,797,786.00
0.699930%	0.824263%

Class B-4
Class B-4 Percentage

2,000,000.00	1,998,418.57
0.499950%	0.588759%

Class B-5
Class B-5 Percentage

1,600,000.00	1,598,734.86
0.399960%	0.471007%

Class B-6
Class B-6 Percentage

1,200,863.07	1,199,913.53
0.300186%	0.353510%

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
<=	5.0	0	0.000	0.00	0.000
5.0	-	3	0.223	834,559.01	0.246
5.5	-	95	7.074	23,567,802.11	6.943
6.0	-	457	34.028	112,774,299.90	33.225
6.5	-	510	37.975	126,040,663.25	37.133
7.0	-	165	12.286	46,173,286.22	13.603
7.5	-	89	6.627	21,524,893.15	6.342
8.0	-	24	1.787	8,513,370.70	2.508
8.5	-	0	0.000	0.00	0.000
9.0	-	0	0.000	0.00	0.000
9.5	-	0	0.000	0.00	0.000
10.0	-	0	0.000	0.00	0.000
10.5	-	0	0.000	0.00	0.000
11.0	-	0	0.000	0.00	0.000
11.5	-	0	0.000	0.00	0.000
12.0	-	0	0.000	0.00	0.000
>	12.5	0	0.000	0.00	0.000
Wgt Ave / Total:		1343	100.000	339,428,874.34	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	-	0	0.000	0.00	0.000
25,000.00	-	5	0.372	217,698.74	0.064
50,000.00	-	25	1.862	1,615,974.35	0.476
75,000.00	-	70	5.212	6,319,177.64	1.862
100,000.00	-	99	7.372	11,218,905.79	3.305
125,000.00	-	126	9.382	17,327,478.36	5.105
150,000.00	-	108	8.042	17,512,850.08	5.160
175,000.00	-	135	10.052	25,474,925.28	7.505
200,000.00	-	120	8.935	25,529,864.15	7.521
225,000.00	-	116	8.637	27,579,048.12	8.125
250,000.00	-	77	5.733	20,185,499.39	5.947
275,000.00	-	80	5.957	22,993,447.51	6.774
300,000.00	-	66	4.914	20,678,315.49	6.092
325,000.00	-	70	5.212	23,660,937.31	6.971
350,000.00	-	51	3.797	18,489,529.81	5.447
375,000.00	-	45	3.351	17,459,310.71	5.144
400,000.00	-	62	4.617	25,611,144.64	7.545
425,000.00	-	6	0.447	2,637,461.31	0.777
450,000.00	-	7	0.521	3,228,573.50	0.951
475,000.00	-	8	0.596	3,933,673.22	1.159
500,000.00	-	5	0.372	2,577,999.21	0.760
525,000.00	-	6	0.447	3,241,859.37	0.955
550,000.00	-	4	0.298	2,258,780.76	0.665



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Update Face			Number of Items	Percent of Items	Principal Balance	Percent of Balance
575,000.00	-	600,000.00	7	0.521	4,127,200.00	1.216
600,000.00	-	625,000.00	3	0.223	1,849,000.00	0.545
625,000.00	-	650,000.00	11	0.819	7,079,247.07	2.086
650,000.00	-	675,000.00	2	0.149	1,329,000.00	0.392
675,000.00	-	700,000.00	1	0.074	693,600.00	0.204
700,000.00	-	725,000.00	1	0.074	720,000.00	0.212
725,000.00	-	750,000.00	2	0.149	1,471,430.18	0.434
750,000.00	-	775,000.00	2	0.149	1,516,536.81	0.447
775,000.00	-	800,000.00	4	0.298	3,158,191.66	0.930
>		800,000.00	19	1.415	17,732,213.88	5.224
Wgt Ave / Total:			1343	100.000	339,428,874.34	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	1343	100.000	339,428,874.34	100.000
>		360	0	0.000	0.00	0.000
Wgt Ave / Total:			1343	100.000	339,428,874.34	100.000