



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-AA7
Mortgage Pass-Through Certificates, Series 2006-AA7

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	32052CAA1	Senior	Var-30/360	210,782,899.54	6.613582	6,238,558.24	1,161,691.62	7,400,249.86	0.00	204,544,341.31	0.00
A-2	32052CAB9	Senior	Var-30/360	13,693,372.94	6.613582	405,283.85	75,468.53	480,752.38	0.00	13,288,089.09	0.00
A-R	32052CAC7	Residual	Var-30/360	0.00	6.613582	0.00	0.00	0.00	0.00	0.00	0.00
B-1	32052CAD5	Junior	Var-30/360	7,750,198.73	6.613582	860.48	42,713.81	43,574.29	0.00	7,749,338.25	0.00
B-2	32052CAE3	Junior	Var-30/360	2,499,741.56	6.613582	277.54	13,776.87	14,054.41	0.00	2,499,464.02	0.00
B-3	32052CAF0	Junior	Var-30/360	1,874,806.17	6.613582	208.15	10,332.65	10,540.81	0.00	1,874,598.02	0.00
B-4	32052CAG8	Junior	Var-30/360	1,249,870.78	6.613582	138.77	6,888.44	7,027.21	0.00	1,249,732.01	0.00
B-5	32052CAH6	Junior	Var-30/360	999,896.62	6.613582	111.02	5,510.75	5,621.76	0.00	999,785.61	0.00
B-6	32052CAJ2	Junior	Var-30/360	875,738.17	6.613582	97.23	4,826.47	4,923.70	0.00	875,640.94	0.00
Totals				239,726,524.51		6,645,535.28	1,321,209.14	7,966,744.42	0.00	233,080,989.25	0.00



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Principal Distribution Detail

Class	Cusip	Original Certificate Balance	Beginning Certificate Balance	Scheduled Principal Distribution	Net Principal Distribution	Current Realized Losses	Ending Certificate Balance	Ending Certificate Factor
A-1	32052CAA1	220,444,000.00	210,782,899.54	6,238,558.24	6,238,558.24	0.00	204,544,341.31	0.92787438672
A-2	32052CAB9	14,321,000.00	13,693,372.94	405,283.85	405,283.85	0.00	13,288,089.09	0.92787438672
A-R	32052CAC7	100.00	0.00	0.00	0.00	0.00	0.00	0.00000000000
B-1	32052CAD5	7,751,000.00	7,750,198.73	860.48	860.48	0.00	7,749,338.25	0.99978560813
B-2	32052CAE3	2,500,000.00	2,499,741.56	277.54	277.54	0.00	2,499,464.02	0.99978560813
B-3	32052CAF0	1,875,000.00	1,874,806.17	208.15	208.15	0.00	1,874,598.02	0.99978560813
B-4	32052CAG8	1,250,000.00	1,249,870.78	138.77	138.77	0.00	1,249,732.01	0.99978560813
B-5	32052CAH6	1,000,000.00	999,896.62	111.02	111.02	0.00	999,785.61	0.99978560813
B-6	32052CAJ2	875,828.71	875,738.17	97.23	97.23	0.00	875,640.94	0.99978560813
Totals		250,016,928.71	239,726,524.51	6,645,535.28	6,645,535.28	0.00	233,080,989.25	



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Interest Distribution Detail

Class	Beginning Certificate Balance	Pass Through Rate (%)	Effective Coupon (%)	Current Interest	Total Interest Due	Interest Paid
A-1	210,782,899.54	6.613582	6.613582	1,161,691.62	1,161,691.62	1,161,691.62
A-2	13,693,372.94	6.613582	6.613582	75,468.53	75,468.53	75,468.53
A-R	0.00	6.613582	0.000000	0.00	0.00	0.00
B-1	7,750,198.73	6.613582	6.613582	42,713.81	42,713.81	42,713.81
B-2	2,499,741.56	6.613582	6.613582	13,776.87	13,776.87	13,776.87
B-3	1,874,806.17	6.613582	6.613582	10,332.65	10,332.65	10,332.65
B-4	1,249,870.78	6.613582	6.613582	6,888.44	6,888.44	6,888.44
B-5	999,896.62	6.613582	6.613582	5,510.75	5,510.75	5,510.75
B-6	875,738.17	6.613582	6.613582	4,826.47	4,826.47	4,826.47
Totals	239,726,524.51			1,321,209.14	1,321,209.14	1,321,209.14



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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	32052CAA1	220,444,000.00	956.174355134	28.299968415	5.269781070	927.874386719	6.613582
A-2	32052CAB9	14,321,000.00	956.174355134	28.299968415	5.269781070	927.874386719	6.613582
A-R	32052CAC7	100.00	0.000000000	0.000000000	0.000000000	0.000000000	6.613582
B-1	32052CAD5	7,751,000.00	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
B-2	32052CAE3	2,500,000.00	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
B-3	32052CAF0	1,875,000.00	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
B-4	32052CAG8	1,250,000.00	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
B-5	32052CAH6	1,000,000.00	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
B-6	32052CAJ2	875,828.71	999.896624000	0.111015869	5.510748404	999.785608131	6.613582
Totals		250,016,928.71	958.841170264	26.580341236	5.284478722	932.260829107	



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Pool Level Data

Distribution Date		01/25/07
Cut-off Date		11/01/06
Record Date		12/29/06
Determination Date		01/19/07
Accrual Period 30/360	Begin	12/01/06
	End	01/01/07
Number of Days in 30/360 Accrual Period		30

Collateral Detail

Original Mortgage Loan Details

Original Aggregate Loan Count	879
Original Stated Principal Balance	250,016,928.71
Original Weighted Average Mortgage Rate	6.99985%
Original Weighted Average Net Mortgage Rate	6.62485%
Original Weighted Average Remaining Term	359



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Current Mortgage Loan Details

Beginning Aggregate Loan Count	855
Loans Paid Off or otherwise removed pursuant to the PSA	<u>16</u>
Ending Aggregate Loan Count	839
Beginning Pool Stated Principal Balance	239,726,524.52
Scheduled Principal	26,616.20
Unscheduled Principal	6,618,919.08
Realized Principal Losses	<u>0.00</u>
Ending Pool Stated Principal Balance	233,080,989.24
Beginning Weighted Average Mortgage Rate	6.98858%
Beginning Weighted Average Net Mortgage Rate	6.61358%
Ending Weighted Average Mortgage Rate	6.97520%
Ending Weighted Average Net Mortgage Rate	6.60020%
Beginning Weighted Average Remaining Term to Maturity	358
Ending Weighted Average Remaining Term to Maturity	357



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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	20	2.38379%	5,265,086.22	2.25891%	1	0.11919%	103,000.00	0.04419%	0	0.00000%	0.00	0.00000%

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

103,000.00



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Available Funds

Interest

Scheduled Interest	1,393,061.34
Plus: Compensating Interest	3,062.44
Less: Master Servicer Fee	73,715.91
Less: Trustee Fee	<u>1,198.63</u>
Total Interest Available	1,321,209.24

Principal

Scheduled Principal	26,616.20
Paid in Full Principal	6,577,677.65
Curtailment Principal	41,241.43
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>6,645,535.28</u>

Total Available Funds

7,966,744.52



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Principal Distribution Amounts

Senior and Subordinate Percentages

Senior Percentage Original	93.89968%
Senior Prepayment Percentage Original	100.00000%
Senior Percentage	93.63848%
Senior Prepayment Percentage	100.00000%
Subordinate Percentages	6.36152%
Subordinate Prepayment Percentage	0.00000%

Principal Distribution Amounts

Senior Principal Distribution Amount	6,643,842.08
Subordinate Principal Distribution Amount	<u>1,693.20</u>
Total Principal Distribution Amount	6,645,535.28

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	7,966,744.52
	Other Deposits Required by the PSA	<u>0.00</u>
	Total Deposits	7,966,744.52
Withdrawals	To the Senior Classes	7,881,002.24
	To the Subordinate Classes	<u>85,742.28</u>
	Total Withdrawals	<u>7,966,744.52</u>
	Ending Balance	0.00

Fees of the Trust	
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Gross Master Servicing Fee	73,715.91
Net Master Servicing Fee	70,653.46
Trustee Fee	1,198.63
Bond Insurance Premium	<u>0.00</u>
Total Net Loan Fees	71,852.09



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Mortgage Prepayment Details

Principal Balance of Loans Paid in Full	6,577,677.65
Prepayment Interest Excess (to Master Servicer)	0.00
Prepayment Interest Shortfall	3,062.44
Compensating Interest	3,062.44
Non-Supported Prepayment Interest Shortfall	0.00
CPR %	28.53921%
SMM %	2.76134%

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	1,063.84
Interest Advances	<u>27,855.46</u>
Total Advances	28,919.30

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>
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Group I

N/A

Bankruptcy, Fraud and Special Hazard Coverage Amounts

Original Bankruptcy Loss Limit	150,000.00
Original Bankruptcy Loss Limit %	0.060%
Current Bankruptcy Loss Limit	150,000.00
Current Bankruptcy Loss Limit %	0.064%
Original Special Hazard Loss Limit	3,200,000.00
Original Special Hazard Loss Limit %	1.280%
Current Special Hazard Loss Limit	1.28
Current Special Hazard Loss Limit %	1.000%
Original Fraud Loss Limit	5,000,337.00
Original Fraud Loss Limit %	2.000%
Current Fraud Loss Limit	5,000,337.00
Current Fraud Loss Limit %	2.145%



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Credit Enhancements

Subordination

Protection

	Original	Current
Bankruptcy Loss	0.00	0.00
Bankruptcy Percentage	0.000000%	0.000000%
Credit/Fraud Loss	0.00	5,000,338.57
Credit/Fraud Loss Percentage	0.000000%	2.145322%
Special Hazard Loss	0.00	0.00
Special Hazard Loss Percentage	0.000000%	0.000000%

Credit Support

	<u>Original</u>	<u>Current</u>
Class A	234,765,100.00	217,832,430.40
Class A Percentage	93.899682%	93.457828%
Class B-1	7,751,000.00	7,749,338.25
Class B-1 Percentage	3.100190%	3.324741%
Class B-2	2,500,000.00	2,499,464.02
Class B-2 Percentage	0.999932%	1.072359%
Class B-3	1,875,000.00	1,874,598.02
Class B-3 Percentage	0.749949%	0.804269%
Class B-4	1,250,000.00	1,249,732.01
Class B-4 Percentage	0.499966%	0.536179%
Class B-5	1,000,000.00	999,785.61
Class B-5 Percentage	0.399973%	0.428943%
Class B-6	875,828.71	875,640.94
Class B-6 Percentage	0.350308%	0.375681%

Material Changes to Pool Assets Disclosure

Material Modifications, extensions or waivers to pool asset tems, 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>		<u>Number of Items</u>	<u>Percent of Items</u>	<u>Principal Balance</u>	<u>Percent of Balance</u>
< =	5.000000000000	0	0.000	0.00	0.000
5.000000000000	- 5.250000000000	0	0.000	0.00	0.000
5.250000000000	- 5.500000000000	1	0.119	322,449.97	0.138
5.500000000000	- 5.750000000000	1	0.119	179,000.00	0.077
5.750000000000	- 6.000000000000	30	3.576	8,155,239.37	3.499
6.000000000000	- 6.250000000000	59	7.032	13,998,259.85	6.006
6.250000000000	- 6.500000000000	148	17.640	38,625,416.57	16.572
6.500000000000	- 6.750000000000	167	19.905	45,995,914.08	19.734
6.750000000000	- 7.000000000000	134	15.971	37,997,218.57	16.302
7.000000000000	- 7.250000000000	85	10.131	25,737,290.41	11.042
7.250000000000	- 7.500000000000	70	8.343	20,145,330.40	8.643
7.500000000000	- 7.750000000000	49	5.840	17,239,527.73	7.396
7.750000000000	- 8.000000000000	37	4.410	10,656,750.69	4.572
>	8.000000000000	58	6.913	14,028,591.60	6.019
Wgt Ave / Total:		839	100.000	233,080,989.24	100.000

<u>Update Face</u>		<u>Number of Items</u>	<u>Percent of Items</u>	<u>Principal Balance</u>	<u>Percent of Balance</u>
< =	0.00	0	0.000	0.00	0.000
0.00	- 25,000.00	1	0.119	1,958.33	0.001
25,000.00	- 50,000.00	6	0.715	267,023.21	0.115
50,000.00	- 75,000.00	31	3.695	1,939,099.14	0.832
75,000.00	- 100,000.00	42	5.006	3,703,952.22	1.589
100,000.00	- 125,000.00	49	5.840	5,564,113.21	2.387
125,000.00	- 150,000.00	60	7.151	8,275,200.39	3.550
150,000.00	- 175,000.00	58	6.913	9,396,998.47	4.032
175,000.00	- 200,000.00	78	9.297	14,645,565.22	6.283
200,000.00	- 225,000.00	66	7.867	13,979,512.94	5.998
225,000.00	- 250,000.00	61	7.271	14,545,294.94	6.240
250,000.00	- 275,000.00	55	6.555	14,455,553.75	6.202
275,000.00	- 300,000.00	64	7.628	18,453,515.97	7.917
300,000.00	- 325,000.00	45	5.364	14,086,725.41	6.044



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<u>Update Face</u>			Number of Items	Percent of Items	Principal Balance	Percent of Balance
325,000.00	-	350,000.00	37	4.410	12,477,782.54	5.353
350,000.00	-	375,000.00	34	4.052	12,292,869.59	5.274
375,000.00	-	400,000.00	23	2.741	8,939,993.83	3.836
400,000.00	-	425,000.00	36	4.291	14,874,327.56	6.382
425,000.00	-	450,000.00	4	0.477	1,748,967.30	0.750
450,000.00	-	475,000.00	9	1.073	4,160,636.62	1.785
475,000.00	-	500,000.00	9	1.073	4,396,876.81	1.886
500,000.00	-	525,000.00	5	0.596	2,560,900.19	1.099
525,000.00	-	550,000.00	5	0.596	2,682,528.07	1.151
550,000.00	-	575,000.00	4	0.477	2,240,000.00	0.961
575,000.00	-	600,000.00	11	1.311	6,503,636.86	2.790
600,000.00	-	625,000.00	2	0.238	1,224,419.35	0.525
625,000.00	-	650,000.00	12	1.430	7,683,862.54	3.297
650,000.00	-	675,000.00	1	0.119	654,000.00	0.281
675,000.00	-	700,000.00	4	0.477	2,773,231.71	1.190
700,000.00	-	725,000.00	1	0.119	712,500.00	0.306
725,000.00	-	750,000.00	1	0.119	746,200.00	0.320
750,000.00	-	775,000.00	2	0.238	1,543,500.00	0.662
775,000.00	-	800,000.00	0	0.000	0.00	0.000
>		800,000.00	23	2.741	25,550,243.07	10.962
Wgt Ave / Total:			839	100.000	233,080,989.24	100.000

<u>Update Term</u>			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	839	100.000	233,080,989.24	100.000
>		360	0	0.000	0.00	0.000
Wgt Ave / Total:			839	100.000	233,080,989.24	100.000



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Location	Number of Items	Percent of Items	Principal Balance	Percent of Balance
CA	119	14.184	45,510,760.88	19.526
FL	51	6.079	16,736,468.69	7.181
AZ	78	9.297	22,158,887.96	9.507
VA	54	6.436	18,672,674.45	8.011
WA	47	5.602	12,024,988.93	5.159
CO	23	2.741	4,520,206.15	1.939
Others	467	55.662	113,457,002.18	48.677
Wgt Ave / Total:	839	100.000	233,080,989.24	100.000