

**NovaStar Mortgage Funding Trust, Series 2006-1**

January 25, 2007

**Table of Contents**

<b>Distribution Report</b>	-----	<b>2</b>
<b>Factor Report</b>	-----	<b>3</b>
<b>Pool Balances and Delinquent Mortgage Detailed Report</b>	-----	<b>6</b>
<b>REO Group Report</b>	-----	<b>10</b>

IF THERE ARE ANY QUESTIONS OR PROBLEMS WITH THIS STATEMENT, PLEASE CONTACT THE ADMINISTRATOR LISTED BELOW:

Andrew Cooper  
JPMorgan Chase Bank, N.A. - Structured Finance Services  
4 New York Plaza, 6th Floor  
New York, New York 10004  
Tel: (212) 623-4523 / Fax: (212) 623-5930  
Email: [andrew.m.cooper@jpmchase.com](mailto:andrew.m.cooper@jpmchase.com)



## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

DISTRIBUTION IN DOLLARS								
CLASS	ORIGINAL FACE VALUE	BEGINNING PRINCIPAL BALANCE	PRINCIPAL	INTEREST	TOTAL	REALIZED LOSSES	DEFERRED INTEREST	ENDING PRINCIPAL BALANCE
A1A	767,078,000.00	570,202,229.13	27,943,030.01	2,618,178.57	30,561,208.58	0.00	0.00	542,259,199.12
A2A	182,000,000.00	97,698,947.22	10,207,493.84	440,459.42	10,647,953.26	0.00	0.00	87,491,453.38
A2B	91,700,000.00	91,700,000.00	0.00	417,235.00	417,235.00	0.00	0.00	91,700,000.00
A2C	71,400,000.00	71,400,000.00	0.00	327,845.00	327,845.00	0.00	0.00	71,400,000.00
A2D	32,621,000.00	32,621,000.00	0.00	152,775.02	152,775.02	0.00	0.00	32,621,000.00
M1	78,300,000.00	78,300,000.00	0.00	368,662.50	368,662.50	0.00	0.00	78,300,000.00
M2	21,600,000.00	21,600,000.00	0.00	102,600.00	102,600.00	0.00	0.00	21,600,000.00
M3	18,900,000.00	18,900,000.00	0.00	90,720.00	90,720.00	0.00	0.00	18,900,000.00
M4	18,225,000.00	18,225,000.00	0.00	87,935.63	87,935.63	0.00	0.00	18,225,000.00
M5	12,825,000.00	12,825,000.00	0.00	62,842.50	62,842.50	0.00	0.00	12,825,000.00
M6	10,125,000.00	10,125,000.00	0.00	53,578.13	53,578.13	0.00	0.00	10,125,000.00
M7	8,775,000.00	8,775,000.00	0.00	47,311.88	47,311.88	0.00	0.00	8,775,000.00
M8	7,425,000.00	7,425,000.00	0.00	45,168.75	45,168.75	0.00	0.00	7,425,000.00
M9	8,775,000.00	8,775,000.00	0.00	57,403.13	57,403.13	0.00	0.00	8,775,000.00
M10	6,750,000.00	6,750,000.00	0.00	44,156.25	44,156.25	0.00	0.00	6,750,000.00
M11	6,750,000.00	6,750,000.00	0.00	44,156.25	44,156.25	0.00	0.00	6,750,000.00
C	0.00	0.00	0.00	455,903.69	455,903.69	0.00	0.00	0.00
TRUST_CERT	0.00	0.00	0.00	1,338,183.19	1,338,183.19	0.00	0.00	0.00
TOTALS	1,343,249,000.00	1,062,072,176.35	38,150,523.85	6,755,114.91	44,905,638.76	0.00	0.00	1,023,921,652.50

## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CURRENT PASS-THRU RATE
A1A	669884AA6	743.34321820	36.42788610	3.41318428	39.84107037	706.91533210	5.510000%
A2A	669884AB4	536.80740231	56.08513099	2.42010670	58.50523769	480.72227132	5.410000%
A2B	669884AC2	1,000.00000000	0.00000000	4.55000000	4.55000000	1,000.00000000	5.460000%
A2C	669884AD0	1,000.00000000	0.00000000	4.59166667	4.59166667	1,000.00000000	5.510000%
A2D	669884AE8	1,000.00000000	0.00000000	4.68333344	4.68333344	1,000.00000000	5.620000%
M1	669884AF5	1,000.00000000	0.00000000	4.70833333	4.70833333	1,000.00000000	5.650000%
M2	669884AG3	1,000.00000000	0.00000000	4.75000000	4.75000000	1,000.00000000	5.700000%
M3	669884AH1	1,000.00000000	0.00000000	4.80000000	4.80000000	1,000.00000000	5.760000%
M4	669884AJ7	1,000.00000000	0.00000000	4.82500027	4.82500027	1,000.00000000	5.790000%
M5	669884AK4	1,000.00000000	0.00000000	4.90000000	4.90000000	1,000.00000000	5.880000%
M6	669884AL2	1,000.00000000	0.00000000	5.29166716	5.29166716	1,000.00000000	6.350000%
M7	669884AM0	1,000.00000000	0.00000000	5.39166724	5.39166724	1,000.00000000	6.470000%
M8	669884AN8	1,000.00000000	0.00000000	6.08333333	6.08333333	1,000.00000000	7.300000%
M9	669884AP3	1,000.00000000	0.00000000	6.54166724	6.54166724	1,000.00000000	7.850000%
M10	669884AQ1	1,000.00000000	0.00000000	6.54166667	6.54166667	1,000.00000000	7.850000%
M11	669884AR9	1,000.00000000	0.00000000	6.54166667	6.54166667	1,000.00000000	7.850000%
TOTALS		790.67408675	28.40167672	5.02893723	33.43061395	762.27241003	

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Available Funds - Group I	32,206,807.28
Available Funds - Group II	12,386,889.81
 Principal	
Group I Scheduled Principal	418,178.38
Group I Prepayments in Full	25,848,134.46
Group I Curtailments	34,585.87
Group I Net Liquidation Proceeds	1,254,651.18
Group I Realized Losses	281,874.44
Group II Scheduled Principal	157,825.08
Group II Prepayments in Full	8,150,706.39
Group II Curtailments	19,202.42
Group II Net Liquidation Proceeds	1,711,912.51
Group II Realized Losses	345,455.58
Total Scheduled Principal	576,003.46
Total Prepayments in Full	33,998,840.85
Total Curtailments	53,788.29
Total Net Liquidation Proceeds	2,966,563.69
Total Realized Losses	627,330.02
Distributions of Principal	
Class A-1A	27,943,030.01
Class A-2A	10,207,493.84
Class A-2B	0.00
Class A-2C	0.00
Class A-2D	0.00
Class M-1	0.00
Class M-4	0.00
Class M-5	0.00

## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

Class M-6	0.00
Class M-2	0.00
Class M-3	0.00
Class M7	0.00
Class M8	0.00
Class M9	0.00
Class M10	0.00
Class M11	0.00

## Distributions of Interest

Class A-1A	2,618,178.57
Class A-2A	440,459.42
Class A-2b	417,235.00
Class A-2C	327,845.00
Class A-2D	152,775.02
Class M-1	368,662.50
Class M-2	102,600.00
Class M-3	90,720.00
Class M-4	87,935.63
Class M-5	62,842.50
Class M-6	53,578.13
Class M-7	47,311.88
Class M-8	45,168.75
Class M-9	57,403.13
Class M-10	44,156.25
Class M-11	44,156.25

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Collateral Interest Detail

Group I Gross Interest	5,051,307.43
Group I Servicing Fee	295,142.88
Group I Custodian Fee	929.40
Group I Trustee Fee	2,064.84
Group I MI Premium	370,515.96
Group II Gross Interest	2,593,082.03
Group II Servicing Fee	150,364.82
Group II Custodian Fee	376.40
Group II Trustee Fee	1,052.56
Group II MI Premium	209,343.00
Total Gross Interest	7,644,389.46
Total Servicing Fee	445,507.70
Total Custodian Fee	1,305.80
Total Trustee Fee	3,117.40
Total MI Premium	579,858.96

Pool Balances

Group I Beginning Pool Balance	707,945,258.01
Group I Ending Pool Balance	680,179,836.15
Group II Beginning Pool Balance	360,876,915.81
Group II Ending Pool Balance	350,491,813.82
Total Beginning Pool Balance	1,068,822,173.82
Total Ending Pool Balance	1,030,671,649.97

Mortgage Loan Information as of Determination Date

Number of Mortgage Loans	6,324
Aggregate Principal Balance of Mortgage Loans	1,030,671,649.97

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Beginning Weighted Average Mortgage Rate	8.5830%
Swap Funds Received	274,541.65
Swap Funds Outgoing Payment	0.00
Wachovia Swap	47,666.66
Deutsche Swap	66,937.49
Greenwich Swap	159,937.50

Cap Funds Received	83,333.33
Cap Fee	45,933.33

Loans Delinquent

Contractual Delinquency - Group I

Balance of 0-30 Days	616,105,406.60
Number of 0-30 Days	4,104
Balance of 30-59 Days	16,212,614.49
Number of 30-59 Days	105
Balance of 60-89 Days	10,938,468.81
Number of 60-89 Days	63
Balance of 90+ Days	2,438,359.48
Number of 90+ Days	20

Contractual Bankruptcy - Group I

Balance of 0-30 Days	302,118.13
Number of 0-30 Days	5
Balance of 30-59 Days	156,462.20
Number of 30-59 Days	2
Balance of 60-89 Days	167,540.00
Number of 60-89 Days	1
Balance of 90+ Days	4,638,938.96
Number of 90+ Days	29

Legal Delinquency - Group I

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Balance of 0-30 Days	616,105,406.60
Number of 0-30 Days	4,104
Balance of 30-59 Days	16,212,614.49
Number of 30-59 Days	105
Balance of 60-89 Days	10,938,468.81
Number of 60-89 Days	63
Balance of 90+ Days	2,438,359.48
Number of 90+ Days	20
Legal Bankruptcy - Group I	
Balance of 0-30 Days	3,527,953.44
Number of 0-30 Days	28
Balance of 30-59 Days	642,379.47
Number of 30-59 Days	5
Balance of 60-89 Days	265,410.36
Number of 60-89 Days	1
Balance of 90+ Days	829,316.02
Number of 90+ Days	3
Loans in Foreclosure - Group I	
Balance of 0-30 Days	999,659.55
Number of 0-30 Days	6
Balance of 30-59 Days	495,764.01
Number of 30-59 Days	1
Balance of 60-89 Days	111,927.93
Number of 60-89 Days	1
Balance of 90+ Days	21,234,579.85
Number of 90+ Days	117
Contractual Delinquency - Group II	
Balance of 0-30 Days	305,371,077.25
Number of 0-30 Days	1,611
Balance of 30-59 Days	9,589,754.94

## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

Number of 30-59 Days	56
Balance of 60-89 Days	6,797,242.38
Number of 60-89 Days	25
Balance of 90+ Days	1,430,396.46
Number of 90+ Days	12
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	302,783.47
Number of 0-30 Days	4
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	106,459.74
Number of 60-89 Days	1
Balance of 90+ Days	1,924,523.64
Number of 90+ Days	9
Legal Delinquency - Group II	
Balance of 0-30 Days	305,371,077.25
Number of 0-30 Days	1,611
Balance of 30-59 Days	9,589,754.94
Number of 30-59 Days	56
Balance of 60-89 Days	6,797,242.38
Number of 60-89 Days	25
Balance of 90+ Days	1,430,396.46
Number of 90+ Days	12
Legal Bankruptcy - Group II	
Balance of 0-30 Days	951,884.46
Number of 0-30 Days	6
Balance of 30-59 Days	771,661.98
Number of 30-59 Days	4
Balance of 60-89 Days	0.00
Number of 60-89 Days	0

## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

Balance of 90+ Days	610,220.41
Number of 90+ Days	4
Loans in Foreclosure - Group II	0.00
Balance of 0-30 Days	685,738.20
Number of 0-30 Days	4
Balance of 30-59 Days	79,555.58
Number of 30-59 Days	1
Balance of 60-89 Days	118,895.97
Number of 60-89 Days	1
Balance of 90+ Days	16,010,632.99
Number of 90+ Days	69

## Loans in REO

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
1	38	6,377,996.14	0.94%
2	39	8,074,753.21	2.30%

## Principal Prepayments

Group I Prepayments	25,848,134.46
Group II Prepayments	8,150,706.39

## Realized Losses

Group I Liquidated Loan Balance	1,464,523.13
Group I Net Liquidation Proceeds	1,254,651.18
Group I Current Period Realized Losses	281,874.44

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Group I Recoveries of Prior Losses	2,063.35
Group I Current Period Non-Recoverable Advances	0.00
Group I Subsequent Losses	74,065.84
Group I Cumulative Liquidated Loan Balance	3,035,603.37
Group I Cumulative Net Liquidation Proceeds	2,257,918.48
Group I Cumulative Recoveries of Prior Losses	2,063.35
Group I Cumulative Subsequent Losses	74,065.84
Group I Cumulative Non-Recoverable Advances	0.00
Group I Cumulative Realized Losses	849,687.38
Group II Liquidated Loan Balance	2,057,368.09
Group II Net Liquidation Proceeds	1,711,912.51
Group II Current Period Realized Losses	345,455.58
Group II Recoveries of Prior Losses	0.00
Group II Current Period Non-Recoverable Advances	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	4,341,962.82
Group II Cumulative Net Liquidation Proceeds	3,603,726.45
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	47,079.00
Group II Cumulative Non-Recoverable Advances	12,522.59
Group II Cumulative Realized Losses	797,837.96
Total Liquidated Loan Balance	3,521,891.22
Total Net Liquidation Proceeds	2,966,563.69
Total Current Period Realized Losses	627,330.02
Total Recoveries of Prior Losses	2,063.35
Total Current Period Non-Recoverable Advances	0.00
Total Subsequent Losses	74,065.84

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Total Cumulative Liquidated Loan Balance	7,377,566.19
Total Cumulative Net Liquidation Proceeds	5,861,644.93
Total Cumulative Recoveries of Prior Losses	2,063.35
Total Cumulative Subsequent Losses	121,144.84
Total Cumulative Non-Recoverable Advances	12,522.59
Total Cumulative Realized Losses	1,647,525.34

Unpaid Interest Shortfall Amounts

Unpaid Interest Shortfall - A-1A	0.00
Unpaid Interest Shortfall - A-2A	0.00
Unpaid Interest Shortfall - A-2B	0.00
Unpaid Interest Shortfall - A-2C	0.00
Unpaid Interest Shortfall - A-2D	0.00
Unpaid Interest Shortfall - M-1	0.00
Unpaid Interest Shortfall - M-2	0.00
Unpaid Interest Shortfall - M-3	0.00
Unpaid Interest Shortfall - M-4	0.00
Unpaid Interest Shortfall - M-5	0.00
Unpaid Interest Shortfall - M-6	0.00
Unpaid Interest Shortfall - M7	0.00
Unpaid Interest Shortfall - M8	0.00
Unpaid Interest Shortfall - M9	0.00
Unpaid Interest Shortfall - M10	0.00
Unpaid Interest Shortfall - M11	0.00

Prepayment Interest Shortfalls not covered by the Servicer 0.00

Credit Enhancement Percentage 19.20%

Available Funds Cap Shortfall Amount

Current Period Available Funds Cap Shortfall Amount - A-1A 0.00

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

Current Period Available Funds Cap Shortfall Amount - A-2A	0.00
Current Period Available Funds Cap Shortfall Amount - A-2B	0.00
Current Period Available Funds Cap Shortfall Amount - A-2C	0.00
Current Period Available Funds Cap Shortfall Amount - A-2D	0.00
Current Period Available Funds Cap Shortfall Amount - M-1	0.00
Current Period Available Funds Cap Shortfall Amount - M-2	0.00
Current Period Available Funds Cap Shortfall Amount - M-3	0.00
Current Period Available Funds Cap Shortfall Amount - M-4	0.00
Current Period Available Funds Cap Shortfall Amount - M-5	0.00
Current Period Available Funds Cap Shortfall Amount - M-6	0.00
Current Period Available Funds Cap Shortfall Amount - M7	0.00
Current Period Available Funds Cap Shortfall Amount - M8	0.00
Current Period Available Funds Cap Shortfall Amount - M9	3,131.82
Current Period Available Funds Cap Shortfall Amount - M10	2,409.09
Current Period Available Funds Cap Shortfall Amount - M11	2,409.09
Available Funds Cap Shortfall Amount Repaid This Period- A-1A	0.00
Available Funds Cap Shortfall Amount Repaid This Period- A-2A	0.00
Available Funds Cap Shortfall Amount Repaid This Period- A-2B	0.00
Available Funds Cap Shortfall Amount Repaid This Period- A-2C	0.00
Available Funds Cap Shortfall Amount Repaid This Period- A-2D	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-1	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-2	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-3	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-4	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-5	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M-6	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M7	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M8	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M9	3,131.82
Available Funds Cap Shortfall Amount Repaid This Period- M10	2,409.09
Available Funds Cap Shortfall Amount Repaid This Period- M11	2,409.09

## NovaStar Mortgage Funding Trust, Series 2006-1

January 25, 2007

Remaining Available Funds Cap Shortfall Amount - A-1A	0.00
Remaining Available Funds Cap Shortfall Amount - A-2A	0.00
Remaining Available Funds Cap Shortfall Amount - A-2B	0.00
Remaining Available Funds Cap Shortfall Amount - A-2C	0.00
Remaining Available Funds Cap Shortfall Amount - A-2D	0.00
Remaining Available Funds Cap Shortfall Amount - M-1	0.00
Remaining Available Funds Cap Shortfall Amount - M-2	0.00
Remaining Available Funds Cap Shortfall Amount - M-3	0.00
Remaining Available Funds Cap Shortfall Amount - M-4	0.00
Remaining Available Funds Cap Shortfall Amount - M-5	0.00
Remaining Available Funds Cap Shortfall Amount - M-6	0.00
Remaining Available Funds Cap Shortfall Amount - M7	0.00
Remaining Available Funds Cap Shortfall Amount - M8	0.00
Remaining Available Funds Cap Shortfall Amount - M9	0.00
Remaining Available Funds Cap Shortfall Amount - M10	0.00
Remaining Available Funds Cap Shortfall Amount - M11	0.00

### REMIC Pass-Thru Rates

REMIC Pass-Thru Rate - A-1A	5.5100%
REMIC Pass-Thru Rate - A-2A	5.4100%
REMIC Pass-Thru Rate - A-2B	5.4600%
REMIC Pass-Thru Rate - A-2C	5.5100%
REMIC Pass-Thru Rate - A-2D	5.6200%
REMIC Pass-Thru Rate - M-1	5.6500%
REMIC Pass-Thru Rate - M-2	5.7000%
REMIC Pass-Thru Rate - M-3	5.7600%
REMIC Pass-Thru Rate - M-4	5.7900%
REMIC Pass-Thru Rate - M-5	5.8800%
REMIC Pass-Thru Rate - M-6	6.3500%
REMIC Pass-Thru Rate - M7	6.4700%
REMIC Pass-Thru Rate - M8	7.3000%
REMIC Pass-Thru Rate - M9	7.8500%

**NovaStar Mortgage Funding Trust, Series 2006-1**

**January 25, 2007**

REMIC Pass-Thru Rate - M10	7.8500%
REMIC Pass-Thru Rate - M11	7.8500%
Next REMIC Pass-Thru Rate - A-1A	5.4800%
Next REMIC Pass-Thru Rate - A-2A	5.3800%
Next REMIC Pass-Thru Rate - A-2B	5.4300%
Next REMIC Pass-Thru Rate - A-2C	5.4800%
Next REMIC Pass-Thru Rate - A-2D	5.5900%
Next REMIC Pass-Thru Rate - M-1	5.6200%
Next REMIC Pass-Thru Rate - M-2	5.6700%
Next REMIC Pass-Thru Rate - M-3	5.7300%
Next REMIC Pass-Thru Rate - M-4	5.7600%
Next REMIC Pass-Thru Rate - M-5	5.8500%
Next REMIC Pass-Thru Rate - M-6	6.3200%
Next REMIC Pass-Thru Rate - M-7	6.4400%
Next REMIC Pass-Thru Rate - M-8	7.2700%
Next REMIC Pass-Thru Rate - M-9	7.8200%
Next REMIC Pass-Thru Rate - M-10	7.8200%
Next REMIC Pass-Thru Rate - M-11	7.8200%
Underwritten Noteholders Principal Balance	1,023,921,652.50
Overcollateralization Amounts	
Required Overcollateralization Amount	6,749,997.47
Overcollateralization Amount	6,749,997.47
Excess Cashflow	0.00
Mortgage Insurance	
MI Premiums	579,858.96

**NovaStar Mortgage Funding Trust, Series 2006-1**  
**January 25, 2007**

Insurance Proceeds

0.00