

Novastar Mortgage Funding Trust, Series 2006-1**June 26, 2006****Table of Contents**

Distribution Report	-----	2
Factor Report	-----	3
Pool Balances and Delinquent Mortgage Detailed Report	-----	6
REO Group Report	-----	9

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



Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

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	765,027,783.83	19,253,348.86	3,564,179.44	22,817,528.30	0.00	0.00	745,774,434.97
A2A	182,000,000.00	180,231,124.84	7,882,448.93	823,656.24	8,706,105.17	0.00	0.00	172,348,675.91
A2B	91,700,000.00	91,700,000.00	0.00	423,144.56	423,144.56	0.00	0.00	91,700,000.00
A2C	71,400,000.00	71,400,000.00	0.00	332,644.67	332,644.67	0.00	0.00	71,400,000.00
A2D	32,621,000.00	32,621,000.00	0.00	155,167.22	155,167.22	0.00	0.00	32,621,000.00
M1	78,300,000.00	78,300,000.00	0.00	374,535.00	374,535.00	0.00	0.00	78,300,000.00
M2	21,600,000.00	21,600,000.00	0.00	104,280.00	104,280.00	0.00	0.00	21,600,000.00
M3	18,900,000.00	18,900,000.00	0.00	92,253.00	92,253.00	0.00	0.00	18,900,000.00
M4	18,225,000.00	18,225,000.00	0.00	89,444.25	89,444.25	0.00	0.00	18,225,000.00
M5	12,825,000.00	12,825,000.00	0.00	63,968.25	63,968.25	0.00	0.00	12,825,000.00
M6	10,125,000.00	10,125,000.00	0.00	54,731.25	54,731.25	0.00	0.00	10,125,000.00
M7	8,775,000.00	8,775,000.00	0.00	48,369.75	48,369.75	0.00	0.00	8,775,000.00
M8	7,425,000.00	7,425,000.00	0.00	46,406.25	46,406.25	0.00	0.00	7,425,000.00
M9	8,775,000.00	8,775,000.00	0.00	59,133.75	59,133.75	0.00	0.00	8,775,000.00
M10	6,750,000.00	6,750,000.00	0.00	45,487.50	45,487.50	0.00	0.00	6,750,000.00
M11	6,750,000.00	6,750,000.00	0.00	45,487.50	45,487.50	0.00	0.00	6,750,000.00
C	0.00	0.00	0.00	223,577.67	223,577.67	0.00	0.00	0.00
TRUST_CERT	0.00	0.00	0.00	2,296,389.45	2,296,389.45	0.00	0.00	0.00
TOTALS	1,343,249,000.00	1,339,429,908.67	27,135,797.79	8,842,855.75	35,978,653.54	0.00	0.00	1,312,294,110.88

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CURRENT PASS-THRU RATE
A1A	669884AA6	997.32723899	25.09959725	4.64643679	29.74603404	972.22764174	5.241250%
A2A	669884AB4	990.28090571	43.31015896	4.52558374	47.83574269	946.97074676	5.141250%
A2B	669884AC2	1,000.00000000	0.00000000	4.61444449	4.61444449	1,000.00000000	5.191250%
A2C	669884AD0	1,000.00000000	0.00000000	4.65888894	4.65888894	1,000.00000000	5.241250%
A2D	669884AE8	1,000.00000000	0.00000000	4.75666656	4.75666656	1,000.00000000	5.351250%
M1	669884AF5	1,000.00000000	0.00000000	4.78333333	4.78333333	1,000.00000000	5.381250%
M2	669884AG3	1,000.00000000	0.00000000	4.82777778	4.82777778	1,000.00000000	5.431250%
M3	669884AH1	1,000.00000000	0.00000000	4.88111111	4.88111111	1,000.00000000	5.491250%
M4	669884AJ7	1,000.00000000	0.00000000	4.90777778	4.90777778	1,000.00000000	5.521250%
M5	669884AK4	1,000.00000000	0.00000000	4.98777778	4.98777778	1,000.00000000	5.611250%
M6	669884AL2	1,000.00000000	0.00000000	5.40555556	5.40555556	1,000.00000000	6.081250%
M7	669884AM0	1,000.00000000	0.00000000	5.51222222	5.51222222	1,000.00000000	6.201250%
M8	669884AN8	1,000.00000000	0.00000000	6.25000000	6.25000000	1,000.00000000	7.031250%
M9	669884AP3	1,000.00000000	0.00000000	6.73888889	6.73888889	1,000.00000000	7.581250%
M10	669884AQ1	1,000.00000000	0.00000000	6.73888889	6.73888889	1,000.00000000	7.581250%
M11	669884AR9	1,000.00000000	0.00000000	6.73888889	6.73888889	1,000.00000000	7.581250%
TOTALS		997.15682548	20.20161399	6.58318432	26.78479831	976.95521149	

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Available Funds - Group I	25,017,602.34
Available Funds - Group II	10,655,748.41
 Principal	
Group I Scheduled Principal	487,982.25
Group I Prepayments in Full	18,489,521.44
Group I Curtailments	275,846.75
Group I Net Liquidation Proceeds	0.00
Group I Realized Losses	0.00
 Group II Scheduled Principal	 179,333.41
Group II Prepayments in Full	7,440,519.10
Group II Curtailments	262,597.07
Group II Net Liquidation Proceeds	0.00
Group II Realized Losses	0.00
 Total Scheduled Principal	 667,315.66
Total Prepayments in Full	25,930,040.54
Total Curtailments	538,443.82
Total Net Liquidation Proceeds	0.00
Total Realized Losses	0.00
 Distributions of Principal	
Class A-1A	19,253,348.86
Class A-2A	7,882,448.93
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

June 26, 2006

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	3,564,179.44
Class A-2A	823,656.24
Class A-2b	423,144.56
Class A-2C	332,644.67
Class A-2D	155,167.22
Class M-1	374,535.00
Class M-2	104,280.00
Class M-3	92,253.00
Class M-4	89,444.25
Class M-5	63,968.25
Class M-6	54,731.25
Class M-7	48,369.75
Class M-8	46,406.25
Class M-9	59,133.75
Class M-10	45,487.50
Class M-11	45,487.50

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Pool Balances

Group I Beginning Pool Balance	902,554,998.55
Group I Ending Pool Balance	883,301,634.65
Group II Beginning Pool Balance	443,624,909.81
Group II Ending Pool Balance	435,742,473.70
Total Beginning Pool Balance	1,346,179,908.36
Total Ending Pool Balance	1,319,044,108.35

Mortgage Loan Information as of Determination Date

Number of Mortgage Loans	7,763
Aggregate Principal Balance of Mortgage Loans	1,319,044,108.35
Beginning Weighted Average Mortgage Rate	8.6343%
Swap Funds Outgoing Payment	0.00
Swap Funds Received	310,125.01
Wachovia Swap	54,666.67
Deutsche Swap	75,687.50
Greenwich Swap	179,770.84

Cap Funds Received	41,111.11
Cap Fee	45,933.33

Loans Delinquent

Contractual Delinquency - Group I

Balance of 0-30 Days	873,995,928.68
Number of 0-30 Days	5,537
Balance of 30-59 Days	5,904,414.62
Number of 30-59 Days	39
Balance of 60-89 Days	2,153,029.80
Number of 60-89 Days	11
Balance of 90+ Days	0.00

Novastar Mortgage Funding Trust, Series 2006-1
June 26, 2006

Number of 90+ Days	0
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	460,809.12
Number of 0-30 Days	6
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Delinquency - Group I	
Balance of 0-30 Days	873,995,928.68
Number of 0-30 Days	5,537
Balance of 30-59 Days	5,904,414.62
Number of 30-59 Days	39
Balance of 60-89 Days	2,153,029.80
Number of 60-89 Days	11
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Bankruptcy - Group I	
Balance of 0-30 Days	460,809.12
Number of 0-30 Days	6
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0
Loans in Foreclosure - Group I	

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Balance of 0-30 Days	119,867.05
Number of 0-30 Days	1
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	667,585.38
Number of 90+ Days	2
Contractual Delinquency - Group II	
Balance of 0-30 Days	427,897,556.98
Number of 0-30 Days	2,124
Balance of 30-59 Days	3,310,287.55
Number of 30-59 Days	18
Balance of 60-89 Days	1,220,599.25
Number of 60-89 Days	5
Balance of 90+ Days	0.00
Number of 90+ Days	0
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	31,055.51
Number of 0-30 Days	1
Balance of 30-59 Days	169,155.81
Number of 30-59 Days	2
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Delinquency - Group II	
Balance of 0-30 Days	427,897,556.98
Number of 0-30 Days	2,124
Balance of 30-59 Days	3,310,287.55

Novastar Mortgage Funding Trust, Series 2006-1
June 26, 2006

Number of 30-59 Days	18
Balance of 60-89 Days	1,220,599.25
Number of 60-89 Days	5
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Bankruptcy - Group II	
Balance of 0-30 Days	200,211.32
Number of 0-30 Days	3
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	0.00
Number of 90+ Days	0
Loans in Foreclosure - Group II	0.00
Balance of 0-30 Days	0.00
Number of 0-30 Days	0
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	524,374.17
Number of 60-89 Days	2
Balance of 90+ Days	2,059,545.76
Number of 90+ Days	12

Loans in REO

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
1	0	0.00	0.00%

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
2	3	529,898.67	0.12%

Principal Prepayments

Group I Prepayments	18,489,521.44
Group II Prepayments	7,440,519.10

Realized Losses

Group I Liquidated Loan Balance	0.00
Group I Net Liquidation Proceeds	0.00
Group I Current Period Realized Losses	0.00
Group I Recoveries of Prior Losses	0.00
Group I Subsequent Losses	0.00
Group I Cumulative Liquidated Loan Balance	0.00
Group I Cumulative Net Liquidation Proceeds	0.00
Group I Cumulative Recoveries of Prior Losses	0.00
Group I Cumulative Subsequent Losses	0.00
Group I Cumulative Realized Losses	0.00
Group II Liquidated Loan Balance	0.00
Group II Net Liquidation Proceeds	0.00
Group II Current Period Realized Losses	0.00
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	0.00
Group II Cumulative Net Liquidation Proceeds	0.00

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	0.00
Group II Cumulative Realized Losses	0.00
Total Liquidated Loan Balance	0.00
Total Net Liquidation Proceeds	0.00
Total Current Period Realized Losses	0.00
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	0.00
Total Cumulative Net Liquidation Proceeds	0.00
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	0.00
Total Cumulative Realized Losses	0.00

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

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

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	15.24%
Available Funds Cap Shortfall Amount	
Current Period Available Funds Cap Shortfall Amount - A-1A	0.00
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	573.17
Current Period Available Funds Cap Shortfall Amount - M8	4,967.39
Current Period Available Funds Cap Shortfall Amount - M9	3,821.07
Current Period Available Funds Cap Shortfall Amount - M10	3,821.07
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

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

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	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M10	0.00
Available Funds Cap Shortfall Amount Repaid This Period- M11	0.00

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

Note Rates

Note Rate - A-1A	5.2413%
Note Rate - A-2A	5.1413%
Note Rate - A-2B	5.1913%
Note Rate - A-2C	5.2413%
Note Rate - A-2D	5.3513%

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Note Rate - M-1	5.3813%
Note Rate - M-2	5.4313%
Note Rate - M-3	5.4913%
Note Rate - M-4	5.5213%
Note Rate - M-5	5.6113%
Note Rate - M-6	6.0813%
Note Rate - M7	6.2013%
Note Rate - M8	7.0313%
Note Rate - M9	7.5813%
Note Rate - M10	7.5813%
Note Rate - M11	7.5813%
Next Note Rate - A-1A	5.4825%
Next Note Rate - A-2A	5.3825%
Next Note Rate - A-2B	5.4325%
Next Note Rate - A-2C	5.4825%
Next Note Rate - A-2D	5.5925%
Next Note Rate - M-1	5.6225%
Next Note Rate - M-2	5.6725%
Next Note Rate - M-3	5.7325%
Next Note Rate - M-4	5.7625%
Next Note Rate - M-5	5.8525%
Next Note Rate - M-6	6.3225%
Next Note Rate - M-7	6.4425%
Next Note Rate - M-8	7.2725%
Next Note Rate - M-9	7.8225%
Next Note Rate - M-10	7.8225%
Next Note Rate - M-11	7.8225%

Underwritten Noteholders Principal Balance 1,312,294,110.88

Overcollateralization Amounts

Novastar Mortgage Funding Trust, Series 2006-1

June 26, 2006

Required Overcollateralization Amount	6,749,997.47
Overcollateralization Amount	6,749,997.47
Excess Cashflow	0.00
Mortgage Insurance	
MI Premiums	722,732.15
Insurance Proceeds	0.00