

Novastar Mortgage Funding Trust, Series 2006-1

July 25, 2006

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

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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	745,774,434.97	28,343,083.85	3,293,681.72	31,636,765.57	0.00	0.00	717,431,351.12
A2A	182,000,000.00	172,348,675.91	11,344,256.50	747,287.10	12,091,543.60	0.00	0.00	161,004,419.41
A2B	91,700,000.00	91,700,000.00	0.00	401,295.76	401,295.76	0.00	0.00	91,700,000.00
A2C	71,400,000.00	71,400,000.00	0.00	315,335.13	315,335.13	0.00	0.00	71,400,000.00
A2D	32,621,000.00	32,621,000.00	0.00	146,959.87	146,959.87	0.00	0.00	32,621,000.00
M1	78,300,000.00	78,300,000.00	0.00	354,639.19	354,639.19	0.00	0.00	78,300,000.00
M2	21,600,000.00	21,600,000.00	0.00	98,701.50	98,701.50	0.00	0.00	21,600,000.00
M3	18,900,000.00	18,900,000.00	0.00	87,277.31	87,277.31	0.00	0.00	18,900,000.00
M4	18,225,000.00	18,225,000.00	0.00	84,600.70	84,600.70	0.00	0.00	18,225,000.00
M5	12,825,000.00	12,825,000.00	0.00	60,463.64	60,463.64	0.00	0.00	12,825,000.00
M6	10,125,000.00	10,125,000.00	0.00	51,567.89	51,567.89	0.00	0.00	10,125,000.00
M7	8,775,000.00	8,775,000.00	0.00	45,540.42	45,540.42	0.00	0.00	8,775,000.00
M8	7,425,000.00	7,425,000.00	0.00	43,498.64	43,498.64	0.00	0.00	7,425,000.00
M9	8,775,000.00	8,775,000.00	0.00	55,295.30	55,295.30	0.00	0.00	8,775,000.00
M10	6,750,000.00	6,750,000.00	0.00	42,534.84	42,534.84	0.00	0.00	6,750,000.00
M11	6,750,000.00	6,750,000.00	0.00	42,534.84	42,534.84	0.00	0.00	6,750,000.00
C	0.00	0.00	0.00	506,380.24	506,380.24	0.00	0.00	0.00
TRUST_CERT	0.00	0.00	0.00	2,511,257.57	2,511,257.57	0.00	0.00	0.00
TOTALS	1,343,249,000.00	1,312,294,110.88	39,687,340.35	8,888,851.66	48,576,192.01	0.00	0.00	1,272,606,770.53

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FACTOR INFORMATION PER \$1000 OF ORIGINAL FACE							
CLASS	CUSIP	BEGINNING PRINCIPAL	PRINCIPAL	INTEREST	TOTAL	ENDING PRINCIPAL	CURRENT PASS-THRU RATE
A1A	669884AA6	972.22764174	36.94941564	4.29380287	41.24321851	935.27822610	5.482500%
A2A	669884AB4	946.97074676	62.33107967	4.10597308	66.43705275	884.63966709	5.382500%
A2B	669884AC2	1,000.00000000	0.00000000	4.37618059	4.37618059	1,000.00000000	5.432500%
A2C	669884AD0	1,000.00000000	0.00000000	4.41645840	4.41645840	1,000.00000000	5.482500%
A2D	669884AE8	1,000.00000000	0.00000000	4.50506943	4.50506943	1,000.00000000	5.592500%
M1	669884AF5	1,000.00000000	0.00000000	4.52923614	4.52923614	1,000.00000000	5.622500%
M2	669884AG3	1,000.00000000	0.00000000	4.56951389	4.56951389	1,000.00000000	5.672500%
M3	669884AH1	1,000.00000000	0.00000000	4.61784709	4.61784709	1,000.00000000	5.732500%
M4	669884AJ7	1,000.00000000	0.00000000	4.64201372	4.64201372	1,000.00000000	5.762500%
M5	669884AK4	1,000.00000000	0.00000000	4.71451384	4.71451384	1,000.00000000	5.852500%
M6	669884AL2	1,000.00000000	0.00000000	5.09312494	5.09312494	1,000.00000000	6.322500%
M7	669884AM0	1,000.00000000	0.00000000	5.18979145	5.18979145	1,000.00000000	6.442500%
M8	669884AN8	1,000.00000000	0.00000000	5.85840269	5.85840269	1,000.00000000	7.272500%
M9	669884AP3	1,000.00000000	0.00000000	6.30145869	6.30145869	1,000.00000000	7.822500%
M10	669884AQ1	1,000.00000000	0.00000000	6.30145778	6.30145778	1,000.00000000	7.822500%
M11	669884AR9	1,000.00000000	0.00000000	6.30145778	6.30145778	1,000.00000000	7.822500%
TOTALS		976.95521149	29.54578068	6.61742660	36.16320728	947.40943081	

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Available Funds - Group I	34,179,487.16
Available Funds - Group II	14,196,137.49
Principal	
Group I Scheduled Principal	485,290.47
Group I Prepayments in Full	27,718,299.87
Group I Curtailments	105,871.60
Group I Net Liquidation Proceeds	0.00
Group I Realized Losses	0.00
Group II Scheduled Principal	179,194.25
Group II Prepayments in Full	11,896,763.63
Group II Curtailments	-698,079.47
Group II Net Liquidation Proceeds	0.00
Group II Realized Losses	47,079.00
Total Scheduled Principal	664,484.72
Total Prepayments in Full	39,615,063.50
Total Curtailments	-592,207.87
Total Net Liquidation Proceeds	0.00
Total Realized Losses	47,079.00
Distributions of Principal	
Class A-1A	28,343,083.85
Class A-2A	11,344,256.50
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

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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	3,293,681.72
Class A-2A	747,287.10
Class A-2b	401,295.76
Class A-2C	315,335.13
Class A-2D	146,959.87
Class M-1	354,639.19
Class M-2	98,701.50
Class M-3	87,277.31
Class M-4	84,600.70
Class M-5	60,463.64
Class M-6	51,567.89
Class M-7	45,540.42
Class M-8	43,498.64
Class M-9	55,295.30
Class M-10	42,534.84
Class M-11	42,534.84

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Pool Balances

Group I Beginning Pool Balance	883,301,634.65
Group I Ending Pool Balance	854,992,172.71
Group II Beginning Pool Balance	435,742,473.70
Group II Ending Pool Balance	424,364,595.29
Total Beginning Pool Balance	1,319,044,108.35
Total Ending Pool Balance	1,279,356,768.00

Mortgage Loan Information as of Determination Date

Number of Mortgage Loans	7,570
Aggregate Principal Balance of Mortgage Loans	1,279,356,768.00
Beginning Weighted Average Mortgage Rate	8.6311%
Swap Funds Outgoing Payment	0.00
Swap Funds Received	170,375.70
Wachovia Swap	27,175.00
Deutsche Swap	41,322.92
Greenwich Swap	101,877.78

Cap Funds Received	76,125.00
Cap Fee	45,933.33

Loans Delinquent

Contractual Delinquency - Group I

Balance of 0-30 Days	839,274,215.28
Number of 0-30 Days	5,351
Balance of 30-59 Days	5,743,408.53
Number of 30-59 Days	36
Balance of 60-89 Days	5,966,944.40
Number of 60-89 Days	36
Balance of 90+ Days	463,850.79

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Number of 90+ Days	2
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	421,001.31
Number of 0-30 Days	6
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	166,942.53
Number of 60-89 Days	1
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Delinquency - Group I	
Balance of 0-30 Days	839,274,215.28
Number of 0-30 Days	5,351
Balance of 30-59 Days	5,743,408.53
Number of 30-59 Days	36
Balance of 60-89 Days	5,966,944.40
Number of 60-89 Days	36
Balance of 90+ Days	463,850.79
Number of 90+ Days	2
Legal Bankruptcy - Group I	
Balance of 0-30 Days	587,943.84
Number of 0-30 Days	7
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	

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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	0.00
Number of 60-89 Days	0
Balance of 90+ Days	2,787,889.52
Number of 90+ Days	14
Contractual Delinquency - Group II	
Balance of 0-30 Days	410,988,939.17
Number of 0-30 Days	2,066
Balance of 30-59 Days	5,468,420.87
Number of 30-59 Days	20
Balance of 60-89 Days	2,828,181.54
Number of 60-89 Days	11
Balance of 90+ Days	487,953.71
Number of 90+ Days	2
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	31,044.13
Number of 0-30 Days	1
Balance of 30-59 Days	168,992.38
Number of 30-59 Days	2
Balance of 60-89 Days	546,203.34
Number of 60-89 Days	1
Balance of 90+ Days	0.00
Number of 90+ Days	0
Legal Delinquency - Group II	
Balance of 0-30 Days	410,988,939.17
Number of 0-30 Days	2,066
Balance of 30-59 Days	5,468,420.87

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Number of 30-59 Days	20
Balance of 60-89 Days	2,828,181.54
Number of 60-89 Days	11
Balance of 90+ Days	487,953.71
Number of 90+ Days	2

Legal Bankruptcy - Group II

Balance of 0-30 Days	200,036.51
Number of 0-30 Days	3
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	546,203.34
Number of 60-89 Days	1
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	0.00
Number of 60-89 Days	0
Balance of 90+ Days	2,557,679.65
Number of 90+ Days	13

Loans in REO

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
1	1	167,920.35	0.02%

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REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
2	7	1,287,180.50	0.30%

Principal Prepayments

Group I Prepayments	27,718,299.87
Group II Prepayments	11,896,763.63

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	47,079.00
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	47,079.00
Group II Cumulative Liquidated Loan Balance	0.00
Group II Cumulative Net Liquidation Proceeds	0.00

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Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	47,079.00
Group II Cumulative Realized Losses	47,079.00
Total Liquidated Loan Balance	0.00
Total Net Liquidation Proceeds	0.00
Total Current Period Realized Losses	47,079.00
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	47,079.00
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	47,079.00
Total Cumulative Realized Losses	47,079.00

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

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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	15.56%
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	0.00
Current Period Available Funds Cap Shortfall Amount - M8	577.18
Current Period Available Funds Cap Shortfall Amount - M9	443.99
Current Period Available Funds Cap Shortfall Amount - M10	443.99
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

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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	5.4825%
Note Rate - A-2A	5.3825%
Note Rate - A-2B	5.4325%
Note Rate - A-2C	5.4825%
Note Rate - A-2D	5.5925%

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Note Rate - M-1	5.6225%
Note Rate - M-2	5.6725%
Note Rate - M-3	5.7325%
Note Rate - M-4	5.7625%
Note Rate - M-5	5.8525%
Note Rate - M-6	6.3225%
Note Rate - M7	6.4425%
Note Rate - M8	7.2725%
Note Rate - M9	7.8225%
Note Rate - M10	7.8225%
Note Rate - M11	7.8225%
Next Note Rate - A-1A	5.5450%
Next Note Rate - A-2A	5.4450%
Next Note Rate - A-2B	5.4950%
Next Note Rate - A-2C	5.5450%
Next Note Rate - A-2D	5.6550%
Next Note Rate - M-1	5.6850%
Next Note Rate - M-2	5.7350%
Next Note Rate - M-3	5.7950%
Next Note Rate - M-4	5.8250%
Next Note Rate - M-5	5.9150%
Next Note Rate - M-6	6.3850%
Next Note Rate - M-7	6.5050%
Next Note Rate - M-8	7.3350%
Next Note Rate - M-9	7.8850%
Next Note Rate - M-10	7.8850%
Next Note Rate - M-11	7.8850%

Underwritten Noteholders Principal Balance 1,272,606,770.53

Overcollateralization Amounts

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Required Overcollateralization Amount	6,749,997.47
Overcollateralization Amount	6,749,997.47
Excess Cashflow	0.00
Mortgage Insurance	
MI Premiums	697,803.39
Insurance Proceeds	0.00