

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

**September 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	691,788,155.94	31,949,501.79	3,267,080.64	35,216,582.43	0.00	0.00	659,838,654.15
A2A	182,000,000.00	150,254,491.42	11,330,764.68	696,662.38	12,027,427.06	0.00	0.00	138,923,726.74
A2B	91,700,000.00	91,700,000.00	0.00	429,119.78	429,119.78	0.00	0.00	91,700,000.00
A2C	71,400,000.00	71,400,000.00	0.00	337,197.96	337,197.96	0.00	0.00	71,400,000.00
A2D	32,621,000.00	32,621,000.00	0.00	157,147.84	157,147.84	0.00	0.00	32,621,000.00
M1	78,300,000.00	78,300,000.00	0.00	379,223.82	379,223.82	0.00	0.00	78,300,000.00
M2	21,600,000.00	21,600,000.00	0.00	105,543.47	105,543.47	0.00	0.00	21,600,000.00
M3	18,900,000.00	18,900,000.00	0.00	93,327.03	93,327.03	0.00	0.00	18,900,000.00
M4	18,225,000.00	18,225,000.00	0.00	90,464.74	90,464.74	0.00	0.00	18,225,000.00
M5	12,825,000.00	12,825,000.00	0.00	64,654.31	64,654.31	0.00	0.00	12,825,000.00
M6	10,125,000.00	10,125,000.00	0.00	55,140.69	55,140.69	0.00	0.00	10,125,000.00
M7	8,775,000.00	8,775,000.00	0.00	48,695.35	48,695.35	0.00	0.00	8,775,000.00
M8	7,425,000.00	7,425,000.00	0.00	46,510.57	46,510.57	0.00	0.00	7,425,000.00
M9	8,775,000.00	8,775,000.00	0.00	59,122.97	59,122.97	0.00	0.00	8,775,000.00
M10	6,750,000.00	6,750,000.00	0.00	45,479.21	45,479.21	0.00	0.00	6,750,000.00
M11	6,750,000.00	6,750,000.00	0.00	45,479.21	45,479.21	0.00	0.00	6,750,000.00
C	0.00	0.00	0.00	597,310.64	597,310.64	0.00	0.00	0.00
TRUST_CERT	0.00	0.00	0.00	2,197,215.89	2,197,215.89	0.00	0.00	0.00
TOTALS	1,343,249,000.00	1,236,213,647.36	43,280,266.47	8,715,376.50	51,995,642.97	0.00	0.00	1,192,933,380.89

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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	901.84851598	41.65091658	4.25912442	45.91004100	860.19759940	5.484380%
A2A	669884AB4	825.57412868	62.25694879	3.82781528	66.08476407	763.31717989	5.384380%
A2B	669884AC2	1,000.00000000	0.00000000	4.67960502	4.67960502	1,000.00000000	5.434380%
A2C	669884AD0	1,000.00000000	0.00000000	4.72266050	4.72266050	1,000.00000000	5.484380%
A2D	669884AE8	1,000.00000000	0.00000000	4.81738267	4.81738267	1,000.00000000	5.594380%
M1	669884AF5	1,000.00000000	0.00000000	4.84321609	4.84321609	1,000.00000000	5.624380%
M2	669884AG3	1,000.00000000	0.00000000	4.88627176	4.88627176	1,000.00000000	5.674380%
M3	669884AH1	1,000.00000000	0.00000000	4.93793810	4.93793810	1,000.00000000	5.734380%
M4	669884AJ7	1,000.00000000	0.00000000	4.96377174	4.96377174	1,000.00000000	5.764380%
M5	669884AK4	1,000.00000000	0.00000000	5.04127174	5.04127174	1,000.00000000	5.854380%
M6	669884AL2	1,000.00000000	0.00000000	5.44599407	5.44599407	1,000.00000000	6.324380%
M7	669884AM0	1,000.00000000	0.00000000	5.54932764	5.54932764	1,000.00000000	6.444380%
M8	669884AN8	1,000.00000000	0.00000000	6.26404983	6.26404983	1,000.00000000	7.274380%
M9	669884AP3	1,000.00000000	0.00000000	6.73766040	6.73766040	1,000.00000000	7.824380%
M10	669884AQ1	1,000.00000000	0.00000000	6.73766074	6.73766074	1,000.00000000	7.824380%
M11	669884AR9	1,000.00000000	0.00000000	6.73766074	6.73766074	1,000.00000000	7.824380%
TOTALS		920.31607495	32.22058343	6.48828065	38.70886408	888.09549152	

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Available Funds - Group I	37,587,479.52
Available Funds - Group II	14,020,661.16
Principal	
Group I Scheduled Principal	465,139.07
Group I Prepayments in Full	31,211,140.94
Group I Curtailments	264,954.15
Group I Net Liquidation Proceeds	0.00
Group I Realized Losses	0.00
Group II Scheduled Principal	174,167.70
Group II Prepayments in Full	10,900,425.80
Group II Curtailments	110,834.71
Group II Net Liquidation Proceeds	142,404.39
Group II Realized Losses	11,199.74
Total Scheduled Principal	639,306.77
Total Prepayments in Full	42,111,566.74
Total Curtailments	375,788.86
Total Net Liquidation Proceeds	142,404.39
Total Realized Losses	11,199.74
Distributions of Principal	
Class A-1A	31,949,501.79
Class A-2A	11,330,764.68
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	3,267,080.64
Class A-2A	696,662.38
Class A-2b	429,119.78
Class A-2C	337,197.96
Class A-2D	157,147.84
Class M-1	379,223.82
Class M-2	105,543.47
Class M-3	93,327.03
Class M-4	90,464.74
Class M-5	64,654.31
Class M-6	55,140.69
Class M-7	48,695.35
Class M-8	46,510.57
Class M-9	59,122.97
Class M-10	45,479.21
Class M-11	45,479.21

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Pool Balances

Group I Beginning Pool Balance	829,348,977.53
Group I Ending Pool Balance	797,407,743.39
Group II Beginning Pool Balance	413,614,667.30
Group II Ending Pool Balance	402,275,634.97
Total Beginning Pool Balance	1,242,963,644.83
Total Ending Pool Balance	1,199,683,378.36

Mortgage Loan Information as of Determination Date

Number of Mortgage Loans	7,173
Aggregate Principal Balance of Mortgage Loans	1,199,683,378.36
Beginning Weighted Average Mortgage Rate	8.6191%
Swap Funds Outgoing Payment	0.00
Swap Funds Received	351,736.84
Wachovia Swap	62,852.60
Deutsche Swap	85,919.92
Greenwich Swap	202,964.32

Cap Funds Received	81,698.78
Cap Fee	45,933.33

Loans Delinquent

Contractual Delinquency - Group I

Balance of 0-30 Days	766,997,979.28
Number of 0-30 Days	4,971
Balance of 30-59 Days	9,336,374.05
Number of 30-59 Days	54
Balance of 60-89 Days	5,434,605.92
Number of 60-89 Days	29
Balance of 90+ Days	1,216,351.77

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Number of 90+ Days	7
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	909,261.40
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	483,113.24
Number of 90+ Days	4
Legal Delinquency - Group I	
Balance of 0-30 Days	766,997,979.28
Number of 0-30 Days	4,971
Balance of 30-59 Days	9,336,374.05
Number of 30-59 Days	54
Balance of 60-89 Days	5,434,605.92
Number of 60-89 Days	29
Balance of 90+ Days	1,216,351.77
Number of 90+ Days	7
Legal Bankruptcy - Group I	
Balance of 0-30 Days	1,280,351.21
Number of 0-30 Days	9
Balance of 30-59 Days	112,023.43
Number of 30-59 Days	1
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	181,763.69
Number of 0-30 Days	2
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	490,677.75
Number of 60-89 Days	3
Balance of 90+ Days	10,695,932.46
Number of 90+ Days	53
 Contractual Delinquency - Group II	
Balance of 0-30 Days	378,615,487.03
Number of 0-30 Days	1,918
Balance of 30-59 Days	6,853,876.00
Number of 30-59 Days	37
Balance of 60-89 Days	3,843,730.78
Number of 60-89 Days	18
Balance of 90+ Days	829,461.59
Number of 90+ Days	6
 Contractual Bankruptcy - Group II	
Balance of 0-30 Days	114,586.12
Number of 0-30 Days	2
Balance of 30-59 Days	28,741.47
Number of 30-59 Days	1
Balance of 60-89 Days	106,918.24
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	378,615,487.03
Number of 0-30 Days	1,918
Balance of 30-59 Days	6,853,876.00

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Number of 30-59 Days	37
Balance of 60-89 Days	3,843,730.78
Number of 60-89 Days	18
Balance of 90+ Days	829,461.59
Number of 90+ Days	6

## Legal Bankruptcy - Group II

Balance of 0-30 Days	114,586.12
Number of 0-30 Days	2
Balance of 30-59 Days	135,659.71
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

## Loans in Foreclosure - Group II

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	130,268.41
Number of 60-89 Days	1
Balance of 90+ Days	8,186,504.55
Number of 90+ Days	32

## Loans in REO

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
1	12	1,661,683.83	0.21%

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REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
2	17	3,720,580.63	0.92%

## Principal Prepayments

Group I Prepayments	31,211,140.94
Group II Prepayments	10,900,425.80

## 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	153,604.13
Group II Net Liquidation Proceeds	142,404.39
Group II Current Period Realized Losses	11,199.74
Group II Recoveries of Prior Losses	0.00
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	153,604.13
Group II Cumulative Net Liquidation Proceeds	142,404.39

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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	58,278.74
Total Liquidated Loan Balance	153,604.13
Total Net Liquidation Proceeds	142,404.39
Total Current Period Realized Losses	11,199.74
Total Recoveries of Prior Losses	0.00
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	153,604.13
Total Cumulative Net Liquidation Proceeds	142,404.39
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	47,079.00
Total Cumulative Realized Losses	58,278.74

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	16.51%
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	287.54
Current Period Available Funds Cap Shortfall Amount - M9	4,495.76
Current Period Available Funds Cap Shortfall Amount - M10	3,458.27
Current Period Available Funds Cap Shortfall Amount - M11	3,458.27
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

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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	287.54
Available Funds Cap Shortfall Amount Repaid This Period- M9	4,495.76
Available Funds Cap Shortfall Amount Repaid This Period- M10	3,458.27
Available Funds Cap Shortfall Amount Repaid This Period- M11	3,458.27

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	5.4844%
Note Rate - A-2A	5.3844%
Note Rate - A-2B	5.4344%
Note Rate - A-2C	5.4844%

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Note Rate - A-2D	5.5944%
Note Rate - M-1	5.6244%
Note Rate - M-2	5.6744%
Note Rate - M-3	5.7344%
Note Rate - M-4	5.7644%
Note Rate - M-5	5.8544%
Note Rate - M-6	6.3244%
Note Rate - M7	6.4444%
Note Rate - M8	7.2744%
Note Rate - M9	7.8244%
Note Rate - M10	7.8244%
Note Rate - M11	7.8244%
Next Note Rate - A-1A	5.4900%
Next Note Rate - A-2A	5.3900%
Next Note Rate - A-2B	5.4400%
Next Note Rate - A-2C	5.4900%
Next Note Rate - A-2D	5.6000%
Next Note Rate - M-1	5.6300%
Next Note Rate - M-2	5.6800%
Next Note Rate - M-3	5.7400%
Next Note Rate - M-4	5.7700%
Next Note Rate - M-5	5.8600%
Next Note Rate - M-6	6.3300%
Next Note Rate - M-7	6.4500%
Next Note Rate - M-8	7.2800%
Next Note Rate - M-9	7.8300%
Next Note Rate - M-10	7.8300%
Next Note Rate - M-11	7.8300%

Underwritten Noteholders Principal Balance

1,192,933,380.89

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Overcollateralization Amounts

Required Overcollateralization Amount	6,749,997.47
Overcollateralization Amount	6,749,997.47

Excess Cashflow	0.00
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Mortgage Insurance

MI Premiums	661,444.62
Insurance Proceeds	0.00