

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

**October 25, 2006**

**\*\*\*NON-PAYMENT REVISION\*\*\***

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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	659,838,654.15	23,039,603.86	3,018,761.84	26,058,365.70	0.00	0.00	636,799,050.29
A2A	182,000,000.00	138,923,726.74	16,606,963.72	623,999.07	17,230,962.79	0.00	0.00	122,316,763.02
A2B	91,700,000.00	91,700,000.00	0.00	415,706.67	415,706.67	0.00	0.00	91,700,000.00
A2C	71,400,000.00	71,400,000.00	0.00	326,655.00	326,655.00	0.00	0.00	71,400,000.00
A2D	32,621,000.00	32,621,000.00	0.00	152,231.33	152,231.33	0.00	0.00	32,621,000.00
M1	78,300,000.00	78,300,000.00	0.00	367,357.50	367,357.50	0.00	0.00	78,300,000.00
M2	21,600,000.00	21,600,000.00	0.00	102,240.00	102,240.00	0.00	0.00	21,600,000.00
M3	18,900,000.00	18,900,000.00	0.00	90,405.00	90,405.00	0.00	0.00	18,900,000.00
M4	18,225,000.00	18,225,000.00	0.00	87,631.88	87,631.88	0.00	0.00	18,225,000.00
M5	12,825,000.00	12,825,000.00	0.00	62,628.75	62,628.75	0.00	0.00	12,825,000.00
M6	10,125,000.00	10,125,000.00	0.00	53,409.38	53,409.38	0.00	0.00	10,125,000.00
M7	8,775,000.00	8,775,000.00	0.00	47,165.63	47,165.63	0.00	0.00	8,775,000.00
M8	7,425,000.00	7,425,000.00	0.00	45,045.00	45,045.00	0.00	0.00	7,425,000.00
M9	8,775,000.00	8,775,000.00	0.00	57,256.88	57,256.88	0.00	0.00	8,775,000.00
M10	6,750,000.00	6,750,000.00	0.00	44,043.75	44,043.75	0.00	0.00	6,750,000.00
M11	6,750,000.00	6,750,000.00	0.00	44,043.75	44,043.75	0.00	0.00	6,750,000.00
C	0.00	0.00	0.00	422,985.11	422,985.11	0.00	0.00	0.00
TRUST_CERT	0.00	0.00	0.00	1,763,808.75	1,763,808.75	0.00	0.00	0.00
TOTALS	1,343,249,000.00	1,192,933,380.89	39,646,567.58	7,725,375.29	47,371,942.87	0.00	0.00	1,153,286,813.31

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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	860.19759940	30.03554249	3.93540401	33.97094650	830.16205691	5.490000%
A2A	669884AB4	763.31717989	91.24705341	3.42856632	94.67561973	672.07012648	5.390000%
A2B	669884AC2	1,000.00000000	0.00000000	4.53333337	4.53333337	1,000.00000000	5.440000%
A2C	669884AD0	1,000.00000000	0.00000000	4.57500000	4.57500000	1,000.00000000	5.490000%
A2D	669884AE8	1,000.00000000	0.00000000	4.66666656	4.66666656	1,000.00000000	5.600000%
M1	669884AF5	1,000.00000000	0.00000000	4.69166667	4.69166667	1,000.00000000	5.630000%
M2	669884AG3	1,000.00000000	0.00000000	4.73333333	4.73333333	1,000.00000000	5.680000%
M3	669884AH1	1,000.00000000	0.00000000	4.78333333	4.78333333	1,000.00000000	5.740000%
M4	669884AJ7	1,000.00000000	0.00000000	4.80833361	4.80833361	1,000.00000000	5.770000%
M5	669884AK4	1,000.00000000	0.00000000	4.88333333	4.88333333	1,000.00000000	5.860000%
M6	669884AL2	1,000.00000000	0.00000000	5.27500049	5.27500049	1,000.00000000	6.330000%
M7	669884AM0	1,000.00000000	0.00000000	5.37500057	5.37500057	1,000.00000000	6.450000%
M8	669884AN8	1,000.00000000	0.00000000	6.06666667	6.06666667	1,000.00000000	7.280000%
M9	669884AP3	1,000.00000000	0.00000000	6.52500057	6.52500057	1,000.00000000	7.830000%
M10	669884AQ1	1,000.00000000	0.00000000	6.52500000	6.52500000	1,000.00000000	7.830000%
M11	669884AR9	1,000.00000000	0.00000000	6.52500000	6.52500000	1,000.00000000	7.830000%
TOTALS		888.09549152	29.51542683	5.75126078	35.26668761	858.58006469	

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Available Funds - Group I	28,006,746.25
Available Funds - Group II	19,066,754.93
Principal	
Group I Scheduled Principal	454,284.66
Group I Prepayments in Full	22,223,921.39
Group I Curtailments	17,493.07
Group I Net Liquidation Proceeds	94,583.72
Group I Realized Losses	37,148.93
Group II Scheduled Principal	170,584.95
Group II Prepayments in Full	15,042,596.99
Group II Curtailments	-52,302.16
Group II Net Liquidation Proceeds	1,266,373.17
Group II Realized Losses	400,033.95
Total Scheduled Principal	624,869.61
Total Prepayments in Full	37,266,518.38
Total Curtailments	-34,809.09
Total Net Liquidation Proceeds	1,360,956.89
Total Realized Losses	437,182.88
Distributions of Principal	
Class A-1A	23,039,603.86
Class A-2A	16,606,963.72
Class A-2B	0.00
Class A-2C	0.00
Class A-2D	0.00
Class M-1	0.00

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Class M-4	0.00
Class M-5	0.00
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	3,018,761.84
Class A-2A	623,999.07
Class A-2b	415,706.67
Class A-2C	326,655.00
Class A-2D	152,231.33
Class M-1	367,357.50
Class M-2	102,240.00
Class M-3	90,405.00
Class M-4	87,631.88
Class M-5	62,628.75
Class M-6	53,409.38
Class M-7	47,165.63
Class M-8	45,045.00
Class M-9	57,256.88
Class M-10	44,043.75
Class M-11	44,043.75

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Pool Balances

Group I Beginning Pool Balance	797,407,743.39
Group I Ending Pool Balance	774,580,311.63
Group II Beginning Pool Balance	402,275,634.97
Group II Ending Pool Balance	385,456,499.15
Total Beginning Pool Balance	1,199,683,378.36
Total Ending Pool Balance	1,160,036,810.78

Mortgage Loan Information as of Determination Date

Number of Mortgage Loans	6,981
Aggregate Principal Balance of Mortgage Loans	1,160,036,810.78
Beginning Weighted Average Mortgage Rate	8.6040%
Swap Funds Outgoing Payment	0.00
Swap Funds Received	264,375.01
Wachovia Swap	45,666.67
Deutsche Swap	64,437.50
Greenwich Swap	154,270.84

Cap Funds Received	80,000.00
Cap Fee	45,933.33

Loans Delinquent

Contractual Delinquency - Group I

Balance of 0-30 Days	734,238,742.24
Number of 0-30 Days	4,763
Balance of 30-59 Days	12,682,397.53
Number of 30-59 Days	86
Balance of 60-89 Days	7,711,473.22

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Number of 60-89 Days	41
Balance of 90+ Days	1,083,095.32
Number of 90+ Days	8
Contractual Bankruptcy - Group I	
Balance of 0-30 Days	917,260.08
Number of 0-30 Days	7
Balance of 30-59 Days	417,407.57
Number of 30-59 Days	3
Balance of 60-89 Days	334,342.30
Number of 60-89 Days	2
Balance of 90+ Days	1,287,261.80
Number of 90+ Days	9
Legal Delinquency - Group I	
Balance of 0-30 Days	734,238,742.24
Number of 0-30 Days	4,763
Balance of 30-59 Days	12,682,397.53
Number of 30-59 Days	86
Balance of 60-89 Days	7,711,473.22
Number of 60-89 Days	41
Balance of 90+ Days	1,083,095.32
Number of 90+ Days	8
Legal Bankruptcy - Group I	
Balance of 0-30 Days	2,526,120.13
Number of 0-30 Days	19
Balance of 30-59 Days	179,332.69
Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0

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Balance of 90+ Days	250,818.93
Number of 90+ Days	1
Loans in Foreclosure - Group I	
Balance of 0-30 Days	574,301.71
Number of 0-30 Days	2
Balance of 30-59 Days	0.00
Number of 30-59 Days	0
Balance of 60-89 Days	224,076.67
Number of 60-89 Days	2
Balance of 90+ Days	12,842,411.92
Number of 90+ Days	67
Contractual Delinquency - Group II	
Balance of 0-30 Days	355,375,748.61
Number of 0-30 Days	1,829
Balance of 30-59 Days	10,435,462.11
Number of 30-59 Days	50
Balance of 60-89 Days	3,682,403.91
Number of 60-89 Days	18
Balance of 90+ Days	663,108.55
Number of 90+ Days	5
Contractual Bankruptcy - Group II	
Balance of 0-30 Days	356,489.80
Number of 0-30 Days	5
Balance of 30-59 Days	106,798.53
Number of 30-59 Days	1
Balance of 60-89 Days	0.00
Number of 60-89 Days	0
Balance of 90+ Days	130,268.41

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Number of 90+ Days	1
Legal Delinquency - Group II	
Balance of 0-30 Days	355,375,748.61
Number of 0-30 Days	1,829
Balance of 30-59 Days	10,435,462.11
Number of 30-59 Days	50
Balance of 60-89 Days	3,682,403.91
Number of 60-89 Days	18
Balance of 90+ Days	663,108.55
Number of 90+ Days	5
Legal Bankruptcy - Group II	
Balance of 0-30 Days	593,556.74
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 II	0.00
Balance of 0-30 Days	0.00
Number of 0-30 Days	0
Balance of 30-59 Days	339,396.58
Number of 30-59 Days	1
Balance of 60-89 Days	831,940.68
Number of 60-89 Days	5
Balance of 90+ Days	9,745,732.17
Number of 90+ Days	42

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## Loans in REO

REO Group Report			
Group Number	Number of Loans	Principal Balance	Percentage
1	15	2,267,541.27	0.29%
2	19	3,789,149.80	0.98%

## Principal Prepayments

Group I Prepayments	22,223,921.39
Group II Prepayments	15,042,596.99

## Realized Losses

Group I Liquidated Loan Balance	109,591.45
Group I Net Liquidation Proceeds	94,583.72
Group I Current Period Realized Losses	37,148.93
Group I Recoveries of Prior Losses	0.00
Group I Current Period Non-Recoverable Advances	0.00
Group I Subsequent Losses	0.00
Group I Cumulative Liquidated Loan Balance	109,591.45
Group I Cumulative Net Liquidation Proceeds	94,583.72
Group I Cumulative Recoveries of Prior Losses	0.00
Group I Cumulative Subsequent Losses	0.00
Group I Cumulative Non-Recoverable Advances	0.00
Group I Cumulative Realized Losses	15,007.73

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Group II Liquidated Loan Balance	1,504,198.98
Group II Net Liquidation Proceeds	1,266,373.17
Group II Current Period Realized Losses	400,033.95
Group II Recoveries of Prior Losses	0.00
Group II Current Period Non-Recoverable Advances	8,151.08
Group II Subsequent Losses	0.00
Group II Cumulative Liquidated Loan Balance	1,657,803.11
Group II Cumulative Net Liquidation Proceeds	1,408,777.56
Group II Cumulative Recoveries of Prior Losses	0.00
Group II Cumulative Subsequent Losses	47,079.00
Group II Cumulative Non-Recoverable Advances	8,151.08
Group II Cumulative Realized Losses	304,255.63
Total Liquidated Loan Balance	1,613,790.43
Total Net Liquidation Proceeds	1,360,956.89
Total Current Period Realized Losses	437,182.88
Total Recoveries of Prior Losses	0.00
Total Current Period Non-Recoverable Advances	8,151.08
Total Subsequent Losses	0.00
Total Cumulative Liquidated Loan Balance	1,767,394.56
Total Cumulative Net Liquidation Proceeds	1,503,361.28
Total Cumulative Recoveries of Prior Losses	0.00
Total Cumulative Subsequent Losses	47,079.00
Total Cumulative Non-Recoverable Advances	8,151.08
Total Cumulative Realized Losses	319,263.36

Unpaid Interest Shortfall Amounts

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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	17.10%
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

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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	2,859.15
Current Period Available Funds Cap Shortfall Amount - M10	2,199.35
Current Period Available Funds Cap Shortfall Amount - M11	2,199.35
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	2,859.15
Available Funds Cap Shortfall Amount Repaid This Period- M10	2,199.35
Available Funds Cap Shortfall Amount Repaid This Period- M11	2,199.35
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

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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	5.4900%
REMIC Pass-Thru Rate - A-2A	5.3900%
REMIC Pass-Thru Rate - A-2B	5.4400%
REMIC Pass-Thru Rate - A-2C	5.4900%
REMIC Pass-Thru Rate - A-2D	5.6000%
REMIC Pass-Thru Rate - M-1	5.6300%
REMIC Pass-Thru Rate - M-2	5.6800%
REMIC Pass-Thru Rate - M-3	5.7400%
REMIC Pass-Thru Rate - M-4	5.7700%
REMIC Pass-Thru Rate - M-5	5.8600%
REMIC Pass-Thru Rate - M-6	6.3300%
REMIC Pass-Thru Rate - M7	6.4500%
REMIC Pass-Thru Rate - M8	7.2800%
REMIC Pass-Thru Rate - M9	7.8300%
REMIC Pass-Thru Rate - M10	7.8300%
REMIC Pass-Thru Rate - M11	7.8300%

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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	1,153,286,813.31
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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	655,885.03
Insurance Proceeds	0.00

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