

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**


In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

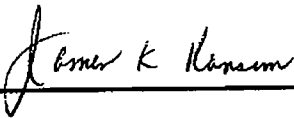
Reporting Period: March 1, 2011 through March 31, 2011

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Required Documents	Form No.	Documents Complete	Debtors' Statement
Schedule of Operating Cash Flow	MOR-1	X	
Bank Account Reconciliations, Bank Statements and Disbursements Journal	MOR-1a	X	X
Schedule of Professional Fees and Expenses Paid	MOR-1b	X	
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Post Petition Taxes			X
Summary of Unpaid Post Petition Accounts Payable	MOR-4	X	
Trade Accounts Receivable and Aging	MOR-5	X	
Debtor Questionnaire	MOR-6	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached schedules) is true and correct to best of my knowledge, information and belief.



4/19/11

James K. Ransom
Controller
Accredited Home Lenders

Date



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General Notes

Financial Statements- the financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting in the United States of America ("U.S. GAAP") in all material respects. In addition, the financial statements and supplemental information contained herein represent the five debtor subsidiaries. The Company's non-debtor subsidiaries are not included in the condensed combined income statement or condensed combined balance sheet.

The unaudited financial statements have been derived from the books and records of the Debtors. This information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all of the adjustments that would typically be made in accordance with U.S. GAAP.

The results of operations contained herein are not necessarily indicative of results that may be expected from any other period or for the full year and may not necessarily reflect the combined results of operations, financial position, and cash flows of the debtors in the future.

Intercompany Transactions – Receivables and payables between the Debtors have been eliminated; however, intercompany transactions between the Debtors and no debtor affiliates have not been eliminated in the financial statements contained herein. No conclusion as to the legal obligation related to these intercompany transactions is made by the presentation herein.

Liabilities Subject to Compromise - As a result of the chapter 11 filings, the payment of prepetition indebtedness is subject to compromise or other treatment under a plan of reorganization. The determination of how liabilities will ultimately be settled and treated cannot be made until the Court approves a chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time. SOP 90-7 requires prepetition liabilities that are subject to compromise to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. The amounts currently classified as liabilities subject to compromise are preliminary and may be subject to future adjustments depending on court actions, further developments with respect to disputed claims, determination of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

MOR-1

**Debtors Combined Schedule of Operating Cash Flow
For the Period March 1, 2011 through March 31, 2011**

	Accredited Home Lenders Holding Co. Case # 09-11516	Accredited Home Lenders, Inc. Case # 09-11517	Vendor Management Services, LLC Case # 09-11518	Inzura Insurance Services Inc. Case # 09-11519	Windsor Management Co. Case # 09-11520	Total
Beginning Cash Balance	\$ 94,375	\$ 59,050,920	\$ 867,739	\$ -	\$ 2,509,167	\$ 62,522,201
Cash Receipts						
Operating	-	-	-	-	-	-
Other ⁽¹⁾	-	43,920	-	-	-	43,920
Total Cash Receipts	-	43,920	-	-	-	43,920
Cash Disbursements						
Comp and benefits	-	78,281	-	-	-	78,281
General ⁽²⁾	-	2,528,828	238	-	-	2,529,066
Total Cash Disbursements	-	2,607,109	238	-	-	2,607,347
Debtors' Net Cash Flow	-	(2,563,189)	(238)	-	-	(2,563,427)
Other	-	-	-	-	-	-
Net Cash Flow	-	(2,563,189)	(238)	-	-	(2,563,427)
Ending Cash Balance ⁽³⁾	\$ 94,375	\$ 56,487,731	\$ 867,501	\$ -	\$ 2,509,167	\$ 59,958,774

Notes:

- 1 Other receipts include \$23k in state tax refunds.
- 2 General disbursements include \$2.4M payments to professionals.
- 3 Cash balances reflect available funds and activity in primary accounts. Bank balances may be different than book balances due to outstanding checks and other timing differences.

MOR-1a
Debtors Statement with respect to Bank Account Reconciliations,
Bank Statements and Cash Disbursements Journal
For the Period March 1, 2011 through March 31, 2011

Bank Account Reconciliations and Cash Disbursements Journals

The Debtor affirms that bank reconciliations are prepared for all open and active bank accounts on a monthly basis.

Bank Statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors.

The Debtors affirm that the following bank accounts were closed during the current reporting period:

<u>Debtor</u>	<u>Institution</u>	<u>Date closed</u>
	NONE	

The Debtors affirm that the following bank accounts were opened during the current reporting period:

<u>Debtor</u>	<u>Institution</u>	<u>Date opened</u>
	NONE	

MOR-1b
Schedule of Professional Fees and Expenses Paid
For the Period March 1, 2011 through March 31, 2011

Professionals	Role	Amount Paid this Period			Cumulative Amounts Paid Since Petition Date		
		Fees	Expenses	Total	Fees	Expenses	Total
AP Services, LLC	Interim Management (CRO/CAO)	\$ 805,670	\$ 80,088	\$ 885,757	\$ 6,372,136	\$ 591,053	\$ 6,963,189
Hunton & Williams LLP	Debtors' Counsel	748,685	20,860	769,545	5,492,512	139,571	5,632,082
Pachulski, Stang, Ziehl & Jones LLP	Debtors' Delaware Counsel	116,064	34,825	150,888	648,867	164,333	813,200
Kurtzman Carson Consultants	Noticing / Claims Agent	38,094	13,576	51,670	390,950	125,940	516,889
Phoenix Capital	Investment Banker / Financial Advisor	-	-	-	170,482	-	170,482
Quinn Emmanuel	Special Litigation Counsel	-	-	-	458,095	13,062	471,156
Buckley Sandler, LLP	Special Counsel	-	-	-	28,456	-	28,456
Arent Fox	Credit Committee Counsel	358,200	4,099	362,299	2,468,827	28,098	2,496,925
Elliot Greenleaf	Credit Committee DE Counsel	58,504	6,197	64,702	423,210	35,263	458,473
Weiser LLP	Credit Committee Financial Advisor	56,818	72	56,890	498,515	3,082	501,597
Deloitte Tax LLP	Tax Advisor	96,370	162	96,532	560,536	4,155	564,691
Total		\$ 2,278,404	\$ 159,881	\$ 2,438,284	\$ 17,512,583	\$ 1,104,557	\$ 18,617,140

Payments to professionals may represent more than one month of invoices.

MOR 2
Debtors Condensed Combined Statement of Operations
(Unaudited)

	For the Period March 1, 2011 to March 31, 2011						For the Period May 1, 2009 (Petition Date) to March 31, 2011							
	Accredited Home Lenders Holding Co. Case # 09-11516	Vendor Management Services, LLC Case # 09-11518	Accredited Home Lenders, Inc. and Subsidiaries	Eliminations	Accredited Home Lenders, Inc. Case # 09-11517	Windsor Management Co. Case # 09-11520	Inzura Insurance Services Inc. Case # 09-11519	Accredited Home Lenders Holding Co. Case # 09-11516	Vendor Management Services, LLC Case # 09-11518	Accredited Home Lenders, Inc. and Subsidiaries	Eliminations	Accredited Home Lenders, Inc. Case # 09-11517	Windsor Management Co. Case # 09-11520	Inzura Insurance Services Inc. Case # 09-11519
REVENUES														
Interest income ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,622	\$ -	\$ -	\$ 29,622	\$ -	\$ -
Interest expense ⁽²⁾	(433,471)	-	-	-	-	-	(11,955,386)	-	(1,117)	-	-	(1,117)	-	-
Other	-	-	23,419	-	23,419	-	5	86,164	(91,132,086)	-	-	(91,620,804)	242,820	245,898
Net revenues	(433,471)	-	23,419	-	23,419	-	(11,955,380)	86,164	(91,103,581)	-	-	(91,592,299)	242,820	245,898
Operating expenses:														
Compensation and benefits	-	-	59,065	-	59,065	-	-	52,203	3,031,351	-	-	2,964,274	67,077	-
Depreciation	-	-	-	-	-	-	-	-	1,046,364	-	-	1,046,364	-	-
Selling and administrative ⁽³⁾	88,360	238	320,313	-	320,313	-	500,709	22,569	10,989,191	-	-	10,964,580	24,611	-
Professional fees post petition ⁽⁴⁾	-	-	963,964	-	963,964	-	2,275	2,966	21,988,757	-	-	21,978,807	7,650	2,299
Pre-petition expenses ⁽⁵⁾	-	-	-	-	-	-	-	-	767,244	-	-	767,244	-	-
Insurance cost	-	-	-	-	-	-	-	-	937,656	-	-	937,656	-	-
Goodwill write-off ⁽⁶⁾	-	-	-	-	-	-	-	-	16,795,895	-	-	16,795,895	-	-
Total expenses	88,360	238	1,343,341	-	1,343,341	-	502,984	77,738	55,556,457	-	-	55,454,820	99,338	2,299
Operating profit(loss)	(521,832)	(238)	(1,319,922)	-	(1,319,922)	-	(12,458,364)	8,426	(146,660,039)	-	-	(147,047,119)	143,482	243,598
Intercompany income(expense)														
Management fee income(expense) debtors														
VMS	-	-	-	-	-	-	-	(302,449)	302,449	-	-	302,449	-	-
Windsor	-	-	-	-	-	-	-	-	-	-	-	87,019	(87,019)	-
Management fee income(expense) non-debtors:														
REIT ⁽⁷⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada	-	-	16,590	-	16,590	-	-	-	379,542	-	-	379,542	-	-
Interest income(expense) non-debtors														
REIT	-	-	-	-	-	-	-	-	8,521	-	-	8,521	-	-
Total intercompany income(expense)	-	-	16,590	-	16,590	-	-	(302,449)	690,512	-	-	777,531	(87,019)	-
Income(loss) before equity in earnings of non-debtor subsidiaries	(521,832)	(238)	(1,303,332)	-	(1,303,332)	-	(12,458,364)	(294,023)	(145,969,526)	-	-	(146,269,587)	56,463	243,598
Equity in earnings(loss) debtor subsidiaries:														
VMS	(238)	-	-	-	-	-	(294,023)	-	-	-	-	-	-	-
AHL and debtor subs	(1,303,707)	-	-	-	-	-	(46,581,153)	-	-	-	-	-	-	-
Windsor	-	-	-	-	-	-	-	-	(56,463)	-	-	56,463	-	-
Inzura	-	-	-	-	-	-	-	-	(243,598)	-	-	243,598	-	-
Equity in earnings(loss) non-debtor subsidiaries:														
Accredited Home Lenders Canada ⁽⁸⁾	7,621	-	7,621	-	7,621	-	286,674	-	286,674	-	-	286,674	-	-
Accredited Mortgage REIT Trust ⁽⁹⁾	(318,115)	-	-	-	-	-	(7,333,893)	-	-	-	-	-	-	-
Net income(loss) before income taxes	(2,136,270)	(238)	(1,295,711)	-	(1,295,711)	-	(66,380,760)	(294,023)	(145,682,852)	(300,061)	(300,061)	(145,682,852)	56,463	243,598
Income taxes(refunds) ⁽¹⁰⁾	-	-	375	-	375	-	-	-	(99,388,373)	-	-	(99,388,373)	-	-
Net income (loss)	\$ (2,136,270)	\$ (238)	\$ (1,296,086)	\$ -	\$ (1,296,086)	\$ -	\$ (66,380,760)	\$ (294,023)	\$ (46,294,479)	\$ (300,061)	\$ (300,061)	\$ (46,294,479)	\$ 56,463	\$ 243,598

Notes: The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. All information is unaudited and subject to adjustment.

- 1 Represents interest earned on previously owned mortgage loans.
- 2 Interest expense represents the loss accruing on Trust Preferred Securities, a wholly owned subsidiary of Holding Co.
- 3 Includes monthly prepaid expense amortizations of \$88k for Holding Co. and \$34k for AHL Inc
- 4 Represents professional fees incurred post petition, paid and accrued. Does not include any allocation of fees to Holding Co, as described in the Plan
- 5 Represents invoices for pre petition costs and fees received post-petition.
- 6 Represents non-cash write off recorded in June 2009 of goodwill allocated to AHL in connection with acquisition by Lone Star in 2007.
- 7 No management fees allocated to REIT beginning in June 2009-new basis being determined since sale of servicing.

- 8 Includes gain or loss on foreign currency exchange rate. YTD also includes non-cash write-off of Canada's goodwill.
- 9 Includes accruals for dividend on preferred stock net of fair value adjustment of residuals.
- 10 Income taxes include true-up adjustment of previously reported federal and state tax refund claims receivable. A \$39.8M IRS refund receivable was recorded as a result of an amended return filed in Nov. 2010 and a \$2.4M 2006 AMT adjustment was recorded in Aug. 2010. This brings the YTD IRS refunds for the 2008 carryback to \$95.3M of which \$54M was received in November.

MOR 3
Debtors Condensed Combined Balance Sheet
As of the Petition Date and March 31, 2011
(Unaudited)

	March 31, 2011						May 1, 2009							
	Combined	Elim	Accredited	Vendor	Accredited	Windsor	Combined	Elim	Accredited Home	Vendor	Accredited	Windsor	Inzura	
			Home Lenders	Management	Home Lenders,	Management			Lenders Holding	Management	Home	Management		Management
Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	Case #	
			09-11516	09-11518	09-11517	09-11520			09-11516	09-11518	09-11517	09-11520	09-11519	
ASSETS														
Cash and cash equivalents ⁽¹⁾	\$ 59,958,774	\$ -	\$ 94,375	\$ 867,501	\$ 56,487,731	\$ 2,509,167	\$ -	\$ 13,027,900	\$ -	\$ 1,145,751	\$ 707,610	\$ 9,662,983	\$ 1,511,556	\$ -
Restricted cash ⁽²⁾	1,364,746	-	-	572,481	782,002	10,263	-	6,110,169	-	-	551,011	5,548,895	10,263	-
Loans held for sale	-	-	-	-	-	-	-	12,146,953	-	-	-	12,146,953	-	-
Other receivables ⁽³⁾	1,855,673	-	-	1	1,855,672	-	-	10,701,928	-	366,952	9,739,158	595,818	-	-
Prepaid, deferred charges & deposits	2,136,996	-	559,616	-	1,577,380	-	-	5,627,419	-	1,552,079	4,075,340	-	-	-
	65,316,189	-	653,991	1,439,983	60,702,785	2,519,430	-	47,614,369	-	2,697,830	1,625,573	41,173,329	2,117,637	-
Property, plant and equipment, net ⁽⁴⁾	-	-	-	-	-	-	-	1,926,551	-	-	-	1,926,551	-	-
Other Assets														
Goodwill	-	-	-	-	-	-	-	16,795,895	-	-	-	16,795,895	-	-
Investment in non-debtor subsidiaries ⁽⁵⁾	157,088,909	54,423,447	69,427,981	-	33,237,481	-	-	165,640,694	8,128,106	123,357,276	-	34,155,312	-	-
Intercompany receivables	645,894	(4,417,461)	-	-	-	-	-	309,817	(4,755,593)	-	-	-	-	5,065,410
Other ⁽⁶⁾	40,655,934	-	-	-	40,655,934	-	-	4,247,771	-	-	-	4,247,771	-	-
Total Assets	\$ 263,706,925	\$ 50,005,985	\$ 70,081,972	\$ 1,439,983	\$ 134,596,200	\$ 2,519,430	\$ 5,063,355	\$ 236,535,097	\$ 3,372,513	\$ 126,055,106	\$ 1,625,573	\$ 98,298,858	\$ 2,117,637	\$ 5,065,410
LIABILITIES AND EQUITY(DEFICIT)														
Liabilities:														
Accounts payable ⁽⁷⁾	\$ 2,582,789	\$ -	\$ -	\$ -	\$ 2,582,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes payable ⁽⁸⁾	6,872,345	-	-	-	6,872,345	-	-	10,817,897	-	-	-	10,817,897	-	-
Other accrued liabilities and reserves ⁽⁹⁾	3,529,083	-	-	-	3,518,820	10,263	-	8,527,423	-	-	1,453,86	8,511,638	14,332	-
	12,984,217	-	-	-	12,973,954	10,263	-	19,345,320	-	-	1,454	19,329,535	14,332	-
Liabilities Subject to Compromise:														
Senior secured and residual facility ⁽¹⁰⁾	97,859,014	-	-	-	97,859,014	-	-	5,000,000	-	-	-	5,000,000	-	-
Accounts payable - pre petition	17,180,493	-	-	70,731	17,109,762	-	-	14,907,647	-	-	-	14,907,647	-	-
Accrued liabilities-pre petition	20,068,141	-	-	637,464	19,430,677	-	-	25,682,066	-	-	907,962	24,528,451	-	245,653
Reserve for repurchases	26,071,327	-	-	-	26,071,327	-	-	26,071,327	-	-	-	26,071,327	-	-
Intercompany payables	297,603,742	(4,417,461)	278,141,981	1,205,028	21,742,383	931,811	-	287,205,986	(4,755,593)	267,727,455	895,375	22,756,337	582,412	-
Total liabilities	471,766,933	(4,417,461)	278,141,981	1,913,223	195,187,117	942,074	-	378,212,346	(4,755,593)	267,727,455	1,804,791	112,593,297	596,744	245,653
Shareholders' Equity(Deficit)	(208,060,008)	54,423,447	(208,060,009)	(473,240)	(60,590,917)	1,577,356	5,063,355	(141,677,250)	8,128,106	(141,672,349)	(179,218)	(14,294,439)	1,520,893	4,819,757
Total Liabilities and Equity	\$ 263,706,925	\$ 50,005,985	\$ 70,081,972	\$ 1,439,983	\$ 134,596,200	\$ 2,519,430	\$ 5,063,355	\$ 236,535,097	\$ 3,372,513	\$ 126,055,106	\$ 1,625,573	\$ 98,298,858	\$ 2,117,637	\$ 5,065,410

Notes:

- AHL Inc's cash decrease in February was largely due to \$2.4M payments to professionals.
- Consists largely of escheatment funds.
- Consists of \$1.2M of advances due from Lonestar and \$0.6M due from affiliates.
- Remaining assets were fully depreciated in October 2009.
- Value may differ materially.
- Current balance includes \$39.8M receivable from the IRS as a result of the 2008 Amended Return filed in November 2010 and \$0.7M state tax refunds receivable. The exact amount of any refunds will depend on the completion of any audits by the IRS or other taxing agencies.
- Consists largely of post-petition professional fees that have been billed but not yet paid.
- Includes the FIN 48 liability-not currently payable.
- Includes accrued estimated post-petition professional fees which have not been billed (\$1.5M), unclaimed liabilities (\$1.4M) and accruals for data storage, imaging and telecom expenses and unpaid wages and PTO (\$0.6M).
- Item disputed. A Lonestar deficiency claim for \$93M was added as of December 2009 to the \$5M Lonestar liability.

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)
Reporting Period: March 1, 2011 through March 31, 2011

MOR-4

Combined Debtors Summary of Unpaid Post Petition Accounts Payable

Debtors:	Current	0-30	31-60	61-90	Over 90	Total
Accredited Home Lenders, Inc. Case # 09-11517	\$ 30,313	\$ 308,224	\$ 558,565	\$ 428,978	\$ 1,256,709	\$ 2,582,789

Notes:

The post petition accounts payable reported represent open and outstanding invoices.
The amount does not include accruals for invoices not yet received or approved.

MOR-5

Debtors Trade Accounts Receivable and Aging

Trade accounts receivables

N/A

The Debtors do not have accounts receivable.

Accrued interest, refunds, advances, and other miscellaneous receivables are not aged.

**MOR-6
Debtor Questionnaire
For the Period March 1, 2011 to March 31, 2011**

- 1 Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation.
- 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation.
- 3 Have all post petition tax returns been timely filed? If no provide an explanation.
- 4 Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation.
- 5 Have any bank accounts been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.

YES	NO
	X
	X
X	
X	
	X

Notes:

All tax return extensions have been timely filed.