

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

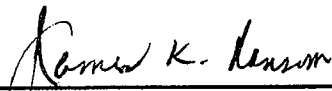
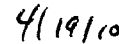
Reporting Period: March 1, 2010 through March 31, 2010

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.

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, 2010 through March 31, 2010**

	Accredited Home Lenders Holding Co. Case #	Accredited Home Lenders, Inc. Case #	Vendor Management Services, LLC Case #	Inzura Insurance Services Inc. Case #	Windsor Management Co. Case #	Total
	09-11516	09-11517	09-11518	09-11519	09-11520	
Beginning Cash Balance	\$ 1,156,325	\$ 8,712,139	\$ 871,935	\$ -	\$ 2,514,006	\$ 13,254,405
Cash Receipts						
Operating	-	-	-	-	-	-
Other ⁽¹⁾	-	1,652,308	-	-	-	1,652,308
Total Cash Receipts	-	1,652,308	-	-	-	1,652,308
Cash Disbursements						
Comp and benefits ⁽²⁾	-	123,023	-	-	-	123,023
General ⁽³⁾	-	1,459,920	-	-	-	1,459,920
Total Cash Disbursements	-	1,582,943	-	-	-	1,582,943
Debtors' Net Cash Flow	-	69,364	-	-	-	69,364
Other	-	-	-	-	-	-
Net Cash Flow	-	69,364	-	-	-	69,364
Ending Cash Balance ⁽⁴⁾	\$ 1,156,325	\$ 8,781,503	\$ 871,935	\$ -	\$ 2,514,006	\$ 13,323,769

Notes:

- 1 Other receipts include \$1.1M deferred compensation settlement, \$399k proceeds from sale of remaining loans to West Coast, \$88k corporate state tax refunds, \$36k COBRA insurance tax credit, \$13k each from cancellation of surety bonds and sale of fixed assets.
- 2 \$29k increase in compensation was due to 3 pay periods in March.
- 3 AHL disbursements include \$1.3M for post-petition professional fees and \$20k fees paid to US Trustee for previous quarters.
- 4 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.

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

Reporting Period: March 1, 2010 through March 31, 2010

MOR-1a
Debtors Statement with respect to Bank Account Reconciliations,
Bank Statements and Cash Disbursements Journal
For the Period March 1, 2010 through March 31, 2010

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, 2010 through March 31, 2010

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)	\$ 354,927	\$ 43,313	\$ 398,239	\$ 3,080,993	\$ 305,435	\$ 3,386,428
Hunton & Williams LLP	Debtors' Counsel	419,141	12,229	431,370	2,824,188	75,923	2,900,111
Pachulski, Stang, Ziehl & Jones, LLP	Debtors' Delaware Counsel	14,265	-	14,265	218,894	75,038	293,932
Kurtzman Carson Consultants	Noticing / Claims Agent	-	-	-	201,307	45,762	247,069
Phoenix Capital	Investment Banker / Financial Advisor	-	-	-	170,482	-	170,482
Quinn Emmanuel	Special Litigation Counsel	-	-	-	415,001	12,871	427,872
Buckley Sandler, LLP	Special Counsel	4,937	-	4,937	28,456	-	28,456
Arent Fox	Credit Committee Counsel	414,840	3,940	418,780	912,522	8,860	921,382
Elliot Greenleaf	Credit Committee DE Counsel	38,291	1,416	39,707	181,762	10,948	192,710
Weiser LLP	Credit Committee Financial Advisor	30,201	-	30,201	141,350	456	141,805
Total		\$ 1,276,601	\$ 60,897	\$ 1,337,499	\$ 8,174,954	\$ 535,291	\$ 8,710,246

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, 2010 to March 31, 2010					For the Period May 1, 2009 (Petition Date) to March 31, 2010						
	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⁾	\$ (433,471)	-	\$ -	\$ -	\$ -	\$ -	\$ (6,753,732)	\$ 29,622	\$ (1,011)	\$ (1,011)	\$ -	\$ -
Interest expense ⁽²⁾	-	-	-	-	-	-	5	(1,502,788)	(1,986,246)	(1,986,246)	237,560	245,898
Other ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-
Net revenues	(433,471)	-	32,325	32,325	32,325	32,325	(6,753,727)	86,164	(1,474,178)	(1,957,635)	237,560	245,898
Operating expenses:												
Compensation and benefits	-	-	82,196	82,196	-	-	-	52,203	2,614,324	2,547,351	66,973	-
Depreciation	-	-	323,137	323,137	-	-	-	17,411	1,046,364	1,046,364	-	-
Selling and administrative ⁽⁴⁾	-	-	1,284,091	1,284,091	-	-	-	17,411	8,456,803	8,432,192	24,611	-
Professional fees post petition ⁽⁵⁾	325	-	-	-	-	-	650,000	-	11,614,801	11,614,801	-	-
Pri-petition expenses ⁽⁶⁾	-	-	-	-	-	-	-	-	736,819	736,819	-	-
Insurance cost	-	-	-	-	-	-	-	-	937,656	937,656	-	-
Goodwill write-off ⁽⁷⁾	-	-	-	-	-	-	-	-	16,795,895	16,795,895	-	-
Total expenses	325	-	1,689,424	1,689,424	-	-	650,000	69,614	42,202,662	42,111,078	91,584	-
Operating profit/(loss)	(433,796)	-	(1,657,099)	(1,657,099)	-	-	(6,754,377)	16,551	(43,676,840)	(44,068,713)	145,976	245,898
Intercompany income/(expense)												
Management fee income/(expense) debtors	-	-	-	-	-	-	-	(302,449)	302,449	302,449	-	-
VMS	-	-	-	-	-	-	-	-	-	87,019	(87,019)	-
Windsor	-	-	-	-	-	-	-	-	-	-	-	-
REIT ⁽⁸⁾	-	-	-	-	-	-	-	-	-	-	-	-
Canada	-	-	16,590	16,590	-	-	-	-	180,462	180,462	-	-
Interest income/(expense) non-debtors	-	-	-	-	-	-	-	-	-	-	-	-
REIT	-	-	-	-	-	-	-	-	-	-	-	-
Total intercompany income/(expense)	(433,796)	-	(1,640,509)	(1,640,509)	-	-	(6,754,377)	(302,449)	(43,185,407)	(43,490,262)	56,957	245,898
Income/(loss) before equity in earnings of non-debtor subsidiaries												
Equity in earnings/(loss) debtor subsidiaries:												
VMS	-	-	-	-	-	-	-	(285,898)	-	-	-	-
AHL and debtor subs	(1,640,509)	-	-	-	-	-	13,676,978	-	-	-	-	-
Windsor	-	-	-	-	-	-	-	-	-	-	-	-
Inzura	-	-	-	-	-	-	-	-	-	-	-	-
Equity in earnings/(loss) non-debtor subsidiaries:												
Accredited Home Lenders Canada ⁽⁹⁾	807,775	-	807,775	807,775	-	-	(618,724)	-	(618,724)	(618,724)	-	-
Accredited Mortgage REIT Trust ⁽¹⁰⁾	(415,164)	-	-	-	-	-	(3,851,109)	-	-	-	-	-
Net income/(loss) before income taxes	(1,685,695)	-	(832,734)	(832,734)	-	-	2,166,869	(285,898)	(43,804,132)	(43,804,132)	56,957	245,898
Income taxes/(refunds) ⁽¹¹⁾	-	-	-	-	-	-	-	-	(56,862,385)	(56,862,385)	-	-
Net income (loss)	(1,685,695)	-	(832,734)	(832,734)	-	-	2,166,869	(285,898)	(13,058,254)	(13,058,254)	56,957	245,898

Notes:
 1 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.
 2 Represents interest earned on owned mortgage loans. Interest is not accrued on loans that are non-performing (greater than 90 days past due).
 3 Interest expense represents the loss accruing on Trust-Preferred Securities, a wholly owned subsidiary of Holding Co.
 4 Miscellaneous receipts.
 5 Includes \$170k of monthly prepaid expense
 6 Represents professional fees incurred post petition, paid and accrued. Also includes US Trustee quarterly fees paid and accrued.
 7 Represents invoices for pre petition costs and fees received post-petition.
 8 Represents non-cash write off recorded in June of goodwill allocated to AHL in connection with acquisition by Lone Star in 2007.
 9 No management fees allocated to REIT beginning in June-new basis being determined since sale of servicing.
 10 Includes gain or loss on foreign currency exchange rate. YTD also includes non-cash write-off of Canada's goodwill.
 11 Includes accruals for dividend on preferred stock net of fair value adjustment of residuals.
 12 Income taxes include true-up adjustment of previously reported state tax refund claims receivable. \$57M includes the \$54M tentative refund for the 2008 carryback.

MOR 3
Debtors Condensed Combined Balance Sheet
As of the Petition Date and March 31, 2010
(Unaudited)

	March 31, 2010					May 1, 2009						
	Elim	Accredited Home Lenders Holding Co. Case #	Vendor Management Services, LLC Case #	Accredited Home Lenders, Inc. Case #	Windsor Management Co. Case #	Inzura Insurance Services Inc. Case #	Elim	Accredited Home Lenders Holding Co. Case #	Vendor Management Services, LLC Case #	Accredited Home Lenders, Inc. Case #	Windsor Management Co. Case #	Inzura Insurance Services Inc. Case #
ASSETS												
Cash and cash equivalents	\$ 13,323,769	\$ -	\$ 1,156,325	\$ 871,935	\$ 8,781,503	\$ -	\$ -	\$ 1,145,751	\$ 707,610	\$ 9,662,983	\$ 1,511,566	\$ -
Restricted cash (1)	1,507,252	-	572,481	924,508	10,263	-	-	-	551,011	5,548,895	10,263	-
Loans held for sale (2)	-	-	-	-	-	-	-	-	-	12,146,953	-	-
Other receivables (3)	2,941,595	-	724	2,940,871	-	-	-	-	366,952	9,739,158	595,818	-
Prepaid, deferred charges & deposits	2,621,335	-	2,621,335	-	-	-	-	1,552,079	-	4,075,340	-	-
	20,393,951	-	1,156,325	1,445,140	15,288,217	2,524,269	-	2,697,830	1,625,573	41,173,329	2,117,637	-
Property, plant and equipment, net (4)	-	-	-	-	-	-	-	-	-	1,926,551	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Investment in non-debtor subsidiaries (5)	159,668,295	(4,949,104)	132,278,522	32,338,877	-	-	-	16,795,895	-	16,795,895	-	-
Intercompany receivables	443,536	(4,622,119)	-	-	-	-	-	165,640,894	-	34,155,312	-	-
Other (6)	53,915,328	-	-	53,915,328	-	-	-	309,817	-	(4,755,593)	-	-
Total Assets	\$ 234,421,111	\$ (9,571,222)	\$ 133,434,847	\$ 1,445,140	\$ 101,522,422	\$ 2,524,269	\$ 236,535,097	\$ 3,372,513	\$ 1,625,573	\$ 98,298,858	\$ 2,117,637	\$ 5,065,410
LIABILITIES AND EQUITY(DEFICIT)												
Liabilities:												
Accounts payable	\$ 1,322,970	\$ -	\$ -	\$ -	\$ 1,322,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes payable (7)	7,114,590	-	-	7,114,590	-	-	-	-	-	10,817,897	-	-
Other accrued liabilities and reserves (8)	3,851,540	-	-	3,841,277	10,263	-	8,527,423	-	1,453,86	8,511,638	14,332	-
	12,289,100	-	-	12,278,837	10,263	-	19,345,320	-	1,454	19,329,535	14,332	-
Liabilities Subject to Compromise:												
Senior secured and residual facility (9)	5,000,000	-	-	5,000,000	-	-	5,000,000	-	-	5,000,000	-	-
Accounts payable - pre petition	17,180,493	-	-	17,109,762	-	-	14,807,647	-	-	14,807,647	-	-
Accrued liabilities-pre petition	20,988,484	-	-	20,347,063	-	-	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	292,402,087	(4,622,119)	272,940,327	1,198,105	21,951,618	934,156	287,205,866	(4,755,593)	895,375	22,756,337	582,412	-
Total liabilities	373,931,491	(4,622,119)	272,940,327	1,910,257	102,758,607	944,419	378,212,346	(4,755,593)	1,804,791	112,593,297	596,744	245,653
Shareholders' Equity(Deficit)	(139,510,381)	(4,949,104)	(139,505,480)	(485,117)	(1,236,185)	1,579,850	(141,677,250)	8,128,106	(179,218)	(14,294,439)	1,520,883	4,819,757
Total Liabilities and Equity	\$ 234,421,110	\$ (9,571,222)	\$ 133,434,847	\$ 1,445,140	\$ 101,522,422	\$ 2,524,269	\$ 236,535,097	\$ 3,372,513	\$ 1,625,573	\$ 98,298,858	\$ 2,117,637	\$ 5,065,410

Notes:

- 1 Consists largely of escrowment funds.
- 2 The sale of loans to West Coast closed in March for the carrying value of assets on the books.
- 3 Consists primarily of \$1.2M of advances due from Lonestar and \$1.1M receivables from Zurich and Hartford for workers' compensation settlement.
- 4 Remaining assets were fully depreciated in October 2009.
- 5 Value may differ materially.
- 6 Includes \$53.5M 2008 IRS carryback (net of \$4.1M due for 2007) claim filed in February and \$0.5M state tax refunds receivable.
- 7 Includes the FIN 48 liability-not currently payable.
- 8 Includes unclaimed liabilities (\$1.4M) and accrued estimated post-petition professional fees which have not been billed (\$1.8M). Professional fees that have been billed (\$1.3M) and not yet paid are included in Accounts Payable.
- 9 Item disputed

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

Reporting Period: March 1, 2010 through March 31, 2010

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	\$ 24,018	\$ 596,242	\$ 417,189	\$ 128,209	\$ 157,311	\$ 1,322,970

Notes:

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

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

Reporting Period: March 1, 2010 through March 31, 2010

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.

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

Reporting Period: March 1, 2010 through March 31, 2010

**MOR-6
Debtor Questionnaire
For the Period March 1, 2010 to March 31, 2010**

- 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:

- 1 All tax return extensions have been timely filed.
- 1 Remaining \$1.0M loans and \$1.7M other real estate owned were sold to West Coast in March.


IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
ACCREDITED HOME LENDERS) Case No. 09-11516 (MFW)
HOLDING CO., et al.¹) Jointly Administered
)
Debtors.)

AFFIDAVIT OF SERVICE

Michele Santore, being duly sworn according to law, deposes and says that she is employed by Pachulski Stang Ziehl & Jones LLP, and that on the 21st day of April, 2010, she caused a copy of the following document to be served upon the attached service list in the manner indicated:

Monthly Operating Report for the Period March 1, 2010 Through March 31, 2010


Michele Santore

Sworn to and subscribed before
me this 21st day of April, 2010


Notary Public

My Commission Expires: July 18, 2011

DEBRA L. YOUNG
NOTARY PUBLIC
STATE OF DELAWARE
My commission expires July 18, 2011

¹ The Debtors in these cases, along with the last four digits of each Debtors' federal tax identification number, are Accredited Home Lenders Holding Co., a Delaware corporation (9482), Accredited Home Lenders, Inc., a California corporation (6859), Vendor Management Services, LLC d/b/a Inzura Settlement Services, a Pennsylvania limited liability company (8047), Inzura Insurance Services, Inc., a Delaware corporation (7089), and Windsor Management Co., d/b/a AHL Foreclosure Services Co., a California corporation (4056). The address for all Debtors is 9915 Mira Mesa Blvd., Ste. 100, San Diego, CA 92131. The bankruptcy cases for these debtors and debtors-in-possession are jointly administered under the bankruptcy case and style referenced above.

Accredited Home Lenders Core and Fee Service List

Case No. 09-11516 (MFW)
Doc. No. 150022
03 – Hand Delivery
05 – First Class Mail

(Counsel to Debtors)

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