

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re Accredited Home Lenders Holding Co.

Case No. 09-11516 (MFW)

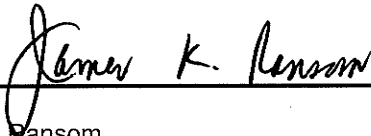
Reporting Period: November 1, 2009 through November 30, 2009

**MONTHLY OPERATING REPORT**

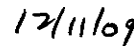
File with Court and submit copy to United States Trustee within 20 days after end of month

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 November 1, 2009 through November 30, 2009**

	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
<b>Beginning Cash Balance</b>	<b>\$ 1,145,756</b>	<b>\$ 11,161,318</b>	<b>\$ 873,557</b>	<b>\$ -</b>	<b>\$ 2,514,056</b>	<b>\$ 15,694,687</b>
Cash Receipts						
Operating <sup>(1)</sup>	-	780	-	-	-	780
Other <sup>(2)</sup>	-	464,586	-	-	-	464,586
Total Cash Receipts	-	465,366	-	-	-	465,366
Cash Disbursements						
Comp and benefits <sup>(3)</sup>	-	116,191	-	-	-	116,191
General <sup>(4)</sup>	-	1,900,062	-	-	-	1,900,062
Total Cash Disbursements	-	2,016,253	-	-	-	2,016,253
Debtors' Net Cash Flow	-	(1,550,886)	-	-	-	(1,550,886)
Other	-	-	-	-	-	-
Net Cash Flow	-	(1,550,886)	-	-	-	(1,550,886)
<b>Ending Cash Balance <sup>(5)</sup></b>	<b>\$ 1,145,756</b>	<b>\$ 9,610,432</b>	<b>\$ 873,557</b>	<b>\$ -</b>	<b>\$ 2,514,056</b>	<b>\$ 14,143,801</b>

## Notes:

1 AHL's cash receipts are from loan payments, loan payoffs.

2 AHL other receipts include \$238k proceeds from sale of fixed assets, \$193k loss reimbursements from mortgage insurance and \$22k tax refunds.

3 Decreased from October by \$150k due to 3 pay periods and severance paid in October and less medical claims paid in Nov.

4 AHL disbursements include \$1.8M for post-petition professional fees.

5 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: November 1, 2009 through November 30, 2009**

**MOR-1a**

**Debtors Statement with respect to Bank Account Reconciliations,  
Bank Statements and Cash Disbursements Journal**

**For the Period November 1, 2009 through November 30, 2009**

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>
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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>
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NONE

Reporting Period: November 1, 2009 through November 30, 2009

**MOR-1b**  
**Schedule of Professional Fees and Expenses Paid**  
**For the Period November 1, 2009 through November 30, 2009**

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)	\$ 850,722	\$ 65,037	\$ 915,758	\$ 1,782,544	\$ 116,969	\$ 1,899,513
Hunton & Williams LLP	Debtors' Counsel	480,966	8,907	489,874	1,629,710	41,106	1,670,816
Pachulski, Stang, Ziehl & Jones, LLP	Debtors' Delaware Counsel	14,217	-	14,217	71,084	24,971	96,055
Kurtzman Carson Consultants	Noticing / Claims Agent	23,338	-	23,338	104,064	-	104,064
Phoenix Capital	Investment Banker / Financial Advisor	170,482	-	170,482	170,482	-	170,482
Quinn Emmanuel	Special Litigation Counsel	83,746	336	84,082	353,809	10,047	363,857
Luce, Forward	Special Counsel	-	-	-	-	-	-
Buckley Sandler, LLP	Special Counsel	-	-	-	20,982	-	20,982
Kirkland and Ellis, LLP	Special Counsel	-	-	-	-	-	-
Arent Fox	Credit Committee Counsel	34,601	-	34,601	287,794	2,603	290,396
Elliot Greenleaf	Credit Committee DE Counsel	32,072	1,934	34,006	102,486	6,118	108,603
Weiser LLP	Credit Committee Financial Advisor	42,759	-	42,759	73,676	456	74,131
Total		\$ 1,732,901	\$ 76,214	\$ 1,809,115	\$ 4,596,629	\$ 202,270	\$ 4,798,899

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

**MOR 2**  
**Debtors Condensed Combined Statement of Operations**  
**(Unaudited)**

	For the Period November 1, 2009 to November 30, 2009							For the Period May 1, 2009 (Petition Date) to November 30, 2009						
	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 <sup>(1)</sup>	\$ -	\$ -	\$ 294	\$ -	\$ 294	\$ -	\$ -	\$ -	\$ -	\$ 29,622	\$ -	\$ 29,622	\$ -	\$ -
Interest expense <sup>(2)</sup>	(433,471)	-	-	-	-	-	-	(5,019,848)	-	(1,011)	-	(1,011)	-	-
Other <sup>(3)</sup>	-	-	442,499	-	442,499	-	-	5	86,164	(1,131,682)	-	(1,615,140)	237,560	245,898
Net revenues	(433,471)	-	442,793	-	442,793	-	-	(5,019,843)	86,164	(1,103,072)	-	(1,586,529)	237,560	245,898
Operating expenses:														
Compensation and benefits <sup>(4)</sup>	-	-	105,845	-	105,845	-	-	-	52,141	2,226,856	-	2,159,938	66,918	-
Depreciation	-	-	-	-	-	-	-	-	-	1,046,364	-	1,046,364	-	-
Selling and administrative <sup>(5)</sup>	-	-	234,843	-	234,843	-	-	-	15,851	7,644,833	-	7,620,524	24,309	-
Professional fees post petition <sup>(6)</sup>	-	-	860,405	-	860,405	-	-	-	-	7,075,170	-	7,075,170	-	-
Pre-petition expenses <sup>(7)</sup>	-	-	-	-	-	-	-	-	-	736,819	-	736,819	-	-
Insurance cost	-	-	-	-	-	-	-	-	-	937,656	-	937,656	-	-
Goodwill write-off <sup>(8)</sup>	-	-	-	-	-	-	-	-	-	16,795,895	-	16,795,895	-	-
Total expenses	-	-	1,201,092	-	1,201,092	-	-	-	67,992	36,463,593	-	36,372,366	91,227	-
Operating profit(loss)	(433,471)	-	(758,300)	-	(758,300)	-	-	(5,019,843)	18,173	(37,566,664)	-	(37,958,895)	146,333	245,898
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 <sup>(9)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canada	-	-	16,590	-	16,590	-	-	-	-	114,102	-	114,102	-	-
Interest income(expense) non-debtors														
REIT <sup>(9)</sup>	-	-	-	-	-	-	-	-	-	8,521	-	8,521	-	-
Total intercompany income(expense)	-	-	16,590	-	16,590	-	-	-	(302,449)	425,072	-	512,091	(87,019)	-
Income(loss) before equity in earnings of non-debtor subsidiaries	(433,471)	-	(741,710)	-	(741,710)	-	-	(5,019,843)	(284,276)	(37,141,592)	-	(37,446,804)	59,314	245,898
Equity in earnings(loss) debtor subsidiaries:														
VMS	-	-	-	-	-	-	-	(284,276)	-	-	-	-	-	-
AHL and debtor subs	(883,927)	-	-	-	-	-	-	(37,529,246)	-	-	-	-	-	-
Windsor	-	-	-	-	-	-	-	-	-	(59,314)	-	59,314	-	-
Inzura	-	-	-	-	-	-	-	-	-	-	(245,898)	245,898	-	-
Equity in earnings(loss) non-debtor subsidiaries:														
Accredited Home Lenders Canada <sup>(10)</sup>	870,960	-	870,960	-	870,960	-	-	(2,438,115)	-	(2,438,115)	-	(2,438,115)	-	-
Accredited Mortgage REIT Trust <sup>(11)</sup>	(100,820)	-	-	-	-	-	-	(1,263,952)	-	-	-	-	-	-
Net income(loss) before income taxes	(547,258)	-	129,251	-	129,251	-	-	(46,535,432)	(284,276)	(39,579,707)	(305,212)	(39,579,707)	59,314	245,898
Income taxes(refunds) <sup>(12)</sup>	-	-	142,217	-	142,217	-	-	-	-	387,654	-	387,654	-	-
Net income (loss)	\$ (547,258)	\$ -	\$ (12,966)	\$ -	\$ (12,966)	\$ -	\$ -	\$ (46,535,432)	\$ (284,276)	\$ (39,967,360)	\$ (305,212)	\$ (39,967,360)	\$ 59,314	\$ 245,898

**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 owned mortgage loans. Interest is not accrued on loans that are non-performing (greater than 90 days past due).

2 Interest expense represents the loss accruing on Trust Preferred Securities, a wholly owned subsidiary of Holding Co.

3 November 'other revenues' include \$238k gain on sale of fixed assets and \$193k reimbursement of loan losses from mortgage insurance.

4 The \$67k decrease from October is largely due to an over-accrual of wages in October corrected in November.

5 November includes \$117k of amortized prepaid expenses.

6 Represents accrual for professional fees incurred post petition net of any true up of fees to date.

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.

**MOR 3**  
**Debtors Condensed Combined Balance Sheet**  
**As of the Petition Date and November 30, 2009**  
**(Unaudited)**

November 30, 2009								May 1, 2009							
	<u>Combined</u>	<u>Elim</u>	Accredited Home Lenders Holding Co. Case # 09-11516	Vendor Management Services,LLC Case # 09-11518	Accredited Home Lenders, Inc. Case # 09-11517	Windsor Management Co. Case # 09-11520	Inzura Insurance Services Inc. Case # 09-11519		<u>Combined</u>	<u>Elim</u>	Accredited Home Lenders Holding Co. Case # 09-11516	Vendor Management Services,LLC Case # 09-11518	Accredited Home Lenders, Inc. Case # 09-11517	Windsor Management Co. Case # 09-11520	Inzura Insurance Services Inc. Case # 09-11519
ASSETS															
Cash and cash equivalents	\$ 14,143,801	\$ -	\$ 1,145,756	\$ 873,557	\$ 9,610,432	\$ 2,514,056	\$ -	\$ 13,027,900	\$ -	\$ 1,145,751	\$ 707,610	\$ 9,662,983	\$ 1,511,556	\$ -	
Restricted cash <sup>(1)</sup>	2,307,696	-	-	572,481	1,724,952	10,263	-	6,110,169	-	-	551,011	5,548,895	10,263	-	
Loans held for sale <sup>(2)</sup>	1,008,079	-	-	-	1,008,079	-	-	12,146,953	-	-	-	12,146,953	-	-	
Other receivables <sup>(3)</sup>	3,333,513	-	-	724	3,332,789	-	-	10,701,928	-	-	366,952	9,739,158	595,818	-	
Prepaid, deferred charges & deposits	3,302,201	-	-	-	3,302,201	-	-	5,627,419	-	1,552,079	-	4,075,340	-	-	
	24,095,290	-	1,145,756	1,446,762	18,978,453	2,524,319	-	47,614,369	-	2,697,830	1,625,573	41,173,329	2,117,637	-	
Property, plant and equipment, net <sup>(4)</sup>	-	-	-	-	-	-	-	1,926,551	-	-	-	1,926,551	-	-	
Other Assets															
Goodwill	-	-	-	-	-	-	-	16,795,895	-	-	-	16,795,895	-	-	
Investment in non-debtor subsidiaries <sup>(5)</sup>	161,309,152	48,074,531	81,841,687	-	31,392,934	-	-	165,640,694	8,128,106	123,357,276	-	34,155,312	-	-	
Intercompany receivables	376,961	(4,688,694)	-	-	-	-	5,065,655	309,817	(4,755,593)	-	-	-	-	5,065,410	
Other <sup>(6)</sup>	2,400,753	-	-	-	2,400,753	-	-	4,247,771	-	-	-	4,247,771	-	-	
Total Assets	\$ 188,182,156	\$ 43,385,837	\$ 82,987,443	\$ 1,446,762	\$ 52,772,140	\$ 2,524,319	\$ 5,065,655	\$ 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	\$ 710,384	\$ -	\$ -	\$ -	\$ 710,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Income taxes payable <sup>(7)</sup>	10,814,754	-	-	-	10,814,754	-	-	10,817,897	-	-	-	10,817,897	-	-	
Other accrued liabilities and reserves <sup>(8)</sup>	4,854,257	-	-	-	4,843,994	10,263	-	8,527,423	-	-	1,453.86	8,511,638	14,332	-	
	16,379,395	-	-	-	16,369,132	10,263	-	19,345,320	-	-	1,454	19,329,535	14,332	-	
Liabilities Subject to Compromise:															
Senior secured and residual facility <sup>(9)</sup>	5,000,000	-	-	-	5,000,000	-	-	5,000,000	-	-	-	5,000,000	-	-	
Accounts payable - pre petition <sup>(10)</sup>	17,180,493	-	-	70,731	17,109,762	-	-	14,907,647	-	-	-	14,907,647	-	-	
Accrued liabilities-pre petition	21,095,418	-	-	641,420	20,453,998	-	-	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	290,668,204	(4,688,694)	271,195,223	1,198,105	22,029,720	933,849	-	287,205,986	(4,755,593)	267,727,455	895,375	22,756,337	582,412	-	
Total liabilities	376,394,836	(4,688,694)	271,195,223	1,910,256	107,033,939	944,112	-	378,212,346	(4,755,593)	267,727,455	1,804,791	112,593,297	596,744	245,653	
Shareholders' Equity(Deficit)	(188,212,680)	48,074,531	(188,207,780)	(463,494)	(54,261,799)	1,580,207	5,065,655	(141,677,250)	8,128,106	(141,672,349)	(179,218)	(14,294,439)	1,520,893	4,819,757	
Total Liabilities and Equity	\$ 188,182,156	\$ 43,385,837	\$ 82,987,443	\$ 1,446,762	\$ 52,772,140	\$ 2,524,319	\$ 5,065,655	\$ 236,535,097	\$ 3,372,513	\$ 126,055,106	\$ 1,625,573	\$ 98,298,858	\$ 2,117,637	\$ 5,065,410	

**Notes:**

1 Consists largely of monies backing letters of credit for workers' compensation insurance and escheatment funds.

2 Represents estimate of value that may change.

3 Consists primarily of \$1.5M of advances and \$1.25M receivable from SPS.

4 Remaining assets were fully depreciated in October.

5 Value may differ materially.

6 Includes \$1M for deferred compensation asset and \$1.3 tax refunds.

7 Includes \$3.7M current liability for an error on the refund claim received. The balance is a FIN 48 liability-not currently payable. No adjustment has been made to reflect potential receivables for the realization of net operating losses as a result of recent tax law change.

8 Includes LOCOM reserve (\$0.9M) and reserve for servicer advances (\$0.2M), unclaimed liabilities (\$1.4M) and accrued estimated post-petition professional fees which have not been billed (\$1.8M). Professional fees that have been billed (\$1.4M) and not yet paid are included in Ac

9 Item disputed

10 Increase relates to pre-petition invoices received post-petition.

**In re Accredited Home Lenders Holding Co.**

**Case No. 09-11516 (MFW)**

**Reporting Period: November 1, 2009 through November 30, 2009**

**MOR-4**

**Combined Debtors Summary of Unpaid Post Petition Accounts Payable**

<b>Debtors:</b>	<b>Current</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>Over 90</b>	<b>Total</b>
Accredited Home Lenders, Inc. Case # 09-11517	\$ 58,062	\$ 322,501	\$ 79,967	\$ 210,449	\$ 39,404	\$ 710,383

**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: November 1, 2009 through November 30, 2009**

**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: November 1, 2009 through November 30, 2009**

**MOR-6  
Debtor Questionnaire  
For the Period November 1, 2009 to November 30, 2009**

- 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.