

ACCREDITED HOME LENDERS HOLDING CO
Form SC 13D/A
April 03, 2007

OMB APPROVAL
OMB Number: 3235-0145

Expires: February 28, 2009

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 1) *

Accredited Home Lenders Holding Co.
(Name of Issuer)

Common Stock, par value \$0.001 per share
(Title of Class of Securities)

00437P107
(Cusip Number)

Mark C. Wehrly

Farallon Capital Management, L.L.C.

One Maritime Plaza, Suite 2100

San Francisco, California 94111

(415) 421-2132
(Name, Address, and Telephone Number of Person

Authorized to Receive Notices and Communications)

March 30, 2007

Edgar Filing: ACCREDITED HOME LENDERS HOLDING CO - Form SC 13D/A

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* Section 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

Page 1 of 152 Pages

Exhibit Index Found on Page 32

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Partners, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

** The reporting persons making this filing hold an aggregate of 1,767,299 Shares, which is 6.9% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page.

SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

WC, 00

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

California

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**317,800
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

317,800

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

317,800

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.2%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Institutional Partners, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SOURCE OF FUNDS (See Instructions)

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

California

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**253,900
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

253,900

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

253,900

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.0%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Institutional Partners II, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SOURCE OF FUNDS (See Instructions)

4

WC
CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

California

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**22,100
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

22,100

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

22,100

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Institutional Partners III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

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SOURCE OF FUNDS (See Instructions)

4

WC

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TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**19,500
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

19,500

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

19,500

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Tinicum Partners, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

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SOURCE OF FUNDS (See Instructions)

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WC, 00

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

New York

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**10,700
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

10,700

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

10,700

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.0%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Offshore Investors II, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SOURCE OF FUNDS (See Instructions)

4

WC, 00

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Cayman Islands

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**353,800
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

353,800

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

353,800

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.4%

TYPE OF REPORTING PERSON (See Instructions)

14

PN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Capital Management, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**789,499
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

789,499

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

789,499

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

3.1%

TYPE OF REPORTING PERSON (See Instructions)

14

IA, OO

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Farallon Partners, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

AF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF

-0-
SHARED VOTING POWER

SHARES
BENEFICIALLY

8

OWNED BY

977,800
SOLE DISPOSITIVE POWER

EACH

9

REPORTING
PERSON WITH

-0-

SHARED DISPOSITIVE POWER

10

977,800

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

977,800

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

3.8%

TYPE OF REPORTING PERSON (See Instructions)

14

OO

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Chun R. Ding

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SOURCE OF FUNDS (See Instructions)

4

AF, OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

William F. Duhamel

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

AF, OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Richard B. Fried

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

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SOURCE OF FUNDS (See Instructions)

4

AF, OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Monica R. Landry

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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AF, OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Douglas M. MacMahon

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

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5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

William F. Mellin

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

-0-
SHARED VOTING POWER

SHARES
BENEFICIALLY

8

OWNED BY

1,767,299
SOLE DISPOSITIVE POWER

EACH

9

REPORTING
PERSON WITH

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Stephen L. Millham

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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TO ITEMS 2(d) OR 2(e)

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CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Jason E. Moment

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

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TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States
NUMBER OF

SOLE VOTING POWER

7

SHARES
BENEFICIALLY

-0-
SHARED VOTING POWER

OWNED BY

8

1,767,299
SOLE DISPOSITIVE POWER

EACH

9

-0-

REPORTING
PERSON WITH

10

SHARED DISPOSITIVE POWER

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Rajiv A. Patel

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

** The reporting persons making this filing hold an aggregate of 1,767,299 Shares, which is 6.9% of the class of securities. The reporting person on this cover page, however, may be deemed a beneficial owner only of the securities reported by it on this cover page.

SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

AF, OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

**-0-
SHARED VOTING POWER**

**SHARES
BENEFICIALLY**

8

OWNED BY

**1,767,299
SOLE DISPOSITIVE POWER**

EACH

9

**REPORTING
PERSON WITH**

-0-

SHARED DISPOSITIVE POWER

10

1,767,299

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

1,767,299

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Derek C. Schrier

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

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NUMBER OF

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SHARED VOTING POWER

SHARES
BENEFICIALLY

8

OWNED BY

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SOLE DISPOSITIVE POWER

EACH

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REPORTING
PERSON WITH

-0-

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12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Thomas F. Steyer

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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CITIZENSHIP OR PLACE OF ORGANIZATION

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SOLE VOTING POWER

7

NUMBER OF

-0-
SHARED VOTING POWER

SHARES
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-0-

SHARED DISPOSITIVE POWER

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CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

13D

CUSIP No. 00437P107

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

Mark C. Wehrly

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)

2

(b) **

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SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

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TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

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-0-

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CERTAIN SHARES (See Instructions)

12

[]

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

6.9%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

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This Schedule 13D amends the Schedule 13D initially filed on March 20, 2007 (collectively with all amendments thereto, the Schedule 13D).

Item 2. Identity And Background

Item 2 of the Schedule 13D is amended and restated in its entirety as follows:

(a) This statement is filed by the entities and persons listed below, all of whom together are referred to herein as the Reporting Persons.

The Farallon Funds

- (i) Farallon Capital Partners, L.P., a California limited partnership (FCP), with respect to the Shares held by it;
- (ii) Farallon Capital Institutional Partners, L.P., a California limited partnership (FCIP), with respect to the Shares held by it;
- (iii) Farallon Capital Institutional Partners II, L.P., a California limited partnership (FCIP II), with respect to the Shares held by it;
- (iv) Farallon Capital Institutional Partners III, L.P., a Delaware limited partnership (FCIP III), with respect to the Shares held by it;
- (v) Tincum Partners, L.P., a New York limited partnership (Tincum), with respect to the Shares held by it; and
- (vi) Farallon Capital Offshore Investors II, L.P., a Cayman Islands exempted limited partnership (FCOI II), with respect to the Shares held by it.

FCP, FCIP, FCIP II, FCIP III, Tincum and FCOI II are together referred to herein as the Farallon Funds.

The Management Company

- (vii) Farallon Capital Management, L.L.C., a Delaware limited liability company (the Management Company), with respect to the Shares held by an account managed by the Management Company (the Managed Account).

The Farallon General Partner

- (viii) Farallon Partners, L.L.C., a Delaware limited liability company which is the general partner of each of the Farallon Funds (the Farallon General Partner), with respect to the Shares held by each of the Farallon Funds.

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The Farallon Managing Members

- (ix) The following persons who are managing members of both the Farallon General Partner and the Management Company, with respect to the Shares held by the Farallon Funds and the Managed Account: Chun R. Ding (Ding), William F. Duhamel (Duhamel), Richard B. Fried (Fried), Monica R. Landry (Landry), Douglas M. MacMahon (MacMahon), William F. Mellin (Mellin), Stephen L. Millham (Millham), Jason E. Moment (Moment), Rajiv A. Patel (Patel), Derek C. Schrier (Schrier), Thomas F. Steyer (Steyer) and Mark C. Wehrly (Wehrly).

Ding, Duhamel, Fried, Landry, MacMahon, Mellin, Millham, Moment, Patel, Schrier, Steyer and Wehrly are together referred to herein as the Farallon Individual Reporting Persons.

(b) The address of the principal business office of (i) the Farallon Funds, the Management Company and the Farallon General Partner is One Maritime Plaza, Suite 2100, San Francisco, California 94111 and (ii) each of the Farallon Individual Reporting Persons is set forth in Annex 1 hereto.

(c) The principal business of each of the Farallon Funds is that of a private investment fund engaging in the purchase and sale of investments for its own account. The principal business of the Management Company is that of a registered investment adviser. The principal business of the Farallon General Partner is to act as the general partner of the Farallon Funds. The principal business of each of the Farallon Individual Reporting Persons is set forth in Annex 1 hereto.

(d) None of the Farallon Funds, the Management Company, the Farallon General Partner or the Farallon Individual Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Farallon Funds, the Management Company, the Farallon General Partner or the Farallon Individual Reporting Persons has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) The citizenship of each of the Farallon Funds, the Management Company and the Farallon General Partner is set forth above. Each of the Farallon Individual Reporting Persons is a citizen of the United States.

The other information required by Item 2 relating to the identity and background of the Reporting Persons is set forth in Annex 1 hereto.

Item 4. Purpose Of The Transaction

Item 4 of the Schedule 13D is amended and supplemented as follows:

The purpose of the acquisition of the Shares was for investment, and the acquisitions of

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the Shares by each of the Farallon Funds and the Managed Account were made in the ordinary course of business and were not made for the purpose of acquiring control of the Company.

Although no Reporting Person has any specific plan or proposal to acquire or dispose of Shares, each Reporting Person at any time and from time to time may acquire additional Shares in the future (including but not limited to the Shares into which the Warrant (as described below) is convertible) or dispose of any or all of its Shares depending upon an ongoing evaluation of the investment in the Shares, prevailing market conditions, other investment opportunities, liquidity requirements of the Reporting Person and/or other investment considerations. No Reporting Person has made a determination regarding a maximum or minimum number of Shares which it may hold at any point in time.

The Reporting Persons have engaged and intend to continue to engage in communications with one or more officers and/or members of the board of directors of the Company and/or other persons, and may in the future also engage in communications with one or more shareholders of the Company, regarding the Company, including but not limited to its operations, its business strategies, its capital structure and potential changes thereto, its need to raise additional debt or equity capital and/or the exploration of strategic alternatives and other potential strategies and/or transactions to enhance shareholder value. In particular, the Reporting Persons have had discussions with the Company, its officers, members of the board of directors and other persons regarding the possible acquisition of the Company by the Farallon Funds and the Managed Account and intend to continue to have such discussions from time to time. The Reporting Persons may approach one or more senior executive officers of the Company or the Company with respect to such officers' or the Company's participation in any such possible transaction. During the course of any such communications, the Reporting Persons may propose, respond to and/or advocate one or more courses of action or transactions, which potential transactions may include the Reporting Persons or their affiliates as participants. However, there is no certainty that either the Reporting Persons or the Company will accept or make any such proposal or engage in any such course of action or transaction.

As reported in Item 6 below, the Management Company and Mortgage Investments Funding, L.L.C., a special purpose vehicle formed by the Management Company ("MIF"), have entered into the Loan Agreement, dated as of March 30, 2007 (the "Loan Agreement"), with the Company, as guarantor, and Accredited Home Lenders, Inc. ("AHL") and Accredited Mortgage Loan REIT Trust (the "REIT", and together with AHL, the "Borrowers"), pursuant to which MIF has extended term loans in the aggregate amount of \$230 million to the Borrowers, comprised of Term A and C loans to the REIT and a Term B loan to AHL. The Term A and C loans are secured on a first priority basis by, among other things, a pledge by the REIT of the common stock of its wholly-owned subsidiary, Aames Investment Acceptance Corporation ("Aames") and a pledge by the REIT and Aames of trust certificates relating to 18 mortgage securitizations. The Term B loan is secured by a first priority security interest in, among other things, certain assets of AHL, the Company and their respective subsidiaries, including the unencumbered servicing rights relating to AHL's warehouse facilities and the equity interests in certain of the subsidiaries of the Company.

In connection with the execution of the Loan Agreement, the Company issued to MIF a warrant to acquire 3,226,431 Shares (the "Warrant"). As reported in Item 6 below, pursuant to the Investor Rights Agreement, dated as of March 30, 2007 (the "Investor Rights Agreement"), MIF has the right to appoint two board observers to the board of directors of the Company and the board of directors and other governing bodies of the subsidiaries of the Company.

Except to the extent the foregoing may be deemed a plan or proposal, none of the Reporting Persons has any plans or proposals which relate to, or could result in, any of the matters referred to in paragraphs (a) through (j), inclusive, of the instructions to Item 4 of Schedule 13D. The Reporting Persons may, at any time and from time to time, review or reconsider their position and/or change their purpose and/or formulate plans or proposals with respect thereto.

Item 5. Interest In Securities Of The Issuer

Item 5 of the Schedule 13D is amended and restated in its entirety as follows:

(a) The Funds

- (a),(b) The information set forth in Rows 7 through 13 of the cover page hereto for each Farallon Fund is incorporated herein by reference for each such Farallon Fund. The percentage amount set forth in Row 13 for all cover pages filed herewith is calculated based upon the 25,530,000 Shares outstanding as of March 12, 2007 as confirmed by the Company on that date.
- (c) There have been no transactions in the Shares since the filing of the prior Schedule 13D.
- (d) The Farallon General Partner has the power to direct the receipt of dividends relating to, or the disposition of the proceeds of the sale of, all or certain of the Shares held by the Farallon Funds as reported herein. The Farallon Individual Reporting Persons are managing members of the Farallon General Partner.
- (e) Not applicable.

(b) The Management Company

- (a),(b) The information set forth in Rows 7 through 13 of the cover page hereto for the Management Company is incorporated herein by reference.
- (c) There have been no transactions in the Shares since the filing of the prior Schedule 13D.
- (d) The Management Company has the power to direct the receipt of dividends relating to, or the disposition of the proceeds of the sale of, all or certain of the Shares held by the Managed Account as reported herein. The Farallon Individual Reporting Persons are managing members of the Management Company.
- (e) Not applicable.

(c) The Farallon General Partner

- (a),(b) The information set forth in Rows 7 through 13 of the cover page hereto for the Farallon General Partner is incorporated herein by reference.
- (c) None.

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- (d) The Farallon General Partner has the power to direct the receipt of dividends relating to, or the disposition of the proceeds of the sale of, all or certain of the Shares held by the Farallon Funds as reported herein. The Farallon Individual Reporting Persons are managing members of the Farallon General Partner.
 - (e) Not applicable.
- (d) The Farallon Individual Reporting Persons
- (a),(b) The information set forth in Rows 7 through 13 of the cover page hereto for each Farallon Individual Reporting Person is incorporated herein by reference for each such Farallon Individual Reporting Person.
 - (c) None.
 - (d) The Farallon General Partner has the power to direct the receipt of dividends relating to, or the disposition of the proceeds of the sale of, all or certain of the Shares held by the Farallon Funds as reported herein. The Management Company has the power to direct the receipt of dividends relating to, or the disposition of the proceeds of the sale of, all or certain of the Shares held by the Managed Account as reported herein. The Farallon Individual Reporting Persons are managing members of both the Farallon General Partner and the Management Company.
 - (e) Not applicable.

The Shares reported hereby for the Farallon Funds are owned directly by the Farallon Funds and those reported by the Management Company on behalf of the Managed Account are owned directly by the Managed Account. The Management Company, as investment adviser to the Managed Account, may be deemed to be the beneficial owner of all such Shares owned by the Managed Account. The Farallon General Partner, as general partner to the Farallon Funds, may be deemed to be the beneficial owner of all such Shares owned by the Farallon Funds. The Farallon Individual Reporting Persons, as managing members of both the Management Company and the Farallon General Partner with the power to exercise investment discretion, may each be deemed to be the beneficial owner of all such Shares owned by the Farallon Funds and the Managed Account. **Each of the Management Company, the Farallon General Partner and the Farallon Individual Reporting Persons hereby disclaims any beneficial ownership of any such Shares.**

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Schedule 13D is amended and supplemented as follows:

As of March 30, 2007, the Management Company and MIF entered into the Loan Agreement with the Borrowers and the Company pursuant to which MIF has extended term loans to the Borrowers in an aggregate principal amount of \$230 million. The obligations under the Term A and C loans have been guaranteed pursuant to a certain guaranty executed by Aames in favor of the Management Company in its capacity as collateral agent for MIF and any other lenders from time to time, if any (the "Collateral Agent"). The obligations under the Term B loan have been guaranteed pursuant to a certain guaranty executed by the Company, AHL and certain direct and indirect subsidiaries of

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the Company and AHL in favor of the Collateral Agent. Each of the guaranties (together, the "Guaranties") was entered into as of March 30, 2007. The obligations under the Loan Agreement and the Guaranties are secured by two security agreements, both dated as of March 30, 2007. The first security agreement secures the Term A and C loans to the REIT and was entered into by the REIT and Aames in favor of the Collateral Agent. The second security agreement secures the Term B loan to AHL and was entered into by AHL, the Company and certain direct and indirect subsidiaries of the Company in favor of the Collateral Agent. There are also two pledge agreements, each dated as of March 30, 2007. The first pledge agreement secures the Term A and C loans, was entered into by the REIT and Aames in favor of the Collateral Agent and pledges the REIT's equity ownership in Aames as well as the residual certificates in certain mortgage securitizations. The second pledge agreement secures the Term B loan, was entered into by the Company, AHL and certain direct and indirect subsidiaries of the Company and AHL in favor of the Collateral Agent and pledges the Company and AHL's equity interests, respectively, in certain subsidiaries.

In addition, as of March 30, 2007, at the closing of the term loans, the Company issued the Warrant to MIF pursuant to which MIF has the right to acquire 3,226,431 Shares at an exercise price of \$10.00 per Share, subject to customary anti-dilution adjustments. Subject to obtaining requisite regulatory approvals, if any, the Warrant is exercisable, for a period of 10 years from March 30, 2007, from and after the later of (a) March 30, 2007 and (b) the earlier of (i) the 75th day after issuance and (ii) the earliest of (A) the Company entering into a merger agreement or any other agreement for a change of control transaction, (B) the Company entering into any agreement for a sale of all or substantially all the assets of the Company or its subsidiaries or the sale of all or substantially all of the assets of the Borrowers, (C) the commencement of certain tender or exchange offers for the Company's Shares or (D) any public announcement by the Company of any of the foregoing (the earliest of the foregoing dates in (b), the "Exercise Date"). On and after the date that is 60 days prior to the applicable Exercise Date, MIF and certain Reporting Persons may be deemed to be the beneficial owners of the 3,226,431 Shares into which the Warrant is convertible. The Warrant provides certain "put" and "call" rights to the holder thereof and the Company, respectively.

The Company and MIF have also entered into the Investor Rights Agreement pursuant to which the Company is required to file shelf registration statements and grant to MIF (and its qualifying transferees) certain demand and "piggyback" registration rights in connection with the Shares issuable upon exercise of the Warrant and other Shares held by Reporting Persons as of March 30, 2007. The registration rights granted under the Investor Rights Agreement terminate with respect to MIF (and any of its qualifying transferees) when such party no longer holds any "Registrable Securities" (as defined in the Investor Rights Agreement). With the exception of certain expenses, such as underwriting discounts and commissions, the Company has agreed to pay all expenses incident to its performance of or compliance with the Investor Rights Agreement, including the reasonable fees and expenses of counsel retained by the holders of Registrable Securities requested to be included in a registration statement. Under the Investor Rights Agreement, MIF also has certain preemptive rights and the right to appoint two board observers to the board of directors of the Company and the board of directors and other governing bodies of the subsidiaries of the Company.

The description of the terms of the Loan Agreement, the Warrant and the Investor Rights Agreement contained herein is a summary only, and is qualified in its entirety by reference to the terms of the Loan Agreement, the Warrant and the Investor Rights Agreement, which are filed as Exhibits 3, 4 and 5 to this Schedule 13D and are incorporated herein by reference.

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Except as otherwise described above, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Reporting Persons or between such persons and any other person with respect to any securities of the Company, including but not limited to the transfer or voting of any securities of the Company, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies.

Item 7. Materials To Be Filed As Exhibits

The following documents are filed as exhibits to this Schedule 13D:

Exhibit 3	Loan Agreement
Exhibit 4	Warrant
Exhibit 5	Investor Rights Agreement

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: April 2, 2007

/s/ Monica R. Landry
FARALLON PARTNERS, L.L.C.,

On its own behalf,

as the General Partner of

FARALLON CAPITAL PARTNERS, L.P.,
FARALLON CAPITAL INSTITUTIONAL PARTNERS, L.P.,

FARALLON CAPITAL INSTITUTIONAL PARTNERS II, L.P.,

FARALLON CAPITAL INSTITUTIONAL PARTNERS III, L.P.,

TINICUM PARTNERS, L.P. and

FARALLON CAPITAL OFFSHORE INVESTORS II, L.P.

By Monica R. Landry, Managing Member

/s/ Monica R. Landry

FARALLON CAPITAL MANAGEMENT, L.L.C.

By Monica R. Landry, Managing Member

/s/ Monica R. Landry

Monica R. Landry, individually and as attorney-in-fact for

each of Chun R. Ding, William F. Duhamel, Richard B. Fried,

Douglas M. MacMahon, William F. Mellin, Stephen L. Millham,

Jason E. Moment, Rajiv A. Patel, Derek C. Schrier,

Thomas F. Steyer and Mark C. Wehrly

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The Powers of Attorney executed by Duhamel, Fried, Mellin, Millham, Steyer and Wehrly authorizing Landry to sign and file this Schedule 13G on each person's behalf, which were filed with Amendment No. 2 to the Schedule 13D filed with the Securities and Exchange Commission on July 16, 2003, by such Reporting Persons with respect to the Common Stock of New World Restaurant Group, Inc., are hereby incorporated by reference. The Powers of Attorney executed by Ding and Schrier authorizing Landry to sign and file this Schedule 13G on each person's behalf, which were filed with Amendment No. 1 to the Schedule 13D filed with the Securities and Exchange Commission on July 2, 2003, by such Reporting Persons with respect to the Common Stock of Salix Pharmaceuticals, Ltd., are hereby incorporated by reference. The Power of Attorney executed by Patel authorizing Landry to sign and file this Schedule 13G on his behalf, which was filed with Amendment No. 4 to the Schedule 13G filed with the Securities and Exchange Commission on January 8, 2004, by such Reporting Person with respect to the Common Stock of Catalytica Energy Systems, Inc., is hereby incorporated by

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reference. The Power of Attorney executed by Moment authorizing Landry to sign and file this Schedule 13G on his behalf, which was filed with the Schedule 13D filed with the Securities and Exchange Commission on January 9, 2006, by such Reporting Person with respect to the Common Stock of Vintage Petroleum, Inc., is hereby incorporated by reference. The Power of Attorney executed by MacMahon authorizing Landry to sign and file this Schedule 13D on his behalf, which was filed with the Schedule 13D filed with the Securities and Exchange Commission on January 5, 2007, by such Reporting Person with respect to the Class A Common Stock of Univision Communications Inc., is hereby incorporated by reference.

ANNEX 1

Set forth below with respect to the Management Company and the Farallon General Partner is the following information: (a) name; (b) address; (c) principal business; (d) state of organization; and (e) controlling persons. Set forth below with respect to each Farallon Individual Reporting Person is the following information: (a) name; (b) business address; (c) principal occupation; and (d) citizenship.

1. The Management Company

- (a) Farallon Capital Management, L.L.C.
- (b) One Maritime Plaza, Suite 2100

San Francisco, California 94111

- (c) Serves as investment adviser to various managed accounts
- (d) Delaware limited liability company
- (e) Managing Members: Thomas F. Steyer, Senior Managing Member; Chun R. Ding, William F. Duhamel, Alice F. Evarts, Richard B. Fried, Monica R. Landry, Douglas M. MacMahon, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier, Gregory S. Swart and Mark C. Wehrly, Managing Members.

2. The Farallon General Partner

- (a) Farallon Partners, L.L.C.
- (b) c/o Farallon Capital Management, L.L.C.

One Maritime Plaza, Suite 2100

San Francisco, California 94111

- (c) Serves as general partner to investment partnerships
- (d) Delaware limited liability company
- (e) Managing Members: Thomas F. Steyer, Senior Managing Member; Chun R. Ding, William F. Duhamel, Alice F. Evarts, Richard B. Fried, Monica R. Landry, Douglas M. MacMahon, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier, Gregory S. Swart and Mark C. Wehrly, Managing Members.

3. Managing Members of the Management Company and the Farallon General Partner

Each of the managing members of the Management Company and the Farallon General Partner other than Swart is a citizen of the United States. Swart is a citizen of New Zealand. The business address of each of the managing members of the Management Company and the Farallon General Partner is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 2100, San Francisco, California 94111. The principal occupation of Thomas F. Steyer is serving as senior managing member of both the Management Company and the Farallon General Partner. The principal occupation of each other managing member of the Management Company and the Farallon General Partner is serving as a managing member of both the Management Company and the Farallon General Partner. None of the managing members of the Management Company and the Farallon General Partner has any additional information to disclose with respect to Items 2-6 of the Schedule 13D that is not already disclosed in the Schedule 13D.

EXHIBIT INDEX

EXHIBIT 3	Loan Agreement
EXHIBIT 4	Warrant
EXHIBIT 5	Investor Rights Agreement

EXHIBIT 3

EXECUTION COPY

LOAN AGREEMENT

Dated March 30, 2007

by and among

ACCREDITED HOME LENDERS, INC.,

as Borrower,

ACCREDITED MORTGAGE LOAN REIT TRUST,

as Borrower,

ACCREDITED HOME LENDERS HOLDING CO.

as a Guarantor,

LENDING ENTITIES parties hereto

as Lenders,

FARALLON CAPITAL MANAGEMENT, L.L.C.,

as Administrative Agent,

and

FARALLON CAPITAL MANAGEMENT, L.L.C.,

As Collateral Agent,

LOAN AGREEMENT

This LOAN AGREEMENT dated as of March 30, 2007 (as amended, supplemented or modified from time to time, this Agreement) is entered into by and among ACCREDITED HOME LENDERS, INC., a California corporation (AHL), and ACCREDITED MORTGAGE LOAN REIT TRUST, a Maryland real estate investment trust (the REIT ; together with AHL, each individually a Borrower and collectively, the Borrowers), ACCREDITED HOME LENDERS HOLDING CO., a Delaware corporation (Holdings), each of the lending entities that from time to time is a party hereto (each individually a Lender and collectively, the Lenders), FARALLON CAPITAL MANAGEMENT, L.L.C., as administrative agent for the Lenders (in such capacity, together with its successors and assigns, if any, in such capacity, the Administrative Agent), and FARALLON CAPITAL MANAGEMENT, L.L.C., as collateral agent for the Lenders (in such capacity, together with its successors and assigns, if any, in such capacity, the Collateral Agent).

ARTICLE I

DEFINITIONS

1.01. Certain Defined Terms. The following terms used in this Agreement shall have the following meanings, applicable both to the singular and the plural forms of the terms defined:

Aames Acquisition means those series of transactions under which Holdings and certain of its Affiliates acquired interests in the assets of Aames Investment Corporation and its Affiliates pursuant to that Agreement and Plan of Merger, dated as of May 24, 2006.

Acceptable SPV means a Person which issues Structured Securities Debt.

Accommodation Obligation means any Contractual Obligation, contingent or otherwise, of any Loan Party with respect to any Indebtedness, obligation or liability of another, if the primary purpose or intent thereof by the Loan Party incurring the Accommodation Obligation is to provide assurance to the obligee of such Indebtedness, obligation or liability of another Person that such Indebtedness, obligation or liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders thereof will be protected (in whole or in part) against loss in respect thereof including, without limitation, direct and indirect guarantees, endorsements (except for collection or deposit in the ordinary course of business), notes co-made or discounted, recourse agreements, take-or-pay agreements, keep-well agreements, agreements to purchase or repurchase such Indebtedness, obligation or liability or to provide any security therefor or to provide funds for the payment or discharge thereof, agreements to maintain solvency, assets, level of income, or other financial condition, and agreements to make payment other than for value received. The amount of any Accommodation Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Accommodation Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Accommodation Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

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Adjusted Tangible Net Worth means, for any Person, Net Worth of such Person plus (a) Subordinated Debt (provided that Subordinated Debt shall not be taken into account to the extent that it would cause Adjusted Tangible Net Worth to be comprised of greater than 25% Subordinated Debt) plus minority interest in preferred securities/subsidiary as shown on the most recent financial statement of such Person, minus (b) all intangible assets, including goodwill, patents, tradenames, trademarks, copyrights, franchises, any organizational expenses, deferred expenses (except those related to Structured Securities Debt or SFAS91), prepaid expenses, prepaid assets, receivables from shareholders, unconsolidated Affiliates or employees, and any other asset as shown as an intangible asset on the balance sheet of such Person on a consolidated basis as determined at a particular date in accordance with GAAP.

Administrative Agent has the meaning ascribed to such term in the introductory paragraph hereto.

Administrative Agent Account means the account identified on Schedule 1.01(A) into which the Borrowers shall make all payments to the Administrative Agent for the benefit of the Agents and the Lenders under this Agreement and the other Loan Documents.

Adversary Proceeding means any action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of a Loan Party) at law or in equity, or before or by any Governmental Authority, domestic or foreign, whether pending or, to the knowledge of a Loan Party, threatened against or adversely affecting such Loan Party or property of such Loan Party.

Affiliate means, as applied to any specified Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such specified Person. For purposes of this definition, **control** (including, with correlative meanings, the terms **controlling**, **controlled by** and **under common control with**), as applied to any specified Person, means the possession, directly or indirectly, of the power to vote ten percent (10%) or more of the Securities having voting power for the election of directors of such specified Person or otherwise to direct or cause the direction of the management and policies of such specified Person, whether through the ownership of voting Securities or by contract or otherwise; provided, however, when **Affiliate** is used in connection with any Loan Party, Farallon and its affiliates shall be excluded from the definition of **Affiliate**.

Agents means collectively, the Administrative Agent and the Collateral Agent.

Agent-Related Persons means the Administrative Agent and any successor agents thereto (in accordance with the terms of this Agreement), and the Collateral Agent and any successor agents thereto (in accordance with the terms of this Agreement), together with their respective Affiliates, and the officers, directors, employees, members, managing members, agents, attorneys-in-fact and shareholders of such Persons and their Affiliates.

Agreement has the meaning ascribed to such term in the preamble hereto.

AHL has the meaning ascribed to such term in the preamble hereto.

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AHL Cash Collateral Accounts has the meaning ascribed to such term in Section 11.01(a), and will include the AHL Cash Flow Account and the AHL Deposit Collateral Account.

AHL Cash Flow Account has the meaning ascribed to such term in Section 11.01(b).

AHL Deposit Collateral Account has the meaning ascribed to such term in Section 11.01(b).

Applicable Interest Rate means, with respect to the outstanding principal amount of the Term A Loans and the Term B Loans and the other Obligations, 13% per annum, and with respect to the outstanding principal amount of the Term C Loans, 9% per annum for the sixty day period immediately following the Closing Date and 13% per annum for all times thereafter.

Assignment and Acceptance means an Assignment and Acceptance substantially in the form of Exhibit A attached hereto and made a part hereof (with blanks appropriately completed) delivered to the Administrative Agent in connection with an assignment of a Lender's interest under this Agreement in accordance with Section 13.01.

Available Borrowing Capacity means available and unused borrowing capacity which may be drawn upon by Holdings or any of its consolidated Subsidiaries no later than the next Business Day. Available Borrowing Capacity shall not include any borrowing capacity if any event or circumstance has occurred which would prevent Holdings or such Subsidiary from drawing on the borrowing capacity or cause the related lender to have no obligation to make funds available.

Bankruptcy Code means Title 11 of the United States Code (11 U.S.C. §§ 101 et seq.), as amended from time to time, and any successor statute.

Borrower and Borrowers has the meaning ascribed to such terms in the preamble hereto.

Business Day means a day, which is not a Saturday or Sunday or a legal holiday and on which banks are not required or permitted by law or other governmental action to close in New York, New York.

Capital Lease means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of such Person.

Capitalized Lease Obligations means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Lease, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

Cash Collateral Accounts means, collectively, the AHL Cash Collateral Accounts and the REIT Cash Collateral Account.

Cash Equivalents means (a) securities with maturities of 90 days or less from the date of acquisition, issued or fully guaranteed or insured by the United States Government or any

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agency thereof; (b) certificates of deposit and eurodollar time deposits with maturities of 90 days or less from the date of acquisition and overnight bank deposits of a Commercial Bank; (c) repurchase obligations of a Commercial Bank, having a term of not more than seven (7) days with respect to securities issued or fully guaranteed or insured by the United States Government; (d) commercial paper of a domestic issuer rated at least A1 or the equivalent thereof by S&P or P1 or the equivalent thereof by Moody's and in either case maturing within 90 days after the date of acquisition; (e) securities with maturities of 90 days or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of 90 days or less from the date of acquisition backed by standby letters of credit issued by a Commercial Bank; or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition.

Change of Control means each occurrence of any of the following:

- (a) Holdings shall have entered into (i) a merger agreement or any other agreement that would cause or result in a Change of Control Transaction or (ii) any agreement for the sale of all or substantially all of the assets of Holdings;
- (b) the commencement of any tender or exchange offer for the Capital Stock of Holdings; or
- (c) any public announcement of any of the foregoing.

Change of Control Event means the public announcement by Holdings with respect to a Change of Control and the approval of such Change of Control by the Board of Directors of Holdings and the shareholders of Holdings.

Change of Control Option has the meaning ascribed to such term in Section 2.07.

Change of Control Option Period means the period commencing on the date that a Change of Control Event occurs and ending on the ninetieth day following the consummation of such Change of Control.

Change of Control Premium means an amount equal to 2.0% of the amount of the Loans required to be repaid pursuant to Section 2.07.

Change of Control Transaction means any Person or group of Persons (other than (i) Holdings, (ii) any Subsidiary or (iii) any employee or director benefit plan or stock plan of Holdings or a Subsidiary or any trustee or fiduciary with respect to any such plan when acting in that capacity or any trust related to any such plan) shall have acquired beneficial ownership of shares representing more than 50% of the combined voting power represented by the outstanding common voting stock of Holdings (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder).

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Closing Date means the date on which all of the conditions precedent in Section 5.01 have been satisfied or waived in writing and the Loans have been funded pursuant to Section 2.01(a).

Code means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute and any regulations or guidelines promulgated thereunder.

Collateral means all assets and property subject to the Lien purported to be created by the Collateral Documents.

Collateral Agent has the meaning ascribed to such term in the introductory paragraph hereto.

Collateral Documents means the Security Agreements, Pledge Agreements, each UCC Financing Statement, the Control Account Agreements, each and any other agreement or instrument pursuant to which any Loan Party or any other Person grants a Lien to the Collateral Agent to secure the Obligations.

Combined REIT Debt means, as of any date of determination, the sum of (i) the aggregate outstanding principal balance under the REIT Replacement Repo Facility, if any, as of such date, plus the aggregate outstanding principal amount of the Term A Loans and the Term C Loans.

Commercial Bank means a commercial bank having capital and surplus in excess of \$500,000,000.

Commitments means, with respect to a Lender, such Lender's Term A Loan Commitment, Term B Loan Commitment and Term C Loan Commitment; **Commitments** means the Term A Loan Commitments, the Term B Loan Commitments and the Term C Loan Commitments of all the Lenders, the aggregate amount of which shall not exceed \$230,000,000.

Compliance Certificate has the meaning ascribed to such term in Section 7.01(d).

Contingent Obligation means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness (primary obligations) of any other Person (the primary obligor) in any manner, whether directly or indirectly, including, without limitation, (i) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (ii) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, (iii) any obligation of such Person, whether or not contingent, (A) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (B) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (C) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (D) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such

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Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

Contractual Obligation means, as applied to any Person, any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement or instrument to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

Control Account Agreement means, with respect to a Securities Account or a Deposit Account, an agreement, in form and substance reasonably satisfactory to the Collateral Agent, which effectively gives control (as defined in the UCC) to the Collateral Agent in such Securities Account and all investment property contained therein or Deposit Account and all funds contained therein, as the case may be.

Controlled Group means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

Default means an event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default.

Deposit Account means a deposit account as that term is defined in the UCC.

Disbursement Account means the account identified on Schedule 1.01(A).

Disposition means any transaction, or series of related transactions, pursuant to which a Loan Party sells, assigns, transfers or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person.

Dollar , Dollars and the symbol \$ mean lawful money of the United States of America.

Eligible Assignee means (i) any Affiliate of Farallon, (ii) any Lender, (iii) any other Institutional Investor other than a Non-U.S. Person and (iv) any other Person approved by the Borrowers, which approval shall not be unreasonably withheld or delayed.

Environmental Laws means all present or future federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authority, in each case relating to Environmental Matters.

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Environmental Lien means a Lien in favor of any Governmental Authority for any (i) liabilities under any Environmental Laws or (ii) damages arising from, or costs incurred by such

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Governmental Authority in response to, a Release or threatened Release of a Hazardous Material.

Environmental Matters means any matter arising out of or relating to health and safety, or pollution or protection of the environment, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, release, control or cleanup of any Hazardous Material.

Equity Interests means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including, without limitation, any securities convertible into or exchangeable for such corporate stock or any warrants, options or other rights for the purchase or acquisition of any such corporate stock, and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person, including, without limitation, any securities convertible into or exchangeable for such partnership or equity interests or any warrants, options or other rights for the purchase or acquisition of any of such partnership or other equity interests.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Event of Default means any of the occurrences set forth in Section 10.01 after the expiration of any applicable grace or cure period and the giving of any applicable notice, in each case as expressly provided in Section 10.01.

Existing Defaults means those defaults and events of default occurring prior to the date hereof and described on Schedule 1.01(B) attached hereto.

Existing Liens means those liens described on Schedule 9.03.

Farallon means Farallon Capital Management, L.L.C.

Federal Reserve Board means the Board of Governors of the Federal Reserve System or any Governmental Authority succeeding to its functions.

Fiscal Year means the fiscal year of Holdings and its Subsidiaries, which period shall be the 52 week period ending on December 31 of each year.

GAAP means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

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Governing Documents means, (a) with respect to any corporation, (i) the articles/certificate of incorporation (or the equivalent organizational documents) of such corporation, (ii) the by-laws (or the equivalent governing documents) of the corporation and (iii) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any class or series of such entity's Equity Interests; and (b) with respect to any general partnership, (i) the partnership agreement (or the equivalent organizational documents)

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of such partnership and (ii) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any of the partnership interests; and (c) with respect to any limited partnership, (i) the partnership agreement (or the equivalent organizational documents) of such partnership, (ii) a certificate of limited partnership (or the equivalent organizational documents) and (iii) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any of the partnership interests; and (d) with respect to any limited liability company, (i) the certificate of limited liability (or equivalent filings) of such limited liability company, (ii) the operating agreement (or the equivalent organizational documents) of such limited liability company, and (iii) any document setting forth the designation, amount and/or relative rights, limitations and preferences of any of such company's membership interests.

Governmental Authority means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Governmental Entity means any national, federal, state, provincial, local or other government or any court of competent jurisdiction, legislature, governmental agency, administrative agency or commission or other governmental authority or instrumentality, having jurisdiction for the United States, any of its states or political subdivisions thereof, or any other country or any political subdivisions thereof.

Guaranties means the Guaranties dated as of the date hereof made by certain Loan Parties in favor of the Administrative Agent and the Lenders, as such guaranties may be amended, supplemented or otherwise modified from time to time.

Hazardous Material means (a) any element, compound or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, or solid waste under Environmental Laws; (b) petroleum and its refined products; (c) polychlorinated biphenyls; (d) any substance exhibiting a hazardous waste characteristic, including but not limited to, corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials; and (e) any raw materials, building components, and manufactured products containing hazardous substances, including but not limited to asbestos-containing materials.

Hedging Agreement means any and all transactions, agreements, or documents now existing or hereafter entered into by a Loan Party which provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging the Borrower's exposure to fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices.

Hedging Obligation means, with respect to any Person, any liability of such Person under any Hedging Agreement.

Holdings means Accredited Home Lenders Holding Co, a Delaware corporation.

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Indebtedness means, as applied to any Person at any time, without duplication (a) all indebtedness, obligations or other liabilities of such Person (i) for borrowed money or evidenced by debt securities, debentures, acceptances, notes or other similar instruments, and any accrued interest, fees and charges relating thereto, (ii) under profit payment agreements or in respect of obligations to redeem, repurchase or exchange any Securities of such Person or to pay dividends in respect of any stock, (iii) with respect to letters of credit issued and banker's acceptances issued for such Person's account, (iv) to pay the deferred purchase price of property or services, except accounts payable, accrued expenses and deferred revenue arising in the ordinary course of business, (v) in respect of Capital Leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP; (vi) which are Accommodation Obligations or (vii) which are Hedging Obligations of such Person; (b) all indebtedness, obligations or other liabilities of such Person or others secured by a Lien on any property of such Person, whether or not such indebtedness, obligations or liabilities are assumed by such Person, all as of such time; (c) all preferred stock subject (upon the occurrence of any contingency or otherwise) to mandatory redemption prior to the Maturity Date; (d) all indebtedness of any partnership of which such Person is a general partner; and (e) all contingent Contractual Obligations with respect to any of the foregoing.

Indemnified Matters has the meaning ascribed to such term in Section 13.03.

Indemnitees has the meaning ascribed to such term in Section 13.03.

Institutional Investor means any commercial, investment or merchant bank, insurance company, finance company, mutual fund, registered money or asset manager, savings and loan association, credit union, registered investment advisor, pension fund, investment company, licensed broker or dealer, qualified institutional buyer (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation).

Intellectual Property means all (i) patents and patent applications, (ii) copyrights and registrations thereof, (iii) mask works and registrations and applications for registration thereof, (iv) computer software, data and documentation, (v) trade secrets and confidential business information, whether patentable or unpatentable and whether or not reduced to practice, know-how, inventions, manufacturing and production processes and techniques, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business, finance and marketing plans, customer and prospective customer lists and information, and supplier and prospective supplier lists and information, (vi) trademarks, service marks, trade names, domain names and applications and registrations therefor and (vii) other proprietary rights relating to any of the foregoing.

Intercreditor Agreement means the Intercreditor Agreement dated as of March 30, 2007 among the Administrative Agent, the Collateral Agent, the Lenders, JPMorgan Chase Bank, National Association, as Senior Agent, and the Senior Secured Creditors referred to therein, as such agreement may be amended, supplemented and restated from time to time.

Interest Payment Date means June 1, September 1, December 1 and March 1 of each year, commencing with June 1, 2007.

Investment means, with respect to any Person, (i) any purchase or other acquisition by that Person of Securities, or of a beneficial interest in Securities, issued by any other Person, (ii)

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any purchase by that Person of all or substantially all of the assets of a business conducted by another Person, and (iii) any direct or indirect loan, advance (other than prepaid expenses, accounts receivable, advances to employees and similar items made or incurred in the ordinary course of business) or capital contribution by that Person to any other Person, including all Indebtedness to such Person arising from a sale of any Property by such Person other than in the ordinary course of its business. The amount of any Investment shall be the original cost of such Investment, plus the cost of all additions thereto less the amount of any return of capital or principal to the extent such return is in cash (or by actual permanent reduction of any Indebtedness to such Person) with respect to such Investment without any adjustments for increases or decreases in value or write-ups, write-downs or write-offs with respect to such Investment.

Investor Rights Agreement means that certain Investor Rights Agreement entered into on the date hereof by and among Holdings and the investors referred to therein.

JPMorgan means JPMorgan Chase Bank, National Association.

JPMorgan Facility means the 9/06 Senior Secured Credit Agreement, dated as of September 29, 2006 among JPMorgan, as a lender and as administration agent and representative for all of the Lenders party thereto, and Accredited Home Lenders, Inc., a California corporation.

Key Persons means James A. Konrath, Joseph J. Lydon, Stuart D. Marvin and Jeffrey W. Crawford.

Lender and **Lenders** have the respective meanings ascribed to such term in the preamble to this Agreement, and shall include any other Person made a party to this Agreement as a **Lender** in accordance with the provisions hereof.

Lien means any mortgage, deed of trust, pledge, hypothecation, assignment, conditional sale agreement, deposit arrangement, security interest, encumbrance, lien (statutory or other), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever in respect of any Property of a Person, whether granted voluntarily or imposed by law, and includes the interest of a lessor under a Capital Lease or under any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement or similar notice (other than a financing statement filed by a true lessor pursuant to § 9-505 of the Uniform Commercial Code), naming the owner of such property as debtor, under the Uniform Commercial Code or other comparable law of any jurisdiction.

Liquidity means, as of any date of determination, an amount equal to the sum of (i) the Available Borrowing Capacity on such date, plus (ii) the cash and Cash Equivalents on deposit in accounts of Holdings or any of its consolidated Subsidiaries on such date, plus (iii) cash on deposit in the Cash Collateral Accounts on such date.

List of Closing Documents means the List of Closing Documents attached hereto and made a part hereof as Exhibit F.

Loan Account means an account maintained hereunder by Administrative Agent on its books of account, at Administrative Agent's office and with respect to the Borrowers, in which

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the Borrowers will be charged with all Loans made to, and all other Obligations incurred by, the Borrowers.

Loan Documents means this Agreement, the Notes, the Guaranties, the Collateral Documents, the Warrants, the Investors Rights Agreement, any Hedging Agreement and all other instruments, agreements and written Contractual Obligations among any Loan Party and the Collateral Agent, the Administrative Agent and/or the Lenders delivered to the Agents pursuant to or in connection with the transactions contemplated hereby.

Loan Parties means Holdings, each Borrower and each direct and indirect Subsidiary of Holdings.

Loans means, collectively, the Term A Loans, the Term B Loans and the Term C Loans.

Margin Stock means margin stock as such term is defined in Regulation U.

Material Adverse Effect means a material adverse change in, or a material adverse effect upon, (i) the condition (financial or otherwise), operations, assets, properties, business, financial performance or prospects of Holdings and its Subsidiaries, taken as a whole, (ii) the ability of any Loan Party to perform any of its obligations under any Loan Document to which it is a party, (iii) the legality, validity or enforceability of this Agreement or any other Loan Document, (iv) the rights and remedies of the Collateral Agent or the Lenders under any Loan Document, or (v) the validity, perfection or priority of a Lien in favor of the Collateral Agent or Lenders on any material portion of the Collateral; provided, however, that no Material Adverse Effect shall be deemed to have occurred to the extent that any such material adverse change in, or material adverse effect upon, the condition (financial or otherwise), operations, assets, properties, business, financial performance or prospects of Holdings and its Subsidiaries is specifically disclosed on Schedule 5.01(f).

Maturity Date means March 30, 2012.

Multiemployer Pension Plan means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any member of the Controlled Group may have any liability.

Net Cash Proceeds means, (i) with respect to any Disposition by any Person, the amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person or any of its Subsidiaries or Affiliates, in connection therewith after deducting therefrom, only (A) the reasonable expenses related thereto reasonably incurred by such Person in connection therewith, (B) transfer taxes paid by such Person in connection therewith and (C) the principal amount of, and any accrued and unpaid interest on, any Indebtedness (and any costs and expenses related thereto) secured by any Lien on any asset that is the subject of the Disposition (other than Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such Disposition, and (ii) with respect to the issuance or incurrence of any Indebtedness by any Person, or the sale or issuance by any Person of any shares or units of its Equity Interest, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on

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behalf of such Person or any of its Subsidiaries or Affiliates in connection therewith after deducting therefrom only reasonable brokerage commissions, underwriting fees and discounts, legal fees and other reasonable customary fees and expenses and commissions.

Net Worth means, with respect to any Person, an amount equal to, on a consolidated basis, such Person's stockholder equity (determined in accordance with GAAP).

Non-U.S. Lender has the meaning ascribed to such term in Section 3.02(d).

Non-U.S. Person means any Person that is not a United States person as defined in Section 7701(a)(30) of the Code.

Note has the meaning ascribed to such term in Section 2.03(b).

Notice of Borrowing means a notice substantially in the form of Exhibit C attached hereto and made a part hereof.

Obligations means all Loans, advances, debts, liabilities, obligations, covenants and duties owing by any Loan Party to the Administrative Agent, the Collateral Agent, any Lender, any Affiliate of such Lender, or any Person entitled to indemnification pursuant to Section 13.03 of this Agreement, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, Hedging Obligations, foreign exchange contract or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired arising under or in connection with the transactions contemplated hereby. The term includes, without limitation, all interest (including any interest that, but for the provisions of the Bankruptcy Code, would have accrued), charges, expenses, fees, attorneys' fees and disbursements and any other sum chargeable to the Loan Parties under this Agreement, the Notes or any other Loan Document.

Other Taxes has the meaning ascribed to such term in Section 3.02(b).

Ownership Limitation Exemption means a validly adopted resolution of the Board of Trustees of the REIT, certified by the REIT's Secretary, pursuant to which said Board of Trustees expressly grants to the Agents and Mortgage Investments Funding, L.L.C., under Section 1(F) of Article VIII of the Declaration of Trust, an exemption from the Ownership Limitation contained in Section 1(A) of that Article.

Pension Plan means a pension plan, as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a Multiemployer Pension Plan), and to which the Borrower or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

Permits means any permit, approval, authorization, license, variance, or permission required from a Governmental Authority under an applicable Requirement of Law.

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Permitted Liens means the Liens permitted under Section 9.03.

Person means any natural person, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust, limited liability company or other organization, whether or not a legal entity, and any Governmental Authority.

Plan means an employee benefit plan defined in Section 3(3) of ERISA (other than a Multiemployer Plan) in respect of which the Borrower or any ERISA Affiliate is, or within the immediately preceding six (6) years was, an employer as defined in Section 3(5) of ERISA.

Pledge Agreements means the Pledge Agreements dated as of the date hereof made by certain Loan Parties in favor of the Collateral Agent, as such pledge agreements may be amended, supplemented or otherwise modified from time to time.

Preferred Shares means the Series A Preferred Stock issued by the REIT.

Prepayment Fee has the meaning ascribed to such term in Section 4.02(b).

Pro Rata Share means, with respect to any Lender, the percentage obtained by dividing (i) the outstanding principal amount of such Lender's Loans, by (ii) the aggregate principal amount of all Lenders' Loans.

Property means any and all interests in any kind of property or asset, whether real, personal or mixed, whether tangible or intangible.

Qualified Securitization Transaction means any transaction or series of transactions that have been or may be entered into by any Loan Party in connection with or reasonably related to a transaction or series of transactions in which Holdings or any of its Subsidiaries may sell, convey or otherwise transfer to another Loan Party, or may grant a security interest in, any mortgage loans and related assets of such Loan Party.

Register has the meaning ascribed to such term in Section 13.01(c).

Regulation T means Regulation T of the Federal Reserve Board.

Regulation U means Regulation U of the Federal Reserve Board.

Regulation X means Regulation X of the Federal Reserve Board.

REIT has the meaning ascribed to such term in the preamble hereto.

REIT Cash Collateral Account has the meaning ascribed to such term in Section 11.01(a).

REIT Opinion means a legal opinion from counsel to the REIT to the Board of Trustees of the REIT, in form and substance acceptable to the Administrative Agent, opining that neither (i) the Pledge of the Common Shares of the REIT to the Collateral Agent or foreclosure thereupon nor (ii) the grant of the Warrants to the Lenders or exercise thereof nor (iii) the

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ownership by the Agents of the Shares of the REIT subject to the Pledge and/or to the Warrants, will violate Sections 1(A)(3) and 1(A)(4) of Article VIII of the REIT Declaration of Trust or cause the REIT to otherwise lose its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended.

REIT Replacement Repo Facility means a repurchase facility with respect to the Residuals, on terms and conditions reasonably satisfactory to the Administrative Agent.

REIT Repo Facility means that certain Master Repurchase Agreement, dated as of December 29, 2006, among Bear Stearns International Limited and REIT, as amended from time to time.

Release means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the indoor or outdoor environment, including ambient air, soil, surface or ground water.

Remedial Action means all actions taken to (i) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (ii) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (iv) any other actions authorized by 42 U.S.C. § 9601.

Required Lenders means, at any time, Lenders whose Pro Rata Shares aggregate more than 50%.

Requirements of Law means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act, the Securities Exchange Act, Regulations T, U and X, ERISA, the Fair Labor Standards Act and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or Permit or environmental, labor, employment, occupational safety or health law, rule or regulation.

Residuals means all the residual cash flows in the REIT.

Residual Value means the value of the Residuals calculated as set forth in a discounted cash flow model using a 15% discount rate and good faith assumptions set forth in Schedule 1.01(C) attached hereto.

Restricted Payments means, with respect to any Person, (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of capital stock of, partnership interest of or other Equity Interest of, such Person, now or hereafter outstanding, except a dividend payable solely in shares of that class of stock or in any junior class of stock to the holders of that class, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of capital

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stock of, partnership interest of or other equity interest of, such Person now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to, any subordinated indebtedness, and (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of capital stock of, partnership interest of or other Equity Interest of, such Person now or hereafter outstanding.

Section 856 Trust has the meaning ascribed to such term in Section 6.01(cc).

Securities means any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing, but shall not include any evidence of the Obligations.

Securities Act means the Securities Act of 1933, as amended from time to time, and any successor statute.

Securities Exchange Act means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

Securities Account means a securities account as that term is defined in the UCC.

Security Agreements means the Security Agreements dated as of the date hereof made by the Borrowers and certain Loan Parties in favor of the Collateral Agent, as such security agreements may be amended, supplemented or otherwise modified from time to time.

SFAS91 means Financial Accounting Standards Board (FASB) Statement No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases.

Solvent, when used with respect to any Person, means that at the time of determination:

- (a) the fair market value of its assets is in excess of the total amount of its liabilities (including, without limitation, contingent liabilities); and
- (b) the present fair saleable value of its assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and
- (c) it is then able and expects to be able to pay its debts (including, without limitation, contingent debts and other commitments) as they mature; and

- (d) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

Structured Securities Debt means any Indebtedness incurred by an Acceptable SPV, provided that (i) such Indebtedness is non-recourse to any shareholders or equity owner of such

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Acceptable SPV, (ii) such Indebtedness is publicly or privately issued Indebtedness of the Acceptable SPV and (iii) such Indebtedness is rated by at least one rating agency.

Subordinated Debt means, Indebtedness of any Person which is (i) unsecured, (ii) no part of the principal of such Indebtedness is required to be paid (whether by way of mandatory sinking fund, mandatory redemption, mandatory prepayment or otherwise) prior to the Maturity Date and (iii) the payment of the principal of and interest on such Indebtedness and other obligations of such Person in respect of such Indebtedness are subordinated to the prior payment in full of the Obligations on terms and conditions approved in writing by the Administrative Agent and all other terms and conditions of which are satisfactory in form and substance to the Administrative Agent.

Subsidiary means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, association or other entity (i) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (ii) of which more than 50% of (A) the outstanding Equity Interests having (in the absence of contingencies) ordinary voting power to elect a majority of the board of directors of such corporation, (B) the interest in the capital or profits of such partnership or limited liability company or (C) the beneficial interest in such trust or estate is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person.

Tax Return means any report, return or other information filed with any taxing authority with respect to Taxes imposed upon or attributable to the operations of the Business.

Taxes has the meaning ascribed to such term in Section 3.02(a).

Term A Loans has the meaning ascribed to such term in Section 2.01(a).

Term A Loan Commitment means, with respect to a Lender, the obligation of such Lender to make Term A Loans pursuant to the terms and conditions of this Agreement, and which shall not exceed the principal amount set forth opposite such Lender's name on the signature pages hereof; Term A Loan Commitments means the aggregate principal amount of the Term A Loan Commitments of all the Lenders, which amount shall not exceed \$70,000,000.

Term B Loans has the meaning ascribed to such term in Section 2.01(a).

Term B Loan Commitment means, with respect to a Lender, the obligation of such Lender to make Term B Loans pursuant to the terms and conditions of this Agreement, and which shall not exceed the principal amount set forth opposite such Lender's name on the signature pages hereof; Term B Loan Commitments means the aggregate principal amount of the Term B Loan Commitments of all the Lenders, which amount shall not exceed \$130,000,000.

Term C Loans has the meaning ascribed to such term in Section 2.01(a).

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Term C Loan Commitment means, with respect to a Lender, the obligation of such Lender to make Term C Loans pursuant to the terms and conditions of this Agreement, and which shall not exceed the principal amount set forth opposite such Lender's name on the

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signature pages hereof; **Term C Loan Commitments** means the aggregate principal amount of the Term C Loan Commitments of all the Lenders, which amount shall not exceed \$30,000,000.

Third Party means a Person who or which is neither a party nor an Affiliate of a party.

UCC Financing Statement has the meaning assigned to such term in the Uniform Commercial Code.

Uniform Commercial Code or **UCC** means the Uniform Commercial Code as enacted in the State of New York, as it may be amended from time to time.

United States means the fifty (50) states of the United States of America and the District of Columbia.

U.S. Person means any Person that is a **United States person** as defined in Section 7701(a)(30) of the Code.

Warrants means the Warrants to purchase 3,226,431 shares of Common Stock from Holdings substantially in the form of Exhibit E attached hereto and made a part hereof.

1.02. **Computation of Time Periods.** In this Agreement, in the computation of periods of time from a specified date to a later specified date, the word **from** means from and including and the words **to** and **until** each mean to but excluding . Periods of days referred to in this Agreement shall be counted in calendar days unless Business Days are expressly prescribed. Any period determined hereunder by reference to a month or months or year or years shall end on the day in the relevant calendar month in the relevant year, if applicable, immediately preceding the date numerically corresponding to the first day of such period, provided that if such period commences on the last day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month during which such period is to end), such period shall, unless otherwise expressly required by the other provisions of this Agreement, end on the last day of the calendar month.

1.03. **Accounting Terms.** For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP.

1.04. **Other Terms.** Terms not otherwise defined herein which are defined in, or used in, Article 9 of the Uniform Commercial Code shall have the respective meanings assigned to such terms in Article 9 of the Uniform Commercial Code.

ARTICLE II

AMOUNTS AND TERMS OF LOANS

2.01. Loan Facility.

(a) Loans. Subject to the terms and conditions set forth in this Agreement, each Lender severally agrees to make (i) a term loan to the REIT (each individually, a Term A Loan and, collectively, the Term A Loans) on the Closing Date in an amount not to exceed at any time such Lender's Term A Loan Commitment, (ii) a term loan to AHL (each individually, a Term B Loan and, collectively, the Term B Loans) on the Closing Date in an amount not to

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exceed at any time such Lender's Term B Loan Commitment and (iii) a term loan to REIT (each individually, a Term C Loan and, collectively, the Term C Loans) on the Closing Date in an amount not to exceed at any time such Lender's Term C Loan Commitment.

(b) Notice of Borrowing. When the Borrowers desire to borrow under this Section 2.01, the Borrowers shall deliver to the Administrative Agent a Notice of Borrowing, signed by it, no later than 11:00 a.m. (New York time) at least two (2) Business Days in advance of the proposed Closing Date. Such Notice of Borrowing shall specify the proposed Closing Date (which shall be a Business Day). In lieu of delivering such a Notice of Borrowing, the Borrowers may give the Administrative Agent a telephonic notice of any proposed borrowing by the time required under this Section 2.01(b) if it confirms such notice by delivery of the Notice of Borrowing to the Administrative Agent promptly, but in no event later than 5:00 p.m. (New York time) on the same day. Any Notice of Borrowing (or telephonic notice in lieu thereof) given pursuant to this Section 2.01(b) shall be irrevocable and binding on the Borrowers.

(c) Making the Loans. (i) Each Lender shall deposit an amount equal to its Commitment with the Administrative Agent in the Administrative Agent Account in immediately available funds, not later than 12:00 p.m. (New York City time) on the Closing Date. Subject to the satisfaction of the conditions precedent set forth in Article V, the Administrative Agent shall make the proceeds of such amounts received by it available to the Borrowers not later than 3:00 p.m. (New York time) at the Administrative Agent's office in San Francisco, California on the Closing Date and shall disburse such proceeds in an amount equal to \$100,000,000 to the REIT in accordance with the written directions of the REIT and \$130,000,000 to AHL in accordance with the written directions of AHL.

(ii) All Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Commitments. The failure of any Lender to deposit the amount described in clause (i) above with the Administrative Agent on the Closing Date shall not relieve any other Lender of its obligations hereunder to make its Loan on the Closing Date. No Lender shall be responsible for any failure by any other Lender to perform its obligation to make a Loan hereunder nor shall the Commitment of any Lender be increased or decreased as a result of any such failure, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

2.02. Repayment of Loans. The principal amount of the Loans shall be payable in full in Dollars on the Maturity Date.

2.03. Evidence of Debt; Register; Lenders' Books and Records; Notes.

(a) Lenders' Evidence of Debt. Each Lender shall maintain on its internal records an account or accounts evidencing the Obligations of the Borrowers to such Lender, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on Borrowers, absent manifest error; provided, that the failure to make any such recordation, or any error in such recordation, shall not affect the Borrowers' Obligations in respect of any applicable Loans; and provided further, in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

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(b) Notes. If so requested by any Lender by written notice to the Borrowers (with a copy to the Administrative Agent) at least two Business Days prior to the Closing Date, or at any time thereafter, the applicable Borrower shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 13.01) on the Closing Date (or, if such notice is delivered after the Closing Date, promptly after such Borrower's receipt of such notice) one or more promissory notes, each substantially in the form of Exhibit B attached hereto and made a part hereof (all such promissory notes and all amendments thereto, replacements thereof and substitutions therefor being collectively referred to as the Notes; and Note means any one of the Notes), in such denominations requested by such Lender to evidence such Lender's Loan to such Borrower.

2.04. Use of Proceeds of Loan. The proceeds of the Term A Loans and Term B Loans shall be used (i) to fund repurchase obligations (including, for the avoidance of doubt, early payment default claims) of the Borrowers, (ii) to satisfy margin calls from warehouse lenders, (iii) to fund loan originations, (iv) pay all transaction costs, expenses and fees incurred in connection with the Loan Documents, (v) to repay a portion of the outstanding amount under the REIT Repo Facility, and (vi) for general working capital and business purposes of Borrowers. The proceeds of the Term C Loans shall be used to repay the outstanding amount under the REIT Repo Facility.

2.05. Authorized Officers, Employees and Administrative Agent. On the date hereof and from time to time thereafter, the Borrowers shall deliver to the Administrative Agent a certificate setting forth the names of the officers, employees and agents of the Borrower who are authorized to request Loans on behalf of the Borrowers, and containing a specimen signature of each such officer, employee or agent. The officers, employees and agents so authorized shall also be authorized to act for the Borrowers in respect of all other matters relating to the Loan Documents. The Administrative Agent shall be entitled to rely conclusively on each such officer's, employee's or agent's authority to request the Loans and to act for the Borrowers until the Administrative Agent receives written notice to the contrary. In addition, the Administrative Agent shall be entitled to rely conclusively on any written notice purportedly sent to it by telecopy by any Borrower that it believes in good faith to have been sent by such Borrower. The Administrative Agent shall have no duty to verify the authenticity of the signature appearing on, or any telecopy or facsimile of, any written Notice of Borrowing or any other document, and, with respect to an oral request for such a Loan, the Administrative Agent shall have no duty to verify the identity of any person representing himself or herself as one of the officers, employees or agents authorized to make such request or otherwise to act on behalf of the Borrowers. The Administrative Agent and the Lenders shall not incur any liability to any Borrower or any other Person in acting upon any facsimile or telephonic notice referred to above which the Administrative Agent believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of such Borrower.

2.06. Manner and Time of Payment. (a) Payments. All payments of principal of and interest on the Loans and other Obligations (including, without limitation, fees and expenses) which are payable to the Administrative Agent or the Lenders shall be made without set-off, counterclaim, deduction or other defense, condition or reservation of right, in immediately available funds, deposited to the Administrative Agent Account not later than 11:00 a.m. (New York time) on the date due. Thereafter, payments received by the Administrative Agent shall be distributed to each Lender in accordance with its Pro Rata Share in accordance with the

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provisions of Section 2.06(c) on the date received, if received prior to 11:00 a.m., and on the next succeeding Business Day if received thereafter, by the Administrative Agent.

(b) Except as provided in Section 2.01 hereof, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in such similar obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered). Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.06 may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation.

(c) Apportionment of Payments. (i) Subject to the provisions of Section 2.06(c)(ii), all payments of principal and interest in respect of outstanding Loans and all payments of fees (other than as set forth in Section 4.01) and all other payments in respect of any other Obligation shall be allocated among the Lenders, in proportion to their respective Pro Rata Shares or otherwise as provided herein or, in respect of payments not made on account of Loans, as designated by the Person making payment at the time when such payment is made. All such payments and any other proceeds of Collateral or other amounts received by the Administrative Agent from or on behalf of the Borrower shall be promptly applied to pay all Obligations of the Borrower then due and payable.

(ii) After the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and shall upon the acceleration of the Obligations pursuant to Section 10.01, apply all payments in respect of any Obligations and all proceeds of Collateral to the Obligations in the following order:

(A) first, to pay Obligations in respect of any expense reimbursements, indemnities or other liabilities then due to the Administrative Agent or the Collateral Agent;

(B) second, to pay Obligations in respect of any fees then due to the Agents and the Lenders;

(C) third, to pay interest due in respect of the Loans;

(D) fourth, to pay the principal outstanding on the Loans; and

(E) fifth, to the ratable payment of all other Obligations;

provided, however, if sufficient funds are not available to fund all payments to be made in respect of any of the Obligations described in any of the foregoing clauses (A) through (E), the available funds being applied with respect to any such Obligations referred to in any one of such clauses shall be allocated to the payment of such Obligations in such clause ratably, based on the proportion of each Agent's and each Lender's interest in the aggregate outstanding Obligations described in such clauses.

(d) Payments on Non-Business Days. Whenever any payment to be made by the Borrower hereunder or under the Note is stated to be due on a day which is not a Business Day, the payment shall instead be due on the next succeeding Business Day, and any such extension of time shall be included in the computation of the payment of interest and fees hereunder.

2.07. Change of Control. Upon a Change of Control Event, the Lenders shall have the option (the Change of Control Option) to demand that the Borrowers pay any or all of the Loans. The Lenders may exercise such Change of Control Option at any time during the Change of Control Option Period by giving notice to the Borrowers that the Lenders are demanding that the Borrower repay the Loans. In the event that the Lenders give notice to the Borrowers that it is exercising the Change of Control Option with respect to a Change of Control at least fifteen (15) days prior to the consummation of the transaction causing such Change of Control, the Borrowers shall pay the Loans specified in such notice, together with the Change of Control Premium and all accrued and unpaid interest, on the date such Change of Control is consummated. In the event that the Lenders give notice to the Borrowers that it is exercising the Change of Control Option with respect to a Change of Control after the fifteenth day prior to the consummation of the transaction causing such Change of Control, the Borrowers shall pay the Loans specified in such notice, together with the Change of Control Premium and all accrued and unpaid interest, on the thirtieth Business Day following written demand for such payment.

ARTICLE III

PAYMENTS AND PREPAYMENTS

3.01. Prepayments of Loans. The Borrowers may prepay the Loans in whole upon at least five (5) Business Days' prior written notice to the Administrative Agent provided that the Prepayment Fee, if any, is paid. Any notice of prepayment given to the Administrative Agent under this Section 3.01(a) shall specify (i) the date of prepayment, (ii) the aggregate principal amount of the prepayment, and (iii) the amount of the Prepayment Fee as calculated in accordance with Section 4.02(a). When notice of prepayment is delivered as provided herein, the principal amount of all Loans and the Prepayment Fee shall, if applicable, become due and payable on the prepayment date specified in such notice.

3.02. Taxes. (a) Payments Free and Clear of Taxes. Any and all payments by the Borrowers hereunder, under the Notes or under any other Loan Document shall be made free and clear of and without deduction or withholding for any and all present or future taxes, levies, imposts, duties, fees, deductions, charges or withholdings, and all interest, penalties, additions to tax and liabilities with respect thereto, excluding, in the case of each Agent and each Lender, taxes imposed on its net income, capital, profits or gains and franchise taxes imposed on it, in each case by (i) the United States, (ii) the Governmental Authority of the jurisdiction in which the Administrative Agent's office is located or (iii) the Governmental Authority in which such Person is organized, managed, controlled or doing business, in each case including all political

subdivisions thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, being hereinafter referred to as Taxes). If the Borrowers shall be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder, under the Notes or under any other Loan Document to any Lender, (t) such sum payable shall be increased as may be necessary so that after making all required withholdings or deductions (including withholdings or deductions applicable to additional sums payable under this Section 3.02) such Lender receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (u) the Borrowers shall make such withholdings or deductions, and (v) the Borrowers shall pay the full amount withheld or deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) Other Taxes. In addition, the Borrowers agree to pay any present or future stamp, value-added or documentary taxes or any other excise or property taxes, charges or similar levies which arise from and which relate directly to (i) any payment made under any Loan Document or (ii) the execution, delivery or registration of, or otherwise with respect to, this Agreement, the Notes or any other Loan Document (hereinafter referred to as Other Taxes).

(c) Indemnification. The Borrowers will indemnify each Lender and each Agent against, and reimburse each on demand for, the full amount of all Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 3.02 and any additional income or franchise taxes resulting therefrom) incurred or paid by such Lender or such Agent (as the case may be) or any Affiliate of such Lender or Agent and any liability (including penalties, interest, and reasonable out-of-pocket expenses paid to third parties) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to any amount payable to any Person under this Section 3.02 submitted by such Person to the Borrowers shall, absent manifest error, be final, conclusive and binding upon all parties hereto. This indemnification shall be made within thirty (30) days from the date such Person makes written demand therefor and within thirty (30) days after the receipt of any refund of the Taxes or Other Taxes following final determination that the Taxes or Other Taxes which gave rise to the indemnification were not required to be paid, such Person shall repay to such Borrower the amount of such indemnity paid by such Borrower, net of all out-of-pocket expenses of Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that Borrower, upon the request of Agent or such Lender, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. This Section 3.02(c) shall not be construed to require Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

(d) Withholding Exemptions.

(i) Each Borrower hereby acknowledges and agrees that the Obligations pursuant to the Loans constitute registered obligations for United States withholding tax purposes. Each Lender that is a Non-U.S. Person (each, a Non-U.S. Lender) agrees that it will, not more than ten Business Days after the date such Non-U.S. Lender becomes a party to this Agreement (or designates a new lending office) deliver to Borrower and Agent two duly completed copies of

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United States Internal Revenue Service Form W-8BEN or W-8IMY (in each case claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party), or United States Internal Revenue Service Form W-8ECI, or any subsequent versions thereof or successors thereto; or in the case of a Non-U.S. Lender claiming exemption from United States federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of portfolio interest, (x) a certificate of a duly authorized officer of such Non-U.S. Lender to the effect that such Non-U.S. Lender is not (A) a bank within the meaning of Section 881(c)(3)(A) of the Code, (B) a 10 percent shareholder of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (such certificate, an Exemption Certificate) and (y) two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8IMY, or applicable successor form, certifying as to such Non-U.S. Lender's foreign status.

(ii) Upon Borrower's reasonable request and within a reasonable time after such Borrower's request, each Lender that is a U.S. Person shall deliver to Borrower and Agent two copies of United States Internal Revenue Service Form W-9 (or applicable successor form) to establish that such Lender is entitled to receive all payments from Borrower hereunder and under any other Loan Document free and clear from withholding of United States federal income tax.

(iii) Each Lender further undertakes to deliver to each of Borrower and Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto as may be reasonably requested by Borrower or Agent. Borrower hereby agrees that all forms, Exemption Certificates or amendments described in this Section 3.02(d), if properly completed and executed, shall evidence that such Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes or, in the case of a Lender claiming treaty benefits, a reduced rate of deduction or withholding.

(iv) If a Lender which is otherwise exempt from or subject to a reduced rate of withholding tax becomes subject to Taxes because of its failure to deliver a form required pursuant to this Section 3.02(d), Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(v) Any Lender, if requested by Borrower or Agent, shall deliver documentation prescribed by applicable law or reasonably requested by Borrower or Agent as will enable Borrower or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Receipts. Within thirty (30) days after the date of any written request by Administrative Agent of evidence of payment of Taxes or Other Taxes by the Borrowers, the Borrowers will furnish to the Administrative Agent the original or a certified copy of a receipt or other documentation reasonably satisfactory to the Administrative Agent evidencing payment thereof or a certificate of the Borrowers stating that no Taxes or Other Taxes are due and payable. The Borrowers will furnish to the Administrative Agent upon the Administrative Agent's request from time to time a certificate stating that all Taxes and Other Taxes of which it is aware that are due have been paid and that no additional Taxes or Other Taxes of which it is aware are due.

(f) Limitation. Any notice given by any Lender or other Person under this Section 3.02 shall be effective only if given within six months after such Lender or other Person becomes aware or should have become aware of the events giving rise to such notice.

(g) Survival. The obligations of the Borrowers under this Section 3.02 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

3.03. Increased Capital. If after the date hereof any Lender determines that (i) the adoption or implementation of or any change in or in the interpretation or administration of any law or regulation or any guideline or request from any central bank or other Governmental Authority exercising jurisdiction, power or control over any Lender (whether or not having the force of law), compliance with which affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and (ii) the amount of such capital is increased by or based upon the making or maintenance by any Lender of its Loans or other advances made hereunder or the existence of any Lender's obligation to make Loans, then, in any such case, upon written demand by such Lender (with a copy of such demand to the Administrative Agent), the Borrowers agree to pay to the Administrative Agent for the account of such Lender within ten (10) Business Days of written demand therefor, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation therefor. Such demand shall be accompanied by a statement certifying in reasonable detail as to the amount of such compensation and include a brief summary of the basis for such demand. Such statement shall be conclusive and binding for all purposes, in the absence of manifest error.

ARTICLE IV

INTEREST AND FEES

4.01. Interest on the Loans and Other Obligations.

(a) Rate of Interest. The outstanding principal amount of all Loans and the outstanding amount of all other Obligations shall bear interest on the unpaid amount thereof from the date such Loans are made and such other Obligations are due until such principal amount and such Obligations are paid in full at the rate per annum equal to the Applicable Interest Rate

(b) Interest Payments. Interest accrued pursuant to Section 4.01(a) on the outstanding principal amount of the Loans shall be payable in arrears in Dollars on each Interest Payment Date. Interest accrued at the Default Rate shall be payable in arrears on demand in Dollars. Interest accrued on the principal balance of all other Obligations shall be payable on demand in Dollars.

(c) Computation of Interest. Interest on the Loans and all other Obligations shall be computed on the basis of the actual number of days elapsed in the period during which interest accrues and a year of 360 days. In computing interest on any Loan, the date of the making of the Loan shall be included and the date of payment shall be excluded; provided, however, if a Loan is repaid on the same day on which it is made, one (1) day's interest shall be paid on such Loan. Each Borrower hereby authorizes the Administrative Agent to, and the Administrative Agent may, charge the Loan Account with the amount of the interest due under this Section 4.01. The

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Administrative Agent agrees to provide the Borrowers with a statement of the interest due; provided, however, failure to provide such statement shall not, under any circumstances or in any event, result in any liability whatsoever on the part of the Lenders or the Agents.

4.02. Fees.

(a) Prepayment Fee. If the Borrowers prepay the Term A Loans or the Term B Loans pursuant to Section 3.01(a), the Borrowers shall pay to the Administrative Agent, for the account of the Lenders in accordance with their respective Pro Rata Shares, an early termination fee (the Prepayment Fee) as follows: (i) if the prepayment occurs during the period from the Closing Date to the date which is the first anniversary of the Closing Date, an amount equal to seven percent (7%) of the amount of such prepayment, (ii) if the prepayment occurs during the period from the date which is the first anniversary of the Closing Date to the date which is the second anniversary of the Closing Date, an amount equal to seven percent (7%) of the amount of such prepayment, (iii) if the prepayment occurs during the period from the date which is the second anniversary of the Closing Date to the date which is the third anniversary of the Closing Date, an amount equal to five percent (5%) of the amount of such prepayment, (iv) if the prepayment occurs during the period from the date which is the third anniversary of the Closing Date to the date which is the fourth anniversary of the Closing Date, an amount equal to three percent (3%) of the amount of such prepayment, and (v) if the prepayment occurs during the period from the date which is the fourth anniversary of the Closing Date to the Maturity Date, an amount equal to zero. The Prepayment Fee shall be payable on the date such prepayment is made. For avoidance of doubt, no Prepayment Fee shall be payable in connection with prepayments under Section 9.08(b).

(b) Payment of Fees. All fees specified or referred to herein due to the Administrative Agent or any Lender will be fully earned and nonrefundable when paid. Each Borrower hereby authorizes the Administrative Agent to, and the Administrative Agent may, charge the Loan Account with the amount of the fees or charges due under this Section 4.02.

ARTICLE V

CONDITIONS TO LOANS

5.01. Conditions Precedent to the Loans. The obligation of each Lender on the Closing Date to make its Loans shall be subject to the satisfaction of each of the following conditions precedent (unless waived in writing by each of the Lenders):

(a) Documents. The Administrative Agent (on behalf of itself and the Lenders) shall have received, in form and substance reasonably satisfactory to the Administrative Agent, on or before the Closing Date all of the following:

(i) this Agreement, the Notes, the Collateral Documents, the other Loan Documents and all other agreements, documents, instruments, certificates, opinions and corporate resolutions described in the List of Closing Documents, each duly executed where appropriate and in form and substance satisfactory to the Lenders and in sufficient copies for each of the Lenders; and

(ii) such additional documentation as the Administrative Agent and any Lender may reasonably request.

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(b) Collateral; Perfection of Liens. The Administrative Agent shall have received complete and accurate information from Holdings and its Subsidiaries with respect to the name and the location of the principal place of business and chief executive office for each Loan Party; all necessary UCC financing statements shall have been filed and all other filings and recordings shall have been made; all filing and recording fees and taxes shall have been paid or duly provided for. The Administrative Agent shall be satisfied that all Liens granted to the Collateral Agent with respect to all Collateral are valid and effective and all material Liens shall be perfected and of first priority (and a second priority Lien on the assets secured by the JPMorgan Facility). All certificates representing Equity Interests included in the Collateral shall have been delivered to the Collateral Agent (with duly executed stock powers, as appropriate) and all instruments included in the Collateral shall have been delivered to the Collateral Agent (duly endorsed to the Administrative Agent). The Administrative Agent shall be satisfied that the Collateral Agent has a first priority Lien on Residuals of the REIT with a Residual Value of at least \$150,000,000.

(c) No Legal Impediments. Except as disclosed on Schedule 5.01(c), no law, regulation, order, judgment or decree of any Governmental Authority shall, and the Administrative Agent shall not have received any notice that any action, suit, investigation, litigation or proceeding is pending or overtly threatened in any court or before any arbitrator or Governmental Authority which shall, (i) purport to enjoin, prohibit, restrain or otherwise affect the making of the Loan or to materially impair the Collateral or (ii) that has resulted or could reasonably be expected to impose or result in the imposition of a Material Adverse Effect.

(d) Consents. Each Loan Party shall have received all consents and authorizations required pursuant to any material Contractual Obligation with any other Person and shall have obtained all consents and authorizations of, and effected all notices to and filings with, any Governmental Authority, in each case, as may be necessary to allow such Loan Party, lawfully and without risk of rescission, (i) to execute, deliver and perform, in all material respects, its obligations under each Loan Document to which it is, or is to be, a party and each other agreement or instrument to be executed and delivered by it pursuant thereto or in connection therewith and (ii) to consummate the transactions contemplated by the Loan Documents.

(e) Compliance. Each Loan Party shall be in compliance with all Requirements of Law except that which (i) could not reasonably be expected to result in a Material Adverse Change or (ii) has been disclosed on Schedule 5.01(e) attached hereto.

(f) No Change in Condition. Except as set forth in Schedule 5.01(f) attached hereto, no material adverse change in the business, financial performance, assets, operations, prospects, or condition (financial or otherwise) of Holdings and its Subsidiaries shall have occurred since December 31, 2006.

(g) Fees and Expenses Paid. There shall have been paid to the Administrative Agent all reasonable reimbursement for all legal, tax and regulatory costs and expenses (including, without limitation, fees and expenses of counsel to the Agents) on work performed through the date hereof and work to be performed through the Closing Date due and payable on or before the Closing Date up to a maximum of \$1,500,000.

(h) JPMorgan Financing. JPMorgan shall have entered into the Intercreditor Agreement with the Agents, in form and substance satisfactory to the Administrative Agent,

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pursuant to which JPMorgan shall have (i) consented to a second lien by the Collateral Agent on the same assets that are securing the JPMorgan Facility, (ii) agreed to cap the outstanding amount under the servicing rights financing to \$49,000,000, and (iii) waived all defaults under the JPMorgan Facility.

(i) REIT Repo Facility. The REIT Repo Facility with Bear Stearns International Limited shall have been terminated.

(j) Warehouse Facility. The Administrative Agent shall be satisfied that (A) the Borrowers have access to and availability under warehouse facilities from either existing warehouse lenders that have waived all existing defaults under their respective warehouse facilities on terms and conditions satisfactory to the Agent or new warehouse lenders under new warehouse facilities containing terms and conditions satisfactory to the Administrative Agent and (B) the Borrowers have availability and the right to borrow at least \$750,000,000 under the warehouse facilities referred to in clause (A).

(k) Legal Opinions. The Administrative Agent shall have received legal opinions from counsel for the Loan Parties as further specified on the List of Closing Documents, in form and substance satisfactory to the Administrative Agent.

(l) REIT Opinion. The Administrative Agent shall have received fully and validly executed copies of (i) the REIT Opinion and (ii) the Ownership Limitation Exemption.

(m) Financial Statements. Holdings will represent to the Administrative Agent and the Lenders that, to the best of its knowledge, Holdings' 2006 10-K, when filed, will not contain any material changes, except as disclosed on Schedule 5.01(m) attached hereto, from the draft previously provided, other than (i) to reflect the approximately \$150,000,000 loss on sale of loans, (ii) the write down of Holdings' deferred tax asset, (iii) the creation and write-off of goodwill related to the Aames Acquisition, (iv) the inclusion of a going concern qualification in Grant Thornton's audit opinion, and (v) a material weakness relating to AHL controls relating to non-recurring transactions, such as an acquisition.

(n) Financial Information. The Borrowers shall have delivered to the Administrative Agent and the Lenders (i) an unaudited consolidated balance sheet of AHL and its Subsidiaries dated not earlier than two days prior to the Closing Date showing tangible net worth of not less than \$275,000,000 as of such date and (ii) a certificate of the principal financial officer of AHL certifying as to such balance sheet and neither Holdings nor any of its subsidiaries has knowledge after reasonable inquiry or is aware of any information or other matter that would make the financial information set forth therein materially inaccurate or incomplete. Such unaudited consolidated balance sheet shall reflect the items disclosed in clauses (i), (ii) and (iii) of Section 5.01(m) above.

(o) Warrants. The Administrative Agent shall have received the Warrants and the Investor Rights Agreement, each in form and substance satisfactory to the Administrative Agent.

(p) Cash Collateral. Concurrent with the funding of the Loans, AHL shall have deposited \$30,000,000 into the AHL Deposit Collateral Account.

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(q) No Default. No Event of Default or Default shall have occurred and be continuing or would result from the making of the Loans requested to be made on the Closing Date.

(r) Representations and Warranties. All of the representations and warranties contained in Section 6.01 and in the other Loan Documents shall be true and complete in all material respects on and as of the Closing Date, both before and immediately after giving effect to the making of the Loans.

(s) The Administrative Agent and the Lenders shall have received fully and validly executed copies of (i) the REIT Opinion and (ii) the Ownership Limitation Exemption.

(t) Closing Date. The Closing Date shall have occurred prior to April 2, 2007.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

6.01. Representations and Warranties. In order to induce the Lenders to enter into this Agreement and to make the Loans, Holdings and each Borrower hereby represents and warrants as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is duly organized, validly existing and, to the extent applicable in such jurisdiction, in good standing under the laws of its jurisdiction of organization or formation as identified in Schedule 6.01(a), (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the transactions contemplated thereby, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except where the failure to so qualify or to be in good standing would not reasonably be expected to have a Material Adverse Effect.

(b) Authority. (i) Each Loan Party has the requisite power and authority to execute, deliver and perform each of the Loan Documents to which it is a party.

(i) No other action or proceeding on the part of any Loan Party is necessary to execute, deliver and perform each of the Loan Documents to which it is a party or to consummate the transactions contemplated thereby.

(ii) Each of the Loan Documents to which any Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity relating to enforceability (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No Conflict. The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party and the consummation of the transactions contemplated thereby do not and will not (i) conflict with the Governing Documents of such

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Loan Party, (ii) violate any Requirements of Law or any material Contractual Obligation of such Loan Party, or (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of such Loan Party other than the liens in favor of the Collateral Agent as contemplated herein.

(d) Capitalization. On the Closing Date, the issued and outstanding Equity Interests of each Loan Party are as set forth on Schedule 6.01(d)(i). All of the issued and outstanding Equity Interests of each Loan Party have been validly issued and are fully paid and nonassessable, and except as set forth on Schedule 6.01(d)(ii), the holders thereof are not entitled to any preemptive, first refusal or other similar rights. Except as set forth on Schedule 6.01(d)(iii), there are no plans or arrangements in existence relating to the issuance of Equity Interests of a Loan Party. Except as set forth on Schedule 6.01(d)(iv), there are (1) no outstanding debt or equity securities of a Loan Party and no outstanding obligations of a Loan Party convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from such Loan Party, or other obligations of such Loan Party to issue, directly or indirectly, any Equity Interests of any such Person, and (2) no phantom stock rights, stock appreciation rights or other rights whose value is determined with respect to the income or capital appreciation of a Loan Party.

(e) Subsidiaries. Schedule 6.01(e) sets forth the ownership interest of each Loan Party in its Subsidiaries as of the Closing Date.

(f) Consents. The execution, delivery and performance by each Loan Party of each Loan Document to which it is a party and the consummation of the transactions contemplated thereby do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority or any other Person.

(g) Financial Position of the Loan Parties. All financial statements, pro forma balance sheets and other financial information delivered to the Administrative Agent are fairly stated in all material respects. The foregoing financial statements and pro forma balance sheets were prepared in conformity with GAAP. No Loan Party has any contingent liability or liability for any Taxes, long-term leases or commitments, not reflected in the foregoing financial statements which will have or is reasonably likely to have a Material Adverse Effect.

(h) Adverse Proceedings. Except as set forth on Schedule 6.01(h), there are no Adverse Proceedings, individually or in the aggregate, that could reasonably be expected to result in a Material Adverse Effect. Except as set forth on Schedule 6.01(h), no Loan Party (i) is in material violation of any Requirements of Law (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Change, or (ii) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(i) No Material Adverse Effect. Except as disclosed on Schedule 5.01(m), since December 31, 2006, there has occurred no event which has had or is reasonably likely to have a Material Adverse Effect.

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(j) Payment of Taxes. All tax returns and material reports regarding taxes required to be filed by Holdings and its Subsidiaries have been timely filed (other than pursuant to applicable extensions) and all taxes, assessments, fees and other governmental charges shown on such returns have been paid when due and payable, except such taxes, if any, as are reserved against in accordance with GAAP and are being contested in good faith by appropriate proceedings.

(k) Performance. Except as disclosed in a Schedule 6.01(k), no Loan Party has received notice, or has knowledge, that it is in default in the performance, observance or fulfillment of any material Contractual Obligations applicable to it.

(l) Disclosure. The representations and warranties of each Loan Party contained in the Loan Documents and all certificates and other documents delivered pursuant to the terms thereof, to such Loan Party's knowledge, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading in any material respect. No Loan Party has intentionally withheld any fact from any Agent or Lender with regard to any matter which will have or is reasonably likely to have a Material Adverse Effect.

(m) Requirements of Law. Except as set forth on Schedule 6.01(m), each Loan Party is in compliance in all material respects with all Requirements of Law applicable to it and its business.

(n) Environmental Matters. Each Loan Party and its operations and Property comply in all respects with all applicable Environmental Laws, except where noncompliance has not resulted or would not be reasonably likely to have a Material Adverse Effect. Each Loan Party has obtained all Permits necessary under Environmental Laws for its operations and Property and all such Permits are in good standing and such Loan Party is in compliance with all terms and conditions of such Permits except, in each case or in the aggregate, such as has not resulted or would not be reasonably likely to have a Material Adverse Effect. No Loan Party nor its operations is subject to any order from or written settlement agreement with any Governmental Authority or private party or any judicial or administrative proceeding or investigation respecting any Environmental Law, except for any such order or written settlement agreement under which neither the Loan Party nor its operations have any outstanding obligations. No Loan Party nor its operations is subject to any Remedial Action or other Liabilities and Costs arising from the Release, at levels in excess of standards or objectives established by applicable Environmental Laws or applicable guidelines issued by Governmental Authorities, or threatened Release of Hazardous Material into the indoor or outdoor environment except such as has not resulted or would not be reasonably likely to have a Material Adverse Effect. No Loan Party has filed any notice under any Requirement of Law indicating treatment, storage or disposal of a hazardous waste, as that term is defined under 40 CFR Part 261 or any applicable state equivalent except such as has not resulted or would not be reasonably likely to have a Material Adverse Effect. No Loan Party has filed any notice under applicable Requirement of Law reporting a Release of Hazardous Materials into the indoor or outdoor environment except such as has not resulted or would not be reasonably likely to have a Material Adverse Effect. No Environmental Liens have attached to any Property of any Loan Party securing any obligations. No Loan Party has received any written notice or claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of Hazardous Materials into the indoor or outdoor

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environment except such as has not resulted or would not be reasonably likely to have a Material Adverse Effect.

(o) Securities Activities. Neither Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

(p) Government Regulation. No Loan Party is subject to regulation under the (i) Public Utility Holding Company Act of 1935, as amended, or, as the case may be, the Public Utility Holding Company Act of 2005, enacted as part of the Energy Policy Act of 2005, Pub. L. No. 109-58 as codified at §§ 1261 et seq., and the regulations adopted thereunder, as amended, (ii) the Federal Power Act, (iii) the Investment Company Act of 1940 or (iv) under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. No Loan Party is a registered investment company or a company controlled by a registered investment company or a principal underwriter of a registered investment company as such terms are defined in the Investment Company Act of 1940.

(q) Solvency. Each Loan Party is and, upon the incurrence of the Obligations by such Loan Party, will be, Solvent.

(r) Patents, Trademarks, Permits. Except as set forth on Schedule 6.01(r), each Loan Party owns, is licensed or otherwise has the lawful right to use the permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes necessary and sufficient for the conduct of its business as currently conducted which are material to its condition (financial or otherwise), operations, performance and prospects, except for off-the-shelf software. There are no claims pending or, to such Loan Party's knowledge, overtly threatened that such Loan Party is infringing or otherwise adversely affecting the rights of any Person with respect to such permits and other governmental approvals, patents, trademarks, trade names, copyrights, technology, know-how and processes, except for such claims and infringements as do not, in the aggregate, give rise to any liability on the part of such Loan Party which has or is reasonably likely to have a Material Adverse Effect.

(s) Assets and Properties. Each Loan Party has good and marketable title to all of its assets and property (tangible and intangible), and all such assets and property are free and clear of all Liens, other than the Permitted Liens and the Liens in favor of the Collateral Agent as contemplated herein.

(t) Material Agreements. Schedule 6.01(t)(1) contains a complete and accurate list of all the material Contractual Obligations in effect on the Closing Date, and except as set forth on Schedule 6.01(t)(2), all such material Contractual Obligations are in full force and effect and no defaults currently exist thereunder as of the Closing Date.

(u) No Default. Except as set forth on Schedule 6.01(k), no Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except, in each case, where

such default or defaults, if any, could not reasonably be expected to result in a Material Adverse Effect.

(v) Insurance. The policies of insurance maintained by or for the benefit of the Loan Parties set forth on Schedule 6.01(v) have been previously made available to the Administrative Agent prior to the Closing Date and are in full force and effect and are of a nature and provide such coverage as is customarily carried by businesses of equivalent size and character of Holdings and its Subsidiaries, taken as a whole, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons.

(w) Real Property. Set forth on Schedule 6.01(w) is a complete and accurate list, as of the Closing Date, of the addresses of all real property owned or leased by any Loan Party, together with, in the case of leased property, the name and mailing address of the lessor of such property.

(x) Pension Plans. Except as set forth on Schedule 6.01(x), during the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement or the making of any Loan, (i) no steps have been taken to terminate any Pension Plan and (ii) no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which is reasonably expected to result in the incurrence by the Borrower of any material liability, fine or penalty. All contributions (if any) have been made to any Multiemployer Pension Plan that are required to be made by the Borrower or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable law; neither the Borrower nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Pension Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, might result in a withdrawal or partial withdrawal from any such plan; and neither the Borrower nor any member of the Controlled Group has received any notice that any Multiemployer Pension Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

(y) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to any Loan Party's knowledge, threatened against such Loan Party before any Governmental Authority and no grievance or arbitration proceeding pending or, to such Loan Party's knowledge, threatened against such Loan Party which arises out of or under any collective bargaining agreement, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or, to any Loan Party's knowledge, threatened against such Loan Party and (iii) to any Loan Party's knowledge, no union representation question existing with respect to the employees of such Loan Party and no union organizing activity taking place with respect to any of the employees of any of them, that, in the case of (i), (ii) and (iii) would reasonably be expected to have a Material Adverse Effect.

(z) Security Interests. Each Collateral Document creates in favor of the Collateral Agent, for the ratable benefit of the Lenders, the Administrative Agent and the Collateral Agent,

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a legal, valid and enforceable security interest in the Collateral secured thereby, free of all Liens except for the Permitted Liens.

(aa) Certain Fees. No broker's or finder's fee or commission will be payable with respect to this Agreement or any of the transactions contemplated hereby other than payments to Bear Stearns International Limited and Friedman, Billings, and Ramsey.

(bb) Patriot Act. To the extent applicable, each Loan Party is in compliance, in all material respects, with the (i) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(cc) Section 856 Trust Status. The REIT, (i) for all taxable years commencing with the REIT's taxable year ending December 31, 2004 through December 31, 2006, has been subject to taxation as a real estate investment trust (a Section 856 Trust) within the meaning of Section 856 of the Code and has been organized and operated in conformity with the requirements for qualification and taxation as a Section 856 Trust for such years, (ii) has operated since December 31, 2006 to the date hereof in a manner that will permit it to qualify as a Section 856 Trust for the taxable year that includes the date hereof, and (iii) intends to continue to operate in such a manner as to permit it to continue to qualify as a Section 856 Trust for the 2007 taxable year and subsequent years. The REIT has not received any notice that a challenge to the REIT's status as a Section 856 Trust is pending or threatened.

(dd) Debt to Adjusted Tangible Net Worth Ratio. After giving effect to the incurrence of the Loans by the Borrowers, the Debt to Adjusted Tangible Net Worth Ratio (as defined in the JPMorgan Facility) of Holdings and its Subsidiaries will not exceed 17:00 to 1:00.

ARTICLE VII

REPORTING COVENANTS

Holdings and the Borrowers covenant and agree until payment in full of the Obligations:

7.01. Financial Statements. Holdings and its Subsidiaries shall maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP, and each of the financial statements described below shall be prepared from such system and records. Holdings and the Borrowers shall deliver or cause to be delivered to the Administrative Agent:

(a) Monthly Reports. Promptly when available and in any event within thirty (30) days after the end of each fiscal month, consolidated balance sheets of Holdings and its Subsidiaries at the end of such fiscal month, together with consolidated statements of earnings and cash flows for such fiscal month and for the period beginning with the first day of such Fiscal Year and ending on the last day of such fiscal month, together with a comparison with the

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corresponding period of the previous Fiscal Year and, with respect to the statements of earnings and cash flows, a comparison with the budget for such period of the current Fiscal Year and a description of the material variances and the reasons for such variances, certified by the principal financial officer, the controller or the treasurer of Holdings.

(b) Quarterly Reports. Promptly when available and in any event within forty-five (45) days after the end of each fiscal quarter (except the last fiscal quarter of each Fiscal Year), consolidated balance sheets of Holdings and its Subsidiaries as of the end of such fiscal quarter, together with consolidated statements of earnings and cash flows for such fiscal quarter and for the period beginning with the first day of such Fiscal Year and ending on the last day of such fiscal quarter, together with a comparison with the corresponding period of the previous Fiscal Year and, with respect to the statements of earning and cash flows, a comparison with the budget for such period of the current Fiscal Year and a description of the material variances and the reasons for such variances, certified by the principal financial officer, the controller or the treasurer of Holdings.

(c) Annual Reports. Promptly when available and in any event within ninety (90) days after the close of each Fiscal Year (other than Fiscal Year 2006 which shall be delivered to the Administrative Agent when Holdings files its annual report for Fiscal Year 2006 with the Securities Exchange Commission): a copy of the annual audited report of Holdings and its Subsidiaries for such Fiscal Year, including therein consolidated balance sheets and consolidated statements of earnings and cash flows of Holdings and its Subsidiaries as of the end of such Fiscal Year, fairly and accurately presenting the financial condition of Holdings and its Subsidiaries as at such date and the results of operations of Holdings and its Subsidiaries for such fiscal year and setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year and, w