Espy Bowers W Form 4 October 16, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

3235-0287 Number:

OMB APPROVAL

January 31, Expires: 2005

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Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1(b). (Print or Type Responses)

(Last)

(City)

(Instr. 3)

1. Name and Address of Reporting Person * Espy Bowers W

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

ACCREDITED HOME LENDERS

(Check all applicable)

HOLDING CO [LEND]

(Middle)

(Zip)

(Month/Day/Year) 10/12/2007

X_ Director 10% Owner Officer (give title Other (specify below)

15253 AVENUE OF SCIENCE, BLDG. 1

(First)

(Street)

(State)

4. If Amendment, Date Original

3. Date of Earliest Transaction

6. Individual or Joint/Group Filing(Check Applicable Line)

Filed(Month/Day/Year)

X Form filed by One Reporting Person Form filed by More than One Reporting

SAN DIEGO, CA 92128

1. Title of 2. Transaction Date 2A. Deemed Security

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned (Month/Day/Year) Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

Reported (A) Transaction(s) or (Instr. 3 and 4) Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Conversion

3. Transaction Date 3A. Deemed

5. Number of (Month/Day/Year) Execution Date, if TransactiorDerivative

6. Date Exercisable and **Expiration Date**

7. Title and Amour Underlying Securit

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Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)	Securities (Month/Day/Year) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		Year)	(Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amo or Num of Sh
Non-Qualified Stock Option (right to buy)	\$ 29.98 (1)	10/12/2007		D	17,500	<u>(1)</u>	07/23/2014	Common Stock	17,5
Phantom Stock	<u>(2)</u>	10/12/2007		D	8,512	(2)	(2)	Common Stock	8,5

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		
Espy Bowers W						
15253 AVENUE OF SCIENCE, BLDG. 1	X					
SAN DIEGO CA 92128						

Signatures

By: David E. Hertzel, Attorney-in-Fact For: Bowers W.

Espy 10/16/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- These options, which became fully vested on October 12, 2007, were cancelled pursuant to the Merger Agreement, dated as of June 4, 2007, as amended, by and among Accredited Home Lenders Holding Co., LSF5 Accredited Merger Co., Inc. and LSF5 Accredited Investments, LLC in exchange for a cash payment equal to the product of (i) the number of shares of common stock underlying the option multiplied by (ii) the amount by which \$11.75 exceeds the price of the option.
 - These phantom shares, granted under the Accredited Home Lenders Holding Co. Deferred Compensation Plan, amended and restated effective January 1, 2003, which were fully vested and outstanding as of October 11, 2007, were cancelled, pursuant to the Merger
- Agreement, dated as of June 4, 2007, as amended, by and among Accredited Home Lenders Holding Co., LSF5 Accredited Merger Co., Inc., and LSF5 Accredited Investments, LLC (the "Merger Agreement"), in exchange for a cash payment, distributed in accordance with the terms of the Deferred Compensation Plan and the related Company Stock-Based Award and the elections of participants therein, equal to the product of (i) the number of phantom shares multiplied by (ii) \$11.75.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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