ACCREDITED HOME LENDERS INC
Form 424B5
January 30, 2007
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Registration Nos. 333-129972

and 333-129972-01

PROSPECTUS SUPPLEMENT DATED JANUARY 24, 2007

(For Use with Base Prospectus dated April 18, 2006)

$755,523,000

Accredited Mortgage Loan Trust 2007-1

(Issuing Entity)

Asset-Backed Notes, Series 2007-1

Accredited Home Lenders, Inc.

(Sponsor and Servicer)

Accredited Mortgage Loan REIT Trust

(Depositor)

You should read the section entitled Risk Factors starting on page S-16 of this prospectus supplement and on page 1 of the accompanying prospectus and consider these factors before making a decision to invest in the notes.

The trust estate

The trust estate consists of residential mortgage loans, first and second lien fixed- and adjustable-rate conforming and non-conforming mortgage loans.

The notes represent non-recourse obligations of the issuing entity only and are not interests in or obligations of the sponsor, the depositor, any of their affiliates, or any other person.

The notes

The issuing entity will issue and offer four classes of senior notes and nine classes of subordinate notes.

Payments on the notes will be made monthly. The first expected payment date for the notes is February 26, 2007.

Neither the notes nor the mortgage loans will be insured or guaranteed by any governmental agency or instrumentality.

Credit enhancement and other support

The class A notes will be supported by the class M notes. Each class of class M notes will be supported by the classes of class M notes having a lower payment priority, with the most subordinate class being supported by overcollateralization.

Excess interest will be used to increase and maintain a required level of overcollateralization.

Prepayment penalties will be used to absorb losses and to achieve overcollateralization and then to maintain a required level of overcollateralization.

The issuing entity will enter into an interest rate swap agreement and an interest rate cap agreement with Credit Suisse International.

Class	Original Note Principal Balance	Interest Rate	Expected Final Payment Date	Final Stated Maturity Date	Price to Public	Underwriting Discount	Proceeds to the Depositor(3)
A-1	$ 311,472,000	1 Month LIBOR + 0.05%(1)(2)	December 2008	February 2037	100.00000%	0.21000%	99.79000%
A-2	$ 57,693,000	1 Month LIBOR + 0.09%(1)(2)	March 2009	February 2037	100.00000%	0.21000%	99.79000%
A-3	$ 205,650,000	1 Month LIBOR + 0.13%(1)(2)	January 2013	February 2037	100.00000%	0.21000%	99.79000%
A-4	$ 67,513,000	1 Month LIBOR + 0.22%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-1	$ 26,211,000	1 Month LIBOR + 0.22%(1)(2)	January 2011	February 2037	100.00000%	0.21000%	99.79000%
M-2	$ 19,754,000	1 Month LIBOR + 0.27%(1)(2)	November 2013	February 2037	100.00000%	0.21000%	99.79000%
M-3	$ 12,152,000	1 Month LIBOR + 0.29%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-4	$ 10,255,000	1 Month LIBOR + 0.35%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-5	$ 10,255,000	1 Month LIBOR + 0.37%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-6	$ 9,876,000	1 Month LIBOR + 0.43%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-7	$ 8,736,000	1 Month LIBOR + 0.85%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-8	$ 8,356,000	1 Month LIBOR + 1.30%(1)(2)	December 2013	February 2037	100.00000%	0.21000%	99.79000%
M-9	$ 7,600,000	1 Month LIBOR + 2.00%(1)(2)	December 2013	February 2037	98.05237%	0.21000%	97.84237%
Total	$ 755,523,000						

(1) Subject to increase as described herein and subject to an available funds cap rate described herein and a 14.00% per annum hard cap.
(2) This rate is variable based on LIBOR. Further disclosure of how LIBOR is determined is included in the summary.
(3) Before deducting expenses payable by the sponsor estimated to be approximately $800,000.

Each of the underwriters will purchase a portion of the notes listed in the table above from the depositor and will offer the notes purchased by it only after such notes have been issued, delivered to and accepted by the underwriters. See Plan of Distribution in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or

disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement.

Any representation to the contrary is a criminal offense.

LEHMAN BROTHERS

BANC OF AMERICA SECURITIES LLC	***BEAR, STEARNS & CO. INC.***	***HSBC***

The date of this Prospectus Supplement is January 24, 2007.

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Important notice about the information presented in this

prospectus supplement and the accompanying prospectus

We provide information to you about the notes in two separate documents that provide progressively more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your series or class of notes, and

- this prospectus supplement, which describes the specific terms of your series or class of notes.

If the accompanying prospectus contemplates multiple options, you should rely on the information in this prospectus supplement as to the applicable option.

We cannot sell the notes to you unless you have received both this prospectus supplement and the accompanying prospectus.

Dealers will deliver a prospectus supplement and prospectus when acting as underwriters of the notes and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the notes will be required to deliver a prospectus supplement and prospectus for ninety days following the date of the prospectus supplement.

Annex I, Schedule 1 and Schedule 2 are incorporated into and are a part of this prospectus supplement as if fully set forth herein.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find further information concerning a particular topic. The following table of contents provides the pages on which these captions are located.

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European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), the underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by the issuing entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicates and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act (the FSMA)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuing entity; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

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Flow of Funds Diagram

(1) Provided, however, that in the event that the net interest margin securities (if any) for which the trust certificates serve as collateral are not outstanding, then the priorities in the last two boxes above are reversed.

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Summary

This section gives a brief summary of the information contained herein. The summary does not include all of the important information about the notes. We encourage you to review carefully the more detailed information in this prospectus supplement and in the attached prospectus.

Capitalized terms used in this prospectus supplement are defined under the caption Glossary.

Sponsor and Servicer Accredited Home Lenders, Inc.

Depositor Accredited Mortgage Loan REIT Trust.

Issuing Entity Accredited Mortgage Loan Trust 2007-1.

Indenture Trustee Deutsche Bank National Trust Company.

Owner Trustee U.S. Bank Trust National Association.

Swap and Cap Provider Credit Suisse International.

The Trust Estate The notes represent obligations of the issuing entity and will be secured by conventional, first and second lien, fixed and adjustable rate, fully amortizing, interest only and balloon, residential mortgage loans having a total principal balance as of the closing date, of approximately $759,702,123.

The Mortgage Loans The mortgage loans will be secured by first and second mortgages or deeds of trust on residential properties. The mortgage loans will be fixed and adjustable rate, fully amortizing, interest-only and balloon loans that may or may not conform to certain agency investment guidelines.

The mortgage loans consist of loans used to purchase a new home, to refinance an existing mortgage loan, to consolidate debt and/or to obtain cash proceeds by borrowing against the mortgagor s equity in the property. The issuing entity will purchase the mortgage loans on the closing date.

The mortgage loans have the following characteristics, each as of the cut-off date:

Number of Loans	Initial Pool Balance
4,340	$759,702,123

The mortgage loans have the following approximate characteristics as of the cut-off date:

Adjustable-rate mortgage loans (1): 53.48%

Fixed-rate mortgage loans (1): 46.52%

Interest only mortgage loans (1): 9.08%

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Second lien mortgage loans (1): 2.95%

Balloon mortgage loans (1): 36.01%

Range of mortgage rates: 4.999% - 14.500%

Weighted average mortgage rate: 7.809%

Range of gross margins of the adjustable-rate mortgage loans: 2.199% - 8.259%

Weighted average gross margin of the adjustable-rate mortgage loans: 4.657%

Range of minimum mortgage rates of the adjustable-rate mortgage loans: 5.699% - 11.750%

Weighted average minimum mortgage rate of the adjustable-rate mortgage loans: 7.823%

Range of maximum mortgage rates of the adjustable-rate mortgage loans: 11.980% - 18.750%

Weighted average maximum mortgage rate of the adjustable-rate mortgage loans: 14.809%

Weighted average next adjustment date of the adjustable-rate mortgage loans: November 2009

Weighted average remaining term to stated maturity: 350

Range of principal balances: $13,050 - $954,556

Average principal balance: $175,047

Range of loan- to-value ratios (2): 12.22% - 100.00%

Weighted average loan-to-value ratio (2): 76.47% Geographic concentrations in excess of 5%:

California (1)	15.19%
Florida (1)	14.79%
Texas (1)	6.89%
Illinois (1)	5.92%

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(1) Percentages determined by reference to the total principal balance of the mortgage loans as of the cut-off date.

(2) As used in this prospectus supplement, the loan-to-value ratio for any second lien mortgage loan will mean the combined original loan-to-value ratio.

Cut-off Date The close of business on January 1, 2007.

Closing Date On or about January 30, 2007.

Record Date For any payment date, the last business day immediately preceding the related payment date so long as the notes are in book-entry form and for notes in definitive form, the last business day of the month immediately preceding the month in which the payment date occurs.

Classes of Notes The issuing entity will issue the following classes of notes (also listed in the table on the front cover of this prospectus supplement), under an indenture, dated as of January 1, 2007, between the issuing entity and the indenture trustee.

Offered Notes:	Class A and Class M Notes
Class A Notes:	Class A-1, Class A-2, Class A-3 and Class A-4 Notes.
Class M Notes:	Class M-1, Class M-2,
	Class M-3, Class M-4,
	Class M-5, Class M-6,
	Class M-7, Class M-8 and
	Class M-9 Notes.

As used in this prospectus supplement, the preceding terms refer to the respective classes of notes.

Trust Certificates The issuing entity will also issue a class of trust certificates representing the entire beneficial ownership interest in the issuing entity. The trust certificates are not offered by this prospectus supplement.

Expected Final Payment Date The expected final scheduled payment date for each class of offered notes is the last date on which the initial Class Note Balance set forth on the cover page hereof for that class is expected to be reduced to zero. This expectation is based on the assumptions that the mortgage loans prepay at 100% of the Prepayment Assumption, that a 10% optional termination occurs, that no defaults in the payment by the mortgagors of the principal of and interest on the mortgage loans are experienced and that the levels of one-month LIBOR and six-month LIBOR remain constant at 5.32% and 5.37%, respectively. The expected final scheduled payment date for each class of offered notes is as follows:

Class A-1	December 2008
Class A-2	March 2009
Class A-3	January 2013
Class A-4	December 2013
Class M-1	January 2011
Class M-2	November 2013
Class M-3 through M-9	December 2013

See Prepayment and Yield Consequences Expected Final Scheduled Payment Date in this prospectus supplement.

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Final Scheduled Payment Date The last possible date on which the principal of the notes is payable in full is the payment date occurring in February 2037 and is referred to as the final scheduled payment date. The notes could be retired before the final scheduled payment date.

Registration of Notes The notes will be issued only in book-entry form, in denominations of $25,000 initial principal balance and integral multiples of $1,000 in excess thereof, except that one note of each class may be issued in a different amount; provided, however, that the underwriters will only sell offered notes to initial investors in minimum total investment amounts of $100,000.

Denominations The issuing entity will initially issue the notes in book-entry form. You may elect to hold your interest in the notes through The Depository Trust Company in the United States, or Clearstream Banking, société anonyme or the Euroclear Bank, S.A./N.V. in Europe, or indirectly through participants in these systems. You will not be entitled to receive a definitive note representing your interest except under limited circumstances.

See *Description of the Notes and the Trust Certificates for a discussion of the minimum denominations and the incremental denominations of each class of notes and Description of the Notes and the Trust Certificates Book-Entry Notes in this prospectus supplement.*

Payment Date The 25th day of each month, or if such day is not a business day, on the next business day, beginning in February 2007.

The right of the holders of each class of the Class M Notes to receive payments is subordinate to the right of the holders of each class of the Class A Notes to receive payments, as well as to the rights of the holders of more senior classes of Class M Notes to receive payments.

Payments of Interest On each payment date, the indenture trustee will distribute Available Funds in the following order of priority:

to payment of certain limited indemnification liabilities to certain of the transaction parties and net swap payments and swap termination payments under the circumstances described in this prospectus supplement;

from the Distributable Interest Amount, interest payments to each class of Class A Notes; and

from the remaining Distributable Interest Amount, to make current interest payments to the Class M Notes, to each such class in ascending numerical order.

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See Description of the Notes and Trust Certificates Payments of Interest in this prospectus supplement.

Interest Accrual Periods. The interest accrual period for the Offered Notes for each payment date is the period from and including the prior payment date (or, in the case of the first payment date, from and including the closing date) to but excluding the current payment date. Interest will accrue on the Offered Notes on the basis of a 360-day year and the actual number of days elapsed in the interest accrual period.

Payments of Principal

The amount of principal payable to the notes will be determined by (1) funds received on the mortgage loans and under the interest rate swap agreement and under the interest rate cap agreement (including excess interest as described herein) that are available to make principal payments on the notes and (2) formulas that allocate portions of principal payments received or advanced on the mortgage loans and under the interest rate swap agreement and under the interest rate cap agreement that are available to make principal payments to specified classes of notes. Funds received on the mortgage loans may consist of monthly scheduled payments, unscheduled payments resulting from prepayments by borrowers, liquidation of defaulted mortgage loans and repurchases of mortgage loans under the circumstances described in this prospectus supplement or prepayment penalties.

The manner of distributing principal among the classes of notes will differ, as described in this prospectus supplement, depending upon whether a payment date occurs before the step-down date, or on or after that date, and depending on whether a trigger event is in effect. The step-down date for each class of notes will be the earlier of the date on which the aggregate class note balances of the Class A Notes have been reduced to zero and the later to occur of the payment date occurring in February 2010, and the first payment date on which the credit enhancement percentage for the Class A Notes would be greater than or equal to approximately 35.30%.

On each payment date (A) prior to the step-down date or (B) on which a trigger event is in effect, the indenture trustee will distribute Available Funds (and to the extent Available Funds are insufficient, any prepayment penalties collected by the servicer during the related prepayment period) representing principal collections on the mortgage loans in the following order of priority:

to make principal payments to the Class A Notes, to each such class in ascending numerical order; and

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to make principal payments to the Class M Notes, to each such class in ascending numerical order.

On each payment date (A) on or after the step-down date and (B) on which a trigger event is not in effect, the indenture trustee will distribute Available Funds (and to the extent Available Funds are insufficient, any prepayment penalties collected by the servicer during the related prepayment period) representing principal collections on the mortgage loans in the following order of priority:

to make principal payments to the Class A Notes, to each such class in ascending numerical order, in the amount required to achieve the level of credit enhancement described in this prospectus supplement; and

to make principal payments to the Class M Notes, to each such class in ascending numerical order, in the amount required to achieve the level of credit enhancement for each class described in this prospectus supplement.

However, on any payment date on which the overcollateralization amount has been reduced to zero, and the aggregate outstanding principal balance of the Class M Notes has been reduced to zero, then any payments of principal to be made on the Class A Notes shall be made to such holders on a pro rata basis, rather than sequentially as described above.

See Description of the Notes and the Trust Certificates Payments of Principal in this prospectus supplement.

See Prepayment and Yield Consequences in this prospectus supplement for a discussion of the factors that could affect when the principal of each class of notes will be paid in full.

For any payment date, any Available Funds for such payment date remaining after making all payments of interest and principal described above shall be paid as described in *Description of the Notes and the Trust Certificates Allocation of Net Monthly Excess Cashflow* in this prospectus supplement.

Limited Recourse

The only source of funds available to make interest and principal payments on the notes will be the assets of the issuing entity. The issuing entity will have no source of

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funds other than collections and recoveries on the mortgage loans through insurance or otherwise and payments received under the interest rate swap agreement and the interest rate cap agreement. No other entity will be required or expected to make any payments on the notes.

See Risk Factors The issuing entity assets are the only source of payments on the notes in this prospectus supplement.

Optional Clean-up Call by the Depositor

The depositor may, at its option, terminate the issuing entity on any payment date following the payment date when the outstanding principal balance of the notes is equal to or less than 10% of the original principal balance of the notes, after giving effect to distributions on that payment date.

Events of Default

The following events are events of default under the indenture:

default for a specified period of time in the payment of any principal or interest on any note; or

the issuing entity is in breach or default of any one or more of the covenants under the indenture, and the breach or default continues beyond any applicable grace period; or

the issuing entity consents to the appointment of a custodian, receiver, trustee or liquidator, or other similar official, of itself, or of a substantial part of its property, or shall admit in writing its inability to pay its debts generally as they come due, or a court of competent jurisdiction shall determine that the issuing entity is generally not paying its debts as they come due, or the issuing entity shall make a general assignment for the benefit of creditors; or

certain events of bankruptcy relating to the issuing entity or the issuing entity s property.

See Description of the Notes and Trust Certificates Events of Default in this prospectus supplement.

Acceleration after Event of Default

Upon the occurrence of an event of default, the indenture trustee may, or shall at the direction of noteholders representing at least 51% of the aggregate principal balance of the notes, declare the aggregate outstanding principal balance of all the notes to be due and payable together with all accrued and unpaid interest thereon without presentment, demand, protest or other notice of any kind, all of which are waived by the issuing entity. Such declaration may be rescinded by noteholders representing at least 51% of the aggregate principal balance of the notes.

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Amounts collected following the acceleration of the notes will not be distributed in accordance with the priorities set forth above under Payments of Interest and Payments of Principal but will instead be distributed in accordance with the priorities set forth under Description of the Notes and the Trust Certificates Events of Default in this prospectus supplement.

See Description of the Notes and Trust Certificates Events of Default in this prospectus supplement.

Credit Enhancement

Credit enhancement includes subordination, excess interest, overcollateralization and prepayment penalties.

See Risk Factors Credit enhancement is limited and may be inadequate to cover shortfalls and losses, and Description of the Notes and the Trust Certificates in this prospectus supplement for a more detailed description of the excess interest, overcollateralization, subordination and prepayment penalties.

Subordination of Payments. The right of the holders of the more junior classes of notes to receive payments is subordinated to the right of the holders of the more senior classes of notes to receive payments. Therefore, each subordinate class of notes is more likely to experience losses than any class that is senior to such subordinate class.

In general, the protection afforded the holders of more senior classes of notes by means of this subordination will be affected by the preferential right of the holders of the more senior classes to receive, prior to any payment being made on any payment date to the holders of the more junior classes of notes, the amount of interest and principal due on such more senior classes of notes and, if necessary, by the right of such more senior holders to receive future payments on the mortgage loans that would otherwise have been allocated to the holders of the more junior classes of notes.

See Risk Factors Credit Enhancement is limited and may be inadequate to cover shortfalls and losses in this prospectus supplement.

Excess Interest. The mortgage loans bear interest each month that, in the aggregate, is expected to exceed the amount needed to pay monthly interest on the related notes and certain fees and expenses of the issuing entity. The excess interest received from the