



Impac Mortgage Holdings, Inc. to Create National Retail Franchise and Bolster Wholesale Lending through Strategic Transaction with Pinnacle Financial Corporation

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IRVINE, Calif., May 21 /PRNewswire-FirstCall/ -- Impac Mortgage Holdings, Inc. (NYSE: IMH), ("Impac" or the "Company,") a Maryland corporation, being taxed as a real estate investment trust ("REIT"), announced today that its wholly-owned subsidiary, Impac Funding Corporation, has entered into a definitive agreement to acquire certain assets comprising the retail and wholesale lending platform of Orlando, Florida based Pinnacle Financial Corporation ("Pinnacle"), in a transaction that will create a retail network for one of the nation's largest residential mortgage lenders. Pinnacle, a prime and Alt-A residential mortgage lender, was founded in 1988 by Douglas F. Long and Jeffrey J. Vratana and operates more than 133 branches in 26 states.

As part of the transaction, Impac Funding Corporation will acquire the operating assets of the Pinnacle mortgage lending platform and will assume certain lease liabilities including leases related to Pinnacle's retail and wholesale lending offices. Impac Funding Corporation will offer employment to substantially all of Pinnacle's employees. Pinnacle's co-Founders, Mr. Long and Mr. Vratana, will each become Executive Vice President and Managing Directors of Impac Home Lending, a newly formed division of Impac Funding Corporation upon the closing.

Mr. Joseph R. Tomkinson, Chairman and Chief Executive Officer of Impac Mortgage Holdings, Inc. commented, "The Company has been looking to strategically diversify its Alt-A correspondent and wholesale lending franchise in a number of different ways. The transaction with Pinnacle, which has been a long-time customer of the Company, is a critical step in this strategy." Mr. Tomkinson further commented, "With this transaction, we immediately become a nation wide retail lender with specific expertise in the Prime Agency business including the first-time homebuyer and emerging markets." Pinnacle's East Coast operations centers and wholesale lending division complements the Company's growing wholesale lending franchise. The retail lending platform will also be a great distribution channel for other product initiatives we anticipate deploying, including FHA and reverse mortgages."

Mr. Long, CEO and Co-Founder of Pinnacle commented, "My partner and I are excited about the opportunity to help Impac create one of the country's leading diversified financial services companies. The ability to add our proven retail model to Impac's wholesale and correspondent lending strategy is what attracted us to this opportunity." Mr. Long further commented, "plus, having access to Impac's long-term investment portfolio gives us maximum flexibility in creating new mortgage loan products for today's ever-evolving market."

The transaction is subject to customary closing conditions and is expected to close by the end of the end of May, 2007.

Latham & Watkins LLP served as legal counsel to Impac Mortgage Holdings, Inc. Milestone Advisors, LLC acted as financial advisor and Foley & Lardner LLP served as legal counsel to Pinnacle Financial Corporation on the transaction.

Safe Harbor

This release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements, some of which are based on various assumptions and events that are beyond our control may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "likely," "should," "could," "anticipate," "projected", or similar terms or variations on those terms or the negative of those terms. The forward-looking statements are based on management expectations. Actual results may differ materially as a result of several factors, including, but not limited to, successful completion of the acquisition of Pinnacle, which will involve or require, among other things, continuing due diligence, which could reveal matters not now known that affect Impac's decision to seek to complete the acquisition on different terms than those announced or at all; difficulties and delays in obtaining any necessary governmental and regulatory approvals and consents, which consents and approvals may be delayed or unobtainable; potential difficulties in meeting conditions set forth in the definitive agreement entered into by Impac and Pinnacle; the parties' timely performance of their respective pre-closing covenants and the satisfaction of other conditions required to close, some of which may be beyond the control of the parties or render the acquisition uneconomical; difficulties assimilating Pinnacle's operations, technologies, products, management or employees; market acceptance of Impac's and Pinnacle's existing and new mortgage products; unexpected or greater than anticipated increases in credit and bond spreads; the ability to generate sufficient liquidity; uncertainty in the secondary market and the inability to sell or securitize loans; unexpected decrease in value of loans underlying finance facilities due to oversupply of mortgage loans or other market conditions; continued ability to access the securitization markets or other funding sources; the availability of financing, including the renewal of finance facilities, and, if available, the terms of any financing; lenders' unwillingness to provide further financing based on general market conditions; failure to comply with existing finance facilities; continued increase in price competition;; changes in assumptions regarding estimated loan losses or an increase in loan losses; continued ability to access the securitization markets or other funding sources; changes in markets which the Company serves, such as mortgage refinancing activity and housing price appreciation; the adoption of new laws that affect our business or the business of people with whom we do business; changes in laws that affect our products and our business; and other general market and economic conditions.

About the Company

Impac Mortgage Holdings, Inc. is a mortgage REIT, which operates four core businesses: (1) the Long -Term Investment Operations, (2) the Mortgage Operations, (3) the Warehouse Lending Operations and (4) the Commercial Operations. The Long -Term Investment Operations invests primarily in non- conforming Alt -A ("Alt-A") mortgage loans and to a lesser extent small- balance commercial and multi-family loans originated by the Commercial Operations. The Mortgage Operations acquires, originates, sells and securitizes primarily Alt-A mortgage loans, the Warehouse Lending Operations provides short-term financing to mortgage loan originators and the Commercial Operations originates small-balance commercial and multi-family loans for sale to the Long-Term Investment Operations or to third parties. The Company is organized as a REIT for tax purposes, which generally allows it to pass through earnings to stockholders without federal income tax at the corporate level.

For additional information, questions or comments, please call Tania Jernigan, V.P. of Investor Relations at (949) 475-3722 or email tjernigan@impacompanies.com.

SOURCE Impac Mortgage Holdings, Inc.

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