



Impac Mortgage Holdings, Inc. Announces Results of Third Quarter 2011

11/14/11

IRVINE, CA, Nov 14, 2011 (MARKETWIRE via COMTEX) --

Impac Mortgage Holdings, Inc. (NYSE Amex: IMH), a Maryland corporation, along with its subsidiaries and affiliates, or the "Company," reports third quarter 2011 net earnings of \$3.1 million or \$0.37 per diluted common share, as compared to net earnings of \$974 thousand or \$0.12 per diluted common share for the third quarter of 2010. Net earnings of \$3.1 million for the third quarter 2011 included a non-cash charge of \$949 thousand relating to the impairment of a deferred charge as further discussed below. No impairment was recorded during the third quarter 2010.

During the third quarter of 2011, the Company continued to expand its mortgage lending activities increasing loan originations and loan sales. During the three and nine months ended September 30, 2011, the Company originated \$256.6 million and \$538.1 million and sold \$250.3 million and \$485.5 million of loans, respectively, as compared to \$22.1 million of loans originated in the first nine months of 2010. Consistent with the Company's strategy, it also increased its servicing portfolio with an increase in sales of servicing retained loans to FannieMae and increases in GinnieMae issuances. The Company is currently focusing on originating FannieMae, FreddieMac, and government loans as it believes that having the ability to sell loans to FannieMae, FreddieMac, and issue GinnieMae securities makes it more competitive in the overall mortgage origination market.

During the third quarter of 2011, in an effort to improve warehouse borrowing terms, the Company replaced one \$25 million facility with another \$25 million facility, and increased the borrowing capacity of another facility by \$10 million, bringing the total warehouse borrowings facilities to \$87.5 million at September 30, 2011. The Company anticipates adding more warehouse capacity if needed to fund increasing origination volume.

Although the mortgage and real estate services segment was profitable in the third quarter of 2011, the startup costs and operating costs associated with the expansion of the mortgage lending activities have resulted in negative profit margins in 2011 for the mortgage lending operations. As the growth stabilizes, we expect the mortgage lending operations to improve profitability in the future.

In September and October 2011, the Company sold its interest in Experience 1, Inc., the parent of its title insurance company, for \$3.7 million, recording a total gain of approximately \$1.9 million (\$1.78 million recorded in the third quarter and \$160 thousand to be recorded in the fourth quarter), ceasing the Company's involvement in title and escrow activities. During the third quarter 2011, the Company received an unexpected opportunity to sell its interest in the title insurance company. After consideration of the increasing competition and lower margins in the title insurance industry along with a decision to focus the Company's efforts on expanding the mortgage lending platform, the Company's Board of Directors determined it was in the Company's best interest to sell its interest in the title insurance company in September 2011.

Selected Financial Results for the Three Months Ended September 30, 2011

- Earnings of \$3.1 million for the third quarter of 2011, including a \$1.78 million gain from the sale of Experience 1, Inc. and a non-cash impairment charge of a deferred charge of \$949 thousand, compared to earnings of \$974 thousand for the comparable 2010 period.
- Mortgage and real estate services fees of \$17.9 million for the third quarter of 2011, compared to \$15.5 million for the comparable 2010 period.
- In September and October 2011, the Company sold its interest in Experience 1, Inc., the parent of its title insurance company, for \$3.7 million, recording a total gain of approximately \$1.9 million (\$1.78 million recorded in the third quarter and \$160 thousand to be recorded in the fourth quarter) ceasing the Company's involvement in title and escrow activities.
- The mortgage lending operations originated \$256.6 million and sold \$250.3 million of loans during the third quarter as compared to a minimal amount of loans originated for the comparable period in 2010.
- Net interest income of \$160 thousand for the third quarter of 2011, primarily from our long-term mortgage portfolio, compared to \$1.7 million for the comparable 2010 period.

- Non-interest income - net trust assets of \$3.4 million for the third quarter of 2011, compared to a loss of \$574 thousand for the comparable 2010 period.
- Repurchase reserve was \$5.4 million at September 30, 2011, compared to \$6.2 million at June 30, 2011.

For the three and nine months ended September 30, 2011, mortgage and real estate services fees were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Real estate services and recovery fees	5,194	6,155	13,815	16,782
Title and escrow	4,907	4,786	13,906	11,217
Mortgage lending	4,748	178	7,698	411
Loss mitigation fees	1,786	2,582	5,048	9,516
Portfolio service fees	1,222	1,846	4,091	4,242
Total mortgage and real estate services fees	\$ 17,857	\$ 15,547	\$ 44,558	\$ 42,168

As a result of the sale of our interest in Experience 1, Inc., the parent to its title insurance company, during the third quarter of 2011, title and escrow fees and related expenses will no longer be applicable in future periods.

Stockholders' Equity

To understand the financial position of the Company better, we believe it is important to understand the composition of the Company's stockholders' equity (deficit). At September 30, 2011, and December 31, 2010, the stockholders' equity (deficit) was comprised of the following:

	Condensed Components of Stockholders' Equity	
	September 30, 2011	December 31, 2010
Cash	\$ 8,732	\$ 11,619
Restricted cash	4,915	1,495
Residual interests in securitizations	26,234	26,407
Loans held-for-sale	50,093	4,283
Warehouse borrowings	(46,948)	(4,057)
Notes payable	(6,575)	(6,874)
Long-term debt (\$71,120 par)	(11,333)	(11,728)
Repurchase reserve (1)	(5,929)	(7,987)
Lease liability (1)(2)	(2,244)	(2,226)
Deferred charge	12,195	13,144
Net other assets (liabilities)	1,079	3,621
Stockholders' equity (deficit)	\$ 30,219	\$ 27,697

(1) Amounts are included in discontinued operations.

(2) Guaranteed by IMH.

At September 30, 2011, cash within our continuing operations decreased to \$8.7 million from \$11.5 million at December 31, 2010. The primary sources of cash between periods were \$44.6 million in fees generated from the mortgage and real estate services, \$9.0 million from residual interests in securitizations (net of \$4.1 excess cash deposited into the reserve account to secure the note payable debt agreement) and \$8.8 million from the issuance of the note payable. Offsetting the sources of cash were operating expenses totaling \$51.7 million, payments on the notes payable of \$9.7 million and settlements of repurchase requests associated with loans sold by the discontinued non-conforming mortgage operations of approximately

\$5.0 million.

The residual interests in securitizations continue to perform better than expected primarily due to lower LIBOR rates and slower rates of REO liquidations.

On September 30, 2011, the balance of deferred charge was \$12.2 million. In the third quarter of 2011, the Company recorded \$949 thousand in income tax expense resulting from deferred charge impairment write-downs based on changes in estimated fair value of securitized mortgage collateral. The deferred charge arose as a result of the deferral of income tax expense on inter-company transactions in prior years, and is recorded on the balance sheet as required by GAAP.

Outlook

Mr. Joseph Tomkinson, Chairman and CEO of Impac Mortgage Holdings, Inc., stated, "With the sale of our interest in the title insurance company, we will be able to focus more attention on growing the mortgage lending operations and improving the profitability of the Company by selling more loans to FannieMae and FreddieMac, and increasing GinnieMae issuances while reducing turn times and increasing pull-through. By the end of this year or early next year, we are hoping to begin funding and selling jumbo and small balance multi-family loans, which should also improve profitability."

Third Quarter 2011 Earnings Conference Call

The Company has announced a conference call and live web cast on Tuesday, November 15, 2011 at 9:00 a.m. Pacific Time (12:00 p.m. Eastern Time). We will discuss our third quarter 2011 financial results, followed by a question and answer session. If you would like to participate in the conference call, you may listen by dialing (866) 838 - 8084, conference ID number 25114280, or access the web cast via our web site at <http://ir.impaccompanies.com>. To participate in the conference call, dial in fifteen minutes prior to the scheduled start time. The conference call will be archived on the Company's web site at <http://ir.impaccompanies.com>. You can subscribe to receive instant notification of news releases, events, presentations, and daily stock quotes by using our e-mail alert feature located at the web site under 'Receive Email Alerts.'

Forward-Looking Statements

This press 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," "seem to," "anticipate," or similar terms or variations on those terms or the negative of those terms. The forward looking statements are based on current management expectations. Actual results may differ materially as a result of several factors, including, but not limited to the following: the ongoing volatility in the mortgage industry; our ability to successfully manage through the current market environment; our compliance with applicable local, state and federal laws and regulations and other general market and economic conditions; our ability to meet liquidity needs from current cash flows or generate new sources of revenue; management's ability to successfully manage and grow the Company's mortgage and real estate fee-based business activities and mortgage lending operations; the ability to make interest payments; increases in default rates or loss severities and mortgage related losses; our ability to obtain additional financing and the terms of any financing that we do obtain; inability to effectively liquidate properties to mitigate losses; increase in loan repurchase requests and ability to adequately settle repurchase obligations; decreases in value of our residual interests that differ from our assumptions; the ability of our common stock to continue trading in an active market; the outcome of litigation or regulatory actions pending against us or other legal contingencies.

For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward looking statements, see Item 1A. "Risk Factors" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the period ended December 31, 2010 and our subsequent 10-Q filings. This document speaks only as of its date and we do not undertake, and specifically disclaim any obligation, to publicly release the results of any revisions that may be made to any forward looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

About the Company Impac Mortgage Holdings, Inc. (IMH) is a publicly traded company and through its subsidiaries, provides mortgage and real estate services, including mortgage lending, portfolio loss mitigation and real estate services, and title and escrow services. The Company's operations include the management of the long-term mortgage portfolio, including the residual interest in securitizations, to mitigate losses and maximize cash flows and the mortgage and real estate related fee-based business activities. The development of these business activities focuses on vertical integration of a centralized platform which can operate synergistically to maximize revenues and profits.

For additional information, questions or comments, please call:

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