



Item 7. Financial Statements and Exhibits.

(c) Exhibits.

- Exhibit 10.18 Termination Agreement, effective December 19, 1997, between Registrant, ICI Funding Corporation, Imperial Credit Industries, Inc., Imperial Credit Advisors, Inc., and Joseph R. Tomkinson, William S. Ashmore and Richard J. Johnson
- Exhibit 10.19 Services Agreement, effective December 29, 1997, between Registrant, ICI Funding Corporation and Imperial Credit Advisors, Inc.
- Exhibit 10.20 Registration Rights Agreement, effective December 29, 1997, between Registrant and Imperial Credit Advisors, Inc.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

IMPAC MORTGAGE HOLDINGS, INC.

Date: February 17, 1998

By: /s/ Gretchen D. Brunk

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Name: Gretchen D. Brunk  
Title: Chief Accounting Officer

TERMINATION AGREEMENT

This Termination Agreement (the "Agreement") is made and entered into as of this 19th day of December, 1997, by and among Imperial Credit Industries, Inc., a California corporation ("ICII"), Imperial Credit Advisors, Inc., a California corporation ("ICAI"), Imperial Credit Mortgage Holdings, Inc., a Maryland corporation ("IMH"), ICI Funding Corporation, a California corporation ("ICIFC"), Joseph R. Tomkinson, an individual ("Tomkinson"), William S. Ashmore, an individual ("Ashmore") and Richard J. Johnson, an individual ("Johnson") (each of Tomkinson, Ashmore and Johnson are each a "Shareholder" and together the "Shareholders").

RECITALS

WHEREAS, ICAI is a wholly-owned subsidiary of ICII;

WHEREAS, IMH owns 100% of the Preferred Stock of ICIFC and the Shareholders own all the Common Stock of ICIFC;

WHEREAS, further to a Loan Agreement dated December 31, 1996 by and between ICIFC and ICII, ICII loaned ICIFC the sum of \$45,101,800 bearing interest at 10% per annum, the proceeds of which were used to purchase from ICII certain assets, including the Residual Securities (as that term is defined herein) and on March 31, 1997 a revised loan and security agreement and promissory note (the "Loan Agreement") was executed in the amount of \$28,815,223.62 bearing interest at 10% per annum (the "Loan");

WHEREAS, on January 21, 1997, IMH and ICAI entered into an Amended and Restated Management Agreement (the "Management Agreement") pursuant to which ICAI agreed primarily to provide to IMH capital, asset and operations management services in the manner and on the terms set forth therein;

WHEREAS, ICII has transferred the Loan to ICAI;

WHEREAS, the parties are desirous of terminating the Management Agreement and the Loan Agreement and canceling the Loan subject to the terms and exclusions and satisfaction of the conditions set forth in this Agreement; and

WHEREAS, certain capitalized terms used herein are defined in Article I hereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein it is hereby covenanted and agreed as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms

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have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"Agreed Per Share Value" of IMH's Common Stock shall mean the average of the closing price of IMH's Common Stock as reported by the American Stock Exchange for the five trading day period from and including December 19, 1997 through December 29, 1997.

"Agreement" has the meaning set forth in the Recitals hereof.

"Bill of Sale" has the meaning set forth in Section 2.3(b) hereof.

"CCP" has the meaning set forth in Section 11.5(a) hereof.

"Cash Advance" shall mean \$300,000 payable by IMH to ICAI as an advance against the Final Advisory Payment.

"Closing" has the meaning set forth in Section 2.1 hereof.

"Closing Date" has the meaning set forth in Section 2.1 hereof.

"Contest" has the meaning set forth in Section 10.2 hereof.

"Court" has the meaning set forth in Section 11.5(a) hereof.

"Due Amount of Loan" shall mean the outstanding principal balance plus all accrued and unpaid interest due pursuant to the Loan as of the Closing Date (the outstanding principal balance of the Loan and the amount of accrued and unpaid interest as of December 29, 1997 will be \$28,903,566.19 and \$217,553.72, respectively).

"Fairness Opinion" has the meaning set forth in Section 3.5 hereof.

"Final Advisory Payment" shall mean all compensation due by IMH to ICAI under Sections 6 and 8 of the Management Agreement for the quarter ending December 31, 1997 prorated through the Closing Date less the Cash Advance. By way of example only, if total compensation due by IMH to ICAI under Sections 6 and 8 of the Management Agreement for the quarter ending December 31, 1997 was calculated at \$3.0 million and the date of this Agreement was December 1, 1997, the Final Advisory Payment would be \$1,989,130.20, calculated as follows: \$3.0 million multiplied by 61 (number of days from and including October 1, 1997 through including November 30, 1997) divided by 92 (total number of days from and including October 1, 1997 through and December 31, 1997).

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"ICII Representatives" shall mean any of the directors, officers, employees, counsel, representatives, accountants and auditors of ICII, ICAI or their subsidiaries.

"IMH Common Stock" shall mean shares of Common Stock of IMH.

"IMH Representatives" shall mean any of the directors, officers, employees, counsel, representatives, accountants and auditors of IMH, ICIFC or their subsidiaries.

"Indemnitee" has the meaning set forth in Section 10.2 hereof.

"Indemnitor" has the meaning set forth in Section 10.2 hereof.

"Indemnity Claim" has the meaning set forth in Section 10.2 hereof.

"Information" has the meaning set forth in Section 6.2(b) hereof.

"Lien" means any lien, pledge, mortgage, deed of trust, security interest, claim, charge, option, right of first refusal, covenant, condition, restriction or servitude, transfer restriction under any shareholder or similar agreement or encumbrance.

"Loan" has the meaning set forth in the Recitals hereof.

"Loan Agreement" has the meaning set forth in the Recitals hereof.

"Losses" has the meaning set forth in Section 10.1(a) hereof.

"Management Agreement" has the meaning set forth in the Recitals hereof.

"1933 Act" has the meaning set forth in Section 3.6 hereof.

"Registration Rights Agreement" shall mean that Registration Rights Agreement dated as of the Closing Date by and between ICAI and IMH pursuant to which ICAI has certain rights to request the registration of the Shares; a copy of the Registration Rights Agreement is attached hereto as Exhibit "A."

"Residual Securities" shall mean the following assets held by ICIFC (each as more fully described in individual files): Prudential Securities Secured Financing Corporation Trust 1995-1 Class R, Prudential Securities Secured Financing Corporation Trust 1994-6 Class R, Southern Pacific Secured Asset Corp. 1995-1 Class R, Southern Pacific Secured Asset Corp. 1995-2, Class R1 and DLJ Mortgage Acceptance Corporation 1995-5 Class RII.

"Restricted Security" and "Restricted Securities" have the meanings set forth in Section 3.6 hereof.

"Services Agreement" shall mean that Services Agreement dated as of the Closing Date by and between ICAI, on the one hand, and IMH and ICIFC, on the other hand, pursuant to which ICAI will perform certain administrative services for IMH and ICIFC all as more expressly set forth therein; a copy of the Services Agreement is attached hereto as Exhibit "B."

"Shares" shall have the meaning set forth in Section 3.2 hereof.

"Stifel" has the meaning set forth in Section 3.5 hereof.

"Termination Payment" shall have the meaning set forth in Section 3.1(a) hereof.

"Termination Payment Certificate" shall have the meaning set forth in Section 3.1(b) hereof.

"Unpaid Advisory Certificate" shall have the meaning set forth in Section 3.3(a) hereof.

"Unpaid Advisory Payment" shall mean all compensation due by IMH to ICAI under Sections 6 and 8 of the Management Agreement for the three months ended September 30, 1997.

"Value of Residual Securities" shall mean the value of each of the Residual Securities as recorded by ICIFC on its general ledger as of the Closing Date excluding the December 25, 1997 distribution, plus all accrued interest up to but not including the date hereof. The parties hereto acknowledge and agree that the value of the Residual Securities and accrued and unpaid interest up to the Closing Date as recorded by ICIFC on its general ledger on December 29, 1997 will be \$37,826,676.33 and \$257,107.74, respectively, and that said carrying value is not necessarily related to the book value of such Residual Securities as determined in accordance with GAAP and may not reflect amounts which may be actually collected pursuant to said Residual Securities. None of IMH, ICIFC or the Shareholders makes any representations, express or implied, with respect to said Residual Securities, except as otherwise expressly set forth herein.

ARTICLE II

CLOSING AND TERMINATION

2.1 Closing Date and Location. Subject to the provisions hereof, the

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closing of the transactions contemplated herein (the "Closing") shall occur at 3:00 p.m. on December 29, 1997, at the offices of Freshman, Marantz, Orlanski, Cooper & Klein, or such different time and place as the parties hereto may set by mutual agreement. The date of the Closing is referred to herein as the "Closing Date."

2.2 Termination. Upon the terms and subject to the satisfaction of the

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conditions set forth in this Agreement, as of the Closing Date, the parties hereto agree to terminate the Management Agreement and, the Loan Agreement and cancel the Loan by executing and delivering to each other this Agreement, which execution and delivery shall constitute their agreement that none of the parties hereto shall have any further obligations under the Management Agreement, the Loan Agreement and the Loan, except as otherwise set forth herein in Section 6.3, hereof. None of the assets of ICAI shall be transferred to IMH or ICIFC as a result of this Agreement.

2.3 Acquisition and Transfer of Residual Securities.

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(a) At the Closing Date, ICIFC shall assign, transfer, convey and deliver to IMH, and IMH shall acquire and accept from ICIFC, free and clear of Liens, except for those imposed by the Loan Agreement, all of ICIFC's right, title and interest in and to the Residual Securities and the Loan in exchange for cash in the amount of \$8,962,664.15; and

(b) Upon the terms and subject to the conditions hereinafter set forth, on the Closing Date, IMH shall assign, transfer, convey and deliver to ICAI, and ICAI shall acquire and accept from IMH, free and clear of all Liens, except for those imposed by the Loan Agreement, all of IMH's right, title and interest in and to the Residual Securities, including all products and proceeds of such Residual Securities. Each of IMH and ICIFC shall promptly take all actions necessary to effect the change in title to the Residual Securities at IMH's and ICIFC's sole expense.

ARTICLE III

TERMINATION PAYMENT, UNPAID ADVISORY PAYMENT  
AND SERVICES AGREEMENT

3.1 Termination Payment.

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(a) In reliance on the representations and warranties of the parties hereto and in consideration for the termination of the Management Agreement, IMH agrees to pay to ICAI a \$44.0 million termination payment (the "Termination Payment") consisting of the following consideration:



\$35,037,335.85 in IMH Common Stock; and  
The Residual Securities; and  
Concurrently herewith the Loan shall be canceled.

(b) On the Closing Date, IMH shall deliver to ICII and ICAI a certificate (the "Termination Payment Certificate") dated as of the Closing Date, signed by each of Tomkinson and Johnson in their role as Chief Executive Officer and Chief Financial Officer, respectively, of IMH, certifying as to IMH's calculation of the Termination Payment, the Due Amount of Loan and the Value of Residual Securities as of and through the Closing Date.

3.2 Payment of Termination Fee. The Termination Payment shall be paid by

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IMH to ICAI as of the Closing Date by delivering to ICAI, as of the Closing Date, a combination of Residual Securities and certificate(s) evidencing shares (the "Shares") of IMH Common Stock in the amounts set forth in Section 3.1(a); concurrently, ICAI shall deliver evidence to IMH that the Loan is canceled. The number of Shares delivered by IMH to ICAI as of the Closing Date shall be based on the Agreed Per Share Value of IMH's Common Stock. All costs and expenses associated with the issuance and delivery of the Shares shall be at IMH's expense.

3.3 Cash Advance. On the date hereof, IMH shall deliver to ICAI cash

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representing the Cash Advance by wire transfer of immediately available funds in accordance with wire instructions specified by ICAI; ICAI agrees to immediately dividend the entire amount of the Cash Advance to ICII.

3.4 Unpaid Advisory Payment.

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(a) On the Closing Date, ICAI shall deliver to IMH a certificate (the "Unpaid Advisory Certificate") dated as of the Closing Date, signed by the Chairman of ICAI, certifying as to ICAI's calculation of the Unpaid Advisory Payment; and

(b) IMH shall deliver to ICAI cash representing the Unpaid Advisory Payment by wire transfer of immediately available funds in accordance with wire instructions specified by ICAI;

3.5 Services Agreement and Registration Rights Agreement. On the Closing

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Date, each of ICAI, ICIFC and IMH will execute the Services Agreement, and each of IMH and ICAI will execute the Registration Rights Agreement.

3.6 Fairness Opinion. The parties hereto acknowledge that a condition to

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the obligations of the parties hereto is that the investment banking firm of Stifel Nicolaus & Company, Incorporated ("Stifel") shall have rendered a fairness opinion (the "Fairness Opinion") to IMH's special committee that the transactions referenced in Article II and Sections 3.1 and 3.2 hereof are fair to IMH from a financial point of view and that said special committee shall have approved the Fairness Opinion.

3.7 Restrictions on Transfer. Absent an effective registration statement  
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under the Securities Act of 1933, as amended (the "1933 Act"), covering the disposition of the Shares (individually, a "Restricted Security" and collectively, the "Restricted Securities"), neither ICAI, ICII or any of their subsidiaries or affiliates shall sell, transfer, assign, pledge, hypothecate or otherwise dispose of any of the Restricted Securities without first providing IMH with an opinion of counsel reasonably satisfactory to IMH to the effect that such sale, transfer, assignment, pledge, hypothecation or other disposition is exempt from the registration and prospectus delivery requirements of the 1933 Act and in compliance with (or exempt from) the registration or qualification requirements of any applicable state securities law.

3.8 Restrictive Legend. IMH may cause the following legend (or other  
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legend in substantially the same form) to be placed upon each certificate to be delivered to ICAI representing the Restricted Securities and any other securities issued in respect thereof upon any transfer, stock split, stock dividend, recapitalization, merger, consolidation or similar event:

"THE SALE, TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION OF THE SHARES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT"). THESE SHARES MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS SUCH TRANSACTION IS DULY REGISTERED UNDER THE ACT OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL (WHICH MAY BE COUNSEL FOR THE COMPANY) REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM THE REGISTRATION PROVISIONS OF THE ACT."

3.9 Transfer Agent. IMH may make a notation on its records or give  
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instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer of the Restricted Securities set forth in this Article III.

3.10 Removal of Transfer Restrictions. The federal legend imprinted on a  
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certificate evidencing a Restricted Security pursuant to Section 3.8 shall be removed, and IMH shall issue a certificate without such legend to the holder of such security, (a) if such security is registered under the 1933 Act, (b) if the holder provides IMH with an opinion of counsel reasonably acceptable to IMH or a no-action letter or interpretive opinion of the staff of the Securities and Exchange Commission to the effect that a public sale or transfer of such security may be made without registration under the 1933 Act, or (c) if the holder has complied with the requirements of Rule 144(k) promulgated under the 1933 Act and provides a letter to that effect to IMH.

3.11 Delivery of Residual Interests; Instruments of Conveyance and  
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Transfer.

(a) At the Closing Date, each of IMH and ICIFC shall cause to be delivered to ICAI certificates representing the Residual Securities; and

(b) IMH shall also at the Closing Date deliver title to the Residual Securities by delivering to ICAI an executed bill of sale substantially in the form of Exhibit "C" hereto (the "Bill of Sale").

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF IMH AND ICIFC

Each of IMH and ICIFC jointly and severally represents and warrants to each of ICII and ICAI that:

4.1 Valid Issuance. The Shares to be issued and sold by IMH pursuant to

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the terms hereof upon such issuance will be, duly authorized, validly issued, fully paid and nonassessable.

4.2 Corporate Power and Authority. Each of IMH and ICIFC has full

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corporate power and authority to enter into this Agreement. This Agreement has been duly authorized, executed and delivered by each of IMH and ICIFC and constitutes a valid and binding agreement of each of IMH and ICIFC and is enforceable against each of IMH and ICIFC in accordance with its terms, except as the enforceability hereof may be limited by applicable bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and moratorium laws in effect from time to time and by equitable principles restricting the availability of equitable remedies. The execution and delivery by each of IMH and ICIFC of, and the performance by each of IMH and ICIFC of their respective obligations under, this Agreement, the consummation of the transactions contemplated hereby and sale of the Shares to be sold by the Company in the manner set forth herein will not result in the creation or imposition of any Lien upon any of the assets of either IMH, ICIFC or any of their subsidiaries pursuant to the terms or provisions of, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or give any other party a right to terminate any of its obligations under, or result in the acceleration of any obligation under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which either IMH, ICIFC or any of its subsidiaries is a party or by which either IMH, ICIFC or any of their subsidiaries or any of its properties is bound or affected, or the charter or by-laws of either IMH or ICIFC, or violate or conflict with any judgment, ruling, decree, order, statute, rule or regulation of any court or other governmental agency or body applicable to the business or properties of either IMH, ICIFC or any of its subsidiaries the effect of any of which, individually or in the aggregate, might have a material adverse effect of either of IMH or ICIFC.

4.3 Consent and Approvals. No consent, approval, authorization or order

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of, or any filing or declaration with, any court or governmental agency or body is required in connection with the authorization, issuance, transfer, sale or delivery of the Shares by IMH, in connection with the execution, delivery and performance of this Agreement by either IMH, ICIFC or in connection with the taking by either IMH or ICIFC of any other action contemplated hereby.

4.4 Litigation. There is no legal proceeding pending or, to the knowledge

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of either of IMH or ICIFC, threatened, that seeks to enjoin or obtain damages in respect of the consummation of the transactions contemplated by this Agreement or that questions the validity of this Agreement

or any action taken or to be taken by either of IMH or ICIFC in connection with the consummation of the transactions contemplated hereby.

4.5 Listing of Shares. The Shares are duly authorized for listing,  
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subject to official notice of issuance, on the American Stock Exchange and no procedure is pending, or to IMH or ICIFC's knowledge threatened, with respect to the delisting of IMH's Common Stock on the American Stock Exchange. Such listing shall be at IMH's expense.

4.6 Title to Residual Securities.  
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(a) At the time of the transfer of the Residual Securities from IMH to ICAI pursuant to this Agreement, IMH will own and will have good and valid, marketable title to all of the Residual Securities, free and clear of all Liens, except those imposed by the Loan Agreement; and

(b) Upon consummation of the transactions contemplated hereby, ICII will have acquired, on and as of the date hereof, good and valid title in and to the Residual Securities, free and clear of all Liens.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF ICII AND ICAI

Each of ICII and ICAI jointly and severally represents warrants and covenants to each of IMH and ICIFC that:

5.1 Organization and Good Standing. Each of ICII and ICAI is a corporation  
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duly organized, validly existing and in good standing under the laws of the State of California, and has all requisite corporate power and authority to carry on its business as it is now being conducted.

5.2 Corporate Power and Authority. Each of ICII and ICAI has full  
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corporate power and authority to enter into this Agreement. This Agreement has been duly authorized, executed and delivered by each of ICII and ICAI and constitutes a valid and binding agreement of each of ICII and ICAI and is enforceable against each of ICII and ICAI in accordance with its terms, except as the enforceability hereof may be limited by applicable bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and moratorium laws in effect from time to time and by equitable principles restricting the availability of equitable remedies. The execution and delivery by each of ICII and ICAI of, and the performance by each of ICII and ICAI of their respective obligations under, this Agreement and the consummation of the transactions contemplated hereby will not result in the creation or imposition of any Lien upon any of the assets of either ICII, ICAI or any of their subsidiaries pursuant to the terms or provisions of, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or give any other party a right to terminate any of its obligations under, or result in the acceleration of any obligation under any indenture, mortgage, deed of trust, lease or other agreement or instrument to which either ICII, ICAI or any of its subsidiaries is a party or by which either ICII, ICAI or any of their subsidiaries

or any of its properties is bound or affected, or the charter or by-laws of either ICII or ICAI, or violate or conflict with any judgment, ruling, decree, order, statute, rule or regulation of any court or other governmental agency or body applicable to the business or properties of either ICII, ICAI or any of its subsidiaries the effect of any of which, individually or in the aggregate, might have a material adverse effect on the business or operations of either ICII or ICAI.

5.3 Consent and Approvals. No consent, approval, authorization or order

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of, or any filing or declaration with, any court or governmental agency or body is required in connection with the execution, delivery and performance of this Agreement by either ICII, ICAI or in connection with the taking by either ICII or ICAI of any other action contemplated hereby.

5.4 Litigation. There is no legal proceeding pending or, to the knowledge

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of either of ICII or ICAI, threatened, that seeks to enjoin or obtain damages in respect of the consummation of the transactions contemplated by this Agreement or that questions the validity of this Agreement or any action taken or to be taken by either of ICH or ICAI in connection with the consummation of the transactions contemplated hereby.

5.5 Investor Representations. Each of ICII and ICAI has received all

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periodic reports filed by IMH under the Securities Exchange Act of 1934, as amended, and is familiar with the terms and conditions and other information set forth therein. Each of ICII and ICAI has had the opportunity to ask of IMH and ICIFC, or a person or persons acting on their behalf, any and all relevant questions in connection with any aspect of IMH and ICIFC and has received answers which each of ICII and ICAI considers to be responsive to such questions. ICII is able to bear the economic risk of the investment represented by the Shares. In considering this investment, each of ICII and ICAI is not relying on any representation, warranty or statement made by either IMH, ICIFC or any of their respective agents, employees, officers or representatives not specifically referenced herein or in any document attached hereto. Without limiting the foregoing, each of ICII and ICAI specifically disclaims any reliance on any written or oral information, representations and warranties previously provided regarding the Residual Securities, except to the extent expressly set forth herein. Each of ICII and ICAI understands that (a) if any of the Residual Securities fail to generate cash flow, there will be no funds payable thereunder to either ICII or ICAI, (b) if any of the Residual Securities is not performing, it is subject to downgrade by one or more of the rating agencies, (c) the Residual Securities are subject to certain triggers for losses and delinquencies, and (d) as a general matter, the Residual Securities involve a high degree of risk and may entail a risk of total loss. Each of ICII and ICAI covenants and represents that each of them is familiar with the risks inherent in Residual Securities. In addition, each of ICAI and ICII:

(a) acknowledges that the Shares to be acquired by it pursuant to this Agreement are not registered under the 1933 Act or qualified under any applicable state securities laws on the ground that the sale provided for in this Agreement and the issuance of securities is exempt from the registration requirements of the 1933 Act, and state law exemptions relating to offers and sales in private placements to accredited investors;

(b) represents that it is an accredited investor within the meaning of Rule 501 of Regulation D promulgated under the 1933 Act;

(c) understands that the Shares must be held until subsequently registered under the 1933 Act or an exemption from such registration is available; and

(d) represents that either it has a preexisting personal or business relationship with IMH or its principals or, by reason of its business or financial experience, it has the capacity to protect its own interests in connection with this transaction.

5.6 Sale of the Shares. ICAI agrees that it will sell the Shares received  
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pursuant to this Agreement as soon as practicable.

## ARTICLE VI

### ADDITIONAL AGREEMENTS

6.1 Public Announcements. The parties hereto acknowledge that a public  
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announcement regarding the matters set forth herein was made on December 19, 1997, a copy of which is attached hereto as Exhibit "D." Neither IMH or ICIFC on the one hand (nor any of their affiliates) nor ICII or ICAI on the other hand (nor any of their affiliates) shall make any public statement from the date of this Agreement forward, including, without limitation, any press release, with respect to this Agreement and the transactions contemplated hereby, without the prior written consent of the other party (which consent may not be unreasonably withheld), except as may be required (a) by law or (b) in the case of IMH or ICII, pursuant to the obligations of IMH or ICII resulting from the inclusion of their common stock on the American Stock Exchange and the Nasdaq National Market, respectively.

6.2 Confidential Information.  
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(a) Each of IMH and ICIFC on the one hand and ICII and ICAI on the other agree: (i) to hold in trust and maintain confidential, (ii) not to disclose to others without prior written approval from the disclosing party, and (iii) to prevent duplication of and disclosure to any other party, any Information received from the disclosing party or developed, presently held or continued to be held, or otherwise obtained, by the receiving party under this Agreement, the Loan Agreement or the Management Agreement;

(b) "Information" shall mean all results of services provided under the Management Agreement and Information disclosed by either party orally, visually, in writing, or in other tangible form, and includes, but is not limited to, technical, economic plans, computer Information data bases, customer lists and the like obtained, prepared or otherwise provided further to this Agreement, the Loan Agreement or the Management Agreement; and

(c) The foregoing obligations of confidentiality, non-disclosure and non-use shall not apply to any Information to the extent that the obligated party can show that: (i) such Information is or becomes knowledge generally available to the public other than through the acts or omissions of the obligated party; (ii) such Information is subsequently received by the obligated party on a non-confidential basis from a third party who did not receive it directly or indirectly from

the disclosing party; (iii) such Information is developed independently by the obligated party without reference to the Information, or (iv) disclosure of such Information is required under applicable law or regulations.

Specific elements of Information shall not be deemed to come under the above exceptions merely because they are embraced by more general Information which is or becomes public knowledge.

6.3 Payment of Final Advisory Payment. IMH shall pay the Final Advisory  
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Payment to ICAI after the date hereof in accordance with the terms and conditions set forth in Sections 6 and 8 of the Management Agreement.

6.4 Acknowledgment of Shareholders. Each of the Shareholders, by their  
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execution hereof, acknowledges that no amounts are due and owing to any of them by either ICAI or ICII pursuant to the Management Agreement and hereby release, each of ICAI and ICII from any amounts which may be owing to them by ICAI or ICII pursuant to the Management Agreement.

6.5 Termination Fee. Each of the parties hereto agrees to treat the  
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delivery of the Termination Payment as the payment of a termination fee, which is income to ICAI.

## ARTICLE VII

### CONDITIONS TO IMH'S AND ICIFC'S OBLIGATIONS AT CLOSING

7.1 The obligations of each of IMH and ICIFC under this Agreement are subject to the fulfillment on or before the Closing Date of each of the following conditions, any of which may be waived by each of IMH and ICIFC at its sole discretion:

(a) The representations and warranties of each of ICII and ICAI set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date;

(b) ICAI shall have entered into the Services Agreement;

(c) ICAI shall have entered into the Registration Rights Agreement;

(d) Each of ICII and ICAI shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by each of them on or before the Closing Date;

(e) Each of ICII and ICAI shall have delivered to IMH Certificates, dated as of the Closing Date executed by each of their Chairmen, certifying that, the representations made in Article V are true and correct and that the conditions specified in Sections 7.1(a) and 7.1(d) have been fulfilled;

(f) Stifel shall have delivered to IMH's Special Committee verification that the Fairness Opinion, dated as of December 19, 1997, is in full force and effect as of the Closing Date;

(g) If, as a result of the transactions contemplated by this Agreement, ICAI will own in excess of 9.5% of the outstanding common stock of IMH, ICAI shall have delivered to IMH a certificate, reasonably acceptable to IMH, providing that ICAI's ownership of the Shares will not cause any "individual" (as defined in Section 542 of the Internal Revenue Code) or other person (other than ICII and its affiliates) to own in excess of 9.5% of the common stock of IMH; and

(h) Each of ICII and ICAI shall have delivered to IMH certified copies of resolutions of the Board of Directors of each of ICII and ICAI authorizing and approving the execution, delivery and performance of this Agreement and each additional agreement or other document required hereunder.

#### ARTICLE VIII

##### CONDITIONS TO ICII'S AND ICAI'S OBLIGATIONS AT CLOSING

The obligations of each of ICII and ICAI under this Agreement are subject to the fulfillment on or before the Closing Date of each of the following conditions, any of which may be waived by each of ICII and ICAI at its sole discretion:

(a) The representations and warranties of each of IMH and ICIFC set forth in Article III shall be true and correct as of the date of this Agreement and as of the Closing Date;

(b) IMH and ICIFC shall have entered into the Services Agreement;

(c) IMH shall have entered into the Registration Rights Agreement;

(d) Each of IMH and ICIFC shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by each of IMH and ICIFC on or before the Closing Date; and

(e) Each of IMH and ICIFC shall have delivered to ICII Certificates dated as of the Closing Date executed by each of their Chairmen certifying that the representations made in Article IV are true and correct and that the conditions specified in Sections 8.1(a) and 8.1(d) have been fulfilled;

(f) If, as a result of the transactions contemplated by this Agreement, ICAI will own in excess of 9.5% of the outstanding common stock of IMH, IMH shall deliver to ICAI a copy of a board resolution of IMH permitting ICAI to own the Shares notwithstanding the stock ownership limit set forth in IMH's charter; and

(g) Each of IMH and ICIFC shall have delivered to ICII certified copies of resolutions of the Board of Directors of each of IMH and ICIFC authorizing and approving the



execution, delivery and performance of this Agreement and each additional agreement or other document required hereunder.

## ARTICLE IX

### DELIVERY

9.1 Items/Documents Delivered and Exchanged. At the Closing Date, subject to the other terms and conditions of this Agreement, the following items and documents as well as any other appropriate items and documents specified herein, properly executed, shall be delivered by and to the appropriate parties:

(a) To be delivered by IMH:

(i) stock certificate(s) evidencing the Shares;

(ii) the Services Agreement, as executed by IMH;

(iii) the Registration Rights Agreement, as executed by IMH;

(iv) resolutions of IMH's Board of Directors authorizing the transactions referenced herein, certified by IMH's Secretary;

(v) the Closing Calculation, including the Value of Residual Securities and the Due Amount of Loan determined as of the Closing Date;

(vi) the Unpaid Advisory Payment;

(vii) Certificates evidencing the Residual Securities;

(viii) the Bill of Sale; and

(ix) the Officer's Certificate referenced in Section 7.1(e) hereof.

(b) To be delivered by ICII:

(i) resolutions of ICII's Board of Directors authorizing the transactions referenced herein, certified by ICII's Secretary; and

(ii) the Officer's Certificate referenced in Section 8.1(e) hereof.

(c) To be delivered by ICAI:

(i) evidence that the Loan has been deemed repaid in full;

- (ii) the Services Agreement, as executed by ICAI;
- (iii) the Registration Rights Agreement, as executed by ICAI;
- (iv) resolutions of ICAI's Board of Directors authorizing the transactions referenced herein, certified by ICAI's Secretary; and
- (v) the Officer's Certificate referenced in Section 7.1(e) hereof.

(d) To be delivered by ICIFC:

- (i) the Services Agreement, executed by ICIFC;
- (ii) resolutions of ICIFC's Board of Directors authorizing the transactions referenced herein, certified by ICIFC's Secretary; and
- (iii) the Officer's Certificate referenced in Section 8.1(e) hereof.

## ARTICLE X

### INDEMNIFICATION

#### 10.1 Indemnification.

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(a) ICII and ICAI jointly and severally agree to indemnify and hold IMH, ICIFC and each of the IMH Representatives harmless from and against any and all liabilities, obligations, damages, losses, deficiencies, costs, penalties, interest and expenses (collectively, "Losses") incurred or suffered by either IMH, ICIFC or any IMH Representative arising out of, based upon, attributable to or resulting from:

(i) any breach of representation or warranty made herein by either ICII or ICAI;

(ii) the failure of either ICII or ICAI to comply with any of the covenants contained in this Agreement which are required to be performed by either ICII or ICAI;

(iii) any intentional misstatements of fact made by ICAI in connection with the Management Agreement and the services rendered thereunder or for any acts or omissions performed by ICAI, its directors, officers, shareholders and employees in accordance with the Management Agreement constituting bad faith, willful misconduct, gross negligence or reckless disregard of their duties; and

(iv) all actions, suits, proceedings, demands, assessments, judgments, costs, penalties and expenses, including reasonable attorneys' fees, incident to the foregoing.

(b) Each of IMH and ICIFC jointly and severally agrees to indemnify and hold ICII, ICAI and each of the ICII Representatives harmless from and against any and all Losses incurred or suffered by ICII, ICAI or any ICII Representative arising out of, based upon, attributable to or resulting from:

(i) any breach of representation or warranty made herein by either IMH or ICIFC;

(ii) the failure of either IMH or ICIFC to comply with any of the covenants contained in this Agreement which are required to be performed by either IMH or ICIFC;

(iii) any acts or omissions of ICAI, its stockholders, directors, officers and employees made in good faith in the performance of ICAI's duties under the Management Agreement and not constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties; and

(iv) all actions, suits, proceedings, demands, assessments, judgments, costs, penalties and expenses, including reasonable attorneys' fees, incident to the foregoing.

10.2 Notice of Indemnification. In the event any legal proceeding (an

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"Indemnity Claim") shall be threatened or instituted or any claim or demand shall be asserted by any person in respect of which payment may be sought by one party hereto from the other party under the provisions of this Article X, the party seeking indemnification (the "Indemnitee") shall promptly cause written notice of the assertion of any such claim of which it has knowledge which is covered by this indemnity to be forwarded to the other party (the "Indemnitor"). Any notice of a claim by reason of any of the representations, warranties or covenants contained in this Agreement shall state specifically the representation, warranty or covenant with respect to which the Indemnity Claim is made, the facts giving rise to an alleged basis for the claim, and the amount of the liability asserted against the Indemnitor by reason of the Indemnity Claim. Within thirty (30) days of the receipt of such written notice, the Indemnitor shall notify the Indemnitee in writing of its intent to contest its obligation to indemnify or reimburse under this Agreement (a "Contest") or to accept liability hereunder. If the Indemnitor does not respond within thirty (30) days to such written notice, the Indemnitor will be deemed to accept liability. In the event of a Contest, within ten (10) business days of the receipt of the written notice thereof, the parties will submit the dispute further to Section 11.5 herein.

10.3 Indemnification Procedure for Third-Party Claims. In the event of any

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Indemnity Claim brought by a third party, Indemnitor shall promptly notify the Indemnitee of such Indemnity Claim, specifying in reasonable detail the Indemnity Claim and the circumstance under which it arose, and the amount of the liability asserted against the Indemnitee by reason of the Indemnity Claim. Within ten (10) business days of the receipt of such notice (or sooner if the nature of the Indemnity Claim so requires) the Indemnitor shall notify the Indemnitee of its intent to compromise or defend such Indemnity Claim or to Contest. Any Contest shall be governed by the provisions of Section 10.2 herein. The Indemnitor may elect to compromise or defend, at its own expense and by

its own counsel, any such Indemnity Claim. If the Indemnitor elects to compromise or defend such Indemnity Claim, the Indemnatee shall cooperate, at the expense of the Indemnitor, in the compromise of, or defense against, such Indemnity Claim. If the Indemnitor fails to notify the Indemnatee of its election as herein provided or loses the Contest as provided in 10.2 herein, the Indemnatee may pay, compromise or defend such Indemnity Claim. Except as otherwise provided herein, in the event of the initiation of any Indemnity Claim against an Indemnatee by a third party and the Indemnitor elects to compromise or defend, the Indemnitor shall have the absolute right after the receipt of notice, at its option and at its own expense, to be represented by counsel of its choice, and to defend against, negotiate, settle or otherwise deal with any Indemnity Claim,; provided, however, that the Indemnatee may participate in any

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such proceeding with counsel of its choice and at its expense and the Indemnitor shall not settle any such Indemnity Claim unless the Indemnitor is fully released without any admission of liability. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Indemnity Claim. To the extent the Indemnitor elects not to defend such Indemnity Claim, and the Indemnatee defends against or otherwise deals with any such Indemnity Claim, the Indemnatee may retain counsel, at the expense of the Indemnitor, and control the defense of such Indemnity Claim. If the Indemnatee shall settle any such Indemnity Claim without the consent of the Indemnitor, the Indemnatee shall thereafter have no claim against the Indemnitor under this Article X with respect to any loss, liability, claim, obligation, damage and expense occasioned by such settlement.

10.4 Indemnification Payments. The Indemnitor shall pay any sums due and  
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owing by it to the Indemnatee by wire transfer or certified check within ten (10) days after the date of the determination of liability pursuant to this Article X. Any overdue amounts payable by the Indemnitor shall bear interest at an annual rate of 9% per annum, based on a year of 365 days and the number of days elapsed.

## ARTICLE XI

### MISCELLANEOUS

11.1 Assignment or Transfer. No party shall assign or transfer any of its  
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rights under this Agreement without the prior written approval of the other parties, except no such approval shall be required for an assignment to an affiliate or a successor to all or a substantial portion of the assets or the business of a party, provided that such affiliate or successor assumes such party's obligations hereunder with respect to the rights assigned or transferred.

11.2 Notices. All notices, requests, demands and other communications  
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provided for hereunder shall be in writing (including telegraphic or facsimile communications) and shall be mailed (return receipt requested), telegraphed, sent by facsimile or delivered to each party at the address set forth as follows, or at such other address as either party may designate by notice to the other, and any such notice, request, demand or other communication shall be effective upon receipt. All payments required in this Agreement shall be paid to and delivered to the party as provided herein for notice.

If to IMH or ICIFC: Imperial Credit Mortgage Holdings, Inc.  
20371 Irvine Avenue  
Santa Ana Heights, California 92707  
Telephone: (714) 556-0122  
Facsimile: (714) 428-2150  
Attention: Joseph R. Tomkinson  
Chief Executive Officer

If to ICII or ICAI: Imperial Credit Industries, Inc.  
23550 Hawthorne Boulevard  
Building 1, Suite 240  
Torrance, California 90505  
Telephone: (310) 791-8040  
Facsimile: (310) 791-8230  
Attention: Irwin L. Gubman, Esq.  
General Counsel

11.3 Severability. In the event any provision of this Agreement is held  
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invalid or unenforceable, such holding shall not invalidate nor render  
unenforceable any other provision hereof.

11.4 Governing Law. This Agreement shall be construed in accordance with  
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the laws of the State of California.

11.5 Reference Provision.  
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(a) Each controversy, dispute or claim between the parties arising out of or relating to this Agreement, pursuant to Article X hereof, will be settled by a reference proceeding in Orange County, California, in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court of Orange County (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the date of the Contest, the referee shall be promptly selected by the Presiding Judge of the Orange County Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one preemptory challenge pursuant to CCP 170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the date of the Contest and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP 644 in any court in the State of California having jurisdiction. Any party may apply for a reference at any time after thirty (30) days following notice to any other party

of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and, request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties.

(b) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(c) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(d) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Orange County Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

11.6 Counterparts. This Agreement may be executed in any number of

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counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Termination Agreement is made as of the day and year first above written.

IMPERIAL CREDIT INDUSTRIES, INC.

By: /s/ Irwin Gubman

\_\_\_\_\_  
Name: Irwin Gubman  
Title: General Counsel and Secretary

IMPERIAL CREDIT ADVISORS, INC.

By: /s/ Irwin Gubman

\_\_\_\_\_  
Name: Irwin Gubman  
Title: General Counsel and Secretary

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

By: /s/ Joseph R. Tomkinson

\_\_\_\_\_  
Name: Joseph R. Tomkinson  
Title: Chief Executive Officer

ICI FUNDING CORPORATION

By: /s/ Joseph R. Tomkinson

\_\_\_\_\_  
Name: Joseph R. Tomkinson  
Title: Chief Executive Officer

/s/ Joseph R. Tomkinson

\_\_\_\_\_  
Joseph R. Tomkinson

/s/ William S. Ashmore

\_\_\_\_\_  
William S. Ashmore

/s/ Richard J. Johnson

\_\_\_\_\_  
Richard J. Johnson

SERVICES AGREEMENT

BY AND BETWEEN

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

AND

ICI FUNDING CORPORATION, ON THE ONE HAND,

AND

IMPERIAL CREDIT ADVISORS, INC.,

ON THE OTHER HAND,

DATED AS OF

DECEMBER 29, 1997

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SERVICES AGREEMENT

This SERVICES AGREEMENT (this "Agreement") is made as of this 29th day of December, 1997 by and between IMPERIAL CREDIT MORTGAGE HOLDINGS, INC., a Maryland corporation ("IMH"), and ICI FUNDING CORPORATION, a California corporation ("ICIFC"), on the one hand, and IMPERIAL CREDIT ADVISORS, INC., a California corporation ("ICAI"), on the other hand.

For good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Services. From the date hereof, up to and including December 19,

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1998, (the "Initial Term"), ICAI will perform those services (the "Services") requested by either ICIFC or IMH, as the case may be, all as enumerated on Exhibit "A" attached hereto. This Agreement is renewable annually, at the option of the parties, after the completion of the Initial Term. ICAI will continue to perform the Services until the last day of the month (the "Termination Date") following the month in which either ICIFC or IMH, as the case may be, provides ICAI with a written notice of its election to terminate any aspect of the Services. Any partial termination shall be reflected in a revised Exhibit AA" as agreed by the parties. ICAI will have no further duty to perform the Services after the Termination Date.

2. Compensation. ICIFC or IMH, as the case may be, will pay ICAI's fees

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for enumerated Services pursuant to the schedule of charges set forth on Exhibit "B" attached hereto, and for any other Services, either ICIFC or IMH, as the case may be, will pay ICAI fees which will be determined by the parties and will vary depending on the Services utilized. ICAI will provide either ICIFC or IMH, as the case may be, with an invoice for the Services not later than thirty (30) days following the close of any fiscal period in which such Services are rendered.

3. Documentation and Disputes. In the event that any of ICAI's charges

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are based upon hourly rates or upon allocation of a combined cost, either ICIFC or IMH, as the case may be, will be provided upon request with documentation supporting the amount charged and will be entitled to contest any charge, provided that IMH timely pays all contested amounts.

4. Confidential Information. (a) The parties agree: (i) to hold in

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trust and maintain confidential, (ii) not to disclose to others without prior written approval from the disclosing party, and (iii) to prevent duplication of and disclosure to any other party, any Information received from the disclosing party or developed, presently held or continued to be held, or otherwise obtained, by the receiving party under this Agreement.

(b) "Information" shall mean all results of the Services, all information disclosed by either party orally, visually, in writing, or in other tangible form, including, but not limited to, technical, economic plans, computer Information data bases, and the like in connection with this Agreement.

(c) The foregoing obligations of confidentiality, non-disclosure and non-use shall not apply to any Information to the extent that the obligated party can show that: (i) such Information is or becomes knowledge generally available to the public other than through the acts or omissions of the obligated party; (ii) such Information is subsequently received by the obligated party on a non-confidential basis from a third party who did not receive it directly or indirectly from the disclosing party; (iii) such Information is developed independently by the obligated party without reference to the Information; or (iv) disclosure of such Information is required under applicable law or regulations.

Specific elements of Information shall not be deemed to come under the above exceptions merely because they are embraced by more general Information which is or becomes public knowledge.

5. Standard of Care. ICAI shall perform the Services for either ICIFC or -----  
IMH, as the case may be, with the same degree of care, skill and prudence customarily exercised by it for its own operations.

6. Indemnification. ICAI shall indemnify, defend and hold each of ICIFC -----  
and IMH, as the case may be, and their respective directors, officers and employees harmless from and against all direct damages, losses and out-of-pocket expenses (including reasonable legal fees) caused by or arising out of gross negligence or willful misconduct in the performance of any obligation or agreement of ICAI hereunder.

7. Assignment or Transfer. Neither ICIFC or IMH, on the one hand, nor -----  
ICAI on the other hand shall assign or transfer any of its rights under this Agreement without the prior written approval of the other, except no such approval shall be required for an assignment to an affiliate or a successor to all or a substantial portion of the assets or the business of either party, provided that such affiliate or successor assumes such party's obligations hereunder with respect to the rights assigned or transferred.

8. Notices. All notices, requests, demands and other communications -----  
provided for hereunder shall be in writing (including telegraphic or facsimile communications) and shall be mailed (return receipt requested), telegraphed, sent by facsimile or delivered to each party at the address set forth as follows, or at such other address as either party may designate by notice to the other, and any such notice, request, demand or other communication shall be effective upon receipt. All payments required in this Agreement shall be paid to and delivered to the party as provided herein for notice.

If to IMH or ICIFC: Imperial Credit Mortgage Holdings, Inc.  
20371 Irvine Avenue  
Santa Ana Heights, California 92707  
Telephone: (714) 556-0122  
Facsimile: (714) \_\_\_\_\_  
Attention: Joseph R. Tomkinson  
Chief Executive Officer

If to ICAI: Imperial Credit Advisors, Inc.  
23550 Hawthorne Boulevard  
Building 1, Suite 240  
Torrance, California 90505  
Telephone: (310) 791-8040  
Facsimile: (310) 791-8230  
Attention: Irwin L. Gubman, Esq.  
General Counsel

9. Severability. In the event any provision of this Agreement is held  
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invalid or unenforceable, such holding shall not invalidate nor render  
unenforceable any other provision hereof.

10. Governing Law. This Agreement shall be construed in accordance with  
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the laws of the State of California.

11. Reference Provision.  
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(a) Each controversy, dispute or claim between the parties arising out of or relating to this Agreement, which controversy, dispute or claim is not settled in writing within thirty (30) days after the "Claim Date" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists) , will be settled by a reference proceeding in Orange County, California, in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP") , which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court of Orange County (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Orange County Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one preemptory challenge pursuant to CCP 170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP 644 in any court in the State of California having jurisdiction. Any party may apply for a reference at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken

by either party upon seven (7) days written notice, and, request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties.

(b) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(c) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(d) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Orange County Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

12. Counterparts. This Agreement may be, executed in any number of  
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counterparts, each of which when so executed shall be deemed to be an original,  
and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Services Agreement is made as of the day and year first  
above written.

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

By: /s/ Joseph R. Tomkinson

\_\_\_\_\_  
Name: Joseph R. Tomkinson  
Title: Chief Executive Officer

ICI FUNDING CORPORATION

By: /s/ Joseph R. Tomkinson

\_\_\_\_\_  
Name: Joseph R. Tomkinson  
Title: Chief Executive Officer

IMPERIAL CREDIT INDUSTRIES, INC.

By: /s/ H. Wayne Snavelly

\_\_\_\_\_  
Name: H. Wayne Snavelly  
Title: Chairman

EXHIBIT A

SCHEDULE OF SERVICES

Human Resources

- - - - -

- Payroll
- 401K Profit Sharing
- ESOP
- Employment Services
- Industrial Relation Services
- Compensation Consulting
- Grievance Resolution
- Organization, Development and Training

Data and Phone Communication Services

- - - - -

\_\_\_\_\_  
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EXHIBIT B

SCHEDULE OF FEES

Human Resources  
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All human resources services, including payroll, 401K profit sharing, ESOP, employment services, industrial relation services, compensation consulting, grievance resolution, and organization, development and training

\$100 per month per employee employed at the end of each month

Data and Phone Communication Services  
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All data and phone communication services, including \_\_\_\_\_.

\$135 per hour, plus expenses, for time spent working on projects for IMH and any of their subsidiaries and/or affiliates.

REGISTRATION RIGHTS AGREEMENT  
BETWEEN  
IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.  
AND  
IMPERIAL CREDIT ADVISORS, INC.  
DATED AS OF  
DECEMBER 29, 1997

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REGISTRATION RIGHTS AGREEMENT

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THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of December 29, 1997, by and between IMPERIAL CREDIT MORTGAGE HOLDINGS, INC. a Maryland corporation (the "Company") and IMPERIAL CREDIT ADVISORS, INC. a California corporation ("Imperial").

II. Consideration. Imperial and the Company have agreed to enter into this

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Agreement to provide the registration rights set forth herein and to otherwise perform their respective obligations hereunder in consideration of the mutual covenants contained herein.

III. Definitions. The following definitions shall apply in addition to those

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terms defined elsewhere herein:

A. "Common Stock" means the Company's Common Stock, \$.01 par value per

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share.

B. "Continuous Offering" means an Offering pursuant to Rule 415 under the

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Securities Act, 17 C.F.R. 230.415, or any successor rule of the SEC, if applicable.

C. "Exchange Act" means the Securities Exchange Act of 1934, as amended,

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and the rules and regulations promulgated thereunder.

D. "Offering" means any public offering of the Common Stock of the

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Company, whether or not subject to the registration requirements of the Securities Act, and any other method of disposition of the Common Stock of the Company that is subject to the registration requirements of the Securities Act or any other applicable federal or state statute or regulation.

E. "Offering Documents" means all documents relating to an Offering which

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are required to be filed with any governmental agency or authority or to be delivered to any Person to whom securities of the Company are offered for sale or sold, including, without limitation, Registration Statements, Prospectuses, and preliminary Prospectuses, and all material incorporated by reference therein, and any schedule or exhibit to any of the foregoing, in each case as such documents may be amended from time to time.

F. "Party" means Imperial or the Company and "Parties" means both Imperial

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and the Company.

G. "Person" means any individual, corporation, partnership, limited

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liability company, association, trust or unincorporated association.

H. "Prospectus" means the prospectus included in a Registration Statement,

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relating to an Offering in which Common Stock is included, as amended or supplemented by a prospectus supplement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference in such Prospectus.

I. "Registration Expenses" means, with respect to an Offering, any and all

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expenses incident to the Company's performance of or compliance with the provisions of this Agreement, including without limitation (a) fees for any filings required to be made with the National Association of Securities Dealers, Inc., or the SEC in connection with such Offering, and any other registration and filing fees, (b) all fees and expenses of complying with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Common Stock to be included in such Offering), (c) all printing, messenger, telephone, and delivery expenses, (d) all fees and expenses incurred in connection with the listing of the Common Stock to be included in such Offering on any securities exchange, and (e) the reasonable fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits and/or "cold comfort" letters required by or incident to such performance and compliance.

J. "Registration Statement" means a registration statement filed with the

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SEC pursuant to the Securities Act, relating to an Offering in which Common Stock is included, including any pre- or post-effective amendment thereto, the Prospectus included therein, and all material incorporated by reference therein, and any schedule or exhibit to any of the foregoing.

K. "SEC" means the Securities and Exchange Commission.

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L. "Securities Act" means the Securities Act of 1933, as amended, and the

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rules and regulations promulgated thereunder.

M. "Securities Offering Regulations" means any regulations promulgated by

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any agency or authority of the United States government, under the Securities Act, or any statute hereafter enacted into law, relating to or governing an Offering of securities by the Company.

N. "Imperial Shares" means the shares of Common Stock, and any other

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securities into which the Common Stock may be changed by virtue of any merger, consolidation or recapitalization or otherwise, owned of record by Imperial as of the date hereof.

IV. a. Incidental Registration Rights. If the Company proposes to make an

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Offering of its Common Stock and to prepare Offering Documents not required pursuant to Paragraph 4 (other than any registration by the Company on Form S-8 or a successor or substantially similar form of (A) an employee stock option, stock purchase or compensation plan or securities issued or to be issued pursuant to any such plan, or (B) a dividend investment plan), the Company will give prompt written notice to Imperial of its intention to do so and of Imperial's rights under this Paragraph 3. Upon the written request of Imperial made within thirty (30) days after the receipt of any such notice (which request shall specify the number of Imperial Shares intended to be disposed of by Imperial), the Company will include in the Offering Documents relating to such Offering all Imperial Shares that the Company has been requested to include by Imperial; provided, that if at any time after giving written notice under this Paragraph 3 the Company shall determine for any reason not to proceed with the proposed Offering, the Company may, at its election, give written notice of such determination to Imperial and thereupon shall be relieved of its obligations to Imperial with respect to such proposed Offering under this Paragraph 3. Imperial shall be entitled to withdraw its request

for the inclusion of Imperial Shares in an Offering and withdraw from the Offering at any time before the time that the Offering Documents, including any Registration Statement (if applicable), are declared effective and the Offering has commenced.

B. Continuous Offering. If the Company intends to effect a Continuous

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Offering, the Company will give written notice thereof to Imperial and include in such Offering all of the Imperial Shares which Imperial elects to include in such Offering. During the period in which a Registration Statement (if applicable) with respect to a Continuous Offering is effective, if Imperial desires to sell Imperial Shares in a transaction covered by such Registration Statement, it shall give notice to the Company of the proposed date of such sale at least thirty (30) days before such proposed date of sale, and the Company shall take all actions necessary to permit such sale. Within fifteen (15) days of receipt of notice of a proposed sale by Imperial, the Company will advise Imperial either that it has no objection of such a registered sale or that such a registered sale should be delayed for up to four months, on the basis either that the Company is involved in a confidential proposed transaction or negotiations therefor (which have been previously disclosed to the Company's Board of Directors) which would not require the Company to make or amend any public filings under the securities laws at that time, or that such sale would have a material adverse effect upon the Company's ability to access the capital markets. If the Company has not objected to such proposed registered sale as permitted in this subparagraph (b) within such fifteen (15) day period, the Company shall take all actions necessary to permit such sale on the proposed date of sale pursuant to such Registration Statement.

C. Underwritten Offerings. In the case of an underwritten Offering

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initiated by the Company under this Paragraph 3, including underwritten Offerings effected as part of a Continuous Offering, the underwriter(s) and the managing underwriter shall be selected by the Company. If the managing underwriter advises the Company in writing that, in its opinion, the number of Imperial Shares and securities of the Company, if any, being sold exceeds the number that can be sold in such Offering, so as to be likely to have an adverse effect on the price at which the Company can sell securities for its own account, then there shall be included in such Offering (and in the Offering Documents) first, securities of the Company being sold for its own account, and second, the maximum number of Imperial Shares requested to be included in such Offering which, in the opinion of such managing underwriter, can be sold without have such adverse effect on such price. If Imperial Shares are so excluded from registration in an Offering, the Company shall, upon the request of Imperial, use its reasonable efforts to effect a registration with the SEC or take such actions as shall be reasonably required to effect an Offering (in the event the Imperial Shares are already registered with the SEC) in respect of such excluded Imperial Shares as soon as practicable after consummation of such Offering. Imperial may withdraw its Imperial Shares from such subsequent Offering without costs or penalty at any time before the effective date of the Registration Statement relating to such Offering.

D. Expenses. In connection with any offering of Imperial Shares in

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connection with a new issuance of Common Stock by the Company, the Company shall pay all Registration Expenses.

V. Demand Registration Rights. Imperial, without limitation as to any other  
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method of disposition available to it, shall be entitled to dispose of any or all of the Imperial Shares then held by it in accordance with the provisions of this Paragraph 4.

A. Requests by Imperial. Upon the receipt by the Company of written  
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notice from Imperial of its intent to sell all or part of its Imperial Shares in an Offering subject to this Paragraph 4 at least 30 days before such proposed date of sale, and specifying both the number of Imperial Shares to be sold and the intended method of disposition, the Company will use its best efforts to register such Imperial Shares so as to permit as soon as practicable the requested sale of Imperial Shares. Within fifteen (15) days of receipt of notice of a proposed sale by Imperial, the Company will advise Imperial either that it has no objection of such a registered sale or that such a registered sale should be delayed for up to four months, on the basis either the Company is involved in a confidential proposed transaction or negotiations therefor (which have been previously disclosed to the Company's Board of Directors) which would not require the Company to make or amend any public filings under the securities laws at that time. If the Company has not objected to such proposed registered sale as permitted in this subparagraph (a) within such fifteen (15) day period, the Company shall take all actions necessary to permit such sale on the proposed date of sale pursuant to such Registration Statement. If, at any time after giving 30 days written notice under this Paragraph 4, Imperial shall notify the Company in writing that it has determined for any reason not to proceed with the proposed Offering, then the Company shall terminate such Offering.

B. Limitation on Requests and Payment of Registration Expenses. Imperial  
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shall be entitled to make a request to the Company to register Imperial Shares pursuant to the provisions of Paragraph 3(b) or this Paragraph 4 two times within each one year period. The Company shall not be required to register Imperial Shares in accordance with the provisions of Paragraph 4(a) if there is outstanding at the time of the request an effective Registration Statement for a Continuous Offering and Imperial can dispose of Imperial Share in accordance with Paragraph 3(b). The Company will pay all Registration Expenses in connection with the Offering of Imperial Shares requested by Imperial pursuant to the second sentence of Paragraph 3(b) or this Paragraph 4. Any Offering abandoned or terminated by Imperial after its filing in accordance with the provisions of Paragraph 4(a) shall be deemed to be a request pursuant to this Paragraph 4.

C. Selection of Underwriters. If Imperial specifies in the notice  
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delivered to the Company pursuant to Paragraph 4 that it intends to sell Imperial Shares in an underwritten Offering pursuant to the second sentence of Paragraph 3(b) or Paragraph 4, Imperial shall be entitled to select the underwriter(s) and managing underwriter. If the Company issues and sells securities of the same class as the Imperial Shares contemporaneously with any Offering pursuant to Paragraph 3(b) or this Paragraph 4, the Company shall (i) sell such securities to the underwriter(s) selected by Imperial pursuant to this Paragraph 4(c) on the same terms and conditions as apply to Imperial and (ii) execute and deliver a copy of the underwriting agreement relating to such Offering. If the managing underwriter advises Imperial and the Company in writing that, in its opinion, the number of securities requested to be included in such Offering exceeds the number that can be sold in such Offering, so as to be likely to have an adverse effect on the price at which the Imperial Shares or securities being offered by the Company can be sold, then there shall be included in such Offering (and in the Offering Documents relating to such Offering) first, the maximum number of Imperial

Shares requested to be included in such Offering by Imperial and second, the maximum number of securities, if any, proposed to be sold by the Company for its own account or for the account of any other holder of the Company's securities, which in the opinion of the managing underwriter can be sold without having such adverse effect.

D. Registration on Form S-3. Imperial shall have the right to require the

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Company to register any or all of its shares on Form S-3 (or on Form S-1, if Form S-3 is not available).

VI. The Company's Duties. If and whenever the Company is required to permit

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Imperial to effect any Offering as provided in Paragraphs 3 and 4, the Company covenants and agrees that it will, as expeditiously as possible (but not later than thirty (30) days after receipt of a request from Imperial to include Imperial Shares in a given Offering):

A. (A) prepare all Offering Documents in accordance with all applicable requirements of the Securities Act, and the Securities Offering Regulations, including, if requested by Imperial and if permitted by the rules and regulations of the SEC, a Registration Statement pursuant to Rule 415 of the Securities Act or any successor rule of the SEC, with respect to such Offering to permit the disposition of the Imperial Shares by Imperial in accordance with the intended method of disposition (and, in the case of an underwritten Offering, consistent in form, substance, and scope with customary practice for the offering of securities of corporations by nationally recognized investment banking firms), (B) file with the SEC such Offering Documents and all other documents required to permit the disposition thereof; provided, that before filing any such Offering Documents (including any documents incorporated by reference therein), the Company will furnish to counsel(s) designated by Imperial and to the underwriter(s), if any, copies of all such Offering Documents, which Offering Documents shall be subject to the review of such counsel(s) and the underwriter(s), if any, and, where feasible, the Company shall make such changes in such Offering Documents as are reasonably requested by such counsel(s) or underwriter(s), and (C) use its reasonable efforts to have such Offering Documents declared effective by, and obtain all approvals from the SEC to the extent necessary to permit the Offering; provided, however, that the Company may discontinue any Offering that is being effected pursuant to Paragraph 3 at any time before the effective date of the related Offering Documents; and provided, further, that the Company shall not file any Offering Document which shall be disapproved by Imperial within a reasonable period after the same has been provided for review;

B. thereafter, prepare and file with the SEC such amendments and post-effective amendments to the Offering Documents as may be necessary to keep the Offering Documents continuously effective and cause the Offering Documents to be supplemented by any required supplement, and as so supplemented to be filed, if required, with the SEC during the period ending on the later of (i) such time as all of the Imperial Shares covered by such Offering Documents have been disposed of in accordance with the intended method of disposition set forth in such Offering Documents or, in the case of an Offering made pursuant to Rule 415 under the Securities Act or any successor rule of the SEC (if applicable), if securities remain unsold at the expiration of the Offering, such time as the Company shall file, with the consent of Imperial, a post-effective amendment with the SEC deregistering the securities which remain unsold at the termination of the Offering or (ii) so long as a dealer is required to deliver a Prospectus in connection with the Offering; provided, that

before filing any such post-effective amendment, the Company will furnish to counsel(s) designated by Imperial and to the underwriter(s), if any, copies of the post-effective amendment (including any other document proposed to be filed therewith), which Offering Documents shall be subject to the review of such counsel(s) and the underwriter(s), if any, and, where feasible, the Company shall make such changes in such post-effective amendment as are reasonably requested by such counsel(s) or underwriter(s);

C. furnish to Imperial and to the underwriter(s), if any, such number of copies of the Offering Documents (including each amendment and supplement thereto) as they may reasonably request in order to facilitate the disposition of the Imperial Shares included in such Offering;

D. register or qualify, or cooperate with Imperial, the underwriter(s), if any, and their respective counsel in registering or qualifying, all Imperial Shares covered by the Offering Documents for offer and sale under the applicable securities or blue sky laws of such jurisdictions as Imperial and the underwriter(s), if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable Imperial and the underwriter(s), if any, to consummate the disposition in such jurisdictions of the Common Stock covered by the Offering Documents; provided however that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any tax in any such jurisdiction where it is not then so subject;

E. use its reasonable efforts to cause such Common Stock covered by the Offering Documents to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable Imperial and the underwriter(s), if any, to consummate the disposition of such Common Stock;

F. cooperate reasonably with any managing underwriter to effect the sale of any Imperial Shares, including but not limited to attendance of the Company's executive officers at any planned "road show" presentations';

G. notify Imperial and the underwriter(s), if any, at any time when the Offering Documents include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of Imperial or any underwriter, prepare and furnish to such Person(s), such reasonable number of copies of any amendment or supplement to the Offering Documents as may be necessary so that, as thereafter delivered to the purchasers of such Common Stock, such Offering Documents shall not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and to deliver to purchasers of any other securities of the Company included in the Offering copies of such Offering Documents as so amended or supplemented;

H. keep Imperial informed of the Company's best estimates of the earliest date on which the Offering Documents will become effective, and promptly notify Imperial of (A) the effectiveness

of such Offering Documents, (B) a request by the SEC for an amendment or supplement to such Offering Documents, (C) the issuance by the SEC of an order suspending the effectiveness of the Offering Documents, or of the threat of a proceeding for that purpose, and (D) the suspension of the qualification of any securities included in the Offering Documents for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

I. comply with the provisions of the Securities Offering Regulations and the Securities Act with respect to the disposition of all securities covered by the Offering Documents in accordance with the intended method of distribution of the sellers thereof set forth in such Offering Documents;

J. use its reasonable efforts to list the securities proposed to be sold in such Offering on the American Stock Exchange, or on such other securities exchange on which the Common Stock is then listed, not later than the closing of the Offering contemplated thereby;

K. enter into such customary agreements (including but not limited to an underwriting agreement in customary form) and take such other reasonable actions as Imperial or the underwriter(s), if any, reasonably request in order to expedite or facilitate the disposition of such Common Stock;

L. obtain such "cold comfort" letter(s) from the Company's independent public accountants, in customary form and covering matters of the type customarily covered by "cold comfort" letter(s), as Imperial or the underwriter(s), if any, shall reasonably request; and

M. upon prior notice, make available for reasonable inspection by any underwriter(s) participating in any disposition to be effected pursuant to the Offering Documents and by any attorney, accountant, or other agent retained by any such Person(s), its financial and other records, pertinent corporate documents and properties of the Company, and such opportunities to discuss the business of the Company with its officers, directors, and employees and the independent public accountants who have certified its financial statements as shall be necessary, in the opinions of such underwriters' respective counsels, to conduct a reasonable investigation; provided, that any records, information, or documents that are designated by the Company in writing as confidential shall be kept confidential by each such Person, unless disclosure of such records, information, or documents is required by law, by judicial or administrative order, or in order to defend a claim asserted against such Person in connection with such Offering.

VII. Information from Imperial.  
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A. Information. The Company may require Imperial to furnish it with such information regarding Imperial and regarding the method of distribution as is pertinent to the disclosure requirements relating to the Offering of such Common Stock as the Company may from time to time reasonably request in writing.

B. Use of Offering Documents Upon Notice of Defects. Imperial agrees, and shall cause underwriter(s), if any, acting on its behalf to agree, that upon receipt of any notice from the Company of the happening of any event of the kind described in Paragraph 5(f), it will immediately

discontinue the use of the Offering Documents covering such Common Stock until the receipt by Imperial and any such underwriter(s) of the copies of the supplemented or amended Offering Documents contemplated by such clause and, if so directed by the Company, Imperial will deliver and cause each underwriter, if any, to deliver to the Company all copies, other than permanent file copies then in the possession of Imperial or any such underwriter, of the Offering Documents covering such Common Stock at the time of receipt of such notice. If the Company shall give any such notice, the period mentioned in Paragraph 5(b) shall be extended by the number of days during which offerings were suspended (i.e., the period from and including the date of the receipt of such notice pursuant to Paragraph 5(f), to and including the date when Imperial shall have received the copies of the supplemented or amended Offering Documents contemplated by such clause).

VIII. Resales; Reports Under Exchange Act. In order to permit Imperial to sell

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the Imperial Shares, if it so desires, pursuant to any applicable resale exemption under the Securities Offering Regulations or the Securities Act, the Company will:

A. comply with all rules and regulations of the SEC in connection with use of any such resale exemption;

B. make and keep available adequate and current public information regarding the Company;

C. file with the SEC in a timely manner, all reports and other documents required to be filed under the Securities Act, the Exchange Act, or the Securities Offering Regulations;

D. furnish to Imperial copies of annual reports required to be filed under the Exchange Act and the Securities Offering Regulations; and

E. furnish to Imperial, upon request, (A) a copy of the most recent quarterly report of the Company and such other reports and documents filed by the Company with the SEC and (B) such other information as may be reasonably requested to permit Imperial pursuant to any applicable resale exemption under the Securities Act or the Securities Offering Regulations, if any.

IX. Indemnification. The obligations of indemnification of the Parties set

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forth in this Paragraph 8 shall be in addition to any liability which any Party may otherwise have to any other party.

A. Indemnification by the Company. The Company agrees to indemnify and

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hold harmless, to the full extent permitted by law, Imperial, its officers, directors, employees and agents, each Person who participates as an underwriter in an Offering, each officer, director, employee or agent of such an underwriter, and each Person who controls (within the meaning of the Securities Act) Imperial and such an underwriter against any and all losses, claims, damages, liabilities, expenses, joint or several, including without limitation reasonable legal or other expenses incurred in connection with investigating or defending against any loss, claim, damage, or liability, or action or proceeding (whether commenced or threatened) in respect thereof, caused by any untrue statement or alleged untrue statement of a material fact contained in any of the Offering Documents relating to such Offering, or any omission or alleged omission to state therein a material fact required to be



stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, except insofar as the same are (i) made in reliance on and in conformity with any information about Imperial or any underwriter furnished in writing to the Company by Imperial or any underwriter specifically for inclusion in the Offering Documents relating to such Offering or (ii) the result of the fact that Imperial or any underwriter sold Common Stock subject to an Offering to a Person to whom there was not sent or given, at or before the written configuration of such sale, a copy of the final Offering Documents, if the Company has previously furnished copies thereof to Imperial or underwriter and such final Offering Documents corrected such untrue statement or alleged untrue statement or omission or alleged omission.

B. Indemnification by Imperial. Imperial agrees to indemnify and hold

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harmless, to the full extent permitted by law, the Company, its officers, directors, employees, and agents, each Person who participates as an underwriter in an Offering, each officer, director, employee or agent of such an underwriter, and each Person who controls (within the meaning of the Securities Act) the Company and such underwriter against any and all losses, claims, damages, liabilities, and expenses, joint or several, including without limitation reasonable legal or other expenses incurred in connection with investigating or defending against any loss, claim, damage, or liability, or action or proceeding (whether commenced or threatened) in respect thereof, caused by any untrue statement or alleged untrue statement of a material fact contained in any of the Offering Documents relating to such Offering or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, but only to the extent that such untrue statement or omission is made in reliance on and in conformity with any information furnished in writing by Imperial concerning Imperial to the Company specifically for inclusion in the Offering Documents relating to such Offering.

C. Notices of Claims; Procedures. Promptly after receipt by an

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indemnified party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Paragraph 8, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of the indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Paragraph 8, except to the extent that the indemnifying party is actually materially prejudiced by such failure to give notice. If any such action is brought against an indemnified party (unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim) the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation; provided, however, that, any Person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (A) the indemnifying party has agreed to pay

such fees or expenses or (B) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such Person or (C) in the reasonable judgment of any such Person based upon advice of its counsel, a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include, as an unconditional term thereof, the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. An indemnifying party who is not entitled to or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel in each jurisdiction for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels.

D. Contribution. If the indemnification provided for this in this

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Paragraph 8 from the indemnifying party is unavailable to an indemnified party hereunder (other than pursuant to the terms hereof) in respect of any losses, claims, damages, liabilities, or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions that resulted in such losses, claims, damages, liabilities, or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such action. The amount paid or payable by a Party as a result of the losses, claims, damages, liabilities, and expense referred to above shall be deemed to include, subject to the limitations set forth in this Paragraph 8(d) any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. The Parties agree that it would not be just and equitable if contributions pursuant to this Paragraph 8(d) were determined by a pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to above. No Person guilty of fraudulent misrepresentation shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

E. This Paragraph 8 shall apply to each Registration Statement filed by the Company pursuant to this Agreement that includes Imperial Shares.

X. Miscellaneous.  
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A. Termination. Imperial's rights to demand registration or to  
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participate in underwritten Offerings of the Common Stock shall expire on  
December 1, 2002.

B. Amendments and Waivers. This Agreement may be amended, and the Company  
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may take any action herein prohibited or omit to perform any act herein required  
to be performed by it, only if the Company shall have obtained the written  
consent of Imperial to such amendment, action or omission to act.

C. Successors, Assigns and Transferees. This Agreement shall be binding  
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upon the parties hereto and their respective successors and assigns.

D. Notices. Any notice, request, demand, consent, approval or other  
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communication permitted or required to be given to any of the parties hereunder  
shall be deemed given when received, shall be in writing, and shall be delivered  
in person or sent by certified mail, postage prepaid, or by private courier  
service or by telecopy or telex, to such party at its address set forth below or  
at such other address as such party may hereunder furnish in writing to the  
other parties.

(i) if to the Company, to:

Imperial Credit Mortgage Holdings, Inc.  
20371 Irvine Avenue  
Santa Ana Heights, California 92707  
Attention: Joseph R. Tomkinson

(ii) if to Imperial:

Imperial Credit Advisors, Inc.  
23550 Hawthorne Blvd.  
Building 1, Suite 240  
Torrance, California 90505  
Attention: Irwin Gubman, Esq.

E. Headings. The headings in this Agreement are for the convenience of  
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reference only and shall not limit or otherwise affect the meaning of the  
interpretation of this Agreement or any provision hereof.

F. Severability. In the event that any one or more of the provisions  
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contained herein, or the application thereof in any circumstances, is held  
invalid, illegal or unenforceable in any respect for any reason, the validity,  
legality and enforceability of such provision in every other respect and of the  
remaining provisions hereof shall not be in any way impaired, it being intended  
that all rights, powers and privileges of the parties hereto shall be  
enforceable to the fullest extent permitted by law.

G. Counterparts. This Agreement may be executed in any number of

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counterparts, each of which when so executed shall be deemed an original, and all such counterparts shall together constitute one and the same instrument.

H. Governing Law. This Agreement shall be governed by and construed in

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accordance with the laws of the United States of America and, in the absence of controlling federal law, in accordance with the laws of the State of California.

I. Reference Provision.

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(i) Each controversy, dispute or claim between the parties arising out of or relating to this Agreement, will be settled by a reference proceeding in Orange County, California, in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure, or their successor section ("CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court of Orange County (the "Court"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the date of the Contest, the referee shall be promptly selected by the Presiding Judge of the Orange County Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers for a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one preemptory challenge pursuant to CCP 170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the date of the Contest and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP 644 in any court in the State of California having jurisdiction. Any party may apply for a reference at any time after thirty (30) days following notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Agreement shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and, request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties.

(ii) Except as expressly set forth in this Agreement, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests,

a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(iii) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(iv) In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Orange County Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

j. Entire Agreement. This Agreement embodies the entire Agreement of the parties hereto in relation to the subject matter hereof and supersedes all prior understandings or agreements, oral or written, with respect thereto among the parties hereto.

k. Certain Remedies. Without in any way limited the remedies otherwise available under this Agreement, the parties hereto acknowledge that, in the event of any breach or nonperformance by any party of the agreements or covenants required by this Agreement to be performed or observed by it, the other parties shall be entitled to such equitable remedies as may be appropriate, including, without limitation specific performance.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement or caused this Agreement to be executed on its behalf as of the date first written above.

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

By: /s/ Joseph R. Tomkinson

\_\_\_\_\_  
Name: Joseph R. Tomkinson  
Title: Chief Executive Officer

IMPERIAL CREDIT ADVISORS, INC.

By: /s/ H. Wayne Snavelly

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Name: H. Wayne Snavelly  
Title: Chairman