SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
FORM 10-K/A

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997
OR

[_]TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER: 0-19861

IMPAC MORTGAGE HOLDINGS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MARYLAND	33-0675505
(STATE OR OTHER JURISDICTION OFINCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYERIDENTIFICATION NO.)
20371 IRVINE AVENUE SANTA ANA HEIGHTS, CALIFORNIA	92707
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (714) 556-0122

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock $0.01 par value	American Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. [_]

AT MARCH 24, 1998, THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT WAS APPROXIMATELY $364.4 MILLION, BASED ON THE CLOSING SALES PRICE OF THE COMMON STOCK ON THE AMERICAN STOCK EXCHANGE. FOR PURPOSES OF THE CALCULATION ONLY, IN ADDITION TO AFFILIATED COMPANIES, ALL DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT HAVE BEEN DEEMED AFFILIATES. THE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AS OF MARCH 24, 1998 WAS 23,257,036.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

PART III

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

RELATIONSHIPS WITH THE MANAGER

The Company entered into the Management Agreement with ICAI, the Manager, effective on November 20, 1995, for an initial term that expired on January 31, 1997 which the Company renewed for an additional five year term. (See "--Management Fees"). Effective December 19, 1997, the Company terminated its Management Agreement with the Manager. The termination fee was paid with 2,009,310 shares of the Company's Common Stock representing a value of $35.0 million in addition to other assets comprising the balance. See "--Termination of Management Agreement."

The Company is currently negotiating with the principals of RAI to provide management services. The arrangement pursuant to which management services will be provided to the Company will be on terms no less favorable to the Company on a pro rata basis than the terms of the agreement with ICAI.

Management Fees

Prior to January 31, 1997, the Manager was entitled to a per annum base management fee payable monthly in arrears of an amount equal to (1) 3/8 of 1% of Gross Mortgage Assets (as defined in the Management Agreement) of IMH comprised of other than Agency Certificates (as defined in the Management Agreement), conforming mortgage loans or mortgage-backed securities secured by or representing interests in conforming mortgage loans, plus (2) 1/8 of 1% of the remainder of Gross Mortgage Assets of IMH plus (3) 1/5 of 1% of the average daily asset balance of the outstanding amounts under IWLG's warehouse lending facilities. A base management fee of $4.0 million, $2.1 million, $38,000 was accrued for the years ended December 31, 1997, 1996 and the Interim Period, respectively.

Prior to January 31, 1997, as incentive compensation (the "Incentive Payment"), the Manager was entitled to receive for each fiscal quarter, an amount equal to 25% of the net income of the Company, before deduction of such incentive compensation, in excess of the amount that would produce an annualized Return on Equity equal to the daily average Ten Year U.S. Treasury Rate plus 2%. The term "Return on Equity" was calculated for any quarter by dividing the Company's Net Income for the quarter by its Average Net Worth for the quarter. For such calculations, the "Net Income" of the Company means the income of the Company determined in accordance with GAAP before the Manager's incentive compensation, the deduction for dividends paid and any net operating loss deductions arising from losses in prior periods. A deduction for all of the Company's interest expenses for borrowed money was also taken in calculating Net Income. "Average Net Worth" for any period means the arithmetic average of the sum of the gross proceeds from any offering of its equity securities by the Company, before deducting any underwriting discounts and commissions and other expenses and costs relating to the offering, plus the Company's retained earnings (without taking into account any losses incurred in prior periods) computed by taking the daily average of such values during such period. The definition "Return on Equity" was only for purposes of calculating the incentive compensation payable, and was not related to the actual distributions received by stockholders. The 25% Incentive Payment to the Manager was calculated quarterly in arrears before any income distributions were made to stockholders for the corresponding period. For the years ended December 31, 1997, 1996 and the Interim Period, the Manager earned $2.3 million, $1.3 million, and none, respectively, for the Manager's Incentive Payment.

Pursuant to the Management Agreement, the Company provided up to 1/5 of the Company's 25% Incentive Payment for distribution as bonuses to its employees in amounts determined by the Company's Board of Directors. Such payment were made in lieu of payment of a like amount to the Manager under the Management Agreement. For the years ended December 31, 1997, 1996 and the Interim Period, the Company recorded $307,000, $155,000 and none, pursuant to this provision of the Management Agreement.

The Management Agreement described above expired on January 31, 1997 and a new five year agreement was executed with similar terms except as follows: (1) 75% of the per annum base management fee as calculated above was paid to the Manager for services rendered under the agreement; (2) 25% of the per annum base management fee as calculated above was paid to participants in its executive bonus pool in amounts determined in the sole discretion of the Company's Chief Executive Officer; (3) the Company reserved up to 1/4 versus 1/5 of the above incentive compensation for distribution as bonuses to participants in its executive bonus pool in amounts determined in the sole discretion of the Company's Chief Executive Officer; and (4) net income included in the Return on Capital calculation was changed from net income in accordance with GAAP to net taxable income.

The Manager's base and incentive fees were calculated by the Manager within 60 days after the end of each calendar quarter, with the exception of the fourth quarter for which compensation was computed within 30 days, and such calculation was promptly delivered to the Company. The Company was obligated to pay the base fee within 90 days after the end of each calendar quarter.

Expenses

Pursuant to the Management Agreement, the Company also paid all operating expenses except those specifically required to be borne by the Manager under the Management Agreement. The operating expenses generally required to be borne by the Manager include the compensation and other employment costs of the Manager's officers in their capacities as such and the cost of office space and out-of-pocket costs, equipment and other personnel required for oversight of the Company's operations. The expenses paid by the Company included issuance and transaction costs incident to the acquisition, disposition and financing of investments, regular legal and auditing fees and expenses of the Company, the fees and expenses of the Company's Directors, premiums for directors' and officers' liability insurance, premiums for fidelity and errors and omissions insurance, servicing and sub-servicing expenses, the costs of printing and mailing proxies and reports to stockholders, and the fees and expenses of the Company's custodian and transfer agent, if any. Reimbursements of expenses incurred by the Manager which are the responsibility of the Company are made monthly. For the years ended December 31, 1997, 1996 and for the Interim Period, there were no monies paid to the Manager as reimbursement of expenses.

Termination of Management Agreement

Effective December 19, 1997, the Company terminated its Management Agreement with ICAI. A termination fee in the aggregate of $44.0 million was paid with 2,009,310 shares of the Company's Common Stock representing a value of $35.0 million in addition to equity in IFC's residual interests in securitizations originally purchased from ICII during 1996 representing $9.0 million. IMH purchased the equity in residual interests in securitizations from IFC for $9.0 million and simultaneously retired IFC's borrowings with IMH for the equity in residual interests in securitizations of $9.0 million. No gain or loss on the sale of residual interests in securitizations was recorded by IMH or IFC. For financial accounting purposes, the termination fee was treated as a non-recurring, non-cash expense and resulted in a charge of $44.4 million to the Company's fourth quarter earnings.

RELATIONSHIPS WITH ICII

General

ICII is a publicly traded company whose shares of common stock are listed on the Nasdaq National Market. ICAI, a wholly-owned subsidiary of ICII, was the Manager and provided advisory services to IMH in accordance with the terms of the Management Agreement during 1997. At March 24, 1998, ICII owned 2,009,310 shares of IMH Common Stock that was acquired by ICAI in December 1997 in connection with the termination of the Management Agreement. ICAI subsequently transferred the shares of stock to ICII. In addition, a number of Directors and officers of IMH and IFC also serve as Directors and/or officers of ICII. See "Item 10. Directors and Executive Officers of the Registrant." IMH currently utilizes ICAI as a resource for human resources services. See "--Services Agreement with ICAI."

With a view toward protecting the interests of IMH's stockholders, the Charter and the Bylaws of IMH provide that a majority of the Board of Directors (and at least a majority of each committee of the Board of

Directors) must not be "Affiliates" of ICAI, as that term is defined in the Bylaws, and that the investment policies of IMH must be reviewed annually by the Unaffiliated Directors. Such policies and restrictions thereon may be established from time to time by the Board of Directors, including a majority of the Unaffiliated Directors. In addition, any transaction between IMH and any Affiliated Person requires the affirmative vote of a majority of the Unaffiliated Directors. Moreover, approval, renewal or termination of the Management Agreement requires the affirmative vote of a majority of the Unaffiliated Directors.

The Contribution Transaction

On November 20, 1995, ICII contributed to IFC certain of the operating assets and certain customer lists of ICII's mortgage conduit operations including all of ICII's mortgage conduit operations' commitments to purchase mortgage loans subject to rate locks from correspondents (having a principal balance of $44.3 million at November 20, 1995), in exchange for shares representing 100% of the common stock and 100% of the outstanding non-voting preferred stock of IFC. Simultaneously, on November 20, 1995, in exchange for 500,000 shares of Common Stock, ICII (1) contributed to IMH all of the outstanding non-voting preferred stock of IFC, which represents 99% of the economic interest in IFC, (2) caused SPB to contribute to IMH certain of the operating assets and certain customer lists of SPB's warehouse lending division, and (3) executed the Non-Compete Agreement and the Right of First Refusal Agreement, each having a term of two years from November 20, 1995. Of the 500,000 shares issued pursuant to the Contribution Transaction, 450,000 shares were issued to ICII and 50,000 shares were issued to SPB. Such shares have subsequently been sold by ICII and SPB. All of the outstanding shares of common stock of IFC were retained by ICII (the shares of Common Stock of IFC have subsequently been transferred to Messrs. Tomkinson, Ashmore and Johnson). Lastly, IMH contributed all of the aforementioned operating assets of SPB's warehouse lending operations contributed to it by SPB to IWLG in exchange for shares representing 100% of the common stock of IWLG thereby forming it as a wholly owned subsidiary. At November 20, 1995, the net tangible book value of the assets contributed pursuant to the Contribution Transaction was $525,000. ICII and SPB retained all other assets and liabilities related to the contributed operation, which at November 20, 1995 consisted mostly of $11.7 million of MSRs, $22.4 million of finance receivables and $26.6 million in advances made by ICII and SPB to fund mortgage conduit loan acquisitions and to fund finance receivables, respectively.

Pursuant to the Non-Compete Agreement, ICII and any entity of which ICII owned more than 25% of the voting securities (a 25% entity) could not compete with the Company's Warehouse Lending Operationsand could not establish a network of third party correspondent loan originators or another end-investor in non-conforming mortgage loans. This agreement expired on November 20, 1997.

Pursuant to the Right of First Refusal Agreement, ICII granted IFC a right of first refusal to purchase all non-conforming mortgage loans that ICII or any 25% entity originated or acquired and subsequently offered for sale, and IFC granted ICII, or any 25% entity designated by ICII, a right of first refusal to purchase all conforming mortgage loans that IFC acquired and subsequently offered for sale. This agreement expired on November 20, 1997.

Arrangements and Transactions With ICII

The Company and ICII have entered into agreements for the purpose of defining their ongoing relationships. These agreements were developed in the context of a parent/subsidiary relationship and therefore were not the result of arms length negotiations between independent parties. It is the intention of the Company and ICII that such agreements and the transactions provided for therein, taken as a whole, are fair to both parties, while continuing certain mutually beneficial arrangements. However, there can be no assurance that each of such agreements, or the transactions provided for therein, have been effected on terms at least as favorable to the Company as could have been obtained from unaffiliated third parties.

The Company has entered into a sublease with ICII to lease a portion of its facilities as the Company's executive offices and administrative facilities. The Company believes that the terms of the sublease are at least as favorable as could have been obtained from an unaffiliated third party. For the year ended December 31, 1997, 1996 and the Interim Period, $395,672, $180,861 and $12,210, respectively, were paid by the Company to ICII under the sublease. See "Item 2. Properties."

Additional or modified arrangements and transactions may be entered into by the Company, ICII, and their respective subsidiaries, in the future. Any such future arrangements and transactions will be determined through negotiation between the Company and ICII, and it is possible that conflicts of interest will be involved. The Unaffiliated Directors, consisting of directors independent of the Company, any manager of the Company (including ICAI) and ICII and its Affiliates, must independently approve all transactions by and between the Company and ICII.

Tax Agreement

IMH entered into an agreement (the "Tax Agreement") effective November 20, 1995 with ICII for the purposes of (1) providing for filing certain tax returns, (2) allocating certain tax liability and (3) establishing procedures for certain audits and contests of tax liability.

Under the Tax Agreement, ICII has agreed to indemnify and hold IMH harmless from any tax liability attributable to periods ending on or before November 20, 1995, in excess of such taxes as IMH has already paid or provided for. For periods ending after November 20, 1995, IMH will pay its tax liability directly to the appropriate taxing authorities. To the extent (1) there are audit adjustments that result in a tax detriment to IMH or (2) IMH incurs losses that are carried back to an earlier year and any such adjustment described in (1) or loss described in (2) results in a tax benefit to ICII or its affiliates, then ICII will pay to IMH an amount equal to the tax benefit as that benefit is realized. ICII agrees to indemnify IMH for any liability associated with the contribution of the preferred stock of IFC and certain operational assets of SPB's warehouse lending division or any liability arising out of the filing of a federal consolidated return by ICII or any return filed with any state or local counterpart liability. To the extent there are audit adjustments that result in any tax detriment to ICII or any of its affiliates with respect to any period ending on or before November 20, 1995, as a result thereof, IMH for any taxable period after November 20, 1995 realizes a tax benefit, then IMH shall pay to ICII the amount of such benefit at such time or times as IMH actually realizes such benefit.

ICII generally controls audits and administrative and judicial proceedings with respect to periods ending on or before November 20, 1995, although ICII cannot compromise or settle any issue that increases IMH's liability without first obtaining the consent of IMH. IMH generally controls all other audits and administrative and judicial proceedings.

Services Agreement with ICII

Prior to November 20, 1995, the predecessors of IFC and IWLG were historically allocated expenses of various administrative services provided by ICII. The costs of such services were not directly attributable to a specific division or subsidiary and primarily included general corporate overhead, such as accounting and cash management services, human resources and other administrative functions. These expenses were calculated as a pro rata share of certain administrative costs based on relative assets and liabilities of the division or subsidiary, which management believed was a reasonable method of allocation. The allocations of expenses for the period January 1, 1995 to November 19, 1995 were $269,226 for IFC and IWLG combined.

The Company and ICII entered into a services agreement effective as of November 20, 1995 (the "Services Agreement") under which ICII provides various services to the Company, including data processing, human resource administration, general ledger accounts, check processing and payment of accounts payable. ICII charges fees for each of the services which it provides under the Services Agreement based upon usage. The Company may terminate the Services Agreement, in whole or in part, upon one month's written notice. As part of the services to be provided under the Services Agreement, ICII provides the Company with insurance coverage and self-insurance programs, including health insurance. The charge to the Company for coverage will be based upon a pro rata portion of the costs to ICII for the various policies. Management believes that the terms of the Services Agreement are as favorable to the Company as could be obtained from independent third parties. For the year ended December 31, 1997, 1996 and for the Interim Period, total expenses related to these services that were allocated to IFC and IWLG combined were $160,080, $440,782 and $29,131, respectively.

Services Agreement with ICAI

In connection with the Termination Agreement, the Company entered into a services agreement with ICAI for a term of one year. ICAI agreed to provide certain human resource and data and phone communication services based on an arranged fee.

ARRANGEMENTS WITH ICH

In February 1997, the Company incorporated ICH, a specialty commercial property finance company which will elect to be taxed as a REIT. ICH purchases, sells and securitizes commercial mortgage loans and invests in such mortgage loans and securities backed by such loans. In connection with the organization of ICH and its initial public offering in August 1997, the Company capitalized ICH with $15.0 million and as of December 31, 1997 held 719,789 shares of ICH common stock representing 9.8% of the outstanding shares of common stock, from which it expects to receive dividend income, and 674,211 shares of ICH's non-voting Class A Common Stock, which are convertible into an equivalent amount of shares of common stock.

Many of the affiliates of IMH, RAI and IFC have interlocking executive positions and share common ownership. Joseph R. Tomkinson, IMH's Chairman of the Board and Chief Executive Officer and IFC's Chief Executive Officer and a Director, is the Chief Executive Officer and Chairman of the Board of ICH, a one-third owner of RAI, an owner of one-third of the common stock of IFC, and an owner of 25% of the common stock of ICCC. William S. Ashmore, IMH's President, Chief Operating Officer, and a Director and IFC's President and a Director, is the President and Chief Operating Officer of ICH, a one-third owner of RAI, an owner of one-third of the common stock of IFC, and an owner of 25% of the common stock of ICCC. Richard J. Johnson, IMH's Executive Vice President, Chief Financial Officer, Treasurer and Secretary, and a Senior Vice President, Chief Financial, Officer Secretary and Director of IFC, is Executive Vice President, Chief Financial Officer, Treasurer and Secretary of ICH, a one-third owner of RAI, an owner of one-third of the common stock of IFC, and an owner of 25% of the common stock of ICCC. Mary C. Glass-Schannault, IMH's and IFC's Senior Vice President, is a Senior Vice President of ICH and ICCC. Each of James Walsh, Frank P. Filipps and Stephan R. Peers, Directors of IMH, are Directors of ICH. Messrs. Tomkinson, Ashmore, Johnson and Ms. Glass-Schannault and Messrs. Snaveley, Walsh, Filipps and Peers hold 76,800, 76,800, 62,400 and 12,000 and 12,000 shares of the common stock of ICH. Messrs. Tomkinson, Ashmore and Johnson and Ms. Glass-Schannault also hold options to purchase 10,000 shares of ICH common stock with related dividend equivalent rights, and Messrs. Walsh, Filipps and Peers hold options to purchase 10,000 shares of common stock. In addition, as owners of all of the outstanding shares of voting stock of IFC, Messrs. Tomkinson, Ashmore, and Johnson, have the right to elect all directors of IFC and the ability to control the outcome of all matters for which the consent of the holders of the common stock of IFC is required. Ownership of 100% of the common stock of IFC entitles the owners thereof to an aggregate of 1% of the economic interest in IFC. Messrs. Tomkinson, Ashmore and Johnson received their shares of IFC from ICII.

The oversight of the day-to-day operations of ICH is conducted by RAI pursuant to a Management Agreement (the "RAI Management Agreement") entered into in August 1997. The officers of RAI, Joseph R. Tomkinson, William S. Ashmore, Richard J. Johnson and Mary C. Glass-Schannault, are also officers of IMH and IFC. RAI is owned one-third by Joseph R. Tomkinson, IMH's and ICH's Chairman of the Board and Chief Executive Officer, one-third by William S. Ashmore, IMH's and ICH's President and Chief Operating Officer and a Director of IMH, and one-third by Richard J. Johnson, IMH's and ICH's Executive Vice President, Chief Financial Officer, Treasurer and Secretary.

Each Messrs. Tomkinson, Ashmore and Johnson and Mrs. Glass-Schannault has modified his or her employment agreement with IFC to allow him or her to become an officer of RAI (and of ICH and ICCC).

However, such officers are expected to devote the majority of their time and effort towards the management and operations of IMH and IFC. RAI has agreed to cause each of its officers to devote as much of his or her time to the operations of ICH as is necessary. ICH reimburses RAI, who reimburses IFC, on a dollar for dollar basis (including the service charge referenced below), for the actual cost of providing the services of its officers to ICH based upon the compensation payable to them by IFC, plus a 15% service charge. See "Item 11. Executive Compensation." ICH reimburses RAI for expenses incurred by RAI, plus a service charge of 15% on all expenses owed by RAI to IFC for costs and services under any submanagement agreement between IFC, and RAI pays all such third parties on a dollar for dollar basis for the aforementioned amounts received by it from ICH; no such 15% service charge is paid to third party service providers other than IFC. For the first three years of the RAI Management Agreement, there is a minimum amount of $500,000 (including the 15% service charge) payable by ICH in connection with services provided and expenses incurred by RAI and payable by RAI to IFC. After the third year, ICH is only responsible for reimbursing expenses and services provided, with the 15% service charge for amounts due to IFC. Should the operations of ICH and ICCC and those of the Company require immediate attention or action by RAI or any of its officers, there can be no assurance that the officers of RAI will be able to properly allocate sufficient time to the operations of the Company. The failure or inability of the Company's officers and directors to provide the services required of them under their respective employment agreements or any other agreements or arrangements with the Company would have a material adverse effect on the Company's business.

Non-Competition Agreement

IFC and IMH entered into a non-compete agreement, (the "Non-Compete Agreement") with ICH, effective as of August 8, 1997, under which neither IMH nor IFC will originate or acquire any commercial mortgages or CMBSs for a period of the earlier of nine months from August 1997 or the date upon which ICH accumulates (for investment or sale) $300.0 million of commercial mortgages and/or commercial mortgage-backed securities ("CMBSs"). However, the Non-Compete Agreement does not preclude IMH (either directly or through IFC) from purchasing any commercial mortgages or CMBSs as permitted under the Right of First Refusal Agreement (as defined below). After the termination of the Non-Compete Agreement, and subject to the Right of First Refusal Agreement, IMH, as a mortgage REIT, and IFC may compete with the operations of ICH.

Right of First Refusal Agreement

It is anticipated that RAI will act as the manager for other REITs, some of which may have been or will be affiliated with the Company, ICH, or their respective conduit operations (an "Affiliated REIT"). In such event, any Affiliated REIT utilizing RAI as its manager may be in competition with the Company. In August 1997, RAI, ICH, ICCC, IMH and IFC entered into a ten-year right of first refusal agreement (the "Right of First Refusal Agreement"). It is expected that any Affiliated REIT utilizing RAI as its manager will become a party to the Right of First Refusal Agreement, but such event is outside the control of the Company and there can be no assurance that any or all Affiliated REITs will actually become parties to the Right of First Refusal Agreement. Pursuant to this Agreement, RAI has agreed that any mortgage loan or mortgage-backed security investment opportunity (an "Investment Opportunity") which is offered to it on behalf of either the Company, ICH or any Affiliated REIT will first be offered to that entity (the "Principal Party") whose initial primary business as described in its initial public offering documentation (the "Initial Primary Business") most closely aligns with such Investment Opportunity. In addition, both IMH and IFC on the one hand, and ICH and ICCC on the other, agree that any Investment Opportunity offered to either of them which falls outside the scope of its Initial Primary Business should be offered to the Principal Party. Should the Principal Party decline to take advantage of an Investment Opportunity offered to RAI, RAI will make an independent evaluation of which REIT's business is more greatly enhanced by such Investment Opportunity. Should all of said REIT's decline to take advantage of an Investment Opportunity offered to a REIT which is a party to the Right of First Refusal Agreement, said REIT shall then be free to pursue the Investment Opportunity. In such an event there can be no assurance that the Company will be able to take advantage of any such Investment Opportunity or that any competitive activity of ICH or any Affiliated REIT will not adversely affect the Company's operations. In addition, the Company may become further prejudiced by the Right of First Refusal Agreement to the extent that the Company desires to pursue or pursues a business outside its Initial Primary Business.

After the termination of the Non-Compete Agreement, and subject to the Right of First Refusal Agreement, IMH, as a mortgage REIT, and IFC may compete with the operations of ICH.

Submanagement Agreement

IFC entered into a submanagement agreement with RAI under which IMH and IFC provide various services to ICH as RAI deems necessary, including facilities and costs associated therewith, technology, human resources, management information systems, general ledger accounts, check processing and accounts payable, plus a 15% service charge. IFC charges ICH and ICCC for these services based upon usage which management believes is reasonable. Total cost allocations IFC charged to ICH and ICCC for the year ended December 31, 1997 were $525,174 and $456,122, respectively.

Credit Arrangements

IMH maintains an uncommitted warehouse financing facility with an interest rate indexed to the prime rate with ICCC of which $8.5 million was outstanding on the warehouse line at December 31, 1997. The largest aggregate balance outstanding during the year ended December 31, 1997 was $8.5 million. Interest income recorded by IMH related to warehouse financing due from ICCC for the year ended December 31, 1997 was $262,000.

During 1997, IWLG maintained a warehouse financing facility with ICH, in part, to finance ICH's purchase of $17.5 million in commercial mortgages from IFC, until ICH obtained a warehouse financing facility with a third-party lender. The largest aggregate balance outstanding during the year ended December 31, 1997 was $16.7 million. IWLG recorded interest income on the amounts advanced to ICH at 6.3% per annum which totaled $453,000.

In February 1997, IMH provided a loan to ICH in the amount of $900,000 in connection with the purchase of the $17.5 million in commercial mortgage loans referenced above. In March 1997, ICH repaid the $900,000 in other borrowings from IMH. Interest income recorded by IMH related to other borrowings was $53,000 for the year ended December 31, 1997.

In August 1997, IMH entered into a revolving credit arrangement with ICH whereby IMH would advance to ICH up to a maximum amount of $15.0 million. The agreement expires on August 8, 1998. Advances under the revolving credit arrangement are evidenced by an unsecured promissory note and at an interest rate and maturity to be determined at the time of each advance (typically, prime plus 1%) with interest and principal paid monthly. During 1997, the largest aggregate amount outstanding under the credit arrangement was $15.0 million at an interest rate of 9.5%. As of December 31, 1997, the outstanding balance on the line of credit was $9.1 million. Interest income recorded by IMH related to such borrowings from ICH was approximately $55,000.

In August 1997, ICH entered into a revolving credit arrangement with IMH whereby ICH agreed to advance to IMH up to a maximum amount of $15.0 million. The agreement expires on August 8, 1998. Advances under the revolving credit arrangement are at an interest rate and maturity to be determined at the time of each advance (typically, prime plus 1%) with interest and principal paid monthly. During 1997, the largest aggregate amount outstanding under the credit arrangement was $12.6 million at an interest rate of 9.5%. As of December 31, 1997, there were no amounts outstanding under the credit arrangement. Interest income recorded by ICH related to such advances to IMH was approximately $68,000.

In October 1997, IFC entered into a revolving credit arrangement with ICH whereby ICH would advance to IFC up to a maximum amount of $15.0 million. Advances under the revolving credit arrangement were evidenced by an unsecured promissory note and at an interest rate and maturity determined at the time of each advance (typically, prime plus 1%) with interest and principal paid monthly. The largest aggregate balance outstanding under the revolving credit arrangement during the year ended December 31, 1997 was $2.0 million at an interest rate of 9.5%. The revolving credit arrangement expired in December 1997 and as of December 31, 1997 there were no amounts outstanding.

On December 31, 1997, the Company financed its 50% interest, through its ownership in Dove, in a commercial office building located in Newport Beach, California with a loan for $5.2 million from ICCC of which $2.6 million represents IMH's portion. Terms of the loan are at 25-year amortization maturing in 10 years, an adjustable rate of 9.0% with current monthly principal and interest payments of $44,097 of which IMH pays $22,049. ICCC recorded loan fees of $70,085 on the loan. See "Item 2. Properties."

Purchase of Mortgage Loans

In February 1997, IFC sold $17.5 million in unpaid principal balance of mortgage loans to ICH. See "--Credit Arrangements" above for a discussion of borrowings in connection with the sale of loans to ICH.

Sale of Residual Interests in Securitizations

In March 1997, IFC sold a residual interest in securitization of $10.1 million to ICH at a carrying value which approximated fair value.

RELATIONSHIPS WITH AFFILIATES

Related Party Cost Allocations

IMH and IWLG are allocated data processing, executive and operations management, and accounting services that IFC incurs during the normal course of business. IFC charges IMH and IWLG for these services based upon usage which management believes was reasonable. Total cost allocations charged to IMH and IWLG by IFC for the year ended December 31, 1997 were $384,767.

IMH has entered into a premises operating sublease agreement with ICII to rent approximately 29,000 square feet of office space in Santa Ana Heights, California, for a two-year term expiring in February 1999. IMH allocates monthly rental expense on the basis of square footage occupied. The majority of occupancy charges incurred during 1997 were allocated to IFC as most of the Company's employees are employed by the Conduit Operations. Total lease charges for the years ended December 31, 1997, 1996 and for the Interim Period were $395,672, $180,861, and $12,210, of which $384,691, $179,049, and $12,210 was allocated to IFC (see "Item 2. Properties").

Sub-Servicing Agreements

IFC acts as a servicer of mortgage loans acquired on a "servicing-released" basis by the Company in its Long-Term Investment Operations pursuant to the terms of a Servicing Agreement which became effective on November 20, 1995. For a general description of the terms of such a Servicing Agreement, see "Item 1. Business--Servicing and Master Servicing." IFC subcontracts all of its servicing obligations under such loans to independent third parties pursuant to sub-servicing agreements.

Credit Arrangements

IWLG maintains a warehouse financing facility with IFC. Advances under such warehouse facilities bear interest at rates indexed to prime. The largest aggregate balance outstanding during 1997 was $682.8 million at a rate of 8.5%. As of December 31, 1997, 1996 and 1995, finance receivables outstanding to IFC were $454.8 million, $327.4 million and $550.3 million, respectively. Interest income recorded by IWLG related to finance receivables due from IFC for the years ended December 31, 1997, 1996, and for the Interim Period was $33.4 million, $31.8 million and $1.3 million, respectively.

In June 1997, IMH canceled debt in the amount of $9.0 million owed to IMH by IFC. Of the canceled amount, $8.91 million was contributed to IFC as a contribution to preferred stock and $90,000 was contributed on behalf of IFC's common shareholders, Messrs. Tomkinson, Ashmore, and Johnson, so as to maintain their 1% economic interest.

As part of the Company's termination of its Management Agreement with ICAI, IMH purchased the equity in residual interests in securitizations from IFC for $9.0 million and simultaneously retired IFC's borrowings with IMH for the equity in residual interests in securitizations for $9.0 million. No gain or loss on the sale of residual interests in securitizations was recorded by IMH or IFC.

During the normal course of business, IMH may advance or borrow funds on a short-term basis with affiliated companies. Advances to affiliates are reflected as "Due From Affiliates" while borrowings are reflected as "Due To Affiliates" on IMH's balance sheet. These short-term advances and borrowings bear interest at a fixed rate of 8.00% per annum. Interest income recorded by IMH related to short-term advances due from affiliates was $219,416 for the year ended December 31, 1997. Interest expense recorded by IMH related to short-term advances due to affiliates was $195,689 for the year ended December 31, 1997.

During the normal course of business, IFC may advance or borrow funds on a short-term basis with affiliated companies. Advances to affiliates are reflected as "Due From Affiliates" while borrowings are reflected as "Due To Affiliates" on IFC's balance sheet. These short-term advances and borrowings bear interest at a fixed rate of 8.00% per annum. Interest income recorded by IFC related to short-term advances due from affiliates was $500,044 for the year ended December 31, 1997. Interest expense recorded by IFC related to short-term advances due to affiliates was $687,675 for the year ended December 31, 1997.

In March 1997, IWLG extended a $5.0 million line of credit to WSI, a firm affiliated with James Walsh, a Director of the Company, which was increased to $7.5 million in November 1997. Advances under the line of credit bear interest at a rate determined at the time of each advance. During the year ended December 31, 1997, the largest aggregate balance outstanding to WSI was $5.9 million at an interest rate of 11.5%. As of December 31, 1997, WSI had an aggregate of $5.9 million outstanding under the WSI Credit Lines.

In September 1996, IFC issued a $1.25 million secured residential first mortgage loan to H. Wayne Snavely, the Director of IMH at an interest rate of 8.0%. During 1997, the largest outstanding balance on the loan was $1.25 million. As of December 31, 1997, $1.24 million was outstanding at an interest rate of 8.0% per annum. The loan was in the ordinary course of business, substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons.

Purchase of Mortgage-Backed Securities

During the year ended December 31, 1997 and 1996, the Company purchased $15.0 million and $32.5 million, respectively, of mortgage-backed securities issued by IFC for $12.6 million and $26.8 million, respectively, net of discounts of $2.4 million and $5.7 million, respectively. IFC issued the mortgage-backed securities during 1997 and 1996 in connection with its REMIC securitizations.

During 1997, the Company purchased Walsh Acceptance Corporation mortgage pass-through certificates series 1997-1 and 1996-1, Class B, for $6.7 million and $10.7 million, respectively, net of a discount of $916,000 and $1.2 million, respectively, with a current yield of 8.9% and 10.8%, respectively. James Walsh, a director of the Company, is an Executive Vice President of Walsh Securities, Inc.

Purchase of Mortgage Loans

During each of the years ended December 31, 1997 and 1996, the Company purchased adjustable rate first trust deed and fixed rate second trust deed residential mortgages having a principal balance of $839.5 million and $576.4 million, respectively, with premiums of $37.5 million and $15.2 million, respectively, from IFC. Servicing rights on all adjustable rate mortgages were retained by IFC, while servicing rights on all second trust deed mortgages were not originally acquired by IFC.

In August 1997, IFC purchased $80.2 million of non-conforming residential mortgage loans from Greenwich pursuant to a mortgage loan purchase agreement. Greenwich previously purchased such loans from WSI. In December 1997, WSI repurchased $7.3 million of the loans that IFC originally purchased from Greenwich at a loss to the Company of $112,000. In connection with the repurchase, IWLG extended loans of approximately $5.1 million to WSI at rates ranging from prime plus 2% per annum to prime plus 4% per annum. Of the $5.1 million, 100% and 90% were financed on approximately $2.3 million and $3.1 million, respectively, of unpaid principal balance of mortgage loans repurchased by WSI. The largest aggregate principal balance outstanding during 1997 was $5.1 million. As of December 31, 1997, WSI had an aggregate of $5.1 million outstanding under the loans.

IFC has entered into a forward commitment with WSI to purchase or broker approximately $500.0 million of certain mortgage loans until April 30, 1998. The premium at which IFC purchases the loans depends on whether the loans are resold or brokered by IFC. As of December 31, 1997, IFC has brokered approximately $20.0 million of mortgage loans for WSI.

Redemption of Senior Notes

On January 24, 1997, IMH redeemed ICII senior note obligations for $5.2 million resulting in a gain of $648,000.

Sale of Franchise Loans Receivables

In January 1997, IMH sold the beneficial interest in the Class A Trust Certificate for the Franchisee Loan Receivables Trust 1995-B ("Franchise Loans Receivables") and the beneficial interest in the Class E Trust Certificate for the Franchisee Loan Receivables Trust 1996-B to IFC at carrying value which approximated fair value. No gain or loss was recorded on the sale and the Company was under no obligation to sell the securities.

Indebtedness of Management

In connection with the exercise of options during the years ended December 31, 1997 and 1996, the Company made loans secured by the related stock totaling $939,000 and $720,000, respectively, at a current interest rate of 5.63% for a five-year term. Interest on the loans is payable quarterly upon receipt of the dividend payment and the interest rate is set annually by the compensation committee. At each dividend payment date, 50% of excess quarterly stock dividends, after applying the dividend payment to interest due, is required to reduce the principal balance outstanding on the loans. The interest rate on these loans adjusts annually at the discretion of the Board of Directors. As of December 31, 1997 and 1996, total notes receivable from common stock sales was $1.3 million and $720,000, respectively. See "Item 11. Executive Compensation--Stock Option Loan Plan."

General

The Company may from time to time, enter into additional transactions in the ordinary course on the business with institutions with which certain of the affiliated directors are employed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment No. 1 to its report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on the 5th day of June, 1998.

IMPAC MORTGAGE HOLDINGS, INC.

by /s/ Richard J. Johnson

Richard J. Johnson
Executive Vice President,
Chief Financial Officer
and Secretary

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1934, THIS REPORT HAS BEEN SIGNED BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
* Joseph R. Tomkinson	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	June 5, 1998
Richard J. Johnson Richard J. Johnson	Chief Financial Officer (Principal Financial and Accounting Officer)	June 5, 1998
* H. Wayne Snavely	Director	June 5, 1998
* James Walsh	Director	June 5, 1998
* Frank P. Filipps	Director	June 5, 1998
* Stephan R. Peers	Director	June 5, 1998
* William S. Ashmore	Director	June 5, 1998

/s/ Richard J. Johnson
*By: ___________________________
Richard J. Johnson
Attorney-in-Fact

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(C) EXHIBITS

EXHIBIT NO.	
23.1	Consent of KPMG Peat Marwick LLP regarding the Registrant.
23.2	Consent of KPMG Peat Marwick LLP regarding Impac Funding Corporation.
24.	Power of Attorney.*

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* previously filed

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Impac Mortgage Holdings, Inc.:

We consent to incorporation by reference in the registration statements (No. 333-12025) on Form S-8 and registration statements (No. 333-34137 and No. 333-38517) each on Form S-3 of Impac Mortgage Holdings, Inc. of our report dated February 9, 1998, relating to the consolidated balance sheets of Impac Mortgage Holdings, Inc. as of December 31, 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997, which report appears in the December 31, 1997 annual report on Form 10-K of Impac Mortgage Holdings, Inc.

/s/ KPMG Peat Marwick LLP

Orange County, California
June 5, 1998

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Impac Funding Corporation:

We consent to incorporation by reference in the registration statements (No. 333-12025) on Form S-8 and registration statements (No. 333-34137 and No. 333-38517) each on Form S-3 of Impac Mortgage Holdings, Inc. of our report dated February 9, 1998, relating to the balance sheets of Impac Funding Corporation as of December 31, 1997 and 1996, and the related statements of operations, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997, which report appears in the December 31, 1997 annual report on Form 10-K of Impac Mortgage Holdings, Inc.

/s/ KPMG Peat Marwick LLP

Orange County, California
June 5, 1998