



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See Attached](#)

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See Attached](#)

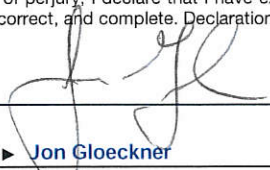
Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See Attached](#)

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 4/21/23  
Print your name ▶ Jon Gloeckner Title ▶ SVP Treasury & Financial Reporting

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

**IMPAC MORTGAGE HOLDINGS, INC.**  
**EIN: 33-0675505**  
**ATTACHMENT TO FORM 8937, REPORT OF ORGANIZATIONAL ACTIONS**  
**AFFECTING BASIS OF SECURITIES**

The below information is being provided in accordance with Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). Stockholders of Impac Mortgage Holdings, Inc., a Maryland corporation (the “Company”), are urged to consult their own tax advisors with respect to the specific consequences of participating in the Organizational Action (as defined below). The below information is not intended as tax advice.

**Part II, Item 14**

Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action

On July 15, 2022, the Company filed a Form S-4 (File No. 333-266167) (as amended and supplemented through the date hereof, the “**Registration Statement**”), proposing an offer to its stockholders to exchange (the “**Exchange Offer**”) all or a portion of their shares of (i) 9.375% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, and/or (ii) 9.125% Series C Cumulative Redeemable Preferred Stock, par value \$0.01 per share (the “**Series C Preferred Stock**”), for the consideration specified in the Registration Statement. The Registration Statement became effective October 18, 2022. The Company made payment for all tendered shares of Series C Preferred Stock on October 26, 2022. In connection with the foregoing, the Company’s stockholders approved charter amendments to, among other things, make the Series C Preferred Stock redeemable at the Company’s option for the same consideration paid in the Exchange Offer. The charter amendments became effective on October 24, 2022, and the Company completed the redemption of all shares of Series C Preferred Stock that remained outstanding after the closing of the Exchange Offer on November 15, 2022 (the “**Preferred Redemption**”) and, together with the Exchange Offer, the “**Organizational Action**”).

Each share of Series C Preferred Stock exchanged in the Organizational Action was exchanged for (i) one (1) share of Series D Cumulative Redeemable Preferred Stock (the “**Preferred Stock**”), (ii) one and one-quarter (1.25) shares of newly issued common stock (the “**Common Stock**”), and (ii) one and one-half (1.5) warrants to purchase one and one-half (1.5) shares of common stock at an exercise price of \$5.00 per share (the “**Warrants**”) and, together with the Preferred Stock and the Common Stock, the “**Series C Stock Consideration**”). No cash consideration was paid with respect to any Series C Preferred Stock exchanged pursuant to the Organizational Action.

**Part II, Item 15**

Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis

A U.S. taxpayer who exchanged Series C Preferred Stock in the Organizational Action will calculate its tax basis in the Series C Stock Consideration as follows: (i) the taxpayer’s basis in the Common Stock received should be the same as its adjusted tax basis in the Series C Preferred Stock exchanged, increased by the amount of gain, if any, that it recognized and reduced by the

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fair market value of the Preferred Stock and Warrants that it received; (ii) the taxpayer's basis in the Preferred Stock received should equal the fair market value of the Preferred Stock; and (iii) the taxpayer's basis in the Warrants should equal the fair market value of the Warrants.

A U.S. taxpayer's gain should be an amount, if any, equal to the lesser of (i) the fair market value of the Preferred Stock and Warrants that the U.S. taxpayer received in exchange for the Series C Preferred Stock; and (ii) the amount of gain that the U.S. taxpayer "realized" in the Organizational Action. The amount of gain that a U.S. taxpayer "realized" should equal the amount by which (a) the fair market value of the Series C Stock Consideration exceeded (b) the U.S. taxpayer's adjusted tax basis in the Series C Preferred Stock exchanged.

If a U.S. taxpayer exchanged more than one "block" of Series C Preferred Stock (that is, groups of Series C Preferred Stock that the U.S. taxpayer purchased at different times or at different prices), the U.S. taxpayer should calculate its recognized gain separately with respect to each block, and the results for each block may not be netted in determining the U.S. taxpayer's overall recognized gain. U.S. taxpayers who exchanged more than one block of Series C Preferred Stock should consult their own tax advisors regarding the quantitative effect of the Organizational Action on the basis of such U.S. taxpayer's Series C Preferred Stock.

**Part II, Item 16**

Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates

The calculation of a U.S. taxpayer's basis in the Preferred Stock, the Common Stock, and the Warrants depends on (i) such U.S. taxpayer's adjusted basis in the Series C Preferred Stock exchanged, which is unique to each taxpayer, and (ii) the fair market value of the Preferred Stock, the Common Stock, and the Warrants received by such U.S. taxpayer in the Organizational Action. U.S. federal income tax laws do not specify how to determine the fair market values of the Preferred Stock, the Common Stock, and the Warrants for purposes of the calculations described above at Line 15.

However, it could be reasonable to determine the fair market value of the securities issued in exchange for the Series C Preferred Stock exchanged on October 26, 2022, as follows:

- For each share of Series C Preferred Stock exchanged, one (1) share of Preferred Stock was issued. Such share of Preferred Stock represented approximately eighteen percent (18%) of the value of the Series C Stock Consideration, based on a fair market value per share of Preferred Stock of \$0.10. Such fair market value was determined based on the amount of cash a U.S. taxpayer would have received in lieu of a share of Preferred Stock had the Company been permitted to pay such cash in lieu under Maryland law.
- For each share of Series C Preferred Stock exchanged, one and one-quarter (1.25) shares of Common Stock were issued. Such shares of Common Stock represented approximately fifty-seven percent (57%) of the value of the Series C Stock Consideration, based on a fair market value per share of Common Stock of \$0.25. Such fair market value was determined

**IMPAC MORTGAGE HOLDINGS, INC.**

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based on the trading price of such Common Stock at the closing of the day on October 26, 2022.

- For each share of Series C Preferred Stock exchanged, one and one-half (1.5) Warrants were issued. Such Warrants represented approximately twenty-five percent (25%) of the value of the Series C Stock Consideration, based on a fair market value per Warrant of \$0.093. Such fair market value was determined based on a Black-Scholes pricing model based on the trading price of such Common Stock at the closing of the day on October 26, 2022.

In addition, it could be reasonable to determine the fair market value of the securities issued in exchange for the Series C Preferred Stock exchanged on November 15, 2022, as follows:

- For each share of Series C Preferred Stock exchanged, one (1) share of Preferred Stock was issued. Such share of Preferred Stock represented approximately fourteen percent (14%) of the value of the Series C Stock Consideration, based on a fair market value per share of Preferred Stock of \$0.10. Such fair market value was determined based on the amount of cash a U.S. taxpayer would have received in lieu of a share of Preferred Stock had the Company been permitted to pay such cash in lieu under Maryland law.
- For each share of Series C Preferred Stock exchanged, one and one-quarter (1.25) shares of Common Stock were issued. Such shares of Common Stock represented approximately fifty-eight percent (58%) of the value of the Series C Stock Consideration, based on a fair market value per share of Common Stock of \$0.33. Such fair market value was determined based on the trading price of such Common Stock at the closing of the day on November 15, 2022.
- For each share of Series C Preferred Stock exchanged, one and one-half (1.5) Warrants were issued. Such Warrants represented approximately twenty-eight percent (28%) of the value of the Series C Stock Consideration, based on a fair market value per Warrant of \$0.135. Such fair market value was determined based on a Black-Scholes pricing model based on the trading price of such Common Stock at the closing of the day on November 15, 2022.

Note that U.S. taxpayers are not bound by the fair market values of the Preferred Stock, the Common Stock, and the Warrants described above. U.S. taxpayers are encouraged consult their own tax advisors as to the appropriate fair market values of the Preferred Stock, the Common Stock, and the Warrants. The Company does not take any position as to whether the above approach, or any other approach, is appropriate.

**Part II, Item 17**

List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based

The exchange of Series C Preferred Stock pursuant to the Organizational Action was intended to be a reorganization under Section 368(a)(1)(E) of the Code. The tax treatment described herein is based on the application of Sections 354, 356, 358, and 368 of the Code.

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**Part II, Item 18**

Can any resulting loss be recognized?

In accordance with Section 354 of the Code, no loss may be recognized by a stockholder with respect to the exchange of Series C Preferred Stock for the Series C Stock Consideration in the Organizational Action.

**Part II, Item 19**

Provide any other information necessary to implement the adjustment, such as the reportable tax year

Payment of the Series C Stock Consideration occurred on October 26, 2022 for taxpayers who participated in the Exchange Offer, and November 15, 2022 for taxpayers who participated in the Preferred Redemption. For a Company stockholder whose taxable year is the calendar year, the reportable tax year is 2022.