

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement [] Confidential, for Use of the
Commission Only (as permitted by
Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2)
or Item 22(a)(2) of Schedule 14A.

[] \$500 per each party to the controversy pursuant to Exchange Act Rule
14a-6(i)(3).

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (Set forth the amount on which
the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange
Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee
was paid previously. Identify the previous filing by registration statement
number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.
20371 IRVINE AVENUE
SANTA ANA HEIGHTS, CALIFORNIA 92707

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of the IMPERIAL CREDIT MORTGAGE HOLDINGS, INC., a Maryland corporation (the "Company"), will be held at the Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California 92660, on July 25, 1996, at 9:00 a.m. Pacific Standard Time. Only stockholders of record at the close of the business on May 31, 1996, (the "Record Date") will be entitled to vote.

The Annual Meeting of the Stockholders of the Company is being held for the following purposes:

1. To elect a Board of Directors to serve for the ensuing year.
2. To approve an amendment under the Company's 1995 Stock Option, Deferred Stock and Restricted Stock Plan (the "Stock Option Plan") to increase by 400,000 shares the number of shares of Common Stock that can be optioned and sold under the Stock Option Plan.
3. To consider and act upon a proposal to ratify the appointment of KPMG Peat Marwick LLP as the independent accountants of the Company for the year ending December 31, 1996; and
4. To transact such other business as may properly come before the Meeting or any adjournments thereof.

Only holders of Common Stock of record at the close of business on May 31, 1996, will be entitled to vote at the meeting.

Your proxy is enclosed. You are cordially invited to attend the meeting, but if you do not expect to attend, or if you plan to attend, but desire the proxy holders to vote your shares, please date and sign your proxy and return it in the enclosed postage paid envelope. The giving of this proxy will not affect your right to vote in person in the event you find it convenient to attend. Please return the proxy promptly to avoid the expense of additional proxy solicitation.

Dated: June 10, 1996

For the Board of Directors

/s/ RICHARD J. JOHNSON

Richard J. Johnson, Secretary

[LOGO OF IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.]

PROXY STATEMENT

FOR ANNUAL MEETING TO BE HELD
JULY 25, 1996, AT 9:00 A.M. PACIFIC STANDARD TIME

The Annual Meeting of Stockholders of Imperial Credit Mortgage Holdings, Inc. (the "Company") will be held on July 25, 1996 at 9:00 a.m. Pacific Standard Time at the Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California 92660 (the "Meeting"). The approximate mailing date for this proxy statement and the enclosed proxy is June 10, 1996. If a proxy in the accompanying form is duly executed and returned, the shares represented by the proxy will be voted as directed. If no direction is given, the shares represented by the proxy will be voted for the election of the five (5) nominees for Director named herein, to approve the proposed amendment to the Company's 1995 Stock Option Plan and for the ratification of the appointment of KPMG Peat Marwick LLP as the Company's independent accountants for the year ending December 31, 1996. Any proxy given may be revoked at any time prior to its exercise by notifying the Secretary of the Company in writing of such revocation, by giving another proxy bearing a later date, or by attending and voting in person at the Meeting.

The cost of this solicitation of proxies will be borne by the Company. Solicitations will be made by mail. In addition, the officers and regularly engaged employees of the Company may, in a limited number of instances, solicit proxies personally or by telephone. The Company will reimburse banks, brokerage firms, other custodians, nominees and fiduciaries for reasonable expenses incurred in sending proxy materials to beneficial owners of Common Stock of the Company.

The Company's Annual Report on Form 10-K for the year ended December 31, 1995, as filed with the Securities and Exchange Commission (the "Commission"), is concurrently being provided to each stockholder. Additional copies are available without charge to any stockholder upon request.

Holders of Common Stock of record at the close of business on May 31, 1996 will be entitled to vote at the Meeting. There were 4,250,000 shares of Common Stock, \$.01 par value per share, outstanding at that date. Each share is entitled to one vote and a majority of the shares of Common Stock outstanding is necessary to constitute a quorum for the Meeting. Directors are elected by a plurality vote. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or by the charter of the Company. The other matters submitted for stockholder approval at the Meeting will be decided by the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote on each such matter.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Company's Directors are elected annually to serve until the next annual meeting of stockholders and thereafter until their successors are elected. The Company's Amended and Restated Articles of Incorporation and amendments thereto (the "Charter") currently provides for a variable Board of Directors with a range of between five and nine members, with the number currently set at five. No proxy will be voted for more than five nominees for Director.

Unless otherwise directed by stockholders, the proxy holders will vote all shares represented by proxies held by them for the election of the maximum number of the following nominees, all of whom are now members of and constitute the Company's Board of Directors. The Company is advised that all of the nominees have indicated their availability and willingness to serve if elected. In the event that any nominee becomes unavailable or unable to serve as a Director of the Company prior to the voting, the proxyholders will refrain from voting for the unavailable nominee or will vote for a substitute nominee in the exercise of their best judgment.

INFORMATION CONCERNING NOMINEES

The following table sets forth certain information concerning the nominees of the Company:

NAME ----	AGE ---	POSITION WITH THE COMPANY -----
H. Wayne Snavely.....	54	Chairman of the Board
Joseph R. Tomkinson(1)(2).....	48	Vice Chairman of the Board and Chief Executive Officer
James Walsh+(1)(2).....	45	Director
Frank P. Filippis+(1)(2).....	48	Director
Stephan R. Peers+(1)(2).....	43	Director

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+ Unaffiliated Director
(1) Member of Audit Committee.
(2) Member of Compensation Committee.

H. WAYNE SNAVELY has been the Chairman of the Board since the Company's formation. He has been Chairman of the Board and Chief Executive Officer of Imperial Credit Industries, Inc. ("ICII") since December 1991. Mr. Snavely is also Chairman of the Board of Imperial Credit Advisors, Inc. ("ICAI" or the "Manager"), a wholly-owned subsidiary of ICII. He has been a Director of Imperial Bancorp and Imperial Bank since 1993, and was also a director of Imperial Bank from 1975 to 1983. From 1983 to February 1991, Mr. Snavely served as Executive Vice President of Imperial Bancorp and Imperial Bank with direct management responsibility for the following bank subsidiaries and divisions: Imperial Bank Mortgage, Southern Pacific Thrift and Loan, Imperial Trust Company, Wm. Mason & Company, Imperial Ventures, Inc. and The Lewis Horwitz Organization. From 1983 through 1986, Mr. Snavely was employed as Chief Financial Officer of Imperial Bancorp and Imperial Bank.

JOSEPH R. TOMKINSON has been the Vice Chairman of the Board and Chief Executive Officer of the Company since its formation. He has also been the Chairman of the Board and Chief Executive Officer of ICI Funding Corporation ("ICIFC"), in which the Company owns 99% of the economic interest and ICII owns all of the outstanding voting stock, and Imperial Warehouse Lending Group ("IWLG"). Mr. Tomkinson is also Vice Chairman of the Board of ICAI. Mr. Tomkinson served as President of ICII from January 1992 to February 1996, and from 1986 to January 1992, he was President of Imperial Bank Mortgage, a subsidiary of Imperial Bank, one of the companies combined to become ICII in 1992. Mr. Tomkinson has been a Director of ICII since December 1991. From 1984 to 1986, he was employed as Executive Vice President of Loan Production for American Mortgage Network, a privately owned mortgage banker. Mr. Tomkinson brings 21 years of combined experience in real estate, real estate financing and mortgage banking to the Company.

JAMES WALSH has been a Director since August 1995. Mr. Walsh is an executive vice president of Walsh Securities, Inc. where he is in charge of mortgage loan production, sales and securitization. Mr. Walsh was an executive of Donaldson, Lufkin and Jenrette Securities Corporation from January 1989 to March 1996 where he oversaw residential mortgage securitization, servicing brokerage and mortgage banking services. From February 1987 to December 1988, Mr. Walsh was an executive in the mortgage banking department at Bear Stearns & Company. From December 1985, to February 1987, Mr. Walsh was a senior banking officer at Carteret Savings Bank.

FRANK P. FILIPPS has been a Director since August 1995. Mr. Filippis was elected President of CMAC Investment Corporation and Chairman, President and Chief Executive Officer of Commonwealth Mortgage Assurance Company ("CMAC") in January 1995. Mr. Filippis joined CMAC in 1992 as Senior Vice President and Chief Financial Officer, where he was responsible for the company's financial, investment and data processing operations, as well as the legal and human resources functions. In 1994, Mr. Filippis was promoted to Executive Vice President and Chief Operating Officer for both CMAC Investment Corporation and CMAC, where his additional responsibilities included the company's sales, marketing, underwriting and risk management. In 1975, Mr. Filippis joined American International Group, and from 1989 to 1992, he was Vice President and Treasurer. Prior to that, he was a Second Vice President for Chase Manhattan Bank, N.A., in New York.

STEPHAN R. PEERS has been a Director since October 1995. Since April 1993, Mr. Peers has been an Executive Vice President of International Strategic Finance Corporation, Ltd., where he performs corporate finance services for overseas issuers. From April 1989 to April 1993, Mr. Peers was a Vice President in corporate finance at Montgomery Securities where he specialized in financial services institutions. From March 1987 to March 1989, Mr. Peers was a Vice President at The First Boston Corporation in mortgage finance specializing in mortgage related products. Mr. Peers has served as a Managing Director of Resource Bancshares Corporation since August 1995.

There are no family relationships between any of the directors or executive officers of the Company.

All Directors are elected at each annual meeting of the Company's stockholders for a term of one year, and hold office until their successors are elected and qualify. Replacements for vacancies occurring among the unaffiliated directors will be elected by a majority vote of the remaining Directors, including a majority of the unaffiliated directors (the "Unaffiliated Directors"). The Company will pay an annual director's fee to each Unaffiliated Director equal to \$20,000 and will reimburse such Unaffiliated Director's costs and expenses for attending such meetings.

COMMITTEES AND ATTENDANCE AT BOARD MEETINGS

No meetings of the Board of Directors were held in fiscal 1995.

The Company's Executive Committee meets weekly, primarily to consider and act upon various aspects of the Company's ongoing operations. The Executive Committee may, however, consider such matters as compensation and audit and make recommendations on these or other matters to the Board of Directors. Members of the Executive Committee are William S. Ashmore, Mary C. Glass, Richard J. Johnson and Joseph R. Tomkinson. Mr. Ashmore is the President and Chief Operating Officer of the Company, and Executive Vice President and a director of ICIFC and IWLG. Ms. Glass is Vice President of the Company and Senior Vice President, Operations, of ICIFC. Mr. Johnson is Senior Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, ICIFC and IWLG and a director of ICIFC. The Executive Committee met two times during 1995. The Audit Committee, established by the Board of Directors on November 1, 1995, reviews the scope of auditing activities performed by the Company's independent accountants, and the Compensation Committee was established by the Board of Directors on November 16, 1995. No meetings were held during 1995 for either of these committees. The Board of Directors presently has no nominating committee.

EXECUTIVE COMPENSATION

From November 20, 1995 to December 31, 1995, none of the executive officers of the Company earned more than \$100,000 in total compensation. However, the following table contains information on the annual cash compensation to be paid to the executive officers of the Company for the year ending December 31, 1996 for services rendered.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION -----	ANNUAL COMPENSATION -----	
	FISCAL YEAR	SALARY (\$)(1) -----
Joseph R. Tomkinson, Vice Chairman of the Board and Chief Executive of the Company and Chairman of the Board and Chief Executive Officer of ICIFC and IWLG	1996	250,000(2)(3)(4)
William S. Ashmore, President and Chief Operating Officer of the Company and Executive Vice President of ICIFC and IWLG	1996	200,000(2)(3)(4)
Richard J. Johnson, Senior Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, ICIFC and IWLG	1996	100,000(2)(3)
Mary C. Glass, Vice President of the Company and Senior Vice President, Operations, of ICIFC and IWLG	1996	90,000(2)(3)

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- (1) Pursuant to a certain management agreement, dated November 20, 1995, with ICAI (the "Management Agreement"), the Company will reserve up to 1/5 of the Company's 25% Incentive Payment (see "Certain Relationship and Related Transactions--Relationships with the Manager") for distribution as bonuses to its employees in amounts to be determined by the Company's Board of Directors. Such payment shall be made in lieu of payment of a like amount to ICAI under the Management Agreement.
 - (2) On November 20, 1995, each of the persons in the above table entered into a five-year employment agreement at an annual salary as stated in the table, subject to adjustment for inflation, plus bonuses described in footnote (3) and in the case of Messrs. Tomkinson and Ashmore, those additional bonuses described in footnote (4).
 - (3) Each of the persons in the above table will be paid a quarterly bonus equal to the aggregate dividend such person would have received from the Company on all shares of Common Stock underlying unexercised stock options held by such person which are outstanding as of November 21, 1995, and on the date of payment of said bonus, provided however that (1) no such bonus will be paid in calendar 1995, (2) quarterly bonuses will be paid for each of the first three quarters of calendar 1996 only if the dividend that would be payable by the Company on shares of its Common Stock for the subject quarter after payment of all such quarterly bonuses equals or exceeds ten percent (10%) (on an annualized basis) of \$13.00, (3) quarterly bonuses will be paid for the next four calendar quarters thereafter only if the dividend that would be payable by the Company on shares of its Common Stock for the subject quarter after payment of all such quarterly bonuses equals or exceeds fifteen percent (15%) (on an annualized basis) of \$13.00 and (4) quarterly bonuses will be paid for each calendar quarter thereafter, if the dividend that would be payable by the Company on shares of its Common Stock for the subject quarter equals or exceeds such level as determined by a majority of the Unaffiliated Directors. Such persons will not be required to refund any portion of such bonuses previously earned regardless of the level of dividends in subsequent quarters. For the three months ended March 31, 1996 Messrs. Tomkinson, Ashmore and Johnson and Ms. Glass received bonuses of \$37,050, \$19,500, \$9,750 and \$9,750, respectively.
 - (4) Messrs. Tomkinson and Ashmore are each entitled to performance and profitability bonuses but, in no event to exceed their respective base salaries. For the three months ended March 31, 1996 Messrs. Tomkinson and Ashmore received bonuses of \$73,631 and \$29,772.

The following table sets forth the stock options granted to executive officers under the Stock Option Plan as of December 31, 1995:

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(4)	
	NUMBER OF SHARES UNDERLYING OPTIONS GRANTED(1)	PERCENTAGE OF EMPLOYEES TO WHOM GRANTED	EXERCISE PRICE (\$/SH)(2)	EXPIRATION DATE(3)	5%(\$)	10%(\$)
Joseph R. Tomkinson.....	95,000	48.7%	\$11.25	8/30/2005	672,131	1,703,312
William S. Ashmore.....	50,000	25.7	11.25	8/30/2005	353,753	896,480
Richard J. Johnson.....	25,000	12.8	11.25	8/30/2005	176,877	448,240
Mary C. Glass.....	25,000	12.8	11.25	8/30/2005	176,877	448,240

- (1) Such stock options vest 100% on the third anniversary of the date of grant.
- (2) The exercise price for all options equals the fair market value of such shares at the date of grant as determined by a committee of the Board of Directors administering the Company's Stock Option Plan (the "Stock Option Committee").
- (3) Such stock options expire seven years from the date of vesting or earlier upon termination of employment.
- (4) Amounts reflect assumed risks of appreciation set forth in the Commission's executive compensation disclosure requirements.

The Company has granted to Messrs. H. Wayne Snavelly, Stephen Shugerman, and Thomas O. Markel, officers or directors of ICAI, options to purchase 20,000, 20,000, and 15,000 shares of Common Stock respectively, at a per share exercise price of \$11.25, which was equal to the fair market value of such shares at the date of grant as determined by the Stock Option Committee, with the same terms as the options set forth above. On November 20, 1995, the Company also granted to each of the Unaffiliated Directors options to purchase 15,000 shares of Common Stock at a per share exercise price equal to \$13.00, vesting 100% on the first anniversary of the date of grant.

PROPOSAL NO. 2

TO APPROVE AN AMENDMENT TO THE COMPANY'S 1995 STOCK OPTION, DEFERRED STOCK AND RESTRICTED STOCK PLAN (THE "STOCK OPTION PLAN") TO INCREASE BY 400,000 SHARES THE NUMBER OF SHARES OF COMMON STOCK THAT CAN BE OPTIONED AND SOLD UNDER THE STOCK OPTION PLAN

On May 29, 1996, the Board of Directors of the Company approved an amendment to the Company's Stock Option Plan. The amendment was to increase the total number of options under the plan from 400,000 to 800,000 shares. At the 1996 Annual Meeting, the stockholders are being asked to ratify and approve such amendment to the Stock Option Plan. As originally adopted, the number of shares that could be optioned and sold under the Stock Option Plan was 400,000 shares of Common Stock. The Board of Directors believes that the adoption of the amendment to the Stock Option Plan will promote the interests of the Company and its stockholders by attaining and retaining highly qualified employees and officers. In addition, the Board believes that the adoption of the amendment will help align employees and officers interest with other stockholders. The summary of the provisions of the Stock Option Plan which follows is not intended to be complete.

SUMMARY OF THE PROVISIONS OF THE STOCK OPTION PLAN AS AMENDED

The Company has adopted a Stock Option Plan which provides for the grant of qualified incentive stock options ("ISOs") that meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, (the "Code") stock options not so qualified ("NQSs") and deferred stock, restricted stock, stock appreciation rights and limited stock appreciation rights awards ("Awards"). The Stock Option Plan is administered by a committee of directors appointed by the Board of Directors (the "Stock Option Committee"). ISOs may be granted to the officers and key employees of the Company. NQSs and Awards may be granted to the directors,

officers and key employees of the Company or any of its subsidiaries, to the directors, officers and key employees of the Manager, or to the Manager itself, and to the directors, officers and key employees of ICIFC. The exercise price for any option granted under the Stock Option Plan may not be less than 100% (or 110% in the case of ISOs granted to an employee who is deemed to own in excess of 10% of the outstanding Common Stock) of the fair market value of the shares of Common Stock at the time the option is granted. The purpose of the Stock Option Plan is to provide a means of performance-based compensation in order to attract and retain qualified personnel and to provide an incentive to those whose job performance affects the Company. The effective date of the Stock Option Plan was August 31, 1995.

Subject to anti-dilution provisions for stock splits, stock dividends and similar events, the Stock Option Plan currently authorizes the grant of options to purchase, and Awards of, up to 800,000 shares. If an option granted under the Stock Option Plan expires or terminates, or an Award is forfeited, the shares subject to any unexercised portion of such option or Award will again become available for the issuance of further options or Awards under the Stock Option Plan.

Under the Stock Option Plan, the Company may make loans available to stock option holders, subject to Board of Directors' approval, in connection with the exercise of stock options granted under the Stock Option Plan. If shares of Common Stock are pledged as collateral for such indebtedness, such shares may be returned to the Company in satisfaction of such indebtedness. If so returned, such shares shall again be available for issuance in connection with future stock options and Awards under the Stock Option Plan.

Unless previously terminated by the Board of Directors, no options or Awards may be granted under the Stock Option Plan after August 31, 2005.

Options granted under the Stock Option Plan will become exercisable in accordance with the terms of the grant made by the Stock Option Committee. Awards will be subject to the terms and restrictions of the award made by the Stock Option Committee. The Stock Option Committee has discretionary authority to select participants from among eligible persons and to determine at the time an option or Award is granted and, in the case of options, whether it is intended to be an ISO or a NQSO, and when and in what increments shares covered by the option may be purchased.

Under current law, ISOs may not be granted to any individual who is not also an officer or employee of the Company. To ensure that the Company qualifies as a Real Estate Investment Trust ("REIT"), the Stock Option Plan provides that no options may be granted under the Stock Option Plan to any person who, assuming exercise of all options held by such person, would own or be deemed to own more than 9.5% of the outstanding shares of Common Stock of the Company.

Each option must terminate no more than 10 years from the date it is granted (or 5 years in the case of ISOs granted to an employee who is deemed to own in excess of 10% of the combined voting power of the Company's outstanding Common Stock). Options may be granted on terms providing for exercise in whole or in part at any time or times during their respective terms, or only in specified percentages at stated time periods or intervals during the term of the option, as determined by the Stock Option Committee.

The exercise price of any option granted under the Stock Option Plan is payable in full (1) in cash, (2) by surrender of shares of the Company's Common Stock already owned by the option holder having a market value equal to the aggregate exercise price of all shares to be purchased including, in the case of the exercise of NQSOs, restricted stock subject to an Award under the Stock Option Plan, (3) by cancellation of indebtedness owed by the Company to the option holder, (4) by a full recourse promissory note executed by the option holder, or (5) by any combination of the foregoing. The terms of any promissory note may be changed from time to time by the Board of Directors to comply with applicable United States Internal Revenue Service or Commission regulations or other relevant pronouncements.

The Board of Directors may from time to time revise or amend the Stock Option Plan, and may suspend or discontinue it at any time. However, no such revision or amendment may impair the rights of any participant

under any outstanding Award without his consent or may, without stockholder approval, increase the number of shares subject to the Stock Option Plan or decrease the exercise price of a stock option to less than 100% of fair market value on the date of grant (with the exception of adjustments resulting from changes in capitalization), materially modify the class of participants eligible to receive options or Awards under the Stock Option Plan, materially increase the benefits accruing to participants under the Stock Option Plan or extend the maximum option term under the Stock Option Plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company's Compensation Committee and Audit Committee each consist of Messrs. Tomkinson, Walsh and Peers.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee sets and administers the policies governing the Company's compensation program, including incentive and stock option plans. The Company participates in studies and surveys of comparable compensation practices. The Committee considers these studies and surveys in determining base salary, bonus and long-term stock-based compensation. The Committee discusses and considers executive compensation matters and makes its decisions, subject to review by the Company's Board of Directors.

The Company's compensation policies are structured to link the compensation of the Chief Executive Officer and other executives of the Company with corporate performance. Through the establishment of short- and long-term compensation programs, the Company has aligned the financial interests of its executives with the results of the Company's performance, which is designed to put the Company in a competitive position regarding executive compensation and also to ensure corporate performance, which will enhance stockholder value.

The Company's executive compensation philosophy is to set base salary at a conservative market rate and then to provide performance-based variable compensation which allows total compensation to fluctuate according to the Company's earnings as well as value received by stockholders. Targeted levels of executive compensation are set at levels that the Committee believes to be consistent with others in the Company's industry, with such compensation increasingly weighted towards programs contingent upon the Company's level of annual and long-term performance. As a result, the Named Executive Officers', those whose annual salary exceeds \$100,000, actual compensation levels in any particular year may be above or below those of the Company's competitors, depending upon the Company's performance.

In line with the overall compensation program and the annual objectives set by the Board of Directors, the Company's executive officers have a high percentage of their total compensation at risk, dependent upon the Company's financial performance. The compensation for the Named Executive Officers was set on November 20, 1995.

Section 162(m) was added to the Internal Revenue Code as part of the Omnibus Budget Reconciliation Act of 1993. Section 162(m) limits the deduction for compensation paid to the Chief Executive Officer and the other Named Executive officers to the extent that compensation of a particular executive exceeds \$1,000,000, unless such compensation was based upon performance goals or paid pursuant to a binding contract that was in effect on February 17, 1993. Proposed regulations to implement this new limitation were published in December 1993. Based upon a review of the proposed regulations, the compensation to be paid in 1995 to the Named Executive Officers will be deductible. The Committee will review the Company's existing compensation program to determine the deductibility of the future compensation paid or awarded pursuant thereto and will seek guidance with respect to changes to the Company's existing compensation program that will enable the Company to continue to attract and retain key individuals while optimizing the deductibility to the Company of amounts paid as compensation.

The Committee believes that its overall executive compensation program will be successful in providing competitive compensation appropriate to attract and retain highly qualified executives and also to encourage increased performance from the executive group which will create added stockholder value.

COMPENSATION COMMITTEE

Joseph R. Tomkinson

James Walsh

Frank P. Philipps

Stephen R. Peers

STOCKHOLDER RETURN PERFORMANCE PRESENTATION

Set forth below is a performance graph comparing the cumulative total stockholder return on the Company's Common Stock, the S & P 500 Stock Index and an index average of the Company's peer group, composed of comparable publicly-traded companies in the mortgage banking business, in each case for the period commencing on November 21, 1995 through December 31, 1995. Such peer groups include CWM Mortgage Holdings, Inc., Mortgage Capital, Inc., Capstead Mortgage Corporation, Thornburg Mortgage Asset Corporation, and Redwood Trust, Inc. The graph assumes \$100 invested on November 21, 1995, in the Company's Common Stock, the S & P 500 Stock Index and the Stock Index of the peer group.

COMPARISON OF CUMULATIVE TOTAL RETURN
AMONG IMPERIAL CREDIT MTGE HLDG*, PEER GROUP AND BROAD MARKET*

PERFORMANCE GRAPH APPEARS HERE

Measurement Period (Fiscal Year Covered)	IMPERIAL CREDIT MTGE HLDG*	PEER GROUP	BROAD MARKET*
Measurement Pt- 11/21/95	\$100	\$100	\$100
FYE 12/31/95	\$101.92	\$109.04	\$101.93

* The Broad Market indicator and the Imperial Credit Mortgage Holdings, Inc. indicator overlap.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES ACT OF 1934

Section 16(a) of the Securities Act of 1934 requires the Company's Directors and executive officers, and persons who own more than ten percent of a registered class of the Company's securities, to file with the Commission initial reports of ownership and reports of changes in ownership of the Common Stock and other equity securities of the Company. Officers, Directors and greater than ten percent stockholders are required by the Commission's regulations to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company during the fiscal year which ended December 31, 1995, all Section 16(a) filing requirements applicable to its officers, Directors and greater than ten percent beneficial owners were satisfied by such persons.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

PRINCIPAL STOCKHOLDER; CONTROL OF THE COMPANY; LIMITATIONS ON INVESTMENT; CONFLICTS OF INTEREST

ICII currently owns 374,538 shares of Common Stock of the Company, or 8.8% of the outstanding Common Stock, Southern Pacific Thrift & Loan Association ("SPTL") currently owns 50,000 shares of Common Stock of the Company, or 1.2%.

RELATIONSHIPS WITH THE MANAGER

GENERAL

The Manager, ICAI, is a recently formed corporation, which commenced operations as of January 23, 1995 and has no prior experience in managing or operating a real estate investment trust ("REIT"). Each of the executive officers of the Manager has significant experience in purchasing, financing, servicing and investing in mortgage loans and mortgage securities; however, they have not previously managed a REIT.

The Company has elected an outside advisor and in particular an advisor associated with ICII in order to efficiently and economically coordinate, assist and manage the duties and responsibilities of the Company. The Company believes that ICAI is more adequately suited than the Company to provide or advise it with contract negotiation, market information, implementation of cost controls, asset/liability modeling and management, servicing systems and management information systems. In addition, the Company believes that ICAI is better equipped than the Company to manage human resources, and facilities because ICAI and ICII, with which ICAI has entered into a submanagement agreement to perform such administrative services for the Company as ICAI deems necessary. The Company believes that ICAI, as an affiliate of ICII, is particularly appropriate to act as the Company's advisor because ICAI provides continuity to those businesses to be contributed pursuant to the Contribution Transaction and because of ICII's familiarity with such businesses.

The address of the Manager is 20371 Irvine Avenue, Santa Ana Heights, California 92707, telephone (714) 474-8500.

MANAGEMENT AGREEMENT

On November 20, 1995, the Company entered into a Management Agreement with the Manager for an initial term of one year. Successive extensions, each for a period not to exceed one year, may be made by agreement between the Company and the Manager. The Management Agreement may be terminated by the Company or the Manager without cause at any time upon 60 days' written notice. Any such termination or failure to extend by the Company without cause shall result in the payment of a termination or non-renewal fee to the Manager determined by an independent appraisal. In addition, the Company and the Manager have the right to terminate the Management Agreement upon the occurrence of certain specified events, including a breach by the other party of any provision contained in the Management Agreement which remains uncured for 30 days. The Company may renew or terminate the Management Agreement by a majority vote of its Unaffiliated Directors or by a vote of the holders of a majority of the outstanding shares of Common Stock. The Manager may terminate the Management Agreement by a majority vote of its Board of Directors.

After November 20, 1995, ICIFC conducted its operations under substantially identical principles, practices and policies employed when it was a subsidiary of ICII. The Manager oversees the operations of ICIFC to ensure that such principles, practices and policies are employed and followed.

The terms of the Management Agreement, including the management fees, were determined by arms-length discussion based upon what management of both ICAI and the Company believe are comparable with other advisory relationships and have been approved by the Board of Directors of ICAI and the Unaffiliated Directors of the Company. The Company Bylaws provide that the Unaffiliated Directors shall determine at least annually that the compensation paid to the Manager is reasonable in relation to the nature and quality of the services performed by the Manager.

The Manager is at all times subject to the supervision of the Company's Board of Directors and provides advisory services to the Company in accordance with the terms of the Management Agreement. The Manager is involved in three primary activities: (1) capital management--primarily the oversight of the Company's structuring, analysis, capital raising and investor relations activities; (2) asset management--primarily the analysis and oversight of the acquisition, management and disposition of Company assets; and (3) operations management--primarily the oversight of the Company's operating subsidiaries.

The Manager has entered into a submanagement agreement with ICII to perform certain administrative services for the Company as the Manager deems necessary. The Manager may enter into additional contracts with other parties, including ICII, to provide any such services for the Manager, which third party shall be approved by the Company's Board of Directors.

As of March 31, 1996, ICAI had a total of nine officers and directors to be dedicated to the oversight of the Company's operations.

MANAGEMENT FEES

The Manager is entitled to receive a per annum base management fee payable monthly in arrears of an amount equal to (1) 3/8 of 1% of Gross Mortgage Assets of the Company composed of other than Agency Certificates, 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 the Company plus (3) 1/5 of 1% of the average daily asset balance of the outstanding amounts under IWLG's warehouse lending facilities. The term "Gross Mortgage Assets" means for any month the weighted average book value of the Mortgage Assets, before reserves for depreciation or bad debts or other similar noncash reserves, computed at the end of such month. The term "Mortgage Assets" means (1) mortgage loans, (2) mortgage-back securities and any of the mortgage interests which constitute interests in real property, interests in mortgage on real property and regular interests in REMICS. The term "Agency Certificates" means Pass-Through Certificates guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or by the Government National Mortgage Association. A "Pass-Through Certificate" is a security (or an interest therein) which is a Qualified REIT Asset (a mortgage loan and other assets of the type described in Code Section 856(c)(b)(B)) evidencing an undivided interest in a pool of mortgage loans. For the three months ended on March 31, 1996, and for the year ended on December 31, 1995, the Manager earned \$426,000 and \$38,000 in management fees, respectively.

The Manager is entitled to receive as incentive compensation 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 Ten Year U.S. Treasury Rate plus 2% (the "25% Incentive Payment"). The term "Return on Equity" is 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 generally accepted accounting principles 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 is 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" is only for purposes of calculating the incentive compensation payable, and is not related to the actual distributions received by stockholders. "Ten Year U.S. Treasury Rate" means the average of the weekly average yield to maturity for U.S. Treasury securities (adjusted to a constant maturity of 10 years) as published weekly by the Federal Reserve Board during a quarter. The 25% Incentive Payment to the Manager will be calculated quarterly in arrears before any income distributions are made to stockholders for the corresponding period. For the three months ended March 31, 1996, and for the year ended December 31, 1995, the Manager earned \$129,000 and zero, respectively, for the Manager's Incentive Payment.

Pursuant to the Management Agreement, the Company will reserve up to 1/5 of the Company's 25% Incentive Payment for distribution as bonuses to its employees in amounts to be determined by the Company's Board of Directors. Such payment shall be made in lieu of payment of a like amount to the Manager under the Management Agreement.

The Manager's base and incentive fees are calculated by the Manager within 60 days after the end of each calendar quarter, with the exception of the fourth quarter for which compensation will be computed within 30 days, and such calculation shall be promptly delivered to the Company. The Company is 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 pays 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 that will be paid by the Company will include 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 subservicing 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 three months ended March 31, 1996 and for the year ended December 31, 1995, there were no monies paid to the Manager as reimbursement of expenses.

STOCK OPTION PLAN

The Company has adopted the Stock Option Plan and the Manager and the directors, officers and employees of the Manager may be granted certain options or rights under the Stock Option Plan.

LIMITS OF RESPONSIBILITY

Pursuant to the Management Agreement, the Manager does not assume any responsibility other than to render the services called for thereunder and is not responsible for any action of the Company's Board of Directors in following or declining to follow its advice or recommendations. The Manager, its directors, officers, shareholders and employees, reliable to the Company, any mortgage security issuer, any subsidiary of the Company, the Unaffiliated Directors, the Company's stockholders or any subsidiary's shareholders for acts performed in accordance with and pursuant to the Management Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence or reckless disregard of their duties under the Management Agreement. The Manager is a newly formed company and does not have significant assets. Consequently, there can be no assurance that the Company would be able to recover any damages for claims it may have against the Manager. The Company has agreed to indemnify the Manager, and its directors, officers, shareholders and employees with respect to all expenses, losses, damages, liabilities, demands, charges and

claims arising from any acts or omissions of the Manager made in good faith in the performance of its duties under the Management Agreement.

RELATIONSHIPS WITH AFFILIATES

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, is the Manager and provides advisory services to the Company in accordance with the terms of the Management Agreement. As previously described, the Company utilizes the mortgage banking experience, management expertise and resources of ICII and ICAI in conducting its business. At May 15, 1996, ICII and SPTL, its wholly owned subsidiary, owned in the aggregate 10.0% of the Common Stock of the Company. In addition, a number of Directors and officers of the Company and ICIFC also serve as Directors and/or officers of ICII and ICAI. The Company currently utilizes ICII as a resource for loan servicing, technology, information services, human resources services, management information services and accounting. However, the amount of services provided by ICII are expected to decrease as the Company takes on certain of these responsibilities. As of March 31, 1996, ICII owned all of the voting common stock and a 1% economic interest in ICIFC, and the Company owned all of the non-voting preferred stock of ICIFC, representing 99% of the economic interest in ICIFC. ICII has the power to elect all of the directors of ICIFC and the ability to control the outcome of all matters for which the consent of the holders of the common stock of ICIFC is required.

With a view toward protecting the interests of the Company's stockholders, the Charter and the Bylaws of the Company provide that a majority of the Board of Directors (and 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 the Company must be reviewed annually by 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 Management Agreement may be terminated by either the Company or the Manager upon 60 days' notice. Any such termination or failure to extend by the Company without cause shall result in the payment of a termination or non-renewal fee to the Manager determined by an independent appraisal. In addition, any transaction between the Company and any Affiliated Person requires the affirmative vote of a majority of the Unaffiliated Directors.

Certain activities of ICII and its affiliates may adversely affect the Company's operations. For a further description of such activities and the possible effects to the Company therefrom, including the terms and conditions of the Non-Compete Agreement and the Right of First Refusal. See "Other Transactions--The Contribution Transaction" and "--Other Arrangements and Transactions with ICII."

OTHER TRANSACTIONS

THE CONTRIBUTION TRANSACTION

On November 20, 1995, ICII contributed to ICIFC 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 ICIFC. Simultaneously, on November 20, 1995, in exchange for 500,000 shares of Common Stock, ICII (1) contributed to the Company all of the outstanding non-voting preferred stock of ICIFC, which represents 99% of the economic interest in ICIFC, (2) caused SPTL to contribute to the Company certain of the operating assets and certain customer lists of SPTL'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 (the "Contribution Transaction"). 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 SPTL. All of the outstanding shares of common stock of ICIFC will be retained by ICII. Lastly, the Company contributed all of the aforementioned operating assets of SPTL's warehouse lending operations contributed to it by SPTL 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 SPTL will retain all other assets and liabilities related to the contributed operations which at November 20, 1995 consisted mostly of \$11.7 million of Mortgage Servicing Rights ("MSRs"), \$22.4 million of finance receivables and \$26.6 million in advances made by ICII and SPTL to fund mortgage conduit loan acquisitions and to fund finance receivables, respectively.

Pursuant to the Non-Compete Agreement, ICII, except as set forth below, and any 25% entity may not compete with the IWLG and may not establish a network of third party correspondent loan originators or another end-investor in non-conforming mortgage loans. ICII has also agreed (1) that, in addition to any other remedy that may be available to the Company, it will sell all of the outstanding shares of common stock of ICIFC to be retained by ICII pursuant to the Contribution Transaction to any third party reasonably acceptable to the Company in the event that ICII or a 25% entity establishes a network of third party correspondent loan originators during the term of the Non-Compete Agreement and (2) that any sale by ICIFC of shares of its capital stock or sale or transfer by ICII of any shares of the common stock of ICIFC which ICII owns may only be made to a party reasonably acceptable to the Company. Pursuant to the Non-Compete Agreement, SPTL may continue to act as an end-investor in non-conforming mortgage loans and Southern Pacific Funding Corporation, a wholly-owned subsidiary of ICII, may continue its business, which is primarily to act as a wholesale originator and bulk purchaser of non-conforming mortgage loans. Pursuant to the Right of First Refusal Agreement, ICII will grant ICIFC a right of first refusal to purchase all non-conforming mortgage loans that ICII or any 25% entity originates or acquires and subsequently offers for sale and ICIFC will grant ICII, or any 25% entity designated by ICII, a right of first refusal to purchase all conforming mortgage loans that ICIFC acquires and subsequently offers for sale.

ARRANGEMENTS AND TRANSACTIONS WITH ICII

The Company and ICII have entered into agreements for the purpose of defining their ongoing relationships. These agreements have been developed in the context of a parent/subsidiary relationship and therefore are not the result of arm's-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 three months ended March 31, 1996 and for the year ended December 31, 1995, \$38,700 and \$12,900, respectively, were paid by the Company to ICII under the sublease.

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 Affiliated Persons, must independently approve all transactions by and between the Company and ICII. The term "Affiliated Person" means of any entity: (1) any person directly or indirectly owning, controlling, or holding with the power to vote, five percent (5%) or more of the outstanding securities of such entity; (2) any person five percent (5%) or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such entity; (3) any person directly or indirectly controlling, controlled by, or under common control with, such entity; or (4) any officer, director or employee of such entity or any person set forth in (1), (2) or (3) above. Any person who owns beneficially, either directly or through one or more controlled companies, more than twenty-five percent (25%) of the voting securities of any entity shall be presumed to control such entity. Any person who does not so own more than twenty-five percent

(25%) of the voting securities of any entity shall be presumed not to control such entity. A natural person shall be presumed not to be a controlled entity.

The following is a summary of certain arrangements and transactions between the Company and ICII.

TAX AGREEMENT

The Company has entered into an agreement (the "Tax Agreement") effective as of 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 the Company harmless from any tax liability attributable to periods ending on or before November 20, 1995, in excess of such taxes as the Company has already paid or provided for. For periods ending after November 20, 1995, the Company 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 the Company or (2) the Company 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 the Company an amount equal to the tax benefit as that benefit is realized. ICII will also agree to indemnify the Company for any liability associated with the contribution of the preferred stock of ICIFC and certain operational assets of SPTL'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, and, as a result thereof, the Company for any taxable period after November 20, 1995, realizes a tax benefit, then the Company shall pay to ICII the amount of such benefit at such time or times as the Company 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 the Company's liability without first obtaining the consent of the Company. The Company generally controls all other audits and administrative and judicial proceedings.

SERVICES AGREEMENT

Prior to November 20, 1995, the predecessors of ICIFC 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, the three months ended March 31, 1995, and for the years ended December 31, 1994 and 1993 were \$269,000, \$75,000, \$517,000, and \$459,000, respectively.

The Company and ICII have 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 Services Agreement has an initial term that ends on December 31, 1996 and is renewable annually thereafter. 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 three months ended March 31, 1996, and for the period November 20, 1995 to December 31, 1995, total expenses allocated to the Company related to these service agreement were \$114,000 and \$29,000, respectively.

LOAN PURCHASE AND ADMINISTRATIVE SERVICES AGREEMENT

To facilitate the acquisition of mortgage loans and to monitor loans not serviced by ICIFC, the Company entered into an agreement (the "Loan Purchase and Administrative Services Agreement") with ICIFC effective as of November 20, 1995.

To assure a source of mortgage loans for the Company, ICIFC granted the Company an option to purchase all non-conforming mortgage loans meeting the Company's investment criteria and policies. Commitments to acquire loans will obligate the Company to purchase such loans from ICIFC upon the closing and funding of the loans, pursuant to the terms and conditions specified in the commitment. Commitment fees to be paid by ICIFC in connection with the loans purchased by the Company shall be determined based on criteria established from time to time by ICIFC's Board of Directors, including a majority of the Unaffiliated Directors, at amounts which, in its judgment, are comparable to commitment fees then generally paid by other mortgage loan originators for loans of similar size and credit characteristics to those being acquired.

In the event that a commitment expires or is canceled because the underlying loan does not close, ICIFC may renegotiate and the Company may agree to purchase a new loan with the borrower. As to each renegotiated loan, ICIFC, after deducting its customary expenses for such loan, shall reduce the price of such loan sold to the Company by 50% of the excess, if any, of (i) the Company's then current effective price for a similar mortgage loan with an identical interest rate at the time of the renegotiation over (ii) ICIFC's realized price from the borrower for such mortgage loan. ICIFC will furnish reports to the Company on a periodic basis with respect to the calculation and amounts of such differentials retained by ICIFC.

To provide additional protection for the Company's investments, ICIFC monitors and administers the servicing of the Company's mortgage loans which it is not then servicing, other than loans pooled to secure the issuance of mortgage-backed securities. Such monitoring and administrative services include, but not be limited to, the following activities: serving as the Company's consultant with respect to the servicing of loans; collection of information and submission of reports pertaining to the mortgage loans and to monies remitted to ICIFC or the Company by services; periodic review and evaluation of the performance of each servicer to determine its compliance with the terms and conditions of each servicing agreement and, if deemed appropriate, recommending to the Company the termination of such servicing agreement; acting as a liaison between services and the Company and working with services to the extent necessary to improve their servicing performance; review of and recommendations as to fire losses, easement problems and condemnation, delinquency and foreclosure procedures with regard to the mortgage loans; review of services' delinquency, foreclosure and other reports on mortgage loans; supervising claims filed under any mortgage insurance policies; enforcing the obligation of any servicer to repurchase mortgage loans from the Company; and coordinating and overseeing the performance of the servicing of the mortgage loans by the services to ensure that the mortgage loans meet the Company's eligibility requirements.

Under the terms of the Loan Purchase and Administrative Services Agreement, ICIFC advances and remits to the Company any payment of principal and interest and any principal prepayments which another servicer fails to advance or remit on a timely basis, excluding certain nonrecoverable advances. In addition, if a servicer defaults in the performance of its servicing duties or, with the consent of the Company, assigns such duties to the Company, ICIFC assumes the servicing function of that servicer and all responsibilities set forth in the related servicing agreement, for the same fee the servicer was receiving at the time of such default.

Pursuant to the terms of the Loan Purchase and Administrative Services Agreement, ICIFC receives a monthly administrative services fee equal to 0.02% of the outstanding principal balance, as of the last day of the month for which the fee is paid, of the mortgage loans monitored and administered under the agreement on which principal and interest remittances for such month have been made in full to the Company. Additionally, ICIFC is to be paid for services rendered under any master servicing agreement which it may enter into with the Company or any subsidiary of the Company that has issued Collateralized Mortgage Obligations ("CMOs") or other mortgage collateralized debt, an amount equal to 0.02% of the average CMO assets for each fiscal quarter. For

the three months ended March 31, 1996 and the year ended December 31, 1995, no fees were paid or earned associated with the Loan Purchase and Administrative Service Agreement.

The Loan Purchase and Administrative Services Agreement remains in force until one year after November 20, 1995 and thereafter it will be automatically renewed unless written notice is delivered by either the Company or ICIFC 30 days prior to the end of the term or any renewal term of the agreement.

The Company may terminate the Loan Purchase and Administrative Services Agreement upon 30 days' notice following the happening of one or more events specified in the agreement. Such events relate generally to ICIFC's proper and timely performance of its duties and obligations under the agreement. In addition, either party may terminate the Loan Purchase and Administrative Services Agreement without cause upon 30 days' notice.

OTHER TRANSACTIONS

MANAGEMENT AND SUB-SERVICING AGREEMENTS

ICAI oversees the day-to-day operations of the Company, subject to the supervision of the Company's Board of Directors, pursuant to the Management Agreement.

ICIFC 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. ICIFC subcontracts all of its servicing obligations under such loans to ICII pursuant to a sub-servicing agreement. The Company believes that the terms of such agreement are comparable to industry standards. In the first quarter of 1996, ICII contracted to sell substantially all of its mortgage servicing portfolio and eliminate a substantial portion of its mortgage servicing department. In response to ICII's decision to exit the mortgage servicing business, ICIFC is in the process of negotiations with another third party sub-servicer. ICIFC expects that the transfer of servicing responsibilities will take place in June, 1996. However, there are no assurances that ICIFC will be able to complete the transfer by this date.

BULK MORTGAGE LOAN PURCHASES

During the three months ended March 31, 1996, ICIFC purchased from ICII bulk mortgage loans packages of 30-year fully amortizing six-month adjustable LIBOR (London interbank offered rate) and 30- and 15-year fixed rate first and second trust deed mortgages having a principal balance of \$164.2 million with net premiums paid of \$1.9 million. Servicing rights on all mortgage loans were released to ICIFC.

On December 5, 1995 and December 13, 1995, ICIFC purchased from ICII two bulk mortgage loan packages of 30-year fully amortizing six-month adjustable LIBOR and one-year adjustable Treasury Bill rate loans and 30- and 15-year fixed rate second trust deed mortgages with servicing rights on all mortgage loans released to ICIFC. The principal balances of the mortgages at the time of purchase were \$172.9 million with net premiums paid of \$3.7 million.

On December 29, 1995, ICIFC purchased from SPTL two bulk mortgage loan packages of 30-year fully amortizing six-month adjustable LIBOR, one-year adjustable Treasury Bill rate loans and 30- and 15-year fixed rate fully amortizing mortgage loans. The principal balances of the loans in the servicing released and servicing retained bulk packages at the time of purchase were \$3.5 million with net premiums paid of \$3.5 million.

ICIFC had a 90 day recourse period from the dates of the purchase from ICII and SPTL for any loan(s) that were 30 to 60 day delinquent and/or lead to foreclosure. In this case, ICII or SPTL will repurchase the loans from ICIFC within 15 days of written notice from ICIFC. As to loans that do not have a prepayment penalty that pay off within the first six months of purchase, ICII and SPTL will reimburse ICIFC the premium paid at purchase. ICIFC had 60 days from the date of purchases to complete its due diligence. Any loan that was found by ICIFC during this period to not comply with ICIFC's underwriting guidelines, unless an exception is approved by ICIFC, is subject to repurchase by ICII and SPTL, ICII and SPTL will repurchase the loan(s) within 15 days of written notice from ICIFC and reimburse ICIFC any fee paid at purchase.

PURCHASE OF MORTGAGE-BACKED SECURITIES

On December 29, 1995, the Company purchased from SPTL DLJ Mortgage Acceptance Corp. Pass-Through Certificates Series 1995-4, Class B-1 and Class B-2 issued August 29, 1995. These certificates are backed primarily by a pool of certain conventional, 11th District Cost of Funds adjustable rate, one-to-four family, first lien mortgage loans, with terms to maturity of not more than 30 years. The mortgage loans underlying the certificates were originated or acquired by ICII. All of the mortgage loans are serviced by ICII in its capacity as master servicer. The Company purchased Class B-1 certificates having a current principal balance of \$4.8 million and Class B-2 certificates having a current principal balance of \$2.3 million, at a discount of \$1.0 million and \$0.7 million, respectively. The Class B-1 certificates are "B" rated and the Class B-2 are "BB" rated. There was no gain or loss recorded by either party as a result of this transaction.

PURCHASE OF OTHER INVESTMENTS

On December 29, 1995, the Company purchased a subordinated interest in a lease receivable securitization from Imperial Business Credit, Inc. ("IBC"), a wholly-owned subsidiary of ICII. The lease receivables underlying the security were originated by IBC. The Company purchased the subordinated lease receivables at the present value of estimated cash flows based on a discount rate of 12% amounting to a purchase price of \$8.4 million. As a result of this transaction, IBC recorded a gain of \$164,000. The discount rate used in determining the purchase price of the asset was confirmed by an independent third party.

On March 28, 1996, the Company purchased from ICII the beneficial interest in the Class A Trust Certificate for the Franchise Loan Receivable Trust 1995-B. The trust is securitized by loans originated by Franchise Mortgage Acceptance Company, LLC, in which ICII has a 67% ownership interest, and by the franchisee's assets for the loan. The purchase price was \$2.8 million based upon a discount rate of 16%.

On March 8, 1996, the Company purchased from ICII \$5.0 million of its Senior Note obligations at a price of \$4.5 million plus accrued interest. The obligations are currently unregistered debt of ICII and cannot be traded or sold by the Company. ICII has agreed to register the notes under the Securities Act so the Company has the ability to sell them in the future.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to the Company with respect to beneficial ownership of the Company's Common Stock as of May 15, 1996, by (1) each person known to the Company to beneficially own more than five percent of the Company's Common Stock, (2) each Director, (3) the Company's executive officers, and (4) all Directors and executive officers as a group. Unless otherwise indicated in the footnotes to the table, the beneficial owners named have, to the knowledge of the Company, sole voting and investment power with respect to the shares beneficially owned, subject to community property laws where applicable.

NAME OF BENEFICIAL OWNER -----	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF SHARES BENEFICIALLY OWNED
Imperial Credit Industries, Inc.(1).....	374,538	8.8%
Southern Pacific Thrift and Loan Association(2).....	50,000	1.2%
H. Wayne Snavelly.....	--	--
Joseph R. Tomkinson.....	--	--
William S. Ashmore.....	1,075	(*)
Richard J. Johnson.....	3,076	(*)
Mary C. Glass.....	--	--
James Walsh.....	--	--
Frank P. Philipps.....	--	--
Stephan R. Peers.....	--	--
All directors and executive officers as a group (10 persons).....	4,151	(*)

- - - - -
 (*) Less than 1%.
 (1) ICII's address is 23550 Hawthorne Boulevard, Building 1, Suite 110, Torrance, California 90505.
 (2) SPTL's address is 12300 Wilshire Boulevard, Los Angeles, California 90025.

PROPOSAL NO. 3

RATIFICATION OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS

The Board of Directors of the Company has selected and appointed KPMG Peat Marwick LLP to act as the Company's independent accountants for the year ending December 31, 1996. In recognition of the important role of the independent accountants, the Board of Directors has determined that its selection of such accountants should be submitted to the stockholders for review and ratification on an annual basis.

KPMG Peat Marwick LLP has examined the financial statements of the Company since its inception. Management is satisfied with their performance to date.

The affirmative vote of a majority of the shares voting on this proposal is required for its adoption. In view of the difficulty and the expense involved in changing independent accountants on short notice, if the proposal is not approved, it is contemplated that the appointment for 1996 may be permitted to stand, unless the Board of Directors finds other compelling reasons for making a change. Disapproval of this Proposal will be considered as advice to the Board of Directors to select other independent accountants for the following year. Representatives of KPMG Peat Marwick LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

STOCKHOLDERS' PROPOSALS

Stockholders' proposals intended to be presented at the Company's next Annual Meeting of Stockholders to be held in 1997 must be received at the Company's principal executive offices no later than March 27, 1997, in order to be considered for inclusion in the proxy statement and form of proxy relating to that meeting.

OTHER BUSINESS

The Board of Directors knows of no other matter to be acted upon at the meeting. However, if any other matter shall properly come before the meeting, the proxyholders named in the proxy accompanying this Proxy Statement will have discretionary authority to vote all proxies in accordance with their best judgment.

By Order of the Board of Directors

/s/ RICHARD J. JOHNSON

Richard J. Johnson, Secretary

Dated: June 10, 1996
Santa Ana Heights, California

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS ON JULY 25, 1996. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby appoints Joseph R. Tomkinson and Richard J. Johnson, or either of them, each with full power of substitution, as proxies of the undersigned to attend the Annual Meeting of Stockholders of Imperial Credit Mortgage Holdings, Inc., at the Sutton Place Hotel, 4500 MacArthur Boulevard, Newport Beach, California 92660, on the 25th day, July, 1996, at 10:00 A.M. Pacific Standard Time, and any adjournment or postponement thereof, and to vote the number of shares the undersigned would be entitled to vote if personally present on the following.

1. Election of Directors FOR all nominees listed WITHHOLD AUTHORITY
to
 below (except as marked vote for all nominees listed
 below to the contrary below)

H. Wayne Snavelly . Joseph R. Tomkinson . James Walsh
 Frank P. Filippis . Stephan R. Peers

INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE WRITE THAT NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.

The Board of Directors recommends a vote FOR each of the nominees.

2. To approve the amendment of the 1995 Stock Option, Deferred Stock and Restricted Stock Plan.

The Board of Directors recommends a vote FOR.

FOR AGAINST ABSTAIN

3. To ratify the appointment of KPMG Peat Marwick LLP as independent accountants for the year ending December 31, 1996.

The Board of Directors recommends a vote FOR.

FOR AGAINST ABSTAIN

4. In their discretion, upon any and all such other matters as may properly come before the meeting or any adjournment or postponement thereof.

Dated: _____, 1996

Signature

Signature, if held jointly

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

1995 STOCK OPTION, DEFERRED STOCK
AND
RESTRICTED STOCK PLAN

SECTION 1. GENERAL PURPOSE OF PLAN; DEFINITIONS.

(a) This plan is intended to implement and govern the Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") of Imperial Credit Mortgage Holdings, Inc., a Maryland corporation (the "Company"). The Plan was adopted by the Board on August 31, 1995, subject to the approval of the Company's stockholders. The purpose of the Plan is to enable the Company, its Subsidiaries, ICI Funding Corporation, a California corporation ("ICIFC"), and Imperial Credit Advisors, Inc., a California corporation and a wholly-owned subsidiary of Imperial Credit Industries, Inc. (the "Manager"), to obtain and retain competent personnel who will contribute to the Company's success by their ability, ingenuity and industry, and to provide incentives to such personnel and members that are linked directly to increases in stockholder value, and will therefore, inure to the benefit of all stockholders of the Company.

(b) For purposes of the Plan, the following terms shall be defined as set forth below:

(1) "Award" means any award of Deferred Stock, Restricted Stock, Stock

Appreciation Right, Limited Stock Appreciation Right or Stock Option.

(2) "Board" means the Board of Directors of the Company.

(3) "Code" means the Internal Revenue Code of 1986, as amended from time to

time, or any successor thereto.

(4) "Committee" means the Compensation Committee of the Board plus such

additional directors of the Company as the Board shall designate.

(5) "Company" means Imperial Credit Mortgage Holdings, Inc., a corporation

organized under the laws of the State of Maryland (or any successor corporation).

(6) "Deferred Stock" means an award made pursuant to Section 7 below of the

right to receive Stock at the end of a specified deferral period.

(7) "Disability" means permanent and total disability as determined under

the Company's disability program or policy.

(8) "Effective Date" shall mean the date provided pursuant to Section 16.

(9) "Eligible Employee" means an employee of the Company, any Subsidiary,

ICIFC or the Manager eligible to participate in the Plan pursuant to Section 4.

(10) "Fair Market Value" means, as of any given date, with respect to any

Awards granted hereunder, at the discretion of the Committee and subject to such limitations as the Committee may impose, (A) the closing sale price of the Stock on such date as reported in the Western Edition of the Wall Street Journal Composite Tape or (B) the average on such date of the closing price of the Stock on each day on which the Stock is traded over a period of up to twenty trading days immediately prior to such date or (C) if on the date for which current fair market value is to be determined the Stock is not listed on any securities exchange or quoted in the NASDAQ System or over-the-counter market, the current fair market value of the Stock shall be the highest price per share which the Company could then obtain from a willing buyer (not a current employee or director) for shares of the Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Board.

(11) "ICIFC" means ICI Funding Corporation, a California corporation.

(12) "Incentive Stock Option" means any Stock option intended to be

designated as an "incentive stock option" within the meaning of Section 422 of the Code.

(13) "IPO" means the Company's initial public offering of its Stock on

Registration Statement Form S-11.

(14) "Limited Stock Appreciation Right" means a Stock Appreciation Right

that can be exercised only in the event of a Change of Control as defined in Section 10.

(15) "Manager" means the Imperial Credit Advisors, Inc., a California

corporation and a wholly-owned subsidiary of Imperial Credit Industries, Inc.

(16) "Non-Qualified Stock Option" means any Stock Option that is not an

Incentive Stock Option, including any Stock Option that provides (as of the time such option is granted) that it will not be treated as an Incentive Stock Option.

(17) "Parent Corporation" means any corporation (other than the Company) in

an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the combined voting power of all classes of stock in one of the other corporations in the chain.

(18) "Participant" means any Eligible Employee selected by the Committee,

pursuant to the Committee's authority in Section 2 below, to receive grants of
Stock Options or Awards or any combination of the foregoing.

(19) "Restricted Period" means the period set by the Committee as it

pertains to Deferred Stock or Restricted Stock awards pursuant to Section 7.

(20) "Restricted Stock" means an award of shares of Stock that is subject

to restrictions under Section 7 that will lapse with the passage of time or upon
the attainment of performance objectives.

(21) "Stock" means the Common Stock, \$.01 par value per share, of the

Company.

(22) "Stock Appreciation Right" means the right pursuant to an award

granted under Section 6 below to receive an amount equal to the difference
between (i) the Fair Market Value, as of the date such Stock Appreciation Right
or portion thereof is surrendered, of the shares of Stock covered by such right
or such portion thereof and (ii) the aggregate exercise price of such right or
such portion thereof.

(23) "Stock Option" means any option to purchase shares of Stock granted

pursuant to Section 5.

(24) "Subsidiary" means any corporation (other than the Company) in an

unbroken chain of corporations beginning with the Company if each of the
corporations (other than the last corporation in the unbroken chain) owns stock
possessing 50% or more of the total combined voting power of all classes of
stock in one of the other corporations in the chain.

SECTION 2. ADMINISTRATION.

(a) The Plan shall be administered by the Committee which shall be
appointed by the Board and which shall serve at the pleasure of the Board.

(b) The Committee shall have the power and authority to grant to Eligible
Employees, pursuant to the terms of the Plan: (A) Stock Options, (B) Stock
Appreciation Rights, (C) Deferred Stock, (D) Restricted Stock, or (E) any
combination of the foregoing.

In particular, the Committee shall have the authority;

(1) to select those employees of the Company, any Subsidiary, ICIFC or the
Manager who are Eligible Employees;

(2) to determine whether and to what extent Stock Options, Stock
Appreciation Rights, Deferred Stock, Restricted

Stock or a combination of the foregoing, are to be granted to Eligible Employees hereunder;

(3) to determine the number of shares of Stock to be covered by each such Award;

(4) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any such Award including, but not limited to, (x) the restricted period applicable to Deferred Stock or Restricted Stock awards, (y) the date or dates on which restrictions applicable to such Deferred Stock or Restricted Stock shall lapse during such period, and (z) when and in what increments shares covered by Stock Options may be purchased; and

(5) to determine the terms and conditions, not inconsistent with the terms of the Plan, which shall govern all written instruments evidencing the Stock Options, Stock Appreciation Rights, Deferred Stock, Restricted Stock or any combination of the foregoing.

(c) The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall from time to time deem advisable; to interpret the terms and provisions of the Plan and any Award issued under the Plan; and to otherwise supervise the administration of the Plan.

(d) All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company, any Subsidiaries, ICIFC, the Manager and the Participants.

SECTION 3. STOCK SUBJECT TO PLAN.

(a) The total number of shares of Stock reserved and available for issuance under the Plan shall be 800,000 shares. Such shares shall consist of authorized but unissued shares.

(b) To the extent that (i) a Stock Option expires or is otherwise terminated without being exercised or (ii) any shares of Stock subject to any Deferred Stock or Restricted Stock award granted hereunder are forfeited, such shares shall again be available for issuance in connection with future Awards under the Plan. If any shares of Stock have been pledged as collateral for indebtedness incurred by a Participant in connection with the exercise of a Stock Option and certificates representing such shares are surrendered to the Company in satisfaction of such indebtedness, such shares shall again be available for issuance in connection with future Awards under the Plan.

(c) In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Stock, a substitution or

adjustment shall be made in (i) the aggregate number of shares reserved for issuance under the Plan, and (ii) the kind, number and option price of shares subject to outstanding Stock Options granted under the Plan as may be determined by the Committee, in its sole discretion, provided that the number of shares subject to any Award shall always be a whole number. Such other substitutions or adjustments shall be made as may be determined by the Committee, in its sole discretion. An adjusted option price shall also be used to determine the amount payable by the Company upon the exercise of any Stock Appreciation Right.

SECTION 4. ELIGIBILITY.

(a) Officers and other key employees of the Company, any Subsidiaries, ICIFC or the Manager who are responsible for or contribute to the management, growth and/or profitability of the business of the Company or its Subsidiaries, and the directors of the Company, ICIFC and the Manager, shall be eligible to be granted Non-Qualified Stock Options, Stock Appreciation Rights, and Deferred Stock or Restricted Stock awards hereunder. Officers and other key employees of the Company or its Subsidiaries shall also be eligible to be granted Incentive Stock Options hereunder. The Participants under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among Eligible Employees recommended by the senior management of the Company, and the Committee shall determine, in its sole discretion, the number of shares covered by each Award.

(b) The Manager shall be eligible to be granted Non-Qualified Stock Options hereunder.

(c) Notwithstanding the foregoing, an Eligible Employee shall not be eligible to be granted an Award under this Plan if he/she is deemed to own more than 9.7% (in value or in number of shares, whichever is more restrictive) of the aggregate of the outstanding shares of Common Stock of the Company. For this purpose, the term "ownership" is defined in accordance with the Real Estate Investment Trust provisions of the Code, the constructive ownership provisions of section 544 of the Code, as modified by Section 856(1)(b) of the Code, and Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act of 1934, as amended.

SECTION 5. STOCK OPTION FOR ELIGIBLE EMPLOYEES AND THE MANAGER.

(a) Stock Options may be granted to Eligible Employees or the Manager alone or in addition to other Awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve, and the provisions of Stock Options need not be the same with respect to each optionee. Recipients of Stock Options shall enter into a Stock Option Agreement with the Company, in such form as the Committee shall determine, which agreement shall set forth, among other

things, the exercise price of the option, the term of the option and provisions regarding exercisability of the option granted thereunder.

i) The Stock Options granted under the Plan to Eligible Employees may be of two types: (x) Incentive Stock Options and (y) Non-Qualified Stock Options.

ii) The Committee shall have the authority to grant any Eligible Employee (x) Incentive Stock Options (provided such Eligible Employee is also an employee of the Company or its Subsidiaries), (y) Non-Qualified Stock Options, or (z) both types of Stock Options (in each case with or without Stock Appreciation Rights or Limited Stock Appreciation Rights). To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option.

iii) The Stock Options granted under the Plan to the Manager must be Non-Qualified Stock Options.

(b) Stock Options granted under this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

i) Option Price. The option price per share of Stock purchasable

under a Stock Option shall be determined by the Committee at the time of grant but shall be not less than 100% of the Fair Market Value of the Stock on such date. If an employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of the Stock on the date such Incentive Stock Option is granted.

ii) Option Term. The term of each Stock Option shall be fixed

by the Committee, but no Stock Option shall be exercisable more than ten years after the date such Stock Option is granted; provided, however, that if an employee owns or is deemed to own

(by reason of the attribution rules

of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Parent Corporation or Subsidiary and an Incentive Stock Option is granted to such employee, the term of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no more than five years from the date of grant.

(c) Exercisability. Stock Options shall be exercisable at such time

or times and subject to such terms and conditions as shall be determined by the Committee at or after grant; provided, however, that, except as provided herein

or unless otherwise determined by the Committee at or after grant, Stock Options shall be exercisable one year following the date of grant of the option. If the Committee provides, in its discretion, that any Stock Option is exercisable only in installments, the Committee may waive such installment exercise provisions at any time in whole or in part based on such factors as the Committee may determine in its sole discretion.

(d) Method of Exercise. Subject to Section 5(c) above, Stock Options

may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of shares to be purchased, accompanied by payment in full of the purchase price in cash or its equivalent, as determined by the Committee. As determined by the Committee, in its sole discretion, payment in whole or in part may also be made (i) in the form of unrestricted Stock already owned by the optionee, or, in the case of the exercise of a Non-Qualified Stock Option, Restricted Stock subject to an Award hereunder (based, in each case, on the Fair Market Value of the Stock on the date the option is exercised), (ii) by cancellation of any indebtedness owed by the Company to the optionee, (iii) by a full recourse promissory note executed by the optionee, or (iv) by any combination of the foregoing; provided, however,

that in the case of an Incentive Stock Option, the right to make payment in the form of already owned shares may be authorized only at the time of grant. An optionee shall generally have the rights to dividends and other rights of a stockholder with respect to shares subject to the option only after the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in paragraph (a) of Section 11.

(e) The Committee may require the voluntary surrender of all or a portion of any Stock Option granted under the Plan as a condition precedent to a grant of a new Stock Option. Subject to the provisions of the Plan, such new Stock Option shall be exercisable at the price, during such period and on such other terms and conditions as are specified by the Committee at the time the new Stock Option is granted; provided, however, should the Committee so require, the

number of shares subject to such new Stock Option shall not be greater than the number of shares subject to the surrendered Stock Option. Upon their surrender, the Stock

Options shall be canceled and the shares previously subject to such canceled Stock Options shall again be available for the grants of Stock Options and other Awards hereunder.

(f) Loans. The Company may make loans available to Stock Option

holders as the Committee, in its discretion, may determine in connection with the exercise of outstanding options granted under the Plan. Such loans shall (i) be evidenced by promissory notes entered into by the holders in favor of the Company, (ii) be subject to the terms and conditions set forth in this Section 5(f) and such other terms and conditions, not inconsistent with the Plan, as the Committee shall determine, (iii) bear interest, if any, at such rate as the Committee shall determine and (iv) be subject to Board approval. In no event may the principal amount of any such loan exceed the sum of (x) the exercise price less the par value of the shares of Stock covered by the option, or portion thereof, exercised by the holder and (y) any Federal, state, local income tax attributable to such exercise. The initial term of the loan, the schedule of payments of principal and interest under the loan, the extent to which the loan is to be with or without recourse against the holder with respect to principal or interest and the conditions upon which the loan will become payable in the event of the holder's termination of employment shall be determined by the Committee; provided, however, that the term of the loan,

including extensions, shall not exceed seven years. Unless the Committee determines otherwise, when a loan shall have been made, shares of Common Stock having a Fair Market Value at least equal to the principal amount of the loan shall be pledged by the holder to the Company as security for payment of the unpaid balance of the loan, and such pledge shall be evidenced by a pledge agreement, the terms of which shall be determined by the Committee, in its discretion; provided, however, that each loan shall comply with all applicable

laws, regulations and rules of the Board of Governors of the Federal Reserve System and any other governmental agency having jurisdiction.

(g) Non-transferability of Options. No Stock Options shall be

transferable by the optionee otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee. No disposition of an Optioned Share may be made by optionee within two (2) years from the date of the granting of the Option(s) nor within one (1) year after the transfer of such Optioned Share to him.

(h) Termination by Death. If an optionee's employment with the

Company and any Subsidiary terminates by reason of death, the Stock Option may thereafter be immediately exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the optionee under the will of the optionee, for a period of twelve months (or such shorter period as the Committee shall specify at grant) from

the date of such death or until the expiration of the stated term of such Stock Option, whichever period is shorter.

(i) Termination by Reason of Disability. If an optionee's employment

with the Company, any Subsidiary, ICIFC or the Manager terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised, to the extent it was exercisable at the time of such termination (or on such accelerated basis as the Committee shall determine at the time of grant), for a period of twelve months (or such shorter period as the Committee shall specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is shorter; provided, however, that, if the optionee dies within such twelve-month period

(or such shorter period as the Committee shall specify at grant) and prior to the expiration of the stated term of such Stock Option, any unexercised Stock Option held by such optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of twelve months (or such shorter period as the Committee shall specify at grant) from the time of death or until the expiration of the stated term of such Stock Option, whichever period is shorter. In the event of a termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(j) Other Termination. Except as otherwise provided in this paragraph

or otherwise determined by the Committee, if an optionee's employment with the Company, any Subsidiary, ICIFC or the Manager terminates for any reason other than death or Disability, the Stock Option may be exercised until the earlier to occur of (A) three months from the date of such termination or (B) the expiration of such Stock Option's term.

(k) Annual Limit on Incentive Stock Options. To the extent that the

aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and all other option plans of the Company, its Parent Corporation and any Subsidiary become exercisable for the first time by an optionee during any calendar year exceed \$100,000, such options shall be treated as Non-Qualified Stock Options.

(l) Annual Limit on Stock Options. More than one Stock Option may be

granted to an Eligible Employee during any fiscal year of the Company, but the aggregate number of shares of Stock underlying Stock Options granted to any Eligible Employee during any such fiscal year shall not exceed fifty percent (50%) of the shares of Stock reserved for issuance under the Plan pursuant to Section 3 of the Plan.

SECTION 6. STOCK APPRECIATION RIGHTS.

(a) Grant and Exercise. Stock Appreciation Rights may be granted to

Eligible Employees either alone ("Free Standing Rights") or in conjunction with all or part of any Stock Option granted under the Plan ("Related Rights"). In the case of a Non-Qualified Stock Option, Related Rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, Related Rights may be granted only at the time of the grant of the Incentive Stock Option.

A Related Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, unless otherwise provided by the Committee at the time of grant, a Related Right granted with respect to less than the full number of shares covered by a related Stock Option shall only be reduced if and to the extent that the number of shares covered by the exercise or termination of the related Stock Option exceeds the number of shares not covered by the Stock Appreciation Right.

A Related Right may be exercised by an optionee, in accordance with paragraph (b) of this Section 6, by surrendering the applicable portion of the related Stock Option. Upon such exercise and surrender, the optionee shall be entitled to receive an amount determined in the manner prescribed in paragraph (b) of this Section 6. Stock Options which have been so surrendered, in whole or in part, shall no longer be exercisable to the extent the Related Rights have been exercised.

(b) Terms and Conditions. Stock Appreciation Rights shall be subject

to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following;

i) Stock Appreciation Rights that are Related Rights ("Related Stock Appreciation Rights") shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 and this Section 6 of the Plan; provided,

however, that any Related Stock Appreciation Right shall not be

exercisable during the first six months of the term of the Related Stock Appreciation Right, except that this additional limitation shall not apply in the event of death or Disability of the optionee prior to the expiration of the six-month period.

ii) Upon the exercise of a Related Stock Appreciation Right, an optionee shall be entitled to receive up to, but not more than, an amount in cash or that number of shares of Stock (or in some

combination of cash and shares of Stock) equal in value to the excess of the Fair Market Value of one share of Stock over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Related Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(c) Related Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under paragraph (g) of Section 5 of the Plan.

(d) Upon the exercise of a Related Stock Appreciation Right, the Stock Option or part thereof to which such Related Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock to be issued under the Plan, but only to the extent of the number of shares issued under the Related Stock Appreciation Right.

(e) A Related Stock Appreciation Right granted in connection with an Incentive Stock Option may be exercised only if and when the market price of the stock subject to an Incentive Stock Option exceeds the exercise price of such Stock Option.

(f) Stock Appreciation Rights that are Free Standing Rights ("Free Standing Stock Appreciation Rights") shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at or after grant; provided, however, that Free Standing Stock Appreciation

Rights shall not be exercisable during the first six months of the term of the Free Standing Stock Appreciation Right, except that this limitation shall not apply in the event of death or Disability of the recipient of the Free Standing Stock Appreciation Right prior to the expiration of the six-month period.

(g) The term of each Free Standing Stock Appreciation Right shall be fixed by the Committee, but no Free Standing Stock Appreciation Right shall be exercisable more than ten years after the date such right is granted.

(h) Upon the exercise of a Free Standing Stock Appreciation Right, a recipient shall be entitled to receive up to, but not more than, an amount in cash or that number of shares of Stock (or any combination of cash or shares of Stock) equal in value to the excess of the Fair Market Value of one share of Stock over the price per share specified in the Free Standing Stock Appreciation Right (which shall be no less than 100% of the Fair Market Value of the Stock on the date of grant) multiplied by the number of shares in respect to which the right is being exercised, with the Committee having the right to determine the form of payment.

(i) No Free Standing Stock Appreciation Right shall be transferable by the recipient otherwise than by will or by the laws of descent and distribution, and all such rights shall be exercisable, during the recipient's lifetime, only by the recipient.

(j) In the event of the termination of an employee who has received Free Standing Stock Appreciation Rights, such rights shall be exercisable to the same extent that a Stock Option would have been exercisable in the event of the termination of the optionee.

SECTION 7. DEFERRED STOCK AND RESTRICTED STOCK.

(a) General. Deferred Stock and Restricted Stock awards may be issued

to Eligible Employees either alone or in addition to other Awards granted under the Plan. The Committee shall determine to whom, and the time or times at which, grants of Deferred Stock or Restricted Stock awards will be made; the number of shares to be awarded; the price, if any, to be paid by the recipient of Deferred Stock or Restricted Stock awards; the Restricted Period (as defined in paragraph (c) hereof) applicable to Deferred Stock or Restricted Stock awards; the performance objective applicable to Deferred Stock or Restricted Stock awards; the date or dates on which restrictions applicable to such Deferred Stock or Restricted Stock awards shall lapse during such Restricted Period; and all other conditions of the Deferred Stock or Restricted Stock awards. The Committee may also condition the grant of Deferred Stock or Restricted Stock awards upon the exercise of Stock Options, or upon such other criteria as the Committee may determine, in its sole discretion. The provisions of Deferred Stock or Restricted Stock awards need not be the same with respect to each recipient.

(b) Awards and Certificates. The prospective recipient of a

Deferred Stock or Restricted Stock award shall not have any rights with respect to such Award, unless and until such recipient has executed an agreement evidencing the Award (an "Award Agreement") and has delivered a fully executed copy thereof to the Company, within a period of sixty days (or such other period as the Committee may specify after the Award date).

Each Participant who is awarded Restricted Stock shall be issued a stock certificate in respect of such shares of Restricted Stock; and such certificate shall be registered in the name of the Participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

The shares of stock represented by this certificate are subject to restrictions and limitations on transferability contained in the Imperial Credit Mortgage Holdings, Inc. 1995 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") and a Restricted Stock Award Agreement (the "Agreement") entered into between

the registered owner of the shares of stock represented by this certificate and Imperial Credit Mortgage Holdings, Inc., a Maryland corporation (the "Company"). Copies of the Plan and the Agreement will be furnished by the Company to any holder of this certificate upon request and without charge.

The Company shall require that the stock certificates evidencing such shares be held in the custody of the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock award, the Participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such Award.

With respect to Deferred Stock awards, at the expiration of the Restricted Period, stock certificates in respect of such shares of Deferred Stock shall be delivered to the Participant, or his legal representative, in a number equal to the shares of Stock covered by the Deferred Stock award.

(c) Restriction and Conditions. The Deferred Stock or Restricted

Stock awards granted pursuant to this Section 7 shall be subject to the following restrictions and conditions:

(i) Subject to the provisions of the Plan and the Deferred Stock or Restricted Stock Award Agreements, during such period as may be set by the Committee commencing on the grant date (the "Restricted Period"), the Participant shall not be permitted to sell, transfer, pledge or assign shares of Deferred Stock awarded under the Plan. Within these limits, the Committee may, in its sole discretion, provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part based on such factors and such circumstances as the Committee may determine, in its sole discretion, including, but not limited to, the attainment of certain performance related goals, the Participant's termination, death or Disability or the occurrence of a "Change of Control" as defined in Section 10 below.

(ii) With respect to Deferred Stock awards, the Participant shall generally not have the rights of a stockholder of the Company, including the right to vote the shares during the Restricted Period; provided, however, that

dividends declared during the Restricted Period with respect to the number of shares covered by a Deferred Stock award shall be paid to the Participant. Certificates for shares of unrestricted Stock shall be delivered to the Participant promptly after, and only after, the Restricted Period shall expire without forfeiture in respect of such shares of Deferred Stock, except as the Committee shall otherwise determine. With respect to the shares of Restricted Stock, except as provided in paragraph (b) of this Section 7, the Participant shall have all of the rights of a stockholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon during the Restricted Period.

(iii) Subject to the provisions of the Deferred Stock or Restricted Stock Award Agreement and this Section 7, upon termination of employment for any reason during the Restricted Period, all shares still subject to restriction shall be forfeited by the Participant, and the Participant shall only receive the amount, if any, paid by the Participant for such Deferred Stock or Restricted Stock, plus simple interest at 8% per year.

SECTION 8. AMENDMENT AND TERMINATION.

(a) The Board may amend, alter or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made that would impair the rights of the Participant under any Award theretofore granted without such Participant's consent, or that without the approval of the stockholders (as described below) would:

- (i) except as provided in Section 3, increase the total number of shares of Stock reserved for the purpose of the Plan;
- (ii) except as provided in this Plan, decrease the option price of any Stock Option to less than 100% of the Fair Market Value on the date of the grant of the option;
- (iii) materially change the employees or class of employees eligible to participate in the Plan;
- (iv) materially increase the benefits accruing to Participants under the Plan; or
- (v) extend the maximum option period under paragraph (b) of Section 5 of the Plan.

(b) The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but, subject to Section 3 above, no such amendment shall impair the rights of any holder without his or her consent.

SECTION 9. UNFUNDED STATUS OF PLAN.

The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant or optionee by the Company, nothing contained herein shall give any such Participant or optionee any rights that are greater than those of a general creditor of the Company.

SECTION 10. CHANGE OF CONTROL.

The following acceleration and valuation provisions shall apply in the event of a "Change of Control", as defined in paragraph (b) of this Section 10:

(a) in the event of a "Change of Control," unless otherwise determined by the Committee or the Board in writing at or after grant (including under any individual agreement), but prior to the occurrence of such Change of Control;

(i) any Stock Appreciation Rights outstanding for at least six months and any Stock Options awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested;

(ii) the restrictions applicable to any Restricted Stock or Deferred Stock awards under the Plan shall lapse, and such shares and Awards shall be deemed fully vested;

(iii) any indebtedness incurred pursuant to Section 5(f) above shall be forgiven and the collateral pledged in connection with any such loan shall be released; and

(iv) the value of all outstanding Stock Options, Stock Appreciation Rights, Limited Stock Appreciation Rights, Restricted Stock and Deferred Stock awards shall, to the extent determined by the Committee at or after grant, be cashed out on the basis of the "Change of Control Price" (as defined in paragraph (c) of this Section 10) as of the date the Change of Control occurs or such other date as the Committee may determine prior to the Change of Control.

(b) For purposes of paragraph (a) of this Section 10, a "Change of Control" shall be deemed to have occurred if;

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (other than the Company; any trustee or other fiduciary holding securities under an employee benefit plan of the Company; or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Stock of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person or any securities acquired directly from the Company or its affiliates) representing 30% or more of the combined voting power of the Company's then outstanding securities; or

(ii) during any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (iii) or (iv) of this Section 10(b)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for

election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 75% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires more than 50% of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(c) For purposes of this Section 10, "Change of Control Price" means the higher of (i) the highest price per share paid or offered in any transaction related to a Change of Control of the Company or (ii) the highest price per share paid in any transaction reported on the exchange or national market system on which the Stock is listed, at any time during the preceding sixty day period as determined by the Committee, except that, in the case of Incentive Stock Options and Stock Appreciation Rights or Limited Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date on which the Committee decides to cash out such options.

SECTION 11. GENERAL PROVISIONS.

(a) The Committee may require each person (including the Manager) purchasing shares pursuant to a Stock Option to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commissions, any stock exchange upon which the Stock is then listed, and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary any right to continued employment with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary to terminate the employment of any of its employees at any time.

(c) Each Participant shall, no later than the date as of which the value of an Award first becomes includable in the gross income of the Participant for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld with respect to the Award. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company (and, where applicable, its Subsidiaries) shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(d) No member of the Board or the Committee, nor any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

SECTION 12. SPECIFIC PERFORMANCE.

The Stock Options granted under this Plan and the Shares issued pursuant to the exercise of such Stock Options cannot be readily purchased or sold in the open market, and, for that reason among others, the Company and its stockholders will be irreparably damaged in the event that this Plan is not specifically enforced. In the event of any controversy concerning the right or obligation to purchase or sell any such Option or Optioned Stock, such right or obligation shall be enforceable in a court of equity by a decree of a specific performance. Such remedy shall, however, be cumulative and not exclusive, and shall be in addition to any other remedy which the parties may have.

SECTION 13. INVALID PROVISION.

In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability shall not be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions shall be given full

force and effect to the same extent as though the invalid unenforceable provision was not contained herein.

SECTION 14. APPLICABLE LAW.

This Plan shall be governed by and construed in accordance with the laws of the State of Maryland.

SECTION 15. SUCCESSORS AND ASSIGNS.

This Plan shall be binding on and inure to the benefit of the Company and the employees to whom an Option is granted hereunder, and such employees' heirs, executors, administrators, legatees, personal representatives, assignees and transferees.

SECTION 16. EFFECTIVE DATE OF PLAN.

The Plan became effective (the "Effective Date") on August 31, 1995.

SECTION 17. TERM OF PLAN.

No Stock Option, Stock Appreciation Right, Deferred Stock or Restricted Stock award shall be granted pursuant to the Plan on or after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

IN WITNESS WHEREOF, pursuant to the due authorization and adoption of this plan by the Board on the day and year first above written, the Company has caused this Plan to be duly executed by its duly authorized officers.

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

By: _____
Joseph R. Tomkinson,
Chief Executive Officer

IMPERIAL CREDIT MORTGAGE HOLDINGS, INC.

1995 ANNUAL REPORT

IMH has been integral in the mortgage financing industry since its inception. By correctly matching investors with mortgage products, IMH creates financing

[ART]

opportunities allowing all Americans to realize the "American Dream" of home ownership while providing a valuable investment opportunity for others.

Imperial Credit Mortgage Holdings, Inc.

[The management's inherent ability to react to ever changing market conditions makes Imperial Credit Mortgage Holdings stand apart from the competition.

Kathy Murray,
Vice President,
Operations,
ICIFC]

Fellow Stockholders:

[ART]

On behalf of the management team of Imperial Credit Mortgage Holdings, Inc. (the "Company," AMEX-"IMH"), we would like to welcome you as a stockholder.

On November 20, 1995 the Company was formed as a Real Estate Investment Trust ("REIT") with three goals in mind: (1) to create quality, higher yielding non-conforming mortgage loans through our conduit operation, ICI Funding Corporation ("ICIFC"); (2) to retain a certain amount of these mortgage loans which meet our investment criteria for the long-term investment portfolio; and (3) to securitize and sell the remaining mortgage loans in the secondary market. The objective of this strategy is to increase stockholder value through consistent earnings and quarterly dividends. To realize these goals, the Company operates three compatible businesses: the newly-formed REIT together with two ongoing operations contributed by Imperial Credit Industries, Inc. (NASDAQ - "ICII"), a leading diversified specialty finance company and sponsor of the Company's initial public offering. The two businesses contributed by ICII are ICIFC and Imperial Warehouse Lending Group, Inc. ("IWLG").

ICIFC specializes in acquiring higher-yielding, quality non-conforming mortgage loans which do not correspond to the Federal National Mortgage Association's ("Fannie Mae") and Federal Home Loan Mortgage Corporation's ("Freddie Mac") investment guidelines. We believe higher-yielding, quality loans characteristically provide our Company with a higher net yield in a historically low interest rate environment. Securitization of these loans by the investment banking community has also increased dramatically as well, thus providing more liquidity in the market for these loans. The decline of interest rates in general make non-conforming loans more affordable to borrowers, and the end of the "refi boom" of 1992 and 1993 have caused mortgage bankers to seek alternative financing for customers. These issues, coupled with the minimal income growth in the United

States over the past 15 years, have paved the way for our Company to secure itself as a low-cost provider, purchaser and investor of innovative mortgage loans designed to meet the needs of our borrowers.

The philosophy of the Company is to provide our customers with a marketing strategy that offers efficient response time in the purchase process, direct and frequent contact through a capable, experienced sales force and flexible mortgage loan programs with competitive pricing. Additionally, ICIFC provides its customers, through IWLG, short-term lines of credit ("warehouse lines") to assist customers in the funding of their mortgages.

During the period November 20, 1995 through December 31, 1995 and for the quarter ended March 31, 1996, ICIFC acquired \$540.6 million and \$280.5 million, respectively, in mortgage loans. The mortgage loans were acquired through bulk purchases and ICIFC's internal acquisitions together with acquisitions from ICII and its subsidiary, Southern Pacific Thrift and Loan Association. Through this unique relationship with ICII and its subsidiaries, the Company is able to take advantage of synergistic opportunities not commonly available with other mortgage REITs. In addition, ICII provides the Company with the ability to predict operating costs by outsourcing many services, such as management information systems, human resources and facilities management.

Our management team has established a culture that empowers employees to create, design, implement and manage their business as if it were their own. The result of this culture is the core of our mission statement, "Attain profitability and growth through consistently exceeding our customers' expectations."

For the period November 20, 1995 through December 31, 1995, the Company reported net income and earnings per share of \$315,443 or \$0.07. On January 25, 1996, the Company paid a dividend of \$0.08 per share to our stockholders which is well above analyst expectations. On April 16, 1996, the Company reported its first full

[I believe this company has great potential for temperate growth. Unlike the competition, it can shrink and grow with changes in mortgage levels with minimal impact to the Company's organizational structure.

Jim Dickinson
Vice President,
Seller Administration,
ICIFC]

Imperial Credit Mortgage Holdings, Inc.

[PHOTO] H. Wayne Snavelly

[PHOTO] Joseph R. Tomkinson

[PHOTO] William Ashmore

quarter results for the period ended March 31, 1996. Net income and earnings per share were \$1,693,639 and \$0.39, respectively. The Company declared a dividend to its stockholders of \$0.39 which was paid on April 30, 1996. The annualized yield for the period of November 20, 1995 through December 31, 1995 and for the first quarter 1996 was 5% and 12%, respectively. Return on the average stockholder's equity for the quarter ended March 31, 1996 was 15%. Net interest income and net interest margins were \$4.0 million and 2.6% for the quarter ended March 31, 1996.

Consistent with the Company's foresight and business strategy, the Company completed its first securitization of \$175 million of fixed rate, non-conforming mortgage loans during the first quarter of 1996. The Company also committed to securitize an additional \$300 million of non-conforming mortgage loans to be structured as a Collateralized Mortgage Obligation ("CMO"). The financial impact of the CMO will be to more easily predict the prospective income of the Company.

In the future, the Company will continue capitalizing on its relationship with ICII and its subsidiaries. ICII offers the Company numerous opportunities on a first-look basis to buy a variety of loan products which the Company may, in turn, hold for investment or sell to the secondary market. Finally, the Company plans to expand its mortgage warehouse lending relationships to small and to medium-sized mortgage banks.

We express our sincere gratitude for investing in IMH. Our ultimate goal is to consistently make IMH a highly profitable Company, well deserving of a valued place in your investment portfolio.

Cordially,

/s/ H. Wayne Snavelly

H. Wayne Snavelly
Chairman

/s/ Joseph R. Tomkinson

Joseph R. Tomkinson
Vice Chairman and
Chief Executive Officer

/s/ William Ashmore

William Ashmore
President

May 15, 1996