Impac Mortgage holdings, Inc. announces earnings of $0.12 a share for the third quarter of 2000Highlighted by Continued Solid Performance from its Mortgage and Warehouse Lending Operations

October 26, 2000

Newport Beach, California – Impac Mortgage Holdings, Inc. (the "Company" or "IMH": AMEX-IMH), a real estate investment trust ("REIT"), announces earnings of $3.3 million, or $0.12 per diluted common share, for the third quarter of 2000. Mr. Joseph R. Tomkinson, Chairman and Chief Executive Officer of the Company commented, "I am pleased that the Company was able to return to profitability in light of significant write-downs and charge-offs taken in the long-term investment portfolio during the first and second quarters of 2000. The Company's Mortgage Operations continued to experience strong growth during the third quarter as loan production from Impac Funding Corporation continued to benefit from increased loan submissions and underwriting approvals generated and processed through Impac Direct Access System for Lending ("IDASL"). In addition, IDASL, along with other technology driven initiatives, as well as increased loan production contributed to a reduction in costs to originate and acquire mortgage loans by Impac Funding Corporation during the third quarter. Furthermore, Impac Warehouse Lending Group, Inc. continued its growth to a record all-time high in monthly average balances to external customers during September 2000 while maintaining historically superior credit performance." Impac Funding Corporation ("IFC") is the Mortgage Operations of the Company and includes correspondent business along with wholesale and retail business from Impac Lending Group ("ILG"). Impac Warehouse Lending Group ("IWLG") is the Warehouse Lending Operations of the Company. IDASL is the Mortgage Operations' automated mortgage loan underwriting and approval system.

Mr. Tomkinson further commented, "although I am pleased that the Company returned to profitability during the third quarter of 2000, the Board of Directors, the management team and myself remain committed to consistent growth and earnings. We strongly believe that this will be accomplished by intently focusing on the Company's core operating businesses, which are the Mortgage and Warehouse Lending Operations, in addition to rebuilding the Company’s balance sheet through IMH, the Long-Term Investment Operations. I believe that the business results of the third quarter along with technology initiatives, previously introduced and currently underway, establish a foundation for continued momentum and positive results for the fourth quarter of 2000." As part of balance sheet rebuilding process, the Company will be completing a collateralized mortgage obligation ("CMO") for approximately $470.0 million during the fourth quarter of 2000. The new CMO will include approximately $115.0 million of mortgage loan collateral from four existing CMO's that the Company will combine with mortgage loans currently held in the long-term investment portfolio. The new CMO is expected to provide substantially improved capital leverage on the approximately $115.0 million of existing CMO collateral which is expected to result in additional liquidity. Mr. Tomkinson also stated, "in addition to restructuring the balance sheet, the Company has substantially reduced non-performing loans, which include 90 days past due, foreclosures and other real estate owned, and delinquencies in the long-term investment portfolio since the end of 1999."

On September 26, 2000, the Company announced a third quarter common stock dividend of $0.12 per share paid on October 25, 2000 to common stockholders of record on October 11, 2000. The Company’s Board of Directors also declared a third quarter dividend on Series C Preferred Stock of $0.65625 per share, paid on October 25, 2000 to preferred stockholders of record on September 29, 2000.

IFC's Customers Increase Utilization of IDASL by 86% during the Third Quarter of 2000 as compared to the Second Quarter of 2000

During the third quarter of 2000, IFC's customers increased the monthly volume of loans submitted through the IDASL system by 86% to $438.0 million per month as compared to $236.0 million per month during the second quarter of 2000. Management's goal is to get all of IFC's correspondents submitting loans through IDASL by this year-end and 50% of all wholesale brokers using IDASL by the end of the first quarter of 2001. Mr. William S. Ashmore, President and Chief Operations Officer of the Company, expressed the following about IDASL, "the rapid acceptance of the IDASL system has been overwhelming and has exceeded all of our initial expectations. For most customers, the use of IDASL has created an immediate increase in loan submissions at Impac Funding Corporation. With the launch of the Company's updated and improved web site this week, IDASL is expected to become our customer's electronic portal to transacting business with the Company's Mortgage Operations."

IDASL is not a lead generator for mortgage brokers, but is an interactive internet system that enables our customers to access loan status, current pricing, purchase confirmations and receive consistent and reliable automated loan underwriting decisions within minutes. In addition, IDASL has an integrated credit-reporting interface that provides our customers with a very competitive tool enabling them to render a loan decision and pricing at the point of sale. IDASL dramatically increases efficiencies not only for our customers but also for the Mortgage Operations by significantly decreasing the processing time for a mortgage loan, while improving employee production and maintaining superior customer service, which together leads to higher closing ratios, improved profit margins and increased profitability at all levels of its business operations. Future enhancements to IDASL, which are expected to be implemented by the beginning of 2001, will include the ability to provide automated mortgage insurance approval, fraud detection and electronic property appraisal that will further streamline the entire mortgage application and approval process. Most importantly, IDASL allows the Company to move closer to its borrowers with minimal future capital investment while maintaining centralization, a key factor in the success of the Company’s operating strategy.

Impac Lending Group, a division of IFC, Increases Wholesale and Retail Loan Production by 57% during the Third Quarter of 2000 as compared the Second Quarter of 2000

Total wholesale and retail loan production increased 57% to $94.9 million during the third quarter of 2000 as compared to $60.5 million during the second quarter of 2000 and $33.8 million during the third quarter of 1999. As of September 30, 2000, ILG increased its approved wholesale mortgage brokers by 91% to 605 brokers as compared to 316 brokers at June 30, 2000. In conjunction with IDASL, management is committed to expanding the wholesale and retail loan production platforms in order to establish direct access to brokers and borrowers, which has resulted in lower premiums paid for mortgages and increased profit margins upon loan sales or securitizations. Loan production at ILG should remain strong with the expected roll-out of IDASL to all Genesis 2000 brokers by year-end. Genesis 2000 is a leader in mortgage automation software that provides an internet connection to 33,000 users nationwide with direct automated download capabilities to the Mortgage Operations' products through IDASL. Recently, Genesis 2000 was acquired by Ellie Mae, a leading provider of internet solutions to the mortgage industry, which will further enhance ILG's penetration into the wholesale lending arena.

Correspondent Loan Production at Impac Funding Corporation Increases 36% during the Third Quarter of 2000 as compared to the Second Quarter of 2000

Total correspondent loan production increased 36% to $499.8 million during the third quarter of 2000 as compared to $366.8 million during the second quarter of 2000 and $440.0 million during the third quarter of 1999. With the introduction of IDASL, IFC has experienced a greater willingness by its correspondent customers to originate the Mortgage Operations' loan programs. IDASL has provided consistent underwriting and loan approval decisions by eliminating a great deal of subjectivity regarding the Mortgage Operations' loan programs, which has resulted in an easier and more efficient origination process for IFC's customers. Mr. Tomkinson commented, "with the introduction of IDASL, the Mortgage Operations has gained access to larger clients who would not have done business with Impac Funding Corporation without this technology."

Impac Warehouse Lending Group Increases Average Outstanding Finance Receivables to External Customers and Reaches a Record High for September 2000

Average outstanding finance receivables with IWLG's external customers increased 18% to $152.7 million during the third quarter of 2000 as compared to $129.0 million during the second quarter of 2000 and $73.1 million during the third quarter of 1999. As of September 30, 2000, IWLG had approved warehouse lines available to 52 external customers totaling $361.0 million as compared to 46 customers totaling $325.0 million as of December 31, 1999. For the month of September 2000, IWLG's average outstanding finance receivables were $150.5 million, which was an all-time high since inception of the Warehouse Lending Operations in November of 1995. Overall, average finance receivables increased 18% to $468.7 million during the third quarter of 2000 as compared to $395.9 million during the second quarter of 2000 and $261.6 million during the third quarter of 1999. The Warehouse Lending Operations continued to provide a consistent contribution to net earnings and earnings per share during the third quarter of 2000.

IMH Decreases Non-Performing Loans within its Long-Term Investment Portfolio by 28% at September 30, 2000 as compared to December 31, 1999

Total non-performing loans, including 90 days past due, foreclosures and other real estate owned, decreased 28% to $43.3 million, or 3.38% of the long-term investment portfolio, at September 30, 2000 as compared to $59.8 million, or 5.01% of the long-term investment portfolio, at December 31, 1999. The loan delinquency rate of mortgages in the long-term investment portfolio which were 60 or more days past due, inclusive of foreclosures and delinquent bankruptcies, decreased to 4.39% at September 30, 2000 as compared to 5.43% at December 31, 1999.

The Company's total allowance for loan losses expressed as a percentage of Gross Loan Receivables, which includes loans held-for-investment, CMO collateral and finance receivables, decreased to 0.52% at September 30, 2000 as compared to 0.80% at June 30, 2000 as the Company recorded net charge-offs of $5.3 million during the third quarter of 2000 as compared to $3.2 million during the second quarter of 2000. During the first half of 2000, management decided to increase the allowance for loan losses based upon increased levels of delinquencies and losses in the Company's portfolio of high loan-to-value second trust deeds which were charged to the allowance during the third quarter of 2000. The allowance for loan losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known impaired loans, changes in the nature and volume of the portfolio, the value of the collateral and current economic conditions that may affect the borrowers' ability to pay. The Company recorded net loan loss provisions of $1.2 million during the third quarter of 2000 as compared to $3.3 million during the second quarter of 2000.

IMPAC MORTGAGE HOLDINGS, INC. - Results of Operations

Third Quarter of 2000 as compared to Second Quarter of 2000

Results of Operations. Net operating earnings remained unchanged at $3.3 million, or $0.12 per diluted common share, for the third quarter of 2000 as compared to net operating earnings of $3.3 million, or $0.12 per diluted common share, for the second quarter of 2000, after adjusting for non-recurring, non-cash accounting charges ("accounting charges"). During the second quarter of 2000, the Company recorded accounting charges of $33.6 million for the write-down of investment securities available-for-sale and provided for additional increases in the Company's allowance for loan losses.

Diluted book value remained relatively unchanged at $6.47 per common share at September 30, 2000 as compared to diluted book value of $6.51 per common share at June 30, 2000. As of September 30, 2000, total cash balances at IMH and IFC were $25.2 million as compared total cash balances of $29.0 million at December 31, 1999.

Net Interest Income. Net interest income increased slightly to $5.4 million during the third quarter of 2000 as compared to $5.3 million during the second quarter of 2000. Net interest income increased slightly as short-term interest rates stabilized during the third quarter of 2000 after rising during the first half of 2000. Net interest margin was 1.20% with a net interest spread of 0.62% during the third quarter of 2000 as compared to 1.20% and 0.50% during the second quarter of 2000, respectively.

Non-Interest Income. Non-interest income includes equity in net earnings (loss) of IFC and other non-interest income, primarily including loan servicing fees and fees associated with the Company's Warehouse Lending Operations. Non-interest income was $886,000 during the third quarter of 2000 as compared to $788,000, after excluding tax-effected accounting charges of $1.8 million, during the second quarter of 2000.

Non-Interest Expense. During the third quarter of 2000, non-interest expense, excluding write-down on investment securities, decreased 21% to $1.5 million as compared to $1.9 million during the second quarter of 2000 primarily due to a decrease of $511,000 in loss on disposition of real estate owned as non-performing assets, including real estate owned, decreased during the third quarter of 2000.

Third Quarter and YTD of 2000 as compared to Third Quarter and YTD of 1999

Results of Operations. Net earnings decreased to $3.3 million, or $0.12 per diluted common share, for the third quarter of 2000 as compared to net earnings of $6.2 million, or $0.22 per diluted common share, for the third quarter of 1999 primarily due to a decrease in equity in net earnings (loss) of IFC. Equity in net earnings (loss) of IFC decreased during the third quarter of 2000 as compared to the third quarter of 1999 primarily due to a decrease of $4.5 million in gain on sale of loans at IFC. The decrease in gain on sale of loans at IFC during the third quarter of 2000 was the result of accelerated loan sales to third party investors during the third quarter of 1999. The Company is entitled to 99% of the earnings or losses of IFC as it owns 100% of IFC's preferred stock. During the first nine months of 2000, the Company recorded a net loss of $(57.9) million, or $(2.82) per diluted common share, as compared to earnings of $18.4 million, or $0.63 per diluted common share, during the same period of 1999. The Company recorded $68.9 million in write-downs and charge-offs in the long-term investment portfolio and provided for additional increases in allowance for loan losses during the first and second quarters of 2000. However, during the first nine months of 2000, net operating earnings, exclusive of accounting charges recorded during the first and second quarters of 2000, was $11.0 million, or $0.40 per diluted common share, as compared to earnings of $18.4 million, or $0.63 per diluted common share, during the same period of 1999. The decrease in net operating earnings was primarily due to a decrease of $5.2 million in net interest income as a result of rising short-term interest rates during the first half of 2000 and a decrease of $4.6 million, after excluding tax-effected accounting charges of $1.8 million, in equity in net earnings (loss) of IFC primarily due to a decrease in gain on sale of loans at IFC, as previously discussed.

IMPAC FUNDING CORPORATION- Results of Operations

Third Quarter of 2000 as compared to Second Quarter of 2000

Results of Operations. Net operating earnings were $144,000 for the third quarter of 2000 as compared to net operating earnings of $192,000, after excluding accounting charges, for the second quarter of 2000. During the second quarter of 2000, IFC recorded accounting charges of $2.9 million for the write-down of investment securities available-for-sale and bank related costs.

Loan Sales and Securitizations. Total loan sales to third party investors and securitizations increased to $361.7 million during the third quarter of 2000 resulting in a gain on sale of loans of $3.8 million as compared to $325.7 million and $4.1 million, respectively, during the second quarter of 2000. Loan sales to third party investors and gain on sale of loans during the third quarter of 2000 includes a REMIC securitization of $344.7 million which was sold on a servicing released basis. IFC anticipates that it will continue to sell the related servicing from REMIC securitizations under a flow agreement during the fourth quarter of 2000. The Company did not retain any interests in REMIC securitizations during 2000. Beginning with the fourth quarter of 2000, IFC expects to accelerate REMIC securitizations to two per quarter during 2001. By securitizing more often, IFC expects that less capital will be required, higher liquidity levels will be maintained and less interest rate and price volatility will occur as the mortgage loan accumulation period will be reduced.

Master Servicing Portfolio. As part of the Company's securitization strategy, IFC has sold, and will continue to sell, mortgage servicing rights. Management believes that cash raised from the sale of mortgage servicing rights can be re-employed in IFC's business operations and generate a higher return on investment than the earnings contribution from loan servicing income. IFC has and would continue to retain master servicing rights, which generally earns an annualized master servicing fee of 0.03% on the principal balance under management. The master servicing portfolio increased 24% to $3.6 billion at September 30, 2000 as compared to $2.9 billion at December 31, 1999. The weighted average coupon of the master servicing portfolio was 9.48% at September 30, 2000 as compared to a weighted average coupon of 9.43% at December 31, 1999. The loan delinquency rate of mortgages in the master servicing portfolio which were 60 or more days past due, inclusive of foreclosures and delinquent bankruptcies, decreased to 3.87% at September 30, 2000 as compared to 4.37% at December 31, 1999.

Third Quarter and YTD of 2000 as compared to Third Quarter and YTD of 1999

Results of Operations. Net earnings decreased to $144,000 during the third quarter of 2000 as compared to net earnings of $3.0 million for the third quarter of 1999 primarily due to a decrease in gain on sale of loans. The decrease in gain on sale of loans during the third quarter of 2000 was the result of accelerated loan sales to third party investors during the third quarter of 1999. Total loan sales to third party investors and securitizations decreased to $361.7 million during the third quarter of 2000 resulting in a gain on sale of loans of $3.8 million as compared to $518.4 million and $8.3 million, respectively, during the third quarter of 1999. During the first nine months of 2000, IFC recorded a net loss of $(949,000) as compared to earnings of $5.6 million during the same period of 1999. The decrease in earnings during the first nine months of 2000 as compared to the same period of 1999 was primarily due to a $9.6 million decrease in gain on sale due to a lower volume of loan sales during 2000.

The Company has announced a conference call and live web cast on Thursday, October 26, 2000 at 9:00 a.m. Pacific Standard Time (12:00 p.m. Eastern Standard Time). Mr. William S. Ashmore, President and Chief Operations Officer of Impac Mortgage Holdings, Inc., will discuss the results of the Company's third quarter earnings followed by a question and answer session. The conference call will be limited for discussion to certain buyside and sellside analysts and open for listen only to all those other parties interested. If you would like to participate you may access the web cast via our web site http://www.impaccompanies.com or direct to http://www.impaccompanies.com/imh/presentation.htm or by using the dial in number, 800-344-0705, reservation number 957584. To participate in the call, dial in fifteen minutes prior to the scheduled start time. The conference call will be archived on Impac Mortgage Holdings, Inc.'s web site at www.impaccompanies.com, by linking to Impac Mortgage Holdings, Inc./ Presentations. You can subscribe to receive instant notification of Impac Mortgage Holdings, Inc.'s news and conference calls by using our Email alert feature located at Company's web site at www.impaccompanies.com. under Impac Mortgage Holdings, Inc./Investor Relations/Presentations.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by the use of forward-looking terminology such as "may", "will", "intend", "expect", "anticipate", "estimate" or "continue" or the negatives thereof or other comparable terminology. The Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including but not limited to, changes in the origination and resale pricing of mortgage loans, changes in management's estimates and expectations, general financial markets and economic conditions and other factors described in this press release. The financial information presented in this release pertaining to actual results should not be taken to predict future earnings, as the Company may not experience similar earnings in future periods.

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