



Impac Mortgage Holdings, Inc. Announces Fourth Quarter Dividend Payment of \$0.20 per Common Share

January 5, 2006

NEWPORT BEACH, Calif., Jan. 5 /PRNewswire-FirstCall/ -- Joseph R. Tomkinson, Chairman and CEO of Impac Mortgage Holdings, Inc. (NYSE: IMH), or the "Company," a Maryland corporation, being taxed as a Real Estate Investment Trust ("REIT"), announces the Board of Directors' approval and declaration of the fourth quarter 2005 dividend of \$0.20 per common share. The fourth quarter dividend will be paid on January 24, 2006 to stockholders of record on January 17, 2006. The ex-dividend date will be January 12, 2006. Therefore, new stockholders interested in receiving the 2005 fourth quarter dividend must purchase common stock on or before January 11, 2006.

Mr. Tomkinson commented, "As we have discussed for the last several quarters, the combination of rising short-term interest rates and elevated levels of mortgage prepayments have put continued pressure on our adjusted net interest margins. Furthermore, although loan production remained solid during the fourth quarter of 2005, profitability at our mortgage operations declined significantly as price competition and the widening of bond spreads affected our profitability on the sale of mortgage loans throughout the fourth quarter."

Mr. Tomkinson further stated, "Although the Company's fourth quarter anticipated results reflect a reduction in our common stock dividend, the Company believes that it has taken the necessary steps to improve overall profitability by increasing pricing on current mortgage loan production to meet market expectations and making the necessary adjustments to our cost structure to reduce overall expenses. Lastly, as the Federal Reserve has signaled that it is closer to the end of its tightening policy, we have begun to see a slowdown in mortgage loan prepayment speeds in our long term investment portfolio. With over \$1.0 billion in equity and approximately \$28.0 billion in total assets, we believe the summation of these actions will result in improved financial performance in 2006."

About the Company

Impac Mortgage Holdings, Inc. is a mortgage REIT which operates three core businesses: (1) the Long-Term Investment Operations, (2) the Mortgage Operations, and (3) the Warehouse Lending Operations. The Long-Term Investment Operations invests primarily in Alt-A mortgage loans and to a lesser extent originates multi-family loans for investment. The Mortgage Operations acquires, originates, sells and securitizes primarily Alt-A mortgage loans and the Warehouse Lending Operations provides short-term financing to mortgage loan originators. The Company is organized as a REIT for tax purposes, which generally allows it to pass through earnings to stockholders without federal income tax at the corporate level.

Forward-Looking Statements

Note: Safe Harbor "Statement under the Private Securities Litigation Reform Act of 1995." This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements relating to profitability, costs, interest rates. Forward-looking statements, some of which are based on various assumptions and events that are beyond our control, may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "plan," "should," "anticipate," "estimates" or similar terms or variations on those terms or the negative of those terms. The forward-looking statements are based on current management expectations. Due to known and unknown risks and other factors not presently identified, the Company's results may differ materially from its expectations, projections and guidance. Actual results may differ materially as a result of several factors, including, but not limited to, interest rate fluctuations and changes in expectations of future interest rates; changes (increase or decrease) in prepayment rates and effectiveness of prepayment penalties on our mortgages; net interest margins due to elevated levels of mortgage prepayments, increased borrowing costs or other factors; the inability to complete loan sales for cash gains on favorable terms as a result of decreased pricing on loan sales; the ability to generate sufficient liquidity to grow our asset base and conduct our operations as planned; delays in raising, or the inability to raise, additional capital, either through equity offerings, lines of credit or otherwise; the availability of financing and, if available, the terms of any financing, including continued increased borrowing costs; continued availability to access the securitization markets or other funding sources; changes in markets which the Company serves, such as a general decrease in yield on adjustable rate mortgages; the continued effectiveness of risk management strategies; changes in other general market and economic conditions causing, for example, an economic downturn that decreases mortgage origination and acquisition activity, accuracies of assumptions regarding potential weather-related losses in the Gulf coast region, and other factors described in this press release and our filings with the Securities and Exchange Commission, including "Risk Factors" in our Annual Report on Form 10-K/A for the year ended December 31, 2004 and Quarterly Report on Form 10-Q for form 10-Q/A for the quarters ended March 31, 2005, for June 30, 2005 and September 30, 2005. Caution must be exercised in relying on these and other forward- looking statements.

For additional information, questions or comments, please call Tania Jernigan, VP of Investor Relations at (949) 475-3722 or email tjernigan@impaccompanies.com. Web site: www.impaccompanies.com

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