

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) **August 17, 2017**

Impac Mortgage Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of Incorporation)

1-14100

(Commission File Number)

33-0675505

(IRS Employer Identification No.)

19500 Jamboree Road, Irvine, California

(Address of Principal Executive Offices)

92612

(Zip Code)

(949) 475-3600

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On August 17, 2017, Impac Mortgage Corp. (the "Borrower"), a subsidiary of Impac Mortgage Holdings, Inc. (the "Company"), issued a Line of Credit Promissory Note with Merchants Bank of Indiana (the "Lender") providing for a revolving line of credit of \$30.0 million (the "Line of Credit"). The Borrower is able to borrow up to 55% of the fair market value of Freddie Mac pledged mortgage servicing rights. The Loan of Credit has a term until May 31, 2018 and will automatically renew for subsequent one year periods unless the Lender provides the Borrowers 150 days' notice of its intention not to renew. Interest payments are payable monthly and accrue interest at the rate per annum equal to LIBOR plus 4.0% and the balance of the obligation may be prepaid at any time. The obligations under the Line of Credit are secured by Freddie Mac pledged mortgage servicing rights and Integrated Real Estate Services, Inc. is a guarantor.

The Loan Agreement is subject to customary affirmative and negative covenants of the Borrower, including financial covenants related to adjusted tangible net worth and leverage ratios, among others. Upon an event of default that is not cured, if applicable, all outstanding amounts under the Line of Credit may become immediately due and payable.

The description of the terms and conditions of the Loan Agreement set forth herein do not purport to be complete and are qualified in their entirety by reference to the terms of the Line of Credit Promissory Note Agreement.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report is hereby incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Line of Credit Promissory Note with Merchants Bank of Indiana, dated August 17, 2017.
- 10.2 Security Agreement executed by Impac Mortgage Corp. in favor of Merchants Bank of Indiana, dated August 17, 2017.

2

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IMPAC MORTGAGE HOLDINGS, INC.

Date: August 22, 2017

By: /s/ Todd R. Taylor
Name: Todd R. Taylor
Title: Chief Financial Officer

3

LINE OF CREDIT PROMISSORY NOTE

\$30,000,000.00

Indianapolis, Indiana

August 17, 2017

For value received, IMPAC MORTGAGE CORP., a California corporation, having its principal office at 19500 Jamboree Road, Irvine, California 92612, Attention: Kathy J. Hancock (hereinafter referred to as "Maker"), unconditionally promises to pay to the order of MERCHANTS BANK OF INDIANA having its principal banking office at 11555 N. Meridian Street, Suite 400, Carmel, Indiana 46032, Attention: Michael J. Dunlap (hereinafter referred to as "Lender"), at Lender's principal banking office or at such other place or to such other party as the holder hereof may from time to time designate, the principal sum of Thirty Million and 00/100 Dollars (\$30,000,000.00), or so much thereof as shall from time to time be advanced by Lender to or for the benefit of Maker hereunder, with interest on the principal balance advanced from time to time remaining unpaid from the date hereof at a rate per annum (based upon a year of 360 days and actual days elapsed) equal to the rate from time to time announced by the Wall Street Journal as the "One Month LIBOR", plus four hundred (400) basis points with changes in the interest rate hereunder to take effect on the same day as each change in such One Month LIBOR takes effect.

TERMS, PROVISIONS AND CONDITIONS

1. Advances. Provided that Maker has timely submitted to Lender Maker's quarterly financial reports, including without limitation a detailed independent appraised valuation indicating in the opinion of value the estimated liquidation value of the Servicing Contract Rights defined as the indivisible, conditional, non-delegable right of Maker to service mortgage loans (collectively, the "Freddie Mac Loans") owned or guaranteed by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), pursuant to the Freddie Mac Single-Family Seller/Servicer Guide, as it may be amended from time to time (the "Freddie Mac Guide") and the Purchase Documents (as such term is defined in the Freddie Mac Guide), in a non-distressed or liquidation sale (together with all additions and accessions thereto, replacements and substitutions therefor, products thereof and proceeds therefrom, herein referred to collectively as the "Pledged Mortgage Servicing Rights"), Lender shall make an advance to Maker of funds available under this line of credit up to the lesser of (i) Thirty Million and 00/100 Dollars (\$30,000,000.00), or (ii) fifty-five percent (55%) of the lesser of the reported book or appraised valuation of the

Pledged Mortgage Servicing Rights as set forth in the quarterly reports of Maker issued immediately preceding the date that Lender makes any such advance of funds to Maker. The independent appraised valuation of the Pledged Mortgage Servicing Rights must be prepared in a manner and by an independent firm engaged in business of the valuation of mortgage servicing rights acceptable to the Lender in its sole reasonable discretion. For the avoidance of doubt, the Pledged Mortgage Servicing Rights do not include Maker's rights to servicing advance reimbursements due from Freddie Mac.

2. Payments. Principal and interest shall be payable as follows:
- (i) Commencing on the fifteenth (15th) day of the first calendar month following the calendar month in which the first advance is made hereunder and continuing on the fifteenth (15th) day of each succeeding calendar month thereafter, accrued and unpaid interest shall be due and payable for the immediately preceding calendar month. In the event that the fifteenth (15th) day of a calendar month is not a business day, the payment shall be due on the immediately succeeding business day;
 - (ii) On or before July 31, 2018, the entire unpaid principal balance and all accrued and unpaid interest shall be due and payable unless otherwise renewed pursuant to paragraph 2(iii) below; and
 - (iii) This promissory note shall automatically renew for consecutive one year terms unless Lender provides Maker not less than one hundred fifty (150) days prior notice of its intent not to renew.

3. Costs of Collection and Default Rate of Interest. In addition, Maker shall pay to the holder hereof (a) reasonable attorneys' fees incurred by the holder in the protection of any security for this Note or the collection of any indebtedness evidenced hereby, (b) costs of collection and (c) during any period in which a default exists hereunder and/or any period of delinquency on any amounts not paid when due, interest at a rate per annum equal to four percent (4%) above the rate otherwise in effect.

4. Late Charge. Maker shall pay a "late charge" for the purpose of defraying expense incident to handling any monthly installment of interest and/or principal, or portion thereof, referred to above not paid within ten (10) days after the date when first due at the rate of five cents (5¢) for each dollar (\$1.00) so overdue with a minimum charge of Twenty-Five and no/100 Dollars (\$25.00) and an additional "late charge" for purposes of defraying expense incident to handling on the first day of each successive calendar month thereafter at the rate of five cents (5¢) for each dollar (\$1.00) so overdue with a minimum of Twenty-Five and no/100 Dollars (\$25.00) per month until any such installment, or portion thereof, has been paid in full. Nothing herein contained shall be

construed as a waiver by the holder of this Note of its option to declare a default if any payment of any installment of interest and/or principal, or portion thereof, is not made when due, and the assessment of a late charge shall not affect the right of the holder of this Note to increase the rate of interest as herein provided on all amounts not paid when due.

5. Valuation and Appraisal Laws. All principal, interest and other amounts payable under or with respect to this Note shall be payable without relief from valuation and appraisal laws.

6. Application of Payments. Each payment hereunder shall be applied to the payment of accrued and unpaid interest and to the reduction of the principal balance in the order and in the amounts specified herein; provided that in the event that such order and in the applicable of such amounts is not

specified herein, then such payment shall be applied as the holder of this Note shall determine, in its sole discretion. Interest shall be computed on the basis of a three hundred sixty (360)-day year applied to the actual number of days in each interest-payment period.

7. Security.

(a) This Note shall be entitled to the benefits of, and is secured by, that certain Continuing Guaranty executed by Integrated Real Estate Service Corp. (the "Guarantor") in favor of Lender (the "Guaranty").

(b) This Note shall be entitled to the benefits of, and is secured by a security interest in, Maker's rights to the Pledged Mortgage Servicing Rights with respect to the Freddie Mac Loans which rights are hereby granted by Maker in favor of Lender and which shall be evidenced by a Uniform Commercial Code financing statement to be filed by Lender with the office of the Secretary of State of California, as hereinafter amended or renewed, and other security agreements or documents, as from time to time amended or modified, executed in favor of Lender in connection with this Note (the "Financing Statement"). Maker and Lender hereby agree that the Financing Statement shall be amended as needed to incorporate Freddie Mac requirements as applicable. Without limiting the generality of the preceding sentence, each Financing Statement shall contain the following statement: "Notwithstanding anything to the contrary herein, the security interest publicized or perfected by this financing statement is subject and subordinate in each and every respect (a) to all rights, powers and prerogatives of the Federal Home Loan Mortgage Corporation ("Freddie Mac") under and in connection with the Purchase Documents, as that term is defined in the Freddie Mac Single-Family Seller/Servicer Guide, as it may be amended from time to

3

time, which rights include, without limitation, the right of Freddie Mac to disqualify (in whole or in part) the debtor named herein as an approved Freddie Mac Seller/Servicer, with or without cause, and the right to terminate (in whole or in part) the unitary, indivisible master servicing contract and to transfer and sell all or any portion of said servicing contract rights, as provided in the Purchase Documents; and (b) to all claims of Freddie Mac arising out of or relating to any and all breaches, defaults and outstanding obligations of the debtor to Freddie Mac."

(c) The foregoing security interests shall be recognized by Freddie Mac in the form of the typical agreements utilized by Freddie Mac (an "Acknowledgement Agreement"). The Acknowledgement Agreement shall be executed by Freddie Mac prior to an advance by the Lender with respect to the Pledged Mortgage Servicing Rights. Notwithstanding anything to the contrary contained herein, in no event shall this Note be secured by the servicing income or servicing rights with respect to any other mortgage loans that are not the subject of an Acknowledgement Agreement with Freddie Mac.

(d) Lender acknowledges and agrees that the foregoing pledge by Maker of the Pledged Mortgage Servicing Rights with respect to the Freddie Mac Loans is subject to the implementing regulations governing the applicable Freddie Mac programs and guidelines (and to the Freddie Mac Guide and the Purchase Documents (as such term is defined in the Freddie Mac Guide)). Lender further acknowledges and agrees that:

- (i) Maker is entitled to servicing income with respect to a given pool or loan package only so long as it maintains its approved Seller/Servicer status with respect to Freddie Mac;
- (ii) upon Maker's loss of its Seller/Servicer status, Lender's rights to any servicing income derived from the Pledge Mortgage Servicing Rights related to a given Freddie Mac Loan also terminate; and
- (iii) the foregoing pledge of the Pledged Mortgage Servicing Rights conveys no right (such as a right to become a substitute servicer or issuer) that is not specifically provided for in the Freddie Mac guidelines and Acknowledgement Agreement.

8. Covenants.

(a) Maker shall cooperate with Lender and its representatives in any review or inspection by Lender of Freddie Mac Loans with respect to which the Pledged Mortgage Servicing Rights are pledged hereunder or the property subject to any mortgage, and make available to such person for copying or otherwise, any books and records relating to such Freddie Mac Loans or Pledged Mortgage Servicing Rights as well as the appropriate employees of the Maker for the purpose of discussing the same, all at such times during business hours as may be reasonably requested by Lender.

4

(b) Maker shall not do anything or permit any action, directly or indirectly, which may result in a negative designation from Freddie Mac or any other governing agency, including without limitation, anything which could result in the Maker being debarred or placed on a watch-list.

(c) Maker shall deliver to Lender:

- (i) within 45 days after the end of each calendar quarter, a balance sheet of Maker as of the end of such quarter and a statement of operations and sources and application of funds of the Maker for that quarter, all such statements to be prepared in accordance with generally accepted accounting principles or other commercially reasonable methods consistently applied and certified by the Maker's chief financial officer to present fairly in all material respects (but without footnotes and subject to usual year-end adjustments) the financial position, results of operations and changes in financial position of Maker for each of such periods;
- (ii) within 90 days after the end of each fiscal year a balance sheet of Maker as of the end of such year, setting forth the assets, liabilities, income, expense and contingent liabilities and a statement of operations and sources and application of funds of Maker for such year setting forth in each case in comparative form the figures for the previous fiscal year, which shall be in reasonable detail and prepared in accordance with generally accepted accounting principles consistently applied, shall have been audited by independent certified public accountants of recognized standing in accordance with generally accepted auditing standards and shall be accompanied by a certificate of such accountants stating that their audit has been made in accordance with generally accepted auditing standards and that in their opinion such statements fairly present the financial position, results of operations and changes in financial position of Maker and its subsidiaries in accordance with generally accepted accounting principles consistently applied;

- (iii) within 90 days after the end of each calendar year financial statements for the Guarantor as of the end of such year setting forth assets, liabilities and contingent liabilities all in a form reasonably acceptable to Lender;
- (iv) within 10 days after the filing deadline (taking into account any extensions properly filed), copies of all state income tax returns for Maker;
- (v) all other information and reports required under the provisions of this Note and such other data and information in such detail as may from time to time be reasonably requested by Lender.

(c) Maker covenants and agrees that at all times hereunder Maker shall have an Adjusted Tangible Net Worth of at least Fifty Million and 00/100 Dollars (\$50,000,000.00) (“Net Worth Requirement”).

(d) Maker covenants and agrees that at all times hereunder Guarantor shall have an Adjusted Tangible Net Worth of at least Thirty Million and 00/100 Dollars (\$30,000,000.00) (“Guarantor Net Worth Requirement”).

(e) Maker shall not permit Maker’s Leverage Ratio at any time to exceed 15:1. For the purposes hereof, “Leverage Ratio” shall mean the ratio of Maker’s debt for borrowed money to its Adjusted Tangible Net Worth.

(f) Maker shall remain in good standing with Freddie Mac.

5

9. Events of Default. All of the indebtedness evidenced by this Note and remaining unpaid shall, at the option of the holder and without demand or notice, become immediately due and payable upon the occurrence of any of the following (each of which shall constitute an event of default hereunder):

- (i) a failure by Maker to make the payments required by this Note when due, which failure is not cured within three (3) business days following notice by Lender to Maker;
- (ii) a default under or a failure to comply in any material respect with any of the terms, provisions, conditions, agreements or covenants of this Note which remains uncured for ten (10) business days after written notice from Lender to Maker;
- (iii) a default or failure to comply in any material respect with any of the terms, provisions, conditions, agreements or covenants of any other agreement between Lender and Maker or by Maker in favor of Lender, including without limitation under that certain Master Participation Agreement dated April 22, 2015, as amended or restated, which remains uncured beyond any applicable notice requirements and cure periods, if any, contained in such agreement; and
- (iv) (1) The Maker files a voluntary petition under any of the provisions of the U.S. bankruptcy code or any similar U.S. bankruptcy law; or (2) Maker is the subject of an involuntary petition under any of the provisions of the U.S. bankruptcy code, or any similar U.S. bankruptcy law, which petition has not been dismissed within one hundred twenty (120) days after the date of its filing; or (3) Maker files a voluntary application for, or for the appointment of, a receiver or custodian for its business.

10. Waiver and Consent. Presentment, notice of dishonor and demand, protest and diligence in collection and bringing suit are hereby severally waived by Maker and each endorser or guarantor, each of whom consents that the time for the payment of this Note, or of any installment hereunder, may be extended from time to time without notice by the holder.

11. No Waiver. No waiver of any default or failure or delay to exercise any right or remedy by the holder of this Note shall operate as a waiver of any other default or of the same default in the future or as a waiver of any right or remedy with respect to the same or any other occurrence.

12. Prepayment. Maker may prepay all or any portion of the principal amount outstanding under this Note at any time and from time to time without penalty.

6

13. Usury Laws. It is the intention of the parties hereto to comply strictly with all applicable usury laws. Accordingly, in no event and upon no contingency shall the holder be entitled to receive, collect or apply as interest any interest, fees, charges or other payments equivalent to interest in excess of the amount which may be charged from time to time under applicable law. In the event that the holder of this Note ever receives, collects or applies as interest any such excess, then immediately upon becoming aware of such receipt, collection or application, the holder shall notify Maker of the usurious overcharge and refund to Maker the amount of any overcharge taken, plus interest on the overcharge taken at the rate in effect under this Note or at the maximum lawful rate, whichever is less, at the time the usurious interest rate was taken, and make whatever adjustments in this Note as are necessary to insure that Maker will not be required to pay any further interest in excess of the amount permitted under applicable law. Maker shall not institute any action or file any defense based upon the charging or collecting of usurious interest hereunder unless (i) Maker shall give the holder written notice of an intent to do so and (ii) the holder shall fail to comply with the terms hereof, by notification and refund to Maker and making necessary adjustments as aforesaid, within fifteen (15) days after receipt by the holder of such written notice from Maker. The provisions of this Section shall be given precedence over any other provision contained herein or in any other agreement between the parties hereto that is in conflict with the provisions of this Section.

14. Loan Fees. In addition to all of the terms and conditions to be performed by Maker under this Note, Maker shall reimburse Lender upon demand for all costs and expenses, including without limitation reasonable attorneys’ fees, incurred by it in connection with the loan evidenced by this Note (excluding ordinary business overhead and any loss, damage or claim resulting from the Lender’s gross negligence or willful misconduct).

15. Waiver of Trial by Jury. Maker hereby agrees that any suit, action or proceeding, whether a claim or counterclaim, brought or instituted by any party on or with respect to this Note or any other document executed in connection herewith or which in any way relates, directly or indirectly to any event, transaction or occurrence arising out of or in any way connected with this Note or the dealings of the parties with respect thereto, shall be tried only by a court and not by a jury. MAKER AND LENDER BY ACCEPTANCE HEREOF HEREBY EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Maker acknowledges that Maker may have a right to a trial by jury in any such suit, action or proceeding and that Maker hereby is knowingly, intentionally and voluntarily waiving any such right. Maker further acknowledges and agrees that this Section is material to this Note and that adequate consideration has been given by Lender and received by Maker in exchange for the waiver made by Maker pursuant to this Section.

7

16. Notices. Any written notice permitted or required hereunder shall be effective when received, certified or registered United States mail, postage prepaid, return receipt requested, at the applicable address specified above or at such other addresses as may be specified such party by notice hereunder.

17. Legal Tender. This Note is negotiable and is payable in lawful money of the United States of America which shall be legal tender in payment of all debts and dues, public and private, at the time of payment.

18. Successors and Assigns. The obligations of Maker hereunder shall be binding upon Maker and its successors, assigns and legal representatives and shall inure to the benefit of Lender and Lender's participants' respective successors, assigns, and legal representatives.

19. Governing Law. This Note is delivered to Lender in the State of Indiana and is executed under and shall be governed by and construed in accordance with the laws of the State of Indiana.

20. Invalidity of any Provision. If any provision (or portion thereof) of this Note or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Note or the application of such provision (or portion thereof) to any other person or circumstance shall be valid and enforceable to the fullest extent permitted by law.

21. Captions. The captions or headings herein have been inserted solely for the convenience of reference and in no way define, limit or describe the scope or substance of any provision of this Note.

[Remainder of page intentionally blank; signature on following page]

8

IN WITNESS WHEREOF, Maker has caused this Note to be executed by its duly authorized officers effective as of the day and the year first above written.

IMPAC MORTGAGE CORP.,
a California corporation

By: _____
Name: _____
Title: _____

9

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is executed to be effective as of August 17, 2017, by IMPAC MORTGAGE CORP., a California corporation (hereinafter referred to as "Debtor"), in favor of MERCHANTS BANK OF INDIANA, an Indiana banking institution (hereinafter referred to as "Lender").

Recitals:

A. Lender has agreed to extend credit to Debtor in the principal amount of Thirty Million and 00/100 Dollars (\$30,000,000.00), as evidenced by a certain Line of Credit Promissory Note of even date herewith executed by Debtor to Lender (the "Note").

B. As security for the payment and performance of the obligations of Debtor to Lender now existing or hereafter incurred, including without implied limitation those obligations arising under the Note, Lender requires that Debtor grant to Lender, and Debtor is willing to grant to Lender, a security interest in the Collateral (hereinafter defined).

Agreements:

In consideration of the foregoing Recitals and for other good and valuable consideration and to induce Lender to extend credit to Debtor, Debtor, intending to be legally bound, hereby covenants to and agrees with Lender as follows:

1. **Granting of Security Interest.** Debtor hereby grants and conveys to Lender a security interest in all of Debtor's right, title and interest in and to the "Servicing Contract Rights" defined as the indivisible, conditional, non-delegable right of Debtor to service mortgage loans owned or guaranteed by (i) the Federal Home Loan Mortgage Corporation ("Freddie Mac"), pursuant to the Freddie Mac Single-Family Seller/Servicer Guide, as it may be amended from time to time (the "Freddie Mac Guide") and the Purchase Documents (as such term is defined in the Freddie Mac Guide), together with all additions and accessions thereto, replacements and substitutions therefor, products thereof and proceeds therefrom, in each case related to or arising from mortgage loans owned by Freddie Mac (herein referred to collectively as the "Collateral"), to secure the payment and performance (a) of the indebtedness, liabilities and obligations of Debtor to Lender arising from the Note, whether direct or indirect, absolute or contingent, and all increases, extensions, renewals, and modifications thereof, and all costs, expenses or fees incurred by Lender in collection of any amount(s) secured hereby or in enforcing this Agreement, including without limitation, reasonable attorneys' fees (all such indebtedness and obligations collectively referred to as the "Indebtedness"), and (b) of all other agreements of Debtor herein and in any other agreement executed by Debtor in connection with the Indebtedness. For the avoidance of doubt, the Collateral does not include Debtor's rights to servicing advance reimbursements due from Freddie Mac. The security interest in the Collateral granted pursuant to this Section 1 is subject and subordinate in each and every respect (i) to all rights, powers and prerogatives of Freddie Mac under and in connection with the Freddie Mac Guide and the other Purchase Documents, which rights include, without limitation, the right of Freddie Mac to disqualify (in whole or in part) Debtor as an approved Freddie Mac Seller/Servicer, with or without cause, and the right to terminate (in whole or in part) the unitary, indivisible master servicing contract and to transfer and sell all or any portion of the Servicing Contract Rights, as provided in the Purchase Documents; and (ii) to all claims of Freddie Mac arising out of or relating to any and all breaches, defaults and outstanding obligations of the Debtor to Freddie Mac.

2. **Representations, Warranties and Covenants of Debtor.** Debtor warrants, represents and covenants to Lender that:

(a) The Collateral is now, and/or will be, in the possession or control of Debtor located and kept within the State of California;

(b) Debtor will not change the location of its principal office or the location of any Collateral, without at least ten (10) days' prior written notice to Lender;

(c) Other than with respect to a security interest granted prior to the date hereof, no future financing statement, security agreement or other lien instrument covering all or any portion of the Collateral has been or will be executed, recorded or filed, except as expressly permitted under this Agreement; and

(d) Debtor will pay all Indebtedness to Lender promptly when due.

(e) The proceeds of the loan evidenced by the Note will be used only for the following limited purposes: (i) to fund Debtor's purchase of additional mortgage servicing portfolios; (ii) to effect Debtor's purchase of a mortgage banking company, and/or (iii) to fund Debtor's working capital consistent with its residential mortgage business operations.

3. **Maintenance of Collateral.** Debtor shall be entitled to use and possession of the Collateral until the occurrence of an Event of Default (hereinafter defined) hereunder. The Collateral shall be used in the ordinary course of the operation of Debtor's business and for no other purpose. Debtor shall maintain the Collateral in secure fashion, shall pay all taxes and other charges thereon when due and shall defend the Collateral at all times against any and all adverse claims. Debtor shall not, without the prior written consent of Lender, sell, transfer or convey any of the Collateral. Debtor shall give prompt notice to Lender of any pledge, encumbrance, assignment or other process or action taken or pending, voluntary or involuntary, whereby a third party is to obtain or is attempting to obtain possession of or any interest in any of the Collateral.

4. **Limitation on Granting Security Interest.** Debtor and Lender acknowledges and agrees that Debtor's grant of the security interest pursuant to Section 1 hereof is permitted only for the following limited purposes: (i) to fund Debtor's purchase of additional servicing portfolios; (ii) to effect Debtor's purchase of a mortgage banking company or (iii) to fund Debtor's working capital consistent with its residential mortgage business operations.

5. **Indemnification.** Debtor agrees to pay, and to save Lender harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (1) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (2) with respect to, or resulting from, any delay in complying with any requirement of laws applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Agreement, except as a result of the gross negligence or intentional acts of the indemnified party. In any suit, proceeding or action brought by Lender under any account or contract for any sum owing thereunder, or to enforce any provisions of any account or contract, Debtor will save, indemnify and keep Lender harmless from and against all expense, loss

or damage suffered by reason of any defense, setoff, counterclaim recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Debtor.

6. **Prohibition Against Transfer and Encumbrances.** Debtor shall not without the prior written consent of Lender (a) create, grant, cause or permit any encumbrance, lien, mortgage, security interest, pledge or other similar interest to burden or affect, or attach to, in any manner or respect, the Collateral, (b) allow the sale, lease, conveyance, transfer, license, assignment or other disposal of, or attempted sale, lease, conveyance, transfer, license, assignment or other disposal of any of the Collateral, whether such event is voluntary, involuntary or by operation of law, or (c) make any covenant with respect to the Collateral (other than to Freddie Mac) which is of a nature identical or similar to any of the foregoing covenants and which is enforceable by any party other than Lender.

7. **Events of Default.** Each of the following shall constitute an "Event of Default" under this Agreement:

2

(a) the occurrence of an event of default under the Note or any other agreement, instrument or document executed by Debtor in connection with the Indebtedness, and a failure to cure such default within the applicable cure period specified therein, if any, or under any other agreement, instrument or document executed by Debtor in favor of Lender; or

(b) any failure to perform or observe any other of the term(s), covenant(s) or agreement(s) set forth in this Agreement, and a failure to cure such failure within ten (10) business days after notice thereof from Lender to Debtor.

8. **Remedies.** Lender shall have the right, but not the obligation, to file a Uniform Commercial Code ("UCC") financing statement in the appropriate records perfecting Lender's security interest in the Collateral and thereafter, subject to the terms of the Acknowledgement Agreement, dated on or about the date hereof, among Debtor, Lender and Freddie Mac (the "Freddie Mac Acknowledgement Agreement"), take possession of the Collateral and the proceeds thereof and do all acts necessary to enforce or collect the Indebtedness subject to the terms and conditions of the UCC. Upon repossession, subject in all respects to the terms of the Freddie Mac Acknowledgement Agreement, Lender may retain the Collateral and any proceeds thereof in satisfaction of the obligations secured hereby or sell the Collateral at public or private sale in accordance with the UCC or any other applicable statute. In the event that Lender shall dispose of the Collateral after default, the proceeds of such disposition shall be applied in the following order: (a) to the reasonable expenses of retaking, holding, preparing for sale, selling and the like; (b) to the reasonable attorneys' fees and legal expenses incurred by Lender; and (c) to the satisfaction of the Indebtedness. Debtor agrees to release and hold harmless Lender from any and all claims arising out of the repossession of the Collateral. In addition, upon the occurrence of any Event of Default, Debtor shall pay to Lender all reasonable attorneys' fees incurred by Lender in the collection of any Indebtedness or the enforcement of any rights under this Agreement or any other agreement or document executed by Debtor in connection with all, or any part of, the Indebtedness and all other costs of collection. In addition to, and not in lieu of, any other right or remedy of Lender, from and after the occurrence of any Event(s) of Default, the Indebtedness shall bear interest at the per annum default rate of interest specified in the Note until such time as such Event(s) of Default has been cured or the Indebtedness is otherwise paid in full.

9. **Waiver.** No waiver of any Event of Default or failure or delay to exercise any right or remedy by Lender shall operate as a waiver of any other Event of Default or of the same Event of Default in the future or of any right or remedy with respect to the same or any other occurrence. All rights and remedies of Lender herein are cumulative and in addition to, not in lieu or limitation of, any rights and remedies Lender may have by law or at equity.

10. **Execution of Documents.** At any time and from time to time, upon written request of Lender, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as Lender may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the UCC in effect from time to time in any jurisdiction with respect to the liens created hereby. Debtor hereby authorizes Lender to file (i) such financing statements covering the security interests of Lender in the Collateral and (ii) such amendment financing statements and correction statements relating to any financing statement covering the security interests of Lender in the Collateral, as Lender may deem necessary or advisable, at its reasonable discretion, to perfect its security interests and agrees that any filing fees incurred by Lender in connection with the filing of financing statements shall be immediately reimbursable by Debtor to Lender upon demand and shall be secured by this Agreement.

3

11. **Notice.** Any written notice required or permitted by this Agreement must be in writing and shall be effective (a) five (5) business days after mailing by certified United States mail, postage prepaid with return receipt requested, or (b) the following business day after deposit (for overnight delivery) with a nationally-recognized commercial overnight carrier which provides for a return receipt, to the applicable addresses specified below:

if to Debtor: Impac Mortgage Corp.
19500 Jamboree Road
Irvine, California 92612
Attention: Kathy J. Hancock

if to Lender: Merchants Bank of Indiana
11555 N. Meridian Street, Suite 400
Carmel, Indiana 46032
Attention: Michael J. Dunlap

or, with respect to a party hereto, at such other address as may be specified by such party by notice hereunder.

12. **Modification.** Any modification or rescission of this Agreement shall be ineffective unless in writing and signed by both parties hereto. Notice of acceptance of this Agreement by Lender is hereby waived by Debtor.

13. Successors and Assigns. No obligation or liability hereunder of Debtor may be assigned without the prior written consent of Lender, which consent may be arbitrarily withheld. This Agreement and all rights and liabilities hereunder shall be binding upon Debtor and Debtor's successors, assigns and legal representatives and shall inure to the benefit of Lender and Lender's respective successors, assigns, heirs, beneficiaries and personal and legal representatives.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana.

15. Captions. The captions or headings herein have been inserted solely for the convenience of reference and in no way define or limit the scope, intent or substance of any provision of this Agreement. Whenever the context requires or permits the singular shall include the plural, the plural shall include the singular and the masculine, feminine and neuter shall be freely interchangeable.

16. Invalidity of Any Provision. If any provision (or portion thereof) of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, then the remainder of this Agreement or the application of such provision (or portion thereof) to any other person or circumstance shall be valid and enforceable to the fullest extent permitted by law.

17. Freddie Mac Acknowledgment Agreement. In the event of any conflict between the terms hereof and the terms of the Acknowledgment Agreement by and among the Debtor, the Lender and Freddie Mac, the terms of the Acknowledgment Agreement shall prevail.

[Signatures on following page(s)]

IN WITNESS WHEREOF, Debtor has caused this Agreement to be executed by its duly authorized representative effective as of the day and the year first above written.

Debtor:

IMPAC MORTGAGE CORP.,
a California corporation

By: _____
Name: _____
Title: _____

STATE OF)
) SS:
COUNTY OF)

Before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of Impac Mortgage Corp., a California corporation, who, after having been duly sworn, acknowledged the execution of the foregoing Security Agreement for and on behalf of such corporation.

WITNESS my hand and Notarial Seal this _____ day of _____, 2017.

() Notary Public

My Commission Expires:

My County of Residence:
