

IMPAC MORTGAGE HOLDINGS INC
Form 10-Q
August 12, 2015
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from to .

Commission File Number: 1-14100

IMPAC MORTGAGE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: IMPAC MORTGAGE HOLDINGS INC - Form 10-Q

Maryland
(State or other jurisdiction of
incorporation or organization)

33-0675505
(I.R.S. Employer
Identification No.)

19500 Jamboree Road, Irvine, California 92612

(Address of principal executive offices)

(949) 475-3600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes No

There were 10,236,510 shares of common stock outstanding as of August 7, 2015.

Table of Contents

IMPAC MORTGAGE HOLDINGS, INC.

FORM 10-Q QUARTERLY REPORT

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>
	Consolidated Balance Sheets as of June 30, 2015 (unaudited) and December 31, 2014 2
	Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2015 and 2014 (unaudited) 3
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014 (unaudited) 4
	Notes to Unaudited Consolidated Financial Statements 6
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
	30
	Forward-Looking Statements 30
	The Mortgage Industry and Discussion of Relevant Fiscal Periods 30
	Selected Financial Results 31
	Status of Operations 31
	Liquidity and Capital Resources 36
	Critical Accounting Policies 37
	Financial Condition and Results of Operations 39
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>
	60
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>
	60
<u>PART II. OTHER INFORMATION</u>	
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
	60
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>
	61
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>
	61
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>
	61
<u>ITEM 4.</u>	<u>MINE SAFETY DISCLOSURES</u>
	61
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>
	61
<u>ITEM 6.</u>	<u>EXHIBITS</u>
	62
	<u>SIGNATURES</u>
	63

CERTIFICATIONS

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****IMPAC MORTGAGE HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Cash and cash equivalents	\$ 34,152	\$ 10,073
Restricted cash	3,840	2,420
Mortgage loans held-for-sale	391,198	239,391
Finance receivables	54,313	8,358
Mortgage servicing rights	44,244	24,418
Securitized mortgage trust assets	4,998,500	5,268,531
Goodwill	104,938	352
Intangible assets, net	32,073	
Deferred tax asset, net	24,420	
Other assets	36,648	25,029
Total assets	\$ 5,724,326	\$ 5,578,572
LIABILITIES		
Warehouse borrowings	\$ 422,522	\$ 226,718
Short-term debt		6,000
Term financing	30,000	
Convertible notes	45,000	20,000
Contingent consideration	91,407	
Long-term debt	31,438	22,122
Securitized mortgage trust liabilities	4,980,659	5,251,307
Other liabilities	40,613	27,469
Total liabilities	5,641,639	5,553,616
Commitments and contingencies (See Note 16)		
STOCKHOLDERS EQUITY		
Series A-1 junior participating preferred stock, \$0.01 par value; 2,500,000 shares authorized; none issued or outstanding		
Series B 9.375% redeemable preferred stock, \$0.01 par value; liquidation value \$16,640; 2,000,000 shares authorized, 665,592 noncumulative shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	7	7
Series C 9.125% redeemable preferred stock, \$0.01 par value; liquidation value \$35,127; 5,500,000 shares authorized; 1,405,086 noncumulative shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	14	14
	102	96

Edgar Filing: IMPAC MORTGAGE HOLDINGS INC - Form 10-Q

Common stock, \$0.01 par value; 200,000,000 shares authorized; 10,223,702 and 9,588,532 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively				
Additional paid-in capital		1,096,517		1,089,574
Net accumulated deficit:				
Cumulative dividends declared		(822,520)		(822,520)
Retained deficit		(191,433)		(242,215)
Net accumulated deficit		(1,013,953)		(1,064,735)
Total stockholders' equity		82,687		24,956
Total liabilities and stockholders' equity	\$	5,724,326	\$	5,578,572

See accompanying notes to consolidated financial statements

Table of Contents

IMPAC MORTGAGE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Gain on sale of loans, net	\$ 48,346	\$ 6,293	\$ 85,744	\$ 10,866
Real estate services fees, net	2,355			