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# EDITED TRANSCRIPT

IMH - Q2 2018 Impac Mortgage Holdings Inc Earnings Call

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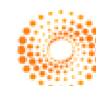

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## CORPORATE PARTICIPANTS

**Brian Kuelbs** *Impac Mortgage Holdings, Inc. - Executive VP & CFO*

**George A. Mangiaracina** *Impac Mortgage Holdings, Inc. - Chairman & CEO*

**Justin Moisio** *Impac Mortgage Holdings, Inc. - SVP of Business Development & IR*

**Rian Furey** *Impac Mortgage Holdings, Inc. - President of Direct Lending & COO*

## CONFERENCE CALL PARTICIPANTS

**Steven Cole Delaney** *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

## PRESENTATION

**Operator**

Good day, ladies and gentlemen, and welcome to the Impac Mortgage Holdings Second Quarter 2018 Earnings Conference Call. (Operator Instructions)

I would now like to introduce your host for today's conference, Justin Moisio, Investor Relations. Please go ahead.

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**Justin Moisio** - *Impac Mortgage Holdings, Inc. - SVP of Business Development & IR*

Thank you. Good morning, everyone. Thank you for joining Impac Mortgage Holdings Second Quarter 2018 Earnings Conference Call.

During this call, we will make projections or other forward-looking statements in regards to, but not limited to, GAAP and taxable earnings, cash flows, interest rate risk and market risk exposure, mortgage production and general market conditions. I would like to refer you to the business risk factors in our most recently filed Form 10-K with the Securities and Exchange Commission as well as other risks and uncertainties identified in our 10-Q.

These documents contain and identify important factors that could cause the actual results to differ materially to those contained in our projections or forward-looking statements. This presentation, including any outlook and any guidance, is effective as of the date given, and we expressly disclaim any duty to update the information herein.

I would like to get started by introducing George Mangiaracina, Chairman and CEO of Impac Mortgage Holdings.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

Thank you, Justin. Good morning. At our Annual Shareholders' Meeting on July 17, Impac announced a slate of newly elected Board of Directors that included the additions of Stewart Koenigsberg and Richard Pickup. As now currently constituted, a material share of the equity of the company is represented on the board. Corporate governance will align director and officer decision-making and compensation with the goal of creating long-term franchise value for our shareholders.

From 1989 to 2015, Stewart Koenigsberg served in various positions at GE, last serving as President and CEO of GE Capital Markets where he managed all capital markets activities for GE Capital worldwide. Richard Pickup, currently the company's largest long-term shareholder, has been an investor and director of various public and private organizations over the past 30 years. Tom Akin, Frank Filipps and myself complete the new board. Our company's annual proxy statement provides summaries for the professional qualifications of each of our directors.



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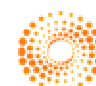

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This second quarter 2018 earnings call is the inaugural call that I'll be presiding over in the capacity as Chairman of the Board and CEO of Impac. I'm pleased to introduce the latest member of our senior management team, Brian Kuelbs, who was appointed CFO in May 2018. Brian has over 20 years of experience at market-leading financial institutions, serving in a variety of C-suite executive roles for public and privately held real estate finance companies and alternative asset investment entities.

Brian and I are joined on this call by Rian Furey, COO; and Ron Morrison, General Counsel.

Before we review our second quarter results, I'd like to highlight some recent developments. As we noted during our previous earnings calls and filings, we periodically review the business models of our operating platforms, including that of our consumer direct channel, CashCall Mortgage. In assessing the prevailing residential mortgage origination environment, we have concluded the operating platform of CashCall to not be entirely calibrated with current market conditions.

In a favorable low rate environment that existed during the period from 2015 to 2017, CashCall was efficient in helping customers quickly avail themselves of refinance alternatives. To capture the market opportunity at that time, the CashCall model originated primarily conventional loans concentrated geographically in California, with a call-to-action television and radio marketing campaign.

While this refi-centric model produced favorable results in terms of GAAP and operating income, one of the by-products was the creation of a borrower profile susceptible to elevated prepayment activity: California, high balance, low LTV, high FICO, no discount points, no closing costs. This resulted in unintended consequences with our capital markets partners in terms of the acceptance and valuation of our loans and mortgage service rights, creating pressure on our margins and our ability to offer competitive pricing to consumers. While we have taken remedial action in an effort to create normalized prepayment profile borrowers and speeds consistent with industry cohorts, our capital markets execution levels have remained suboptimal.

Throughout 2018, based on generally higher interest rate market conditions and suboptimal execution levels, we have continued to experience sustained volume declines and margin compression within CashCall. As a result, we have adjusted our outlook for the go-forward business projections for CashCall. These adjustments have resulted in a reduction to the anticipated future cash flows and estimated fair value for CashCall. We estimate the fair value of CashCall to be below carrying value, necessitating a goodwill and intangible asset impairment charge of approximately $89 million for the quarter ended June 30, 2018. As we have historically done, we will continue to reevaluate the remaining goodwill associated with CashCall in future quarters. Brian Kuelbs will discuss the impairment charge in more detail when he provides the review of our second quarter results.

Putting the impairment charge aside, we remain committed to the consumer direct retail lending business. The consumer direct channel will continue to be foundational with respect to our ability to successfully protect the value of the company's $17 billion mortgage servicing rights portfolios or MSRs. The deployment of trigger campaigns, coupled with fully dedicated specialized production teams, has resulted in recapture rates consistent with the industry's leading benchmarks.

The consumer direct channel also provides the company with optionality. While refinance markets are unpredictable in timing and duration, consumer direct origination, in our view, remains the most effective and efficiently scalable method to capture volume during low interest rate environments. Consumer direct will remain an integral component of the company's balanced channel distribution capabilities in the future.

Lastly, while consumer direct activity for nonqualified residential mortgage loans, or NonQM, to date has been incremental to the company's overall NonQM volume, we believe that consumer direct can be a dynamic driving force for our NonQM product offering in the future and a material contributor to the company's growth within this alternative credit segment of the market.

Early indications related to these efforts within our consumer direct channel are encouraging. Conventional prepay speeds have converged to those of industry cohort, and we've experienced early-stage proof of concept related to diversified marketing mediums and cost of acquisition and conversion rates for NonQM consumers. Rian Furey will provide further details on the progress and sustainability of these results that we've achieved within consumer direct later on in this call.



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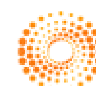

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I'd like to now spend a moment to highlight some additional positive developments within our NonQM business. As we continue to scale NonQM, we have concurrently been developing relationships with investors and rating agencies to diversify the capital markets exit for these loans. Since its inception in the early 1990s, Impac has historically been an innovator with respect to the design, origination, securitization and servicing of alternative credit products. Since 2014, the company has spearheaded the reemergence of this sector by actively promoting the creation and market acceptance of next-generation product structures, originating $2 billion of NonQM loans since that time. In June, we announced that we entered into a strategic relationship with Starwood Property Trust to collaborate on the origination and securitization of NonQM loans. This strategic relationship provides Starwood to purchase up to $600 million of NonQM loans from the company over the next 12 months. Additionally, Impac retains the right to coinvest, along with Starwood, in future Starwood-sponsored securitizations that contain NonQM loans. We believe this arrangement furthers Impac's competitive advantage in the non-agency segment of the residential market and permits the company to participate in longer-term economics of the loans we originate.

Since the June announcement, Starwood has brought to market and priced a $370 million private-label 144A securitization, STAR 2018-IMC1. That securitization is 100% backed by our NonQM collateral. As part of this securitization, Impac has exercised its right under the agreement to coinvest in certain portions of the capital structure. We also anticipate coinvesting with Starwood in future securitizations. The STAR 2018-IMC1 deal was well received and marked the third private-label securitization backed by Impac collateral to successfully clear the market this year. These deals have been oversubscribed at various levels of the capital structure and have achieved AAA attachment points, significantly below other deals backed by competing NonQM loans.

Impac's NonQM collateral performance, origination rankings and adjustment factors with the rating agencies have resulted in efficient permanent capital structures for our investors. These are important milestones for the company as they demonstrate securitization market acceptance for our NonQM product and result in increased demand and improved pricing for our loans.

NonQM is a critical component of our future growth strategy. For the first half of 2018, the company originated over $550 million of NonQM, a 33% increase from the $415 million in the first half of 2017. This product will continue to be a focus across all 3 of our origination channels: wholesale, correspondent and consumer direct.

Lastly, I'd like to provide an update on our liquidity profile. Over the last several earnings calls, we've continually noted the benefits derived from our MSR portfolio in terms of countercyclical balance to our origination business in an up-rate environment, both in terms of operating income and cash flow. The second quarter of 2018 continued this trend. We intend to continue to selectively retain MSRs as long as the risk-adjusted return in this asset class achieves the company's return profile. And we may selectively sell MSRs on a flow and bulk basis if we determine market values to be attractive to us.

In summary, the company's MSRs should provide GAAP earnings resilience and liquidity in what we anticipate to be a challenging origination environment for the foreseeable future.

Now I'm going to pass the discussion over to our CEO (sic) [CFO], Brian Kuelbs.

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**Brian Kuelbs** - *Impac Mortgage Holdings, Inc. - Executive VP & CFO*

Thank you, George. Now I'd like to provide a brief review of the results for the second quarter.

The second quarter 2018 reported a net loss of $97.4 million or $4.65 per diluted common share compared to net earnings of $6.4 million or $0.32 per diluted common share for the second quarter of 2017. Adjusted operating income for the second quarter of 2018 was a loss of $6.6 million or $0.31 per diluted common share as compared to a loss of $174,000 or $0.01 per diluted common share for the second quarter of 2017.

For the 6 months ended June 30, 2018, we reported a net loss of $93.5 million or $4.46 per diluted common share as compared to net earnings of $11.1 million or $0.62 per diluted common share for the 6 months ended June 30, 2017. Adjusted operating income for the 6 months ended June 30, 2018, was a loss of $2.2 million or $0.11 per diluted common share as compared to income of $2 million or $0.10 per diluted common share for the 6 months ended June 30, 2017.



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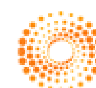

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As a result of downward pressure on the mortgage originations market, further compression in margins and loan volume decline has taken place. The CashCall Mortgage business model has led to additional margin compression and volume decline for that reporting unit due to the following: adverse demand from investors, as a result, the propensity to refinance by its borrowers; the CashCall brand is also experiencing material loss in value resulting from adverse demand from capital markets participants for loans produced by CashCall; consumer uncertainty due to the use of a similar brand name by an unaffiliated financial services company; and substantial deterioration in brand awareness.

In light of these developments, significant reductions in anticipated future cash flows and estimated fair value for the reporting unit has occurred. The company has shifted the consumer direct strategy and long-term business plan for CashCall due to the change in conditions. A reduction in anticipated cash flows and the estimated fair value for the reporting units has resulted. The company reported an impairment -- the company performed impairment tests comparing the fair value of CashCall to its carrying value in determining that impairment has occurred. An $88.1 million impairment charge was recorded in the second quarter related to $74.7 million in goodwill impairment and $13.5 million in intangible asset impairment. $35.9 million in goodwill and intangibles remain on the balance sheet. However, despite the impairment charge, the consumer direct channel will remain an integral component of the company's balanced channel distribution capabilities.

Gain on sale declined to $18.7 million for the second quarter as of June 30, 2018, compared to $36.8 million as of June 30, 2017. For the 6-month period ending June 30, 2018, gain on sale declined to $40.2 million compared to $74.1 million for the comparable period in 2017. Gain on sale margins decreased by 24 basis points to 184 basis points in the second quarter of 2018 as compared to 205 basis points in the second quarter of 2017.

During the second quarter of 2018, total originations decreased 22% to $1 billion in volume as compared to $1.3 billion in the first quarter of 2018. Second quarter volume decreased 42% as compared to $1.8 billion in the second quarter of 2017.

During the second quarter of 2018, NonQM volume increased to $306 million as compared to $248 million for the first quarter in 2018 and $233 million in the second quarter of 2017. The consumer direct channel accounted for 25% of our NonQM originations, while wholesale and correspondent collectively accounted for the remaining 75% of production.

Our NonQM average FICO score was 720, with a weighted average loan-to-value of 67% for the second quarter, which is consistent with first quarter 2018 results of 720 and 66%, respectively.

During the second quarter of 2018, refinance volume decreased 51% to $660 million as compared to $1.3 billion in the second quarter of 2017. Purchase-money transactions declined 16% to $374 million compared to $444 million in the second quarter of 2017.

For 3 months ended June 30, 2018, net servicing fees increased 27% to $9.9 million, up from $7.8 million for the comparable period in 2017. The servicing portfolio remained flat at $16.8 billion UPB as of June 2018, consistent with the March 2018 balance. This is up 14% from a $14.7 billion UPB as of June 2017. The servicing portfolio is comprised of Fannie Mae, Freddie Mac and Ginnie Mae servicing assets, $7 billion, $6.2 billion and $3.6 billion, respectively, as of June 30.

MSR fair value is $180 million as of June 30 versus $154 million as of December 2017. The increase is comprised of $1.6 billion in loans sold servicing retained as well as a mark-to-market increase of $9.6 million. 60-plus days delinquency for the servicing portfolio is 81 basis points as of June 30, 2018.

Our total combined warehouse and finance -- warehouse finance and MSR borrowing capacity is $1,085,000,000 as of June 30, 2018. We have $545 million drawn and $540 million available in capacity or about 50% availability with respect to our liquidity position.

For the 3 months ended June 30, total expenses were $36.5 million, net of the $88.1 million impairment charge, compared to $35.7 million in total expenses for the first quarter of 2018 and $33.7 million for the second quarter of 2017. For the 6 months ending June 30, 2018, total expenses were $72.3 million, net of the impairment charge, compared to $78.3 million in total expenses for the 6-month period ending June 30, 2017.



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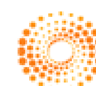

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The company will continue to align capacity and expenses with loan production volume in Q3 and Q4 for the remainder of the year. For the 3 months ended June 30, personnel expense decreased 22% or $4.7 million to $16.7 million. The decrease is primarily related to staff reduction and reduced commissions due to a decline in loan production volume. Our headcount declined 23% during the second quarter in 2018 as compared to the second quarter in 2017.

Business promotions decreased to $9 million for the 3 months ended June 30 compared to $10.1 million for the comparable period in 2017. Our general and administrative expenses increased to $10.8 million for the 3 months ended June 30 compared to $8.3 million for the same period in 2017. The increase is primarily related to the $3 million increase in legal and professional fees associated with defending litigation matters.

That concludes the financial report, and I'd like to now turn the call over to Rian Furey to discuss our mortgage operations.

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**Rian Furey** - *Impac Mortgage Holdings, Inc. - President of Direct Lending & COO*

Thanks, Brian. As George mentioned in regards to CashCall Mortgage, much of our focus in the second quarter was on adjusting our approach to the market in the face of rising rates and significant drop in refinancing activity. To address expense, we've managed our headcount to responsible levels and increased the efficiency of our ad spend, with personnel and marketing being our 2 largest expense items. We've transitioned dollars away from our call-to-action TV and radio ads to more targeted online advertising and acquisition of leads from aggregators. The platform still emphasizes advantages of price and speed to close for borrowers, which is augmented by our broad product offerings beyond agency production into the NonQM space.

Our digital spend allows us to more specifically target consumers likely to fit the NonQM profile, and it's helping lead our volume growth in that segment. Our online spend is also much less brand reliant, minimizing consumer confusion between the CashCall Mortgage brand and other CashCall business lines with which we are not affiliated. In the second quarter, we continued to invest in updating the call center technology to help us better manage our call routing and digital lead delivery.

We've spoken previously about the detrimental effects of elevated curtailment fees on our production and have continued to focus on bringing the consumer direct production back to prepayment levels common amongst our peers. We've realigned compensation incentives for managers to be more consistent with adding long-term franchise value by rewarding new customer acquisition and deemphasizing previous behaviors. We maintain some level of off-line presence but have eliminated our no-closing-cost messaging and include discount points and fees in APRs associated with many of our advertised programs.

Much of our acquired leads are from consumers outside of California, but California borrowers continue to make up a large portion of our volume as we attract these savvy consumers who've experienced significant home price appreciation and larger loan amounts than national borrowers. We've shown reduced fees on current year production, and we're confident these factors will allow us to continue to print normalized prepay speeds. Those fees will help us improve our execution levels for our loan and mortgage servicing rights in the capital markets.

We've maintained our commitment to preserving and defending our servicing portfolio as a part of our strategy, so we continue to address those consumers with salaried loan agents and a segregated process flow.

In our third-party origination channel, we continue to see increases in operational efficiency as changes we made rightsizing our staffing and attracting new talents in the first quarter take hold. Our focus continues to be on improving our service levels, educating the marketplace on our NonQM products and building on our external-facing technology used to interface with our originator partners.

With that, I'll hand the call back over to George.

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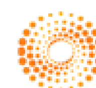

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

Thank you, Rian. We recognize these are challenging times for residential mortgage originators, but our senior management team is up to the challenge and optimistic about our competitive positioning in the market. We're encouraged by the continued resilience provided by our MSR portfolio, evidenced in our adjusted operating results and our liquidity profile. We're encouraged about the progress we've made in repositioning the consumer direct business model. Our conventional prepay speeds have aligned with industry cohort, and we've experienced early-stage proof of concept related to our consumer direct NonQM origination. And we're enthused about the positive forward momentum we've created across all of our channels with respect to NonQM.

We believe the addressable market for alternative products will expand, and we believe the company is uniquely positioned to build upon our standing as a recognized industry leader providing creative products that responsibly meet consumer needs and capital markets investment objective.

We're in the process of finalizing a strategic business operating and capital plan for the company, and we look forward to sharing that vision with you during our third quarter earnings call in November.

Thank you. That concludes my prepared remarks. I'll now open the call for Q&A.

## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Our first question comes from the line of Steve Delaney with JMP Securities.

**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

George, you covered a lot of what I wanted to ask about in your thorough opening remarks. But starting with CashCall and the impairment, you talked about some damage to the brand. Do you envision any need to rebrand or rename CashCall just to kind of deal with -- kind of put some of that behind you?

**Brian Kuelbs** - *Impac Mortgage Holdings, Inc. - Executive VP & CFO*

This is Brian Kuelbs, Steve. Yes, we anticipate continuing to use the CashCall brand going forward. Our impairment analysis has utilized the observation that the brand has deteriorated in value, but we still think that it has a place with respect to a diversified origination platform. And at this point, we expect to continue to use the brand going forward.

**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

Okay. And you mentioned that another financial services company was using the CashCall name. I'm curious, are you looking at that with your lawyers? Do you feel you have any enforceable trademark rights there?

**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

No, Steve, when the company acquired CashCall Mortgage, they acquired the operating platform CashCall Mortgage from CashCall, Inc., and CashCall, Inc. remains in business and has been in the consumer unsecured business line. So that's -- the confusion results from that.



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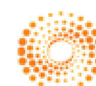

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**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

Okay. And it's the consumer -- they're not -- CashCall, Inc. is not going into the resi mortgage business. That's just the consumer product that they continue to use. I see.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

That's correct, that's correct.

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**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

Okay. When we think about in QMs, I don't know whether we're in the early stages or where we are, but more and more is certainly happening. Do you view that as not just one loan product but multiple loan products, both for consumer and business purposes? And does that necessarily mean that you're going to need multiple end investors? I'm curious whether your Starwood agreement in any way restricts you in terms of developing a broader network of investors.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

That's a broad question. Let me break it down to parts. Our Starwood agreement does not restrict us. It's not exclusive on either part. So it does not restrict us from securing other investments, and I'd say that -- yes, there's static in the line.

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**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

I'm hearing you fine.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

Okay. So I'd say we kind of -- we sit around the room, we laugh about our first-mover advantage in NonQM, and now we're on like fifth-mover advantage because there's been a lot of fits and starts, but we're starting see that market, that addressable portion of that market develop and grow, and we've heard some numbers around $8 billion to $20 billion in the sector that we're in, the products that we're currently focused on. But I guess I'll answer that question broadly in that Impac has really been the leader in the reemergence of the NonQM segment of the market. I think we consider this to be a core competency of the firm. It's in our DNA, if you will, since the early 1990s. And so there's institutional memory of the company with respect to alternative credit products. And we've consciously -- Steve, over the last decade, we've consciously retained and invested in many of the disciplines required to manage this enterprise. I think new entrants, we've seen new entrants come into the marketplace trying to drive production to NonQM. We've also seen additional capital markets investors in this space. But I'd say, with respect to new origination entrants, I think often it's underestimated, the scale of the undertaking. Of course, NonQM is about origination and driving production volumes, and we enjoy the benefit of having 3 channels: wholesale, correspondent and consumer direct for -- to drive production. But NonQM, the effort isn't limited to production. It's product creation and design that you touched on. I think the product will continue to evolve. It's nuanced program and underwriting features to responsibly address consumers' needs and match it to capital market investment objectives. It's technology, including recently, we launched a new broker portal, and we're working on retooling our legacy credit conditioning engine. It's risk management in terms of taking the lessons that the company has learned from years of operational experience and performance data and embedding risk controls into our manufacturing underwriting process. And it's also a robust capital markets effort to touch on one of the other points: competitive warehouse financing, diversification of the investor base, the cadence around the way we manage our whole loan sales, providing support to our whole loan investors and their securitization efforts. I think we've partnered with folks that we've sold loans to, to work with rating agency reviews and provide deal support to help them achieve efficient subordination levels and structures when they bring deals to market. And it's servicing and master servicing. So I would say competency across those disciplines and striving for excellence in all those disciplines is really what differentiates Impac in the segment of the market. And the totality of these activities equates for us to better pricing for our NonQM loans. And then we can decide whether we redirect that



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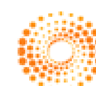

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pricing back to consumer to protect market share, gain market share or to retain that pricing advantage within the company as margins. So look, Impac launched NonQM in 2014, and this month, we crossed an important threshold, $2 billion in NonQM originations since that time. We're proud of that. It's -- I think it's validated our vision and reflective of our decade-long commitment to being the industry leader in this space. It didn't happen by chance.

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**Steven Cole Delaney** - *JMP Securities LLC, Research Division - MD, Director of Specialty Finance Research and Senior Research Analyst*

That's very helpful, George. And one final just to close out, probably the ultimate macro question on the mortgage industry, which is, the resi business is probably the poster child for cyclical business models. But where today do you see the balance between production capacity and borrower demand? How long is it going to take for the industry to rightsize from where we are today? That's it for me.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

Yes, this will just be a view. I mean, I -- we don't have a crystal ball, so I've been wrong before looking out into the future. But it's a tough time, difficult environment for mortgage origination. I've kind of jotted down some numbers looking at the MBA projected volume for originations for '18 -- 2018, '19 and '20. And it's like $1.5 trillion to $1.6 trillion, not much growth. And as recently as 2016, we were $2 trillion. So there's a reduction of total volume, but our platform has been refi-centric. And the MBA just recently published a couple of indexes that we always pay attention to. The overall Market Composite Index is at its lowest level since January 2016, and the Refi Index is actually at its lowest level since December 2006. So there's excess origination capacity, and that equates to declining volume and reduced margins but most notably in conventional product. So we could have a move up in rates across the curve. We could have an inversion at certain points of the curve. But we're continuing to shift our production mix away from conventional to government and a real specific focus on NonQM. And we're attempting to do the same in terms of moving from refinance to purchase. So -- yes. Steve, I'd also point out one other item. In terms of the backup in rates that -- if you look at the size of our MSR portfolio, we carry $16 billion, $17 billion in MSRs. The weighted average note rate on that on the conventional portion of that book, which is about $13 billion, is 3 3/4%. And so there isn't a real strong incentive for borrowers for rate and term refinance. And so we keep focusing on the MSR, adding resiliency to our story. And originators that have servicing books would experience the same countercyclical benefit from that. I think you'd be more challenged if you're simply an origination machine, not -- and you don't have big servicing to balance it.

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**Operator**

That concludes the question-and-answer session. I would now like to turn the call back to the company for any closing remarks.

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**Justin Moisio** - *Impac Mortgage Holdings, Inc. - SVP of Business Development & IR*

That's it for the second quarter earnings call. We look forward to speaking with everybody back in early November for the third quarter call. Thank you, everyone.

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**George A. Mangiaracina** - *Impac Mortgage Holdings, Inc. - Chairman & CEO*

Thank you.

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**Operator**

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect. Everyone, have a great day.

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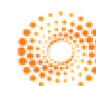

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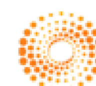

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