

N E W S B U L L E T I N

FROM:



RE: **ECC Capital Corporation**
2040 Main Street, Ste. 800
Irvine, CA 92614
OTC: ECRO.PK

For Further Information:

AT THE COMPANY:

Roque A. Santi
President and Chief Financial Officer
(949) 955-8730
rsanti@ecccapital.com

**ECC Capital Corporation
Announces Litigation Update**

IRVINE, Calif., August 11, 2009 -- ECC Capital Corporation (the "Company") (OTC:ECRO.PK), a mortgage finance real estate investment trust, announced that on August 7, 2009 it received a complete cash settlement of \$15 million from EMC Mortgage Corporation, a subsidiary of Bear Stearns ("EMC"), finalizing litigation filed in the Central District of California, Southern Division in 2007 as referenced in the company "Management's Report and Consolidated Financial Statements for the year ended December 31, 2008". The Company is in the process of evaluating and paying outstanding related litigation expenses. As part of the settlement, EMC has dropped its counterclaims.

The Company remains involved in a variety of mortgage lending related claims and other legal matters. The net impact on the Company from these various matters and the potential effect on its consolidated financial position are uncertain at this time.

The Company is also evaluating its previously disclosed new business initiatives and the level of capital needed to support its operations and distributions, if any.

ECC Capital cannot guarantee the frequency or continued issuance of this periodic information because of reduced staff and limited operations. Please continue to check ECC Capital's website for future information. You may also contact ECC Capital using the toll free number of 866-338-8749 or via email at investorrelations@ecccapital.com.