
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 7, 2006

IRWIN FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

INDIANA	0-6835	35-1286807
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

500 Washington Street
Columbus, Indiana 47201

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: **(812) 376-1909**

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:

- ☐ 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 (17CFR 240.13e-4(c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

Irwin Financial Corporation (the "Corporation") announced that on August 7, 2006, the Corporation signed an Asset Purchase Agreement with Freedom Mortgage Corporation of Mt. Laurel, NJ ("Freedom") under which Freedom will acquire substantially all of the Corporation's conforming conventional first mortgage loan production assets and related contractual commitments in the Corporation's mortgage banking line of business, which is currently housed at the Corporation's indirect subsidiary, Irwin Mortgage Corporation. Under the agreement, Freedom will offer employment to nearly all staff associated with the assets it is purchasing.

The assets sold to Freedom exclude the mortgage servicing operations and the mortgage servicing rights asset ("MSRs") associated with this line of business. The Corporation is pursuing a separate sale of the mortgage servicing operations and MSRs. The Corporation anticipates the sale of assets to Freedom and the separate sale of the servicing assets to close in the third quarter 2006.

The Corporation will be retaining its reinsurance subsidiary, Irwin Reinsurance Corporation.

The purchase price for the assets sold to Freedom was not disclosed. The Corporation estimates its exit costs for this line of business will be approximately \$20 million.

ITEM 2.05. COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES.

In connection with the Corporation's sale of assets in its mortgage banking line of business as set forth in Item 1.01 above, which is incorporated herein by reference, the Corporation committed to an exit plan for this line of business on August 7, 2006, pursuant to which the Corporation expects to incur the following expenses:

(in millions)	Pretax charges incurred through June 30, 2006		Currently estimated pretax charges in future quarters		Estimated Total
Restructuring Costs:					
Employee termination/retention/ incentive costs	\$	NM	\$	5.0	\$ 5.0
Contract termination costs	\$	-	\$	9.3	\$ 9.3
Direct selling costs (bankers, legal, accounting, etc.)	\$	2.7	\$	-	\$ 2.7
Impairment of assets	\$	3.0	\$	-	\$ 3.0
Other associated costs	\$	-	\$	-	\$ -
Total restructuring costs	\$	5.7	\$	14.3	\$ 20.0

The figures in the table above represent management's current estimate of disposal costs for its mortgage production and servicing operations in excess of sales proceeds. It does not reflect any potential gain (or loss) on the Corporation's planned sale of MSRs.

ITEM 8.01. OTHER EVENTS.

(a) The Corporation announced that its Board of Directors has authorized management to undertake the repurchase of up to two million shares or up to \$50 million of common stock of the Corporation. The repurchases will occur from time to time based on factors mentioned in the Corporation's press release, attached as Exhibit 99.1 to this Report on Form 8-K.

(b) The Corporation announced it will hold a conference call on August 7, 2006 at 1:00 p.m. EDT in connection with the signing of an agreement between the Corporation and Freedom Mortgage Corporation as stated in Item 1.01 above in this Report on Form 8-K, and in connection with the authorization by the Corporation's Board of Directors of a share repurchase program by the Corporation as stated in this Item 8.01(a) above in this Report on Form 8-K. Details of the conference call are contained in the Corporation's press release, attached as Exhibit 99.1 to this Report on Form 8-K.

About Forward-Looking Statements

This Report on Form 8-K and the attached press release contain, and statements made on the conference call to be held, referenced above in Item 8.01, may contain, forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements involve inherent risks and uncertainties that are difficult to predict and are not guarantees of future performance. Words that convey our beliefs, views, expectations, assumptions and estimates or similar language, or that indicate events we believe could, would, should, may or will occur (or might not occur) or are likely (or unlikely) to occur, and similar expressions, are intended to identify forward-looking statements, which include all statements in connection with the expected sale of mortgage assets and the implementation of a share repurchase program, other than statements of historical fact. Actual future results may differ materially from what is projected due to a variety of factors, including, but not limited to, unforeseen difficulties the parties may experience in completing the transaction as currently contemplated, including a material adverse change in the business or a failure to meet closing conditions, which would affect the Corporation's plans to proceed with its share repurchase program; or unanticipated regulatory constraints. We undertake no obligation to update publicly any of these statements in light of future events, except as required in subsequent reports we file with the Securities and Exchange Commission.

The August 7, 2006 press release is attached as Exhibit 99.1. The filing under Item 8.01 is made for purposes of Regulation FD.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

d.) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Irwin Financial Corporation dated August 7, 2006.

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.

IRWIN FINANCIAL CORPORATION
(Registrant)

Date: August 7, 2006

By: /s/ Gregory F. Ehlinger

GREGORY F. EHLINGER
*Senior Vice President and Chief
Financial Officer*

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Irwin Financial Corporation dated August 7, 2006.

News Release: IMMEDIATE RELEASE

For further information, contact:

Suzie Singer, Corporate Communications	812.376.1917
Susan Matthews, Media	317.590.3202
Conference Call, 1:00 PM EDT, August 7, 2006	866.868.1109
Confirmation #15402781	
Replay available at http://www.irwinfinancial.com/ir-set.html	

IRWIN FINANCIAL CORPORATION ANNOUNCES

- **DEFINITIVE AGREEMENT FOR SALE OF CERTAIN FIRST MORTGAGE PRODUCTION ASSETS**
- **COMMON STOCK SHARE REPURCHASE PROGRAM**

(Columbus, IN, August 7, 2006) Irwin Financial Corporation (NYSE:IFC), today announced it has signed an Asset Purchase Agreement with Freedom Mortgage (Mt. Laurel, NJ) under which Freedom Mortgage would acquire substantially all of Irwin's conforming conventional first mortgage loan production assets and related contractual commitments, and offer employment to nearly all staff associated with these assets.

"Earlier this year, we announced our desire to focus the Corporation's attention on the growth of our small business and non-conforming consumer mortgage segments," said Will Miller, Chairman of Irwin Financial. "This meant, after 25 years of very successful participation in the conforming conventional first mortgage business, we determined to find Irwin Mortgage a new home. One of our objectives in this process was to find a buyer whose strategy was better aligned with Irwin Mortgage's on-going growth aspirations. Freedom Mortgage has both the strategic intent and capacity to grow its national mortgage banking platform, so I believe we have succeeded in this objective."

Freedom Mortgage's purchase includes assets associated with Irwin Mortgage's loan origination operations, but excludes the segment's mortgage servicing operations and its mortgage servicing asset, each of which is being marketed separately. Closing of the asset sale to Freedom Mortgage and the sale of the mortgage servicing asset are both anticipated to occur in the third quarter of 2006. Financial consideration for the proposed transaction was not disclosed.

J.P. Morgan Securities, Inc. acted as financial adviser to Irwin Financial Corporation and Barnes & Thornburg, LLP acted as its legal counsel. Classic Strategies Group, LLC was the financial advisor to Freedom Mortgage.

In addition, in recognition of the Corporation's pending reductions to both its balance sheet and risk profile resulting from the sale of mortgage assets, the Board of Directors has authorized management to undertake the repurchase of up to two million shares or up to \$50 million of common stock of the Corporation. The repurchases will occur from time-to-time based on market conditions, parent company cash flow, and the Corporation's current and future projections of capital position at both the Corporation and its subsidiary Bank and Thrift. The stock repurchases are contingent upon the successful completion of the mortgage asset sales process, including the sale of mortgage rights.

About Irwin Financial

Irwin® Financial Corporation (<http://www.irwinfinancial.com>) is a bank holding company with a history tracing to 1871. The Corporation, through its principal lines of business provides a broad range of financial services to consumers and small businesses in selected markets in the United States and Canada.

About Forward-Looking Statements

This press release contains forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements involve inherent risks and uncertainties that are difficult to predict and are not guarantees of future performance. Words that convey our beliefs, views, expectations, assumptions and estimates or similar language, or that indicate events we believe could, would, should, may or will occur (or might not occur) or are likely (or unlikely) to occur, and similar expressions, are intended to identify forward-looking statements, which include all statements in connection with the expected sale of mortgage assets and the implementation of a share repurchase program, other than statements of historical fact. Actual future results may differ materially from what is projected due to a variety of factors, including, but not limited to, unforeseen difficulties the parties may experience in completing the transaction as currently contemplated, which would affect the Corporation's plans to proceed with its share repurchase program; or unanticipated regulatory constraints. We undertake no obligation to update publicly any of these statements in light of future events, except as required in subsequent reports we file with the Securities and Exchange Commission.

The Corporation will host a conference call on Monday, August 7, at 1:00 p.m. EDT. Will Miller, CEO and Greg Ehlinger, Senior Vice President and CFO of Irwin Financial Corporation will be the speakers on the call. The toll-free number for the call is (866) 868-1109; please tell the operator you would like to join the Irwin Financial call, confirmation #15402781. A replay of the call will be available on the Irwin Financial Corporation website at <http://www.irwinfinancial.com/ir-set.html>.