

WHISTLEBLOWER POLICY

The Audit Committee of the Board of Directors of Velocity Financial, Inc. (the “Company”) has established the following procedures for the receipt, retention, investigation and treatment of complaints and concerns regarding accounting, internal accounting controls, auditing and other legal and regulatory matters.

A. Scope of Matters Covered by the Policy

1. The procedures set forth in this policy relate to complaints and concerns of employees and other interested parties, including shareholders, (each referred to in this policy as a “Complainant”) of the Company and its subsidiaries (“Reports”) regarding:

(a) questionable accounting, internal accounting controls or auditing matters (an “Accounting Allegation”), including, without limitation:

1. fraud or deliberate error in the preparation, review or audit of financial statements of the Company;
2. fraud or deliberate error in the recording and maintaining of the Company’s financial records;
3. deficiencies in, or non-compliance with, the Company’s internal control over financial reporting;
4. misrepresentation or false statements regarding a matter contained in the Company’s financial records, financial statements, audit reports or any filings made with the Securities and Exchange Commission (including periodic or current reports);
5. deviation from full and fair reporting of the Company’s financial condition and results;
6. substantial variation in the Company’s financial reporting methodology from prior practice or from generally accepted accounting principles;
7. issues affecting the independence of the Company’s accounting firm; and
8. falsification, concealment or inappropriate destruction of corporate or financial records;

(b) possible non-compliance with applicable legal and regulatory requirements or the Company’s code of ethics and business conduct (a “Legal Allegation”); and

(c) alleged retaliation against employees and other persons who make, in good faith, Accounting Allegations or Legal Allegations (a “Retaliatory Act”).

2. In the discretion of the Audit Committee, responsibilities of the Audit Committee created by these procedures may be delegated to the chairperson of the Audit Committee or to a subcommittee of the Audit Committee.

B. Procedures for Making Complaints

1. In addition to any other avenue available, any employee may, in his or her sole discretion, report to the Audit Committee or Chief Financial Officer, openly or confidentially and/or anonymously, any Accounting Allegation, Legal Allegation or Retaliatory Act:

(a) in writing to the Chairman of the Audit Committee:

Chairman of the Audit Committee
c/o Velocity Financial, Inc.
30699 Russell Ranch Road, Suite 295
Westlake Village, California, 91362

(b) by calling the Ethicspoint hotline at 844-811-7368 at any time; or

(c) by sending an e-mail to our Ethicspoint reporting portal at velocityfinancialinc.ethicspoint.com.

2. Any other interested party may report to the Audit Committee or Chief Financial Officer any Accounting Allegation, Legal Allegation or Retaliatory Act, as set forth in Section B.1. above. Any such Report must be accompanied by the name of the person submitting the Report.

3. The Reports should be factual rather than speculative or conclusory, and should contain as much specific information as possible to allow for proper assessment. In addition, all Reports should contain sufficient corroborating information to support the commencement of an investigation, including, for example, the names of individuals suspected of violations, the relevant facts of the violations, how the Complainant became aware of the violations, any steps previously taken by the Complainant, who may be harmed or affected by the violations, and, to the extent possible, an estimate of the misreporting or losses to the Company as a result of the violations.

4. The telephone hotline and email reporting portal are managed by Ethicspoint, an outside, independent service provider, and allow any employee or other interested party of the Company and its subsidiaries to make a Report. Employees are able to submit a Report on an anonymous and confidential basis and are therefore not required to divulge their names.

5. Ethicspoint will explain to each caller or emailer, as applicable, the procedures for following up on the Report (including steps to provide additional information at a later date).

C. Treatment of Reports Received by the Chief Financial Officer

1. The Chief Financial Officer should, upon receipt of a Report and when possible and appropriate, acknowledge receipt to the Complainant who submitted it.

2. All Reports sent to the Chief Financial Officer must promptly undergo an initial review by the Chief Financial Officer, as the case may be, who must:

- a. promptly forward to the Audit Committee any Report involving the Company's senior management or having an actual or potential misreporting or loss to the Company that could exceed \$250,000 or that could otherwise have a material adverse effect on the Company's reputation or financial statements; and
- b. promptly determine whether to commence an investigation of all other Reports:
 - i. The Chief Financial Officer may, in his/her reasonable discretion, determine not to commence an investigation if the Report contains only unspecified or broad allegations of wrongdoing without appropriate informational support or if the Report is not credible. This decision and the reasons for this decision shall be reported to the Audit Committee at its next ordinary meeting and shall, to the extent appropriate, be made known to the Complainant who submitted the Report. The Audit Committee may, however, not accept this decision, in which case it will determine whether the Audit Committee, the Chief Financial Officer will investigate the Report, taking into account the factors described in paragraph D.2.b. below; and
 - ii. If the Chief Financial Officer determines that an investigation must be conducted, he/she will promptly commence the investigation. The Chief Financial Officer shall also promptly investigate other Reports as requested in writing by the Audit Committee. The Chief Financial Officer shall report the findings of the investigations conducted pursuant to this Section to the Audit Committee in accordance with Section C.4.

3. The Chief Financial Officer may consult with any member of management who is not the subject of the Accounting Allegation, Legal Allegation or Retaliatory Act included in the Report and who may have appropriate expertise to provide assistance in connection with the investigation of the Report. The Chief Financial Officer may also engage independent accountants, counsel or other experts to assist in the investigation of Reports and analysis of results, if necessary or appropriate.

4. The Chief Financial Officer shall, at every Audit Committee's ordinary meeting, present a summary of all the Reports received by, or forwarded to, them (including those Reports that they decided not to investigate) and all the material developments, findings and conclusions of investigations since the previous meeting. The Audit Committee may or may not accept such findings and conclusions. The Chief Financial Officer shall provide such additional information regarding any Report or investigation as may be requested by the Audit Committee.

D. Treatment of Reports Received by, or Forwarded to, the Audit Committee

1. The Audit Committee should, upon receipt of a Report directly from a Complainant and when possible and appropriate, acknowledge, or direct the Chief Financial Officer to acknowledge, receipt of the Report to the Complainant who submitted it.

2. All Reports received directly by the Audit Committee or pursuant to Section C.2.a. above must promptly undergo a review by the Audit Committee:

- a. The Audit Committee may, in its reasonable discretion, determine not to commence an investigation if a Report contains only unspecified or broad allegations of wrongdoing without appropriate informational support or the Report is not credible. This decision shall, to the extent appropriate, be made known to the Complainant who submitted the Report.
- b. If the Audit Committee determines that an investigation should be conducted, the Audit Committee shall determine whether the Audit Committee, the Chief Financial Officer or another member of management should investigate the Report, taking into account, among other factors that are appropriate under the circumstances, the following:
 - i. Who is the alleged wrongdoer? If an executive officer, senior financial officer or other high management official is alleged to have engaged in wrongdoing, that factor alone may militate in favor of the Audit Committee conducting the investigation.
 - ii. How material is the misreporting or loss? The more material the misreporting or loss to the Company, the more appropriate it may be that the Audit Committee should conduct the investigation.
 - iii. How serious is the alleged wrongdoing? The more serious the alleged wrongdoing, the more appropriate that the Audit Committee should undertake the investigation. If the alleged wrongdoing would constitute a crime involving the integrity of the financial statements of the Company or would have a material adverse effect on the Company's reputation or financial statements, that factor alone may militate in favor of the Audit Committee conducting the investigation.
 - iv. How credible is the allegation of wrongdoing? The more credible the allegation, the more appropriate that the Audit Committee should undertake the investigation. In assessing credibility, the Audit Committee should consider all facts surrounding the allegation, including, but not limited to, whether similar allegations have been made in the press or by analysts.

3. If the Audit Committee determines that the Chief Financial Officer or another member of management should investigate the Report, the Audit Committee will notify the Chief Financial Officer or such member of management, as the case may be, in writing of that conclusion. The Chief Financial Officer or such member of management, as the case may

be, shall thereafter promptly investigate the Report and shall report the results of the investigation to the Audit Committee in accordance with Section C.4. In the other cases, the Audit Committee shall promptly investigate the Report. In any event, the Chief Financial Officer shall participate in each such investigation.

4. The Audit Committee may consult with any member of management who is not the subject of the Accounting Allegation, Legal Allegation or Retaliatory Act included in the Report and who may have appropriate expertise to provide assistance. The Audit Committee may also engage independent accountants, counsel or other experts to assist in the investigation of Reports and analysis of results.

E. Results of Investigation

1. Upon completion of the investigation of a Report:
 - a. the Audit Committee, the Chief Financial Officer or such other member of management, as the case may be, will take such prompt and appropriate corrective action, if any, as in its/his/her judgment is deemed warranted; and
 - b. the telephone hotline service provider, the Audit Committee, the Chief Financial Officer, as the case may be, will contact, to the extent appropriate, each Complainant who files a Report to inform him or her of the results of the investigation and what, if any, corrective action was taken.
2. Where alleged facts disclosed pursuant to this policy are not substantiated, the conclusions of the investigation shall, to the extent appropriate, be made known to the Complainant who made the Report.
3. No action will be taken against any Complainant who makes a Report in good faith, even if the facts alleged are not confirmed by subsequent investigation. However, if, after investigation, a Report is found to be without substance and to have been made for malicious or frivolous reasons, the employees who made the Report could be subject to disciplinary action, up to, and including, termination of employment.

F. Communication to Employees and Other Interested Parties

1. The Company must disclose to employees in the Company's Code of Ethics that employees may, in their discretion, report to the Audit Committee or Chief Financial Officer, openly or confidentially and/or anonymously, an Accounting Allegation, Legal Allegation or Retaliatory Act in the manner set forth in Sections B.1. and B.3.

G. Protection of Whistleblowers

1. Neither the Company, the Audit Committee nor any director, officer, employee, contractor, subcontractor or agent of the Company will discharge, demote, suspend, threaten, harass, directly or indirectly, or in any other manner discriminate or retaliate, against any person who, in good faith, makes a Report to or otherwise assists the Audit Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, in investigating a Report. These prohibitions also apply to the Company's subsidiaries and

affiliates whose financial information is included in the consolidated financial statements of the Company.

2. Unless necessary to conduct an adequate investigation or compelled by judicial or other legal process, neither the Company, the Audit Committee nor any director, officer or employee of the Company shall (i) reveal the identity of any person who makes a Report and asks that his or her identity remain confidential, or (ii) make any effort, or tolerate any effort made by any other person or group, to ascertain the identity of any person who makes a Report anonymously.

H. Records

The Chief Financial Officer shall maintain a log of all records relating to any Reports of Accounting Allegation, or Legal Allegation or Retaliatory Act, tracking their receipt, investigation and resolution and the response to the person making the Report. The Company shall retain copies of the reports and the Chief Financial Officer's log for a period of seven years, unless notified by the Chief Financial Officer of an extended retention period. Except as may otherwise be required by applicable law or regulation, upon the expiration of this retention period, including any extended retention period, the Company will delete any Report and additional information held by the Company in relation to the Report, solely with the consent of the Chief Financial Officer, upon it ceasing to be required for the purposes for which it was obtained, created or retained, including conducting or concluding an investigation.