

# CODE OF BUSINESS CONDUCT AND ETHICS

## I. Introduction

Velocity Financial, Inc. and its subsidiaries (together, the “Company,” “Velocity,” “we” or “our”) require high standards of professional and ethical conduct from its employees, officers (including executive officers, which include Chief Executive Officer and Chief Financial Officer), and directors (collectively referred to herein as “Velocity Associates”). Our reputation for honesty and integrity among our shareholders and other stakeholders is critical to the success of our business. No Velocity Associate is permitted to achieve results through violations of laws or regulations, or through unscrupulous dealings. This Code of Business Conduct and Ethics (the “Code”) applies to all Velocity Associates.

This Code reflects the Company’s commitment to a culture of honesty, integrity and accountability, and outlines the basic principles and policies with which all Velocity Associates are expected to comply. Please read this Code carefully. In addition to following this Code in all aspects of your business activities, you are expected to seek guidance from your manager or the Chief Financial Officer in any case where there is a question about compliance with both the letter and spirit of our policies and applicable laws, rules or regulations.

Merely operating within the law is just the beginning of the ethical conduct we expect and insist upon. The following is a broad statement of the Company’s expectations regarding legal and ethical conduct. This statement should be interpreted in the spirit of its intent and not literally, as it is virtually impossible to address every situation or condition that may arise.

Misconduct will not be excused because it was directed or requested by another. You are expected to alert Company management (and may choose such supervisor(s), Human Resources personnel or Company officers with whom you feel most comfortable in this regard) if you should ever discover or reasonably suspect an illegal, dishonest or unethical act or other violation of this Code. You are encouraged and required to report activities which you believe in good faith may be violations of the Code and you will not be penalized or retaliated against in any way for reporting your discoveries or suspicions in good faith.

Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen.

## II. Conflicts of Interest

A conflict of interest occurs when an individual’s private interest, or the interest of the individual’s family members or other persons with whom they have a significant personal relationship, interferes, or appears to interfere, in any way with the interests of the Company or a Company customer or client. For the purposes of this Code, “family

members” include spouses, children, stepchildren, grandchildren, parents, stepparents, brothers, sisters, grandparents, and any other person related to the Velocity Associate or living in the Velocity Associate’s household.

A conflict situation can arise when a Velocity Associate takes actions or has interests that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when a Velocity Associate, or a family member, receives improper personal benefits as a result of the Velocity Associate’s position in the Company. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Company and any other organization in which the Velocity Associate or family member has an interest. Other than as may be provided in the Company’s certificate of incorporation, you are expected to avoid any activity, investment, interest, loan or association that interferes with or is reasonably likely to interfere with the independent exercise of your judgment when it is related to the Company’s interests.

Activities that give rise to conflicts of interest are prohibited unless specifically approved in advance by the Board or a duly authorized committee thereof or set forth in the Company’s certificate of incorporation, in the case of executive officers and directors, or by the Chief Financial Officer, in the case of other Velocity Associates. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interests must be reported immediately as provided in Section X below.

While not all-inclusive, the following will serve as a guide to the types of activities that might cause conflicts of interests:

- ownership in an outside company that does business with Velocity (this does not apply to stock or other investments held in a publicly-held corporation if the value of the stock or other investments does not exceed 5% of the corporation’s stock) – Velocity may, following a review of the facts, permit ownership interests that exceed these amounts if the Board or a duly authorized committee thereof or the Chief Financial Officer, as applicable, concludes that the ownership will not adversely impact the Company’s business interest or the judgment of the Velocity Associate;
- conducting personal business with a Velocity mortgage broker or banker, appraiser, loan servicer, vendor, supplier, contractor, agency, customer or client, or with any of their officers or employees; or
- representing Velocity in any transaction in which you, a member of your family or someone with whom you have a significant personal relationship have a substantial personal interest (including the approval of, or actions in respect of, any loans made to such persons);
- accepting any money, gifts of other than modest value, unusual hospitality, loans or any other preferential treatment from any independent mortgage broker or

banker, appraiser, loan servicer, vendor, supplier, contractor, agency, customer, client or competitor of the Company.

Your work at Velocity should be your primary focus. Outside employment, such as a second job, must be kept entirely separate from your work for the Company. You may not accept employment and/or business opportunities (including consulting assignments, directorships, and partnerships) with a Velocity mortgage broker or banker, appraiser, loan servicer, client, vendor, supplier or competitor. Also, accepting or providing gifts or excessive entertainment from or to mortgage brokers or bankers, appraisers, loan servicers, clients, vendors, suppliers, competitors or other Velocity Associates must not create a conflict of interest or the appearance of impropriety. You may accept or provide small gifts and entertainment that are worth less than the limit specified in any applicable company policy, but you must be personally satisfied that the gift or entertainment is not intended to influence your judgment or the performance of your duties, and the amount, nature and circumstances of the gift or entertainment must be permitted under all applicable laws, rules and regulations. You must never ask for a gift from any Velocity mortgage broker or banker, appraiser, loan servicer, client, vendor, supplier or competitor.

If you have any questions regarding the appropriateness of a gift, you must obtain approval of the Chief Financial Officer, the Board or a duly authorized committee thereof, before accepting it.

### **III. Corporate Opportunities**

Except as set forth in the Company's certificate of incorporation, the Company's bylaws or any stockholder agreement to which the Company is a party, Velocity Associates may not, without the prior consent of the Board or a duly authorized committee thereof (i) take for themselves personally opportunities that arise through the use of corporate property, information or position, (ii) use corporate property, information or position for personal gain and/or (iii) compete, directly or indirectly, with Velocity. Except as set forth in the Company's certificate of incorporation, the Company's bylaws or any stockholder agreement to which the Company is a party, all business opportunities that are reasonably within the scope of the Company's business should first be brought to the attention of Velocity's management.

You owe a duty to the Company to advance its interests when the opportunity to do so arises.

### **IV. Confidentiality**

Velocity Associates must maintain the confidentiality of information entrusted to them by the Company or that otherwise comes into their possession in the course of their dealings with the Company, except when disclosure is authorized or legally mandated. The obligation to preserve confidential information continues even after you leave the Company.

As a financial services company, we have particular responsibilities for safeguarding the information of our clients and the proprietary information of the Company. You should be mindful of this obligation when you use the telephone, fax, electronic mail and other electronic means of storing and transmitting information. You should not discuss confidential information in public areas where it can be overheard, read confidential documents in public places, or leave or discard confidential documents where they can be retrieved by others.

All nonpublic information that might be of use to competitors of the Company, or harmful to the Company, its borrowers, mortgage brokers or bankers, appraisers, loan servicers, suppliers, partners, vendors or clients or their respective affiliates, if disclosed, should be treated as confidential. In particular, information concerning the identity of the Company's borrowers or applicants, their personal identifying information, and their transactions and account activities, is confidential. Confidential information may not be disclosed to persons within the Company except as they may need to know it in order to fulfill their responsibilities to the Company. You may not disclose such information to anyone or any firm outside the Company unless (i) the outside firm needs to know the information in order to perform services for the Company and is bound to maintain its confidentiality, (ii) the client has consented or been given an opportunity to request that the information not be shared, (iii) disclosure is required by law, or (iv) disclosure is authorized by the Chief Financial Officer, the Board or a duly authorized committee thereof.

We are committed to safeguarding our borrowers' and applicants' privacy. Sharing of such information with third parties is limited to situations related to the processing and servicing of customer accounts, and to specifically delineated exceptions in the federal privacy law. We share information with our affiliates as allowed by federal law. You must be familiar with the procedural and systemic safeguards we maintain to protect this information and report any breaches of these safeguards to your manager, as well as to the Company's Chief Financial Officer.

Please note that nothing in this Code or any other confidentiality or non-disclosure agreement you may have with the Company shall be interpreted as restricting the ability of any current or former Velocity Associate from communicating with, cooperating with or filing a complaint with any U.S. federal, state or local governmental or law enforcement agency or branch (a "Governmental Entity") with respect to any possible violations of any U.S. federal, state or local law or regulation or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that, (1) in each case such communications or disclosures are consistent with applicable law and (2) the information being so disclosed was not obtained through a communication subject to attorney-client privilege (unless disclosure of such information would otherwise be permitted by an attorney under applicable federal law and state attorney conduct rules). If you have questions about these provisions, including whether information may be disclosed under the sentence immediately above, you should contact the Chief Financial Officer.

## **V. Protection and Proper Use of Company Assets**

All Velocity Associates should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incidents of fraud or theft should be immediately reported to the head of Human Resources or the Chief Financial Officer for investigation. Company assets, such as funds, technology, data or computers may only be used for legitimate business purposes or other purposes approved by management. Company assets may never be used for illegal, improper, inappropriate or unauthorized purposes.

## **VI. Insider Trading**

Trading in the stock or securities of a company, such as Velocity, by a Velocity Associate who is aware of material, non-public information may constitute "insider trading," which is both illegal and against Company policy.

- Information is "material" if a reasonable investor would consider such information important in a decision to buy, sell or hold the securities.
- Information is "non-public" until it has been broadly disclosed to the marketplace (such as through a public filing with the Securities and Exchange Commission or the issuance of a press release) and the marketplace has had time to absorb the information.
- The sharing or "tipping" of material, non-public information with any person other than another Velocity Associate, in each case, who needs to know the information to perform their duties, is against Company policy and may also be illegal.

The Company's Insider Trading Policy provides more information. Questions about the propriety of any transaction in the Company's or any other company's securities should be directed to the Chief Financial Officer before undertaking the transaction.

## **VII. Fair Dealing**

We operate our business fairly and honestly. Each Velocity Associate should endeavor to deal fairly with the Company's borrowers' and applicants', clients, mortgage brokers and bankers, appraisers, loan servicers, suppliers, vendors, competitors and their respective employees ("Third Parties"). We seek competitive advantage through performance and dedication to our vision and values and never through unethical or illegal business practices. It is our policy to comply with antitrust laws. These laws are complex and not easily summarized but at a minimum require that there be no agreement or understanding between the Company and competitors concerning (i) loan terms, fees or other prices, discounts or underwriting standards; (ii) market shares, sales territories or markets; (iii) allocation of customers or territories; (iv) selection, rejection, or termination of borrowers, other customers or suppliers; and (v) restricting the territory or markets in which a company may operate.

You must always respect the rights of, and deal fairly with, Third Parties. You must never take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. If you have any question about what constitutes an unfair business practice, you should consult the Chief Financial Officer.

Our policies prohibit bribery or kickbacks of any kind and to anyone in the conduct of our business. The U.S. government has a number of laws and regulations applicable specifically to business gratuities that may be accepted by U.S. and foreign government personnel. Giving anything of value, directly or indirectly, to any government official or government political candidate of any country in order to obtain or retain business is strictly prohibited. The promise, offer or delivery to any government official, employee or candidate of a gift, favor, payment or other gratuity in violation of these rules would not only violate company policy but could also be a criminal offense. Similarly, federal law, as well as the laws of many states, prohibit engaging in “commercial bribery.” Commercial bribery involves soliciting, demanding or agreeing to accept anything of value from any person intending to influence or be rewarded in connection with any business or transaction, and prohibits all such behavior as, for example, with respect to mortgage brokers or bankers, loan servicers, appraisers, vendors, competitors, clients or government employees. If you have any questions or need any guidance, you should contact the Chief Financial Officer.

#### **VIII. Compliance with Laws, Rules and Regulations**

Compliance with laws, rules and regulations applicable to our business is critical to our reputation and continued success. All Velocity Associates must respect and obey all federal laws, the laws of the cities and states in which we operate, and the many regulatory and self-regulatory agencies, associations and organizations to which our businesses are or will be subject. We must, in this arena, also avoid even the appearance of impropriety.

#### **IX. Accuracy of Company Records and Reporting**

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The Company’s accounting records are relied upon to produce reports for the Company’s management, shareholders, creditors, governmental agencies and others. The Company is required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that it files with, or submits to, the Securities and Exchange Commission (the “SEC”) and other regulatory agencies and in all other public communications made by the Company. Our financial statements and the books and records on which they are based and any portion of any reports to or filings or communications with the SEC, other regulatory agencies or the public must accurately reflect in all material respects all corporate transactions and conform to all legal and accounting requirements and our system of internal controls. Accordingly, the Company expects all personnel to ensure that those portions of its books, records and accounts for which they have responsibility are valid, complete, accurate and supported by appropriate documentation in verifiable form. Similarly, the Company expects all personnel to

ensure that all reports and documents filed with the SEC and all other public communications for which they are responsible provide full, fair, accurate and understandable disclosure and that the same are filed on a timely basis.

The executive officers of the Company shall establish, maintain and support policies and procedures that encourage and reward professional integrity in all aspects of the Company's organization and shall ensure an environment exists within the Company that eliminates inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal or alienation from other employees within the Company.

Business records and communications often become public through legal or regulatory investigations or the media. We should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies. This applies to communications of all kinds, including email and informal notes or interoffice memos. Records should be retained and destroyed in accordance with the Company's records retention policies or procedures, as same may be implemented and modified from time to time. When litigation or a government investigation is pending or imminent, relevant records must not knowingly be destroyed until the matter is closed.

#### **X. Reporting of Violations of this Code**

We have a strong commitment to conduct our business in a lawful and ethical manner. Employees are encouraged to talk to the Chief Financial Officer or any supervisor with whom you feel comfortable when in doubt about the best course of action in a particular situation, and to report violations of laws, rules, regulations or this Code. Accordingly, the provisions of this Code are not intended as a substitute for any applicable laws and regulations and the scope of this Code's application shall be limited to the extent incompatible with such laws and regulations.

In particular, we take very seriously our obligations to disclose in an accurate and timely manner the Company's financial condition and results of its operations. In order to do that, it is essential that our accounting, internal accounting and auditing controls produce accurate and timely information that is not misleading. All Velocity Associates should freely share any concerns they may have with through the means set forth below, with the Company's Chief Financial Officer or with any other executive officers or director in whatever manner they believe will quickly and effectively address their concerns.

If you discover any fact that causes you to believe that a violation of a law or this Code, has occurred or may occur or that important information concerning any of our business operations is not being appropriately captured, processed, reported, evaluated, retained, stored or otherwise accounted for, or that otherwise causes concern regarding accounting, bookkeeping, financial reporting, information systems, internal controls or auditing matters, or which causes you to believe that fraud, improper insider trading, improper actions involving conflicts of interest, violations of law, or company retaliation against someone who has complained under these procedures have occurred, are occurring or are about to occur, you are required to promptly report such facts to the Company us so that

we may investigate and, if required or appropriate, take corrective action as soon as possible.

You may report such information or situation openly, confidentially or anonymously to the Audit Committee of the Company or the Chief Financial Officer. Complaints may also be submitted as follows:

- 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

- by calling the Ethicspoint hotline at 844-811-7368 at any time; or
- by sending an e-mail to our Ethicspoint reporting portal at [velocityfinancialinc.ethicspoint.com](mailto:velocityfinancialinc.ethicspoint.com)

All reports regarding concerns or complaints should be factual rather than speculative or conclusory, and should contain as much specific information as possible to allow for proper assessment, including, for example, the names of individuals suspected of violations, the relevant facts of the violations, how the person reporting the matter became aware of the violations, any steps previously taken by the person reporting the matter, 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.

We will investigate any matter reported and, upon a determination by the Chief Executive Officer, or, for matters involving executive officers or directors, a determination by the Board or a duly authorized committee thereof, that a violation has occurred, will take appropriate disciplinary and corrective action, up to and including termination. 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, reports a suspected violation of this Code or the law or otherwise assists the Audit Committee, management or any other person or group, including any governmental, regulatory or law enforcement body, in investigating a suspected violation of this Code or the law.

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 reports a suspected violation of this Code or the law 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 such a report anonymously.

## **XI. Waivers of the Code of Business Conduct and Ethics**



Any waivers of this Code for executive officers or directors may be made only by the Board or a duly authorized committee thereof, and must be promptly filed and/or disclosed to the public as required by all applicable securities or other laws, rules or regulations or the requirements applicable to NYSE issuers or such other exchange or system upon which the Company's securities are listed, quoted or traded. Any waivers of this Code for other personnel may be made by the Chief Financial Officer.

## **XII. Compliance Procedures**

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact the Chief Financial Officer or your manager for guidance. We will strive to ensure that all questions or concerns are handled fairly, discretely and thoroughly.

## **XIII. Employee Handbook and Other Policies and the Agreement Regarding Employment**

This Code is supplemental to, and not in place of, (i) the policies and procedures contained in the Company's Employee Handbook and contained in any other policies, procedures or agreements that the Company may implement or execute from time to time with respect to Velocity Associates, including the complaint procedures set forth in the Company's Whistleblower Policy, (ii) the acknowledgments, representations, warranties, covenants, obligations and agreements you have made to the Company about the Company's confidential and proprietary information, trade secrets and materials, competition, ownership of work product, full-time employment, non-interference with third-party rights, violations by other Velocity Associates, unfair business practices, and other matters set forth in the agreement you signed as a condition to your employment and/or continued employment with the Company, and (iii) all other Company policies, procedures and agreements relating to the subjects covered in this Code which you have been asked to acknowledge or sign (clauses (i), (ii) and (iii) are collectively referred to as "Supplemental Agreements and Policies"). This Code, together with such Supplemental Agreements and Policies, should be read and understood together to provide for the broadest protections against unethical or improper conduct of any kind, including but not limited to the avoidance of any improper conflicts of interest, unfair or improper trade or business practices, or invasions of privacy.