

Velocity Financial, Inc.
Corporate Governance Guidelines

Amended February 1, 2022

Introduction

The Board of Directors (the “Board”) of Velocity Financial, Inc. (the “Company”) has adopted these corporate governance guidelines, which describe the principles and practices that the Board will follow in carrying out its responsibilities. These guidelines will be reviewed by the Governance Committee from time to time to ensure that they effectively promote the best interests of both the Company and the Company’s shareholders and that they comply with all applicable laws, regulations and stock exchange requirements.

These guidelines should be interpreted in the context of all applicable laws and the Company’s certificate of incorporation, bylaws and other corporate governance documents (each as amended, restated and in effect). These guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Board may modify these guidelines from time to time.

A. Role and Responsibility of the Board

The Board directs and oversees the management of the business and affairs of the Company in a manner consistent with the best interests of the Company and its shareholders. In this oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Company.

The Board exercises direct oversight of strategic risks to the Company. The Audit Committee reviews guidelines and policies governing the process by which management assesses and manages the Company’s exposure to risk, including the Company’s major financial and operational risk exposures and the steps management takes to monitor and control such exposures. The Compensation Committee oversees risks relating to the Company’s compensation policies and practices. The Governance Committee assists the Board by overseeing and evaluating programs and risks associated with Board organization, membership and structure, corporate governance and other matters. Each committee charged with risk oversight reports to the Board on those matters.

B. Board Composition, Structure and Policies

1. **Board Size.** The Governance Committee shall consider and make recommendations to the Board concerning the appropriate size and needs of the Board. The Board shall determine the appropriate Board size, taking into consideration such recommendation of the Governance Committee and any parameters set forth in the Company’s certificate of incorporation and bylaws, as well as any contractual obligations of the Company. The Governance Committee shall also consider candidates to fill new positions created by expansion and vacancies that occur by resignation, retirement or for any other reason.

2. ***Independence of Directors.*** The Company defines an “independent” director in accordance with Section 303A.02 of the Listed Company Manual of the New York Stock Exchange (“NYSE”). The Board shall make an affirmative determination at least annually as to the independence of each director. The NYSE independence definition includes a series of objective tests, such as that the director is not an employee of the Company and has not engaged in various types of business dealings with the Company. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for determining affirmatively, as to each independent director, that no material relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board will broadly consider all relevant facts and circumstances, including information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to the Company and the Company’s management. As the concern is independence from management, the Board does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding.
3. ***Selection of Chair of the Board and Chief Executive Officer.*** The Board shall select an individual to be the Board Chair (“Chair”) in any way it considers in the best interests of the Company. Therefore, the Board does not have a policy on whether the role of Chair and the Company’s Chief Executive Officer (“CEO”) should be separate or combined and, if it is to be separate, whether the Chair should be selected from the independent directors.
4. ***Director Qualification Standards.*** The Governance Committee is responsible for reviewing the qualifications of potential director candidates and recommending to the Board those candidates to be nominated for election to the Board, subject to any obligations and procedures governing the nomination of directors to the Board that may be set forth in any shareholders agreement to which the Company is a party. It is expected that the Governance Committee will consider (a) minimum individual qualifications, including strength of character, mature judgment, familiarity with the Company’s business and industry, independence of thought and an ability to work collegially with the other members of the Board and (b) all other factors it considers appropriate, which may include age, diversity of background, existing commitments to other businesses, potential conflicts of interest with other pursuits, legal considerations such as antitrust issues, corporate governance background, various and relevant career experience, relevant technical skills, relevant business or government acumen, financial and accounting background, executive compensation background and the size, composition and combined expertise of the existing Board. The Board should monitor the mix of specific experience, qualifications and skills of its directors in order to assure that the Board, as a whole, has the necessary tools to perform its oversight function effectively in light of the Company’s business and structure. Shareholders may also nominate directors for election at the Company’s annual shareholders meeting by following the provisions set forth in the Company’s bylaws, whose qualifications the Governance Committee will consider.
5. ***Change in Present Job Responsibility.*** Directors should notify the Chair of the Governance Committee upon a significant change of the director’s principal current employer or principal employment, or other similarly significant change in professional occupation or association. The Governance Committee will evaluate the continued

appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action, if any, to be taken with respect to such circumstances.

6. ***Director Orientation and Continuing Education.*** Management, working with the Board, will provide an orientation process for new directors and coordinate director continuing education programs. The orientation programs are designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. As appropriate, management shall prepare additional educational sessions for directors on matters relevant to the Company and its business. Directors are also encouraged to participate in educational programs relevant to their responsibilities, including programs conducted by universities and other educational institutions.
7. ***Lead Director.*** Whenever the Chair is also the CEO or is a director who does not otherwise qualify as an "independent director", the independent directors may elect from themselves, a Lead Director of the Board. Following nomination by the Governance Committee, the Lead Director will be elected by a plurality vote and should generally serve in such capacity for a minimum of one year. Service as Lead Director, however, generally should not exceed five consecutive years but is subject to the Board's discretion to set other guidelines in specific instances. A description of the position of Lead Director is set forth in Annex A to these guidelines. Whenever the Chair is not the CEO and is a director who does qualify as an "independent director", the independent directors may elect from themselves, a Lead Independent Director of the Board. The Lead Independent Director shall have such responsibilities as approved by the independent directors, including acting as Chair of any special committees of the Board where the Chair is not elected to such special committee.
8. ***Term Limits.*** The Board does not have a policy to impose term limits for directors because such a policy may deprive the Board of the service of directors who have developed, through valuable experience over time, an increasing insight into the Company and its operations.
9. ***Director Resignation Policy.*** Directors are expected to tender an advance resignation with effectiveness conditioned on this Director Resignation Policy. The resignation will become effective for a particular director following an uncontested election of directors where that director nominee did not receive the affirmative vote of a majority of the votes cast. A director nominee will have failed to receive the affirmative vote of a majority of votes cast if the number of "against" votes in respect of such director nominee's election exceeds the number of votes "for" such director nominee's election (with "abstentions" and "broker nonvotes" not counted as a vote cast either "for" or "against" that director's election). An election is considered "uncontested" if the number of director nominees does not exceed the number of directors to be elected. The Board of Directors will decide, after considering the recommendation of the Governance Committee, whether to accept or reject the tendered resignation. The Board and Governance Committee expect that the director nominee in question will not participate in the recommendation or decision-making process. The Governance Committee and the Board of Directors may consider any factor deemed appropriate in making this determination.

10. **Director Retirement.** The Board has adopted a requirement that a non-management director, upon reaching 75 years of age, shall tender his or her resignation to the Board with an effective date no later than the next annual shareholder meeting. The Board may reject such resignation if the loss of such director would cause the Company to be non-compliant with applicable law, rule, regulation or Board policy.
11. **Board Leadership.** The Governance Committee and the Board shall ensure that a female director shall hold at least one Chair of a Committee or be appointed as Board Chair or Lead Director.
12. **Director Diversity.** The Board has adopted a policy that women and underrepresented candidates shall be among every pool of individuals from which new Board nominees are chosen.

C. Board Meetings

1. **Frequency of Meetings.** The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. During those meetings, Board committees may meet, as well as the full Board.
2. **Selection of Board Agenda Items.** The Chair of the Board, in consultation with management and with approval from the Lead Director (if one has been elected), shall set the agenda for Board meetings with the understanding that other members of the Board may provide suggestions for agenda items that are aligned with the advisory and monitoring functions of the Board. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the Chair of that committee. Any member of the Board may request that an item be included on the agenda.
3. **Access to Management and Independent Advisors.** Board members shall have free access to all members of management and employees of the Company. Generally, any meeting or contact that a director wishes to initiate with an employee should be arranged through the Company's CEO or Chief Financial Officer. In addition, Board members may consult with independent legal, financial, accounting and other advisors, at the Company's expense, as necessary and appropriate and in accordance with the Board committee charters, to assist in their duties to the Company and its shareholders.
4. **Executive Sessions.** To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors will meet in executive session with no members of management present from time to time and, if the non-management directors include directors who have not been determined to be independent, then the independent directors will separately meet in a private session at least once a year that excludes management and directors who have not been determined to be independent. The Lead Director, if any, or a director designated by the non-management or independent directors, as applicable, will preside at the executive sessions.

D. Committees of the Board

The Board shall have at least three committees: the Audit Committee, the Compensation Committee and the Governance Committee. Each committee shall have a written charter that

describes the responsibilities of the committee and shall report regularly to the Board summarizing the committee's actions and any significant issues considered by the committee.

Each of the Audit Committee, the Compensation Committee and the Governance Committee shall be composed of no fewer than the number of members set forth in the relevant committee charter. In addition, each committee member must satisfy the membership requirements set forth in the relevant committee charter. A director may serve on more than one committee.

The Governance Committee shall be responsible for identifying Board members qualified to fill vacancies on any committee and recommending that the Board appoint the identified member or members to the applicable committee. The Board, taking into account the views of the Chair and the Governance Committee, shall designate one member of each committee as Chair of such committee. Committee Chairs shall be responsible for setting or approving the agendas for their respective committee meetings.

E. Expectations of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with applicable laws, rules, regulations and listing standards. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business, including, but not limited to, the following items:

1. ***Commitment and Attendance.*** All directors are expected to use their best efforts to attend all meetings of the Board, meetings of the committees of which they are members and any meeting of shareholders. Members are encouraged to attend Board meetings and meetings of committees of which they are members in person but may also attend such meetings by telephone or video conference.
2. ***Participation in Meetings.*** Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.
3. ***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Company and its shareholders. The Company has adopted a Code of Conduct (the "Code"), and directors are expected to adhere to the Code.
 - (i) ***Other Directorships and Significant Activities.*** Serving on the Board requires significant time and attention. Directors are expected to spend the time needed and meet as often as necessary to discharge their responsibilities properly. It is expected that, without specific approval from the Board, no director will serve on more than five public company boards (including the Company's Board) and no member of the Audit Committee will serve on more than three public company audit committees (including the Company's Audit

Committee) unless the Board (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee and (ii) discloses such determination either on or through the Company's website or in its annual proxy statement. In addition, directors who also serve as executive officers or in equivalent positions generally should not serve on more than two public company boards (including the Company's Board). Directors should advise the Chair of the Governance Committee and the CEO before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses, non-profit entities or governmental units.

4. **Contact with Management.** All directors are invited to contact the CEO at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of the Company's management and employees, which, whenever possible, should be coordinated through the CEO. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and committee meetings and in other formal or informal settings.
5. **Confidentiality.** The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

F. Management Succession Planning

The Board will periodically review a succession plan relating to the CEO and other executive officers that is developed by management. The Board may also delegate oversight of the succession plan developed by management to a committee of the Board. The succession plan should include, among other things, an assessment of the experience, performance and skills for possible successors to the CEO.

G. Evaluation of Board Performance

The Board, acting through the Governance Committee, should conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. The Governance Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Governance Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter.

Each individual director should conduct a self-evaluation at least annually. The evaluation shall be based on criteria developed by the Board.

H. Board Compensation

The form and amount of director compensation will be determined by the Board. The Compensation Committee will review the form and amount of director compensation from time to time and recommend any changes to the Board, as it deems appropriate.

I. Communications with Interested Parties

The CEO is responsible for establishing effective communications with all interested parties, including shareholders of the Company. It is the policy of the Company that management speaks for the Company. This policy does not preclude outside directors, including the Lead Director, if any, from communicating with shareholders or other interested parties, but it is expected that, in most circumstances, any such communications will be coordinated with management. In all cases, any communications by directors or employees of the Company are subject to the Company's disclosure policies.

J. Stock Ownership Guidelines

Directors and the CEO are encouraged to own stock in the Company and within four years of appointment are expected to accumulate an ownership position in the Company's common equity securities equal to (i) for the CEO, five times the CEO's annual salary and (ii) for each Director, four times the annual cash retainer paid to Directors. Once an individual meets this ownership guideline at the time of an acquisition of common equity, that person shall be deemed to continue to meet it, provided that individual does not dispose of securities that result in ownership falling below the guideline immediately following the disposition. A subsequent decline in the stock price, by itself, does not affect compliance with the guideline. Independent Directors who are not compensated by the Company for Board service or who are shareholder designees pursuant to agreements with the Company may be exempt from stock ownership guidelines as determined by the Board.

K. Communications with Non-Management Directors

Anyone who would like to communicate with, or otherwise make his or her concerns known directly to the Chair, the Lead Director, the Chair of any of the Audit, Governance and Compensation Committees, the director designated by the non-management or independent directors as the presiding director or to the non-management or independent directors as a group, may do so by addressing such communications or concerns to the Secretary of the Company, 30699 Russell Ranch Road, Suite 295 Westlake Village, California 91362, who will forward such communications to the appropriate party.

Annex A

Description of Lead Director Responsibilities

When the Chair of the Board is also the Chief Executive Officer (“CEO”) or is a director who does not otherwise qualify as an “independent director” under the Company’s Governance Guidelines, a “Lead Director” may be elected by plurality vote of the independent directors, following nomination by the Governance Committee. The Lead Director should generally serve for a minimum of one year. Service as Lead Director, however, generally should not exceed five consecutive years but is subject to the Board’s discretion to set other guidelines in specific instances.

The Lead Director shall help coordinate the efforts of the independent and non-management directors in the interest of ensuring that objective judgment is brought to bear on sensitive issues involving the management of the Company and, in particular, the performance of senior management, and shall have the following authority:

- Preside over all meetings of the Board at which the Chair is not present, including any executive sessions of the independent directors or the non-management directors;
- Assist in scheduling Board meetings and approve meeting schedules to ensure that there is sufficient time for discussion of all agenda items;
- Request the inclusion of certain materials for Board meetings;
- Approve of all information sent to the Board and advise as to the scope, quality, quantity and timeliness of such information;
- Brief the CEO on issues from executive sessions as appropriate;
- Communicate to the CEO, together with the Chair of the Compensation Committee, the results of the Board’s evaluation of CEO performance;
- Collaborate with the CEO on Board meeting agendas and approve such agendas;
- Collaborate with the CEO in determining the need for special meetings of the Board;
- Provide leadership and serve as temporary Chair of the Board or CEO in the event of the inability of the Chair of the Board or CEO to fulfill his/her role due to crisis or other event or circumstance which would make leadership by existing management inappropriate or ineffective, in which case the Lead Director shall have the authority to convene meetings of the full Board or management;
- Be available for consultation and direct communication if requested by major shareholders;
- Act as the liaison between the independent or non-management directors and the Chair of the Board, as appropriate;

- Call meetings of the independent or non-management directors when necessary and appropriate; and
- Recommend to the Board, in concert with the Chairs of the respective Board committees, the retention of consultants and advisors who directly report to the Board, including such independent legal, financial or other advisors as he or she deems appropriate, without consulting or obtaining the advance authorization of any officer of the Company.