



Velocity Financial, Inc. Acquires Majority Interest in Century Health & Housing Capital

WESTLAKE VILLAGE, California December 28, 2021 – Velocity Financial, Inc. (“Velocity” or the “Company”) (NYSE: VEL), a leading provider of small balance investor loans, today announced it has acquired a majority stake in Century Health & Housing Capital (“Century”).

Founded in 1992, Century is a licensed “Ginnie Mae” issuer/servicer that provides government-insured Federal Housing Administration (FHA) mortgage financing for multifamily housing, senior housing and long-term care / assisted living facilities. Century originates loans through its borrower-direct origination channel and services the loans through its in-house servicing platform, which enables the formation of long-term relationships with its clients and drives strong portfolio retention. Century issued \$158 million in unpaid principal balance (UPB) of loans for the 11 months ended November 30, 2021, and manages a servicing portfolio in excess of \$500 million in UPB.

Transaction Highlights:

- Expands growth opportunities via new products for Velocity’s broker network
- Capital light, fee-based business diversifies revenue and enhances return on equity
- Immediately accretive to EPS and ROE with minimal book value impact
- Stable and durable MSR income due to long term loan characteristics
- Substantial organic growth opportunity by leveraging Velocity’s national origination footprint
- Century’s government-insured product focus acts as a natural hedge through market cycles
- Longer-term opportunity to further expand the product suite

The Century acquisition expands Velocity’s commercial mortgage product offerings through growth in a new channel and the ability to offer new products to Velocity’s broker network. The addition of Century is expected to be immediately accretive to Velocity’s earnings with minimal impact to tangible book value. The transaction also diversifies Velocity’s revenue with fee-based origination and servicing income which generates strong returns on capital and is durable through market cycles, in addition to providing the opportunity for Century to leverage Velocity’s technology-driven platform to broaden their Northeast-focused origination footprint.

“The entire Century team is pleased to be joining Velocity’s family and we look forward to realizing the opportunities this transaction offers to both companies,” said Kyle Perry, Century’s Chief Executive Officer. “Velocity’s national footprint and operational capabilities will significantly expand our ability to grow customer relationships and origination volume.”

“We are very excited to partner with a proven leader in Kyle and accelerate the growth of the Century platform in this important lending segment. We believe the long-term demographic trends will be a strong tailwind for the healthcare lending area in particular,” said Chris Farrar, President and Chief Executive Officer. “The ability to offer government-insured products to our brokers will drive incremental origination growth and enables further expansion of our product menu in the future.”

About Velocity Financial, Inc.

Based in Westlake Village, California, Velocity Financial, Inc. (NYSE: VEL) is a vertically integrated real estate finance company that originates and manages investor loans secured by 1-4 unit residential rental and small commercial properties. Velocity originates loans nationwide across an extensive network of independent mortgage brokers it has built and refined over 17 years.

About Century

Founded in 1992, Century provides government-insured mortgage financing for the multifamily housing industry, senior living and long-term care facilities and hospitals. Century is an approved Federal Housing Administration (“FHA”) mortgagee and Governmental National Mortgage Association (“Ginnie Mae”) issuer/servicer, including approvals for FHA Multifamily Accelerated Processing (MAP) and LEAN healthcare lender programs. Century also acts as financial advisor for non-FHA insured transactions and will assist in arranging Bridge-to-HUD financing. Century is a relationship driven lender that not only originates, processes, underwrites and funds its own loans, but also services its loans during both the construction and permanent loan stages – enabling it to form long term relationships with clients. Century’s mission is to provide its clients with personalized, responsive, and professional service while focusing on their immediate financing needs and long-term goals.

Forward Looking Statements

Some of the statements contained in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to anticipated results, including anticipated results from our majority acquisition of Century, expectations, projections, plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “goal,” or “potential” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans, or intentions.

The forward-looking statements contained in this press release reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions, and changes in circumstances that may cause actual results to differ significantly from those expressed or contemplated in any forward-looking statement. While forward-looking statements reflect our good faith projections, assumptions, and expectations, they are not guarantees of future results. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events, or other changes, except as required by applicable law. Factors that could cause our results to differ materially include, but are not limited to, (1) our ability to successfully integrate Century with our existing business and realize anticipated synergies, (2) the continued course and severity of the COVID-19 pandemic and its direct and indirect impacts, (3) general economic and real estate market conditions, (4) regulatory and/or legislative changes, (5) our customers' continued interest in loans and doing business with us, (6) market conditions and investor interest in our securitizations and (7) changes in federal government fiscal and monetary policies. Additional information relating to these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements can be found in the section titled “Risk Factors” in our Form 10-Q filed with the SEC on May 14, 2020, as well as other cautionary

statements we make in our current and periodic filings with the SEC. Such filings are available publicly on our Investor Relations web page at www.velfinance.com.

Velocity Investors and Media:

Chris Oltmann

(818) 532-3708