

NEWS BULLETIN

FROM:



RE: **ECC Capital Corporation**
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ECC Capital Corporation Provides a Business Update and Financial Reporting

CORONA DEL MAR, Calif, August 13, 2021 — ECC Capital Corporation (OTC: [ECRO.PK](#)) is a specialty finance and asset management company that currently manages a portfolio of residential mortgage related assets and, through a subsidiary, has commenced originating conforming mortgage loans, which is a transition from the less liquid business purpose lending ECC previously engaged in.

Business Update

In addition to the new mortgage company, the Board and management continue to explore a variety of business opportunities and alternatives available to ECC Capital, which include, but are not limited to:

- A sale of certain assets
- Investment in new business opportunities or new lines of business
- Partnering and/or joint venturing to reduce cost or increase revenue
- Purchase of discounted or distressed assets such as loans, financial instruments or real estate owned properties
- Origination of alternative mortgage products
- Recapitalization of the company and;
- A sale of the company or subsidiary company

As a result of such considerations, in December 2020, the Company entered into a Stock Redemption Agreement with Intus Capital Corporation (“Intus”), a joint venture with a focus on business purpose lending in which ECC had owned 75% of the equity, and Steven G. Holder, Company Chairman and major stockholder of the Company and the holder of the remaining 25% of the equity of Intus (“Holder”), whereby Intus redeemed from the Company all of the shares of Intus held by the Company in exchange for distributed assets having an agreed value of \$2,514,516.01. As a result of this transaction, Holder became the sole owner of Intus and ECC Capital discontinued the origination of second mortgage business purpose loans. Further, in April 2021, the Company exited the property management and real estate brokerage space by selling all of its equity in ECC Rancho Plaza, Inc., a wholly owned subsidiary of the Company, to a former employee of the Company, for \$400,000. These transactions increased the ECC’s cash position allowing it to pursue other opportunities inclusive of its investment in a conventional mortgage origination company.

While ECC believes that its new mortgage company could be successful, it cannot guarantee this investment will be profitable due to a variety of factors, including, without limitation, the difficulty of a startup venture and ECC's ability to access capital markets, navigate legal requirements and pending litigation, obtain necessary regulatory approvals, successfully execute its business plan and obtain all the required licenses.

The coronavirus disease 2019 ("COVID-19") crisis has resulted in transactional declines in the residential real estate industry including rental property management and mortgage financings, and the continuation of the crisis, including as a result of the delta variant, could have a material adverse effect on ECC Capital's profitability, financial condition and results of operations and the success of any new business ventures. The COVID-19 pandemic is having a profound effect on the global economy and financial markets. This unprecedented situation continues to create considerable risks and uncertainties for the U.S. real estate, mortgage and property management industries in general and for ECC Capital and its subsidiaries. Further, in light of COVID-19's impact on the overall economy, such as rising unemployment levels or changes in consumer behavior related to loans as well as government policies and pronouncements, borrowers may experience difficulties meeting their obligations or seek to forbear payment on or refinance their mortgage loans to avail themselves of lower rates. Elevated levels of delinquency or default would have an adverse impact on the value of our mortgage real estate related-assets. Thus far, ECC Capital, including its applicable subsidiaries, have not been materially impacted by COVID-19. However, given the complexity and on-going uncertainty of the COVID-19 pandemic and its impact on financial markets and the global and domestic economy, this may change in the future.

Financial Reporting

The Company has also provided the audited 2020 financial statements on the Company's website at ecccapital.com. It is possible that there will be limited, or no future disclosures provided going forward. Please continue to check ECC Capital's website for future information.

Quotation on the Pink Sheets and Stock Ownership Limitation

ECC Capital's common stock is currently quoted on the Pink Sheets under the symbol "ECRO.PK." However, ECC Capital does not control whether its stock is quoted on the Pink Sheets and therefore cannot guarantee there will be a market to trade the common stock. Further, ECC Capital does not anticipate applying for listing on any stock exchange or quotation on any electronic trading system in the near future. Since January 7, 2008, ECC Capital's charter has prohibited stockholders, other than persons for whom an ownership limit waiver exists, which includes Steve Holder, from owning more than 2.5% of its common stock. ECC's Charter has other restrictions on ownership and transfer which should be reviewed. Shareholders whose ownership percentage of ECC Capital's common stock exceeded the reduced ownership limit on January 6, 2008, but was less than or equal to the existing 5.6% ownership limit in effect prior to January 6, 2008, were grandfathered and, therefore, permitted to continue owning ECC Capital's stock at their ownership percentage as of January 6, 2008. However, if those shareholders subsequently reduced or reduce their ownership percentage of ECC Capital's common stock, their maximum ownership limit will be reduced accordingly until their limit is equal to the 2.5% common stock ownership limit. Currently, there are 106,523,300 shares of ECC Capital common stock outstanding.

Forward-Looking Statements

This release may contain "forward-looking statements," which reflect the Company's current views with respect to, among other things, its operations and financial performance. You can identify these statements by the use of words such as "outlook," "anticipation," "potential," "continue," "may," "seek," "approximately," "predict," "believe," "expect," "plan," "intend," "estimate," "preparing" and similar expressions or the negative versions of these words or comparable words, as well as future or conditional verbs such as "will," "should," "would" and "could." These forward-looking statements are based on current available operating, financial, economic and other information, and are not guarantees of future performance and are subject to risks, uncertainties and assumptions which are difficult to predict. Therefore, current plans, anticipated actions, financial results, as well as the anticipated development of the industry, may differ materially from what is expressed or forecasted in any forward-looking statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect future events or circumstances, except as required by applicable law.

The information contained in this release is not meant to be an indication that ECC Capital will make similar information available in the future, and ECC Capital does not undertake any obligation to, nor does it give any assurance that it will, provide timely periodic disclosures or any future public disclosure.