

Charter of the Nominating and Corporate Governance Committee of the Board of Directors of Franklin Credit Holding Corporation

I. Purpose. The Nominating and Corporate Governance Committee ("Committee") of the Board of Directors ("Board") of Franklin Credit Holding Corporation ("Company") is designated by and acts on behalf of the Board pursuant to Article II, Section 9 of the Company's Amended and Restated Bylaws ("Bylaws"). The Committee's purposes shall be:

- A. To recommend to the Board from time to time enhancements to the structure and operation of the Board, to identify individuals qualified to serve as members of the Board, consistent with criteria approved by the Board, to identify and recommend that the Board appoint directors or recommend individuals as nominees for the next annual meeting of stockholders and to fill vacancies on the Board;
- B. To recommend to the Board the responsibilities of each standing Board committee, enhancements to the structure and operation of each standing Board committee, and the director nominees for assignment to each Board committee;
- C. To oversee the Board's annual evaluation of its performance and the performance of the Board committees; and
- D. To review and assess the adequacy of the Company's corporate governance and recommend any changes to the Board for its approval and adoption.

II. Membership.

- A. The Committee shall be composed of at least three (3) directors, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment and must be found by the board to qualify as an "independent director" under applicable rules, unless the Board determines that an exemption to such qualification is available under applicable rules.
- B. The members of the Committee shall be designated and approved by a majority of the whole Board and shall serve for one-year terms. The Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairperson. The members of the Committee shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed.

III. Meetings and Procedures

- A. The Committee shall meet as often as it may deem necessary and appropriate in its judgment, but not less than annually. A majority of the members of the Committee shall constitute a quorum.

- B. The Chairperson of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.
- C. The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by a law, regulation, or listing standard to be exercised by the Committee as a whole.
- D. The Committee may request that any directors, officers, or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
- E. The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.
- F. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.
- G. The Committee shall report to the Board on the matters discussed at each meeting of the Committee, including describing all actions taken by the Committee at the meeting.

IV. Duties and Responsibilities. The Committee shall have the following resources, duties and responsibilities:

A. Resources. The Committee shall have:

- 1 Sole responsibility, and necessary funding, to retain, set compensation and retention terms for, and terminate any search firm to be used to identify director candidates.
- 2 Access to internal advisors and all other resources within the Company to assist it in carrying out its duties and responsibilities.

B. Duties with respect to Board Size and Composition. The Committee shall:

1. Consider and recommend to the Board the appropriate size, function, and needs of the Board, taking into account that the Board as a whole shall have competency in the following areas: (i) industry knowledge; (ii) accounting and finance; (iii) business judgment; (iv) management; (v) leadership; (vi) business strategy; (vii) crisis management; (viii) corporate governance; and (ix) risk management. The Board also seeks members from diverse backgrounds so that the Board consists of members with a broad spectrum of experience and expertise and with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be

leaders in the companies or institutions with which they are affiliated, and have the potential to make significant contributions to the Company.

1 Determine what types of backgrounds, skills, and attributes of Board members are needed to help strengthen and balance the Board, taking into account the competencies described above, and actively seek individuals qualified to become Board members and maintain an active file of suitable candidates for consideration as nominees to the Board.

2 Recommend to the Board one member of the Board to serve as Chairperson of the Board. The Chairperson, or the CEO if they are not the same individual, shall preside at all meetings of the Board and at meetings of the stockholders in accordance with the Bylaws. The director who is appointed Chairperson shall be appointed on an annual basis by at least a majority of the remaining directors.

3 Evaluate and recommend to the Board the slate of nominees for directors to be elected by the stockholders at the Company's next annual meeting of stockholders and to fill vacancies. In recommending nominees, the Committee shall consider nominees in a manner consistent with the Committee's *Procedures for Identifying and Evaluating Nominees for Election to the Board of Directors*.

4 Review and make recommendations to the Board regarding any offers by directors to resign from the Board.

C. Duties with respect to Board Committees. The Committee shall:

1 Recommend to the Board the responsibilities (including changes to the responsibilities) of the standing Board committees, including each committee's structure, operations, and authority to delegate to subcommittees.

2 Evaluate and recommend to the Board those directors to be appointed to the various Board committees, including the persons recommended to serve as chairperson of each committee. Recommendations will consider, among other things: (i) the qualifications for membership on each committee; (ii) the Board's retirement policy; (iii) the current policy on periodic rotation of directors among the committees; and (iv) the number of boards and other committees on which the directors serve.

3 Consult with the CEO, as appropriate, and other Board members to assure that its decisions are consistent with the sound relationship between and among the Board, Board committees, individual directors and management.

D. Duties with respect to Evaluation of the Board and Board Committees. The Committee shall:

1. Oversee the annual evaluation of the Board and its standing committees, taking into account, with respect to the Board and Board committee evaluations, the factors set forth in any relevant Board or Committee policies, and deliver or cause to be delivered reports to the Board setting forth the results of such evaluations. The Committee shall also monitor director performance throughout the year (noting particularly any directors who have reported to the Board or the Committee any change in their primary job responsibilities or the assumption of any additional directorships since their last assessment) and counsel directors where necessary.

2. Annually review and assess the performance of the Committee and deliver a report to the Board setting forth the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including, at a minimum, the adequacy, appropriateness and quality of the information and recommendations presented to the Committee, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

E. Duties with respect to General Corporate Governance Matters. The Committee shall:

1. Review and assess the adequacy of the Company's corporate governance and recommend any changes to the Board for its approval and adoption.

2. Recommend general matters for consideration by the Board, including: (i) the structure of Board meetings, including recommendations for the improvement of such meetings; (ii) director retirement policies; (iii) director and officer insurance policy requirements; (iv) compensation of non-management directors; (v) policies regarding the number of boards on which a director may serve; and (vi) the number of outside directorships of the Company's senior executives.

3. Review and approve the annual Board "Master Agenda" recommended by the Chairperson of the Board and the CEO, recommend the Master Agenda to the entire Board for approval, and review and make recommendations on actual agendas for individual Board meetings.

4. Oversee the establishment of the Board's policies and procedures for stockholder communications with the Board and establish, maintain and disclose a method for interested parties to communicate directly with the Chairperson of the Committee so that such parties may make any concerns known to the non-management directors.

5. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.
6. Perform any other activities consistent with this Charter, the Company's Amended and Restated Certificate of Incorporation, the Company's Bylaws, and governing law, as the Committee or the Board deems necessary or appropriate.
7. Formulate and recommend to the Board for adoption a policy regarding attendance of directors at annual meetings of the Company's shareholders.