

Nominating and Corporate Governance Committee

Policies on and Procedures for Security Holder Recommendation of Candidates for Election as Directors

It is the policy of Franklin Credit Holding Corporation (the “Company”) that the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company consider recommendations for the nomination of directors submitted by stockholders entitled to vote generally in the election of directors.

Stockholder Nominations

Candidates for election to the Board (other than nominees recommended by the Committee and proposed by the Board) may be nominated by a stockholder at the annual meeting of stockholders, only if the Secretary of the Company has received from the nominating stockholder:

- (a) a written notice in accordance with Article I, Section 11 of the Company’s Amended and Restated By-laws (the “By-laws”) (a copy of which is attached hereto as Exhibit A), and
- (b) not more than ten days after receipt by the nominating stockholder of a written request from the Secretary, such additional information as the Secretary may reasonably require.

Stockholder Recommendations of Proposed Nominees for Consideration by the Committee

Stockholders may also submit recommendations of candidates to the Committee for consideration as potential nominees for election to the Board. The Committee will only consider stockholder-recommended nominees who satisfy the qualifications prescribed by the Committee for board candidates. Acceptance of a recommendation for consideration does not imply that the Committee will nominate the recommended candidate.

Such stockholder recommendations should be made to the Committee in accordance with the following procedures:

Manner and Address for Submission. Stockholder recommendations should be sent in writing by mail, courier or personal delivery, addressed to the Chair of the Nominating and Corporate Governance Committee, 6 Harrison Street, New York, NY 10013.

Timing for Submissions. Stockholder recommendations should be received by the Committee in accordance with the timing requirements set forth in connection with the submission of a stockholder’s notice of an intent to make a nomination under Article I, Section 11 of the Bylaws.

Information Concerning the Recommending Stockholders and Proposed Nominees. A nominating recommendation should be accompanied by the information that would be required to be provided in connection with the submission of a stockholder’s notice of an intent to make a nomination under Article I, Section 11 of the By-laws.

The Committee may also, in its discretion, consider other candidates recommended by stockholders other than in accordance with these procedures.

When considering a stockholder-proposed nominee, the Committee shall, in accordance with the Committee's Procedures for Identifying and Evaluating Candidates for Election to the Board of Directors, consider the whether such proposed nominee satisfies the qualifications for director candidates adopted by the Committee.

After completing its consideration of such nominee, the Committee will determine whether or not it will recommend such nominee to the Board.

Exhibit A

Article I, Section 11 of the Amended and Restated By-laws of Franklin Credit Holding Corporation provides:

Notice of Stockholder Nomination and Stockholder Business. At an annual meeting of the stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice by the stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 119th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. At a special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors of the Corporation at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting may be made (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice by the stockholder as provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a stockholder to make a nomination at a special meeting must be made in writing and received by the secretary of the Corporation no earlier than the 119th day and not later than the close of business on the later of the 45th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of an annual or special meeting commence a new time period (or extend any time period) for the giving of stockholder notice as described above. Every such notice by a stockholder shall set forth (i) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) the name and address of such stockholder as they appear on the Corporation's books, and of such beneficial owner, (B) the class and number of shares of voting capital stock of the Corporation ("Voting Stock") which are owned beneficially and of record by such stockholder and such beneficial owner, and (C) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (I) to deliver a proxy statement and/or form of

proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (II) otherwise to solicit proxies from stockholders in support of such proposal or nomination; (ii) a representation that the stockholder is a holder of the Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, and such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated by the Board of Directors of the Corporation; and (iv) with respect to notice of an intent to bring up any other matter at an annual meeting, a description of the matter, the text of any proposal to be presented to the stockholders at the meeting, the reasons for conducting such business at the meeting and any material interest of the stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the presiding officer of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and whether such matter is an appropriate subject for stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement in accordance with Rule 14a-8 under the Exchange Act or the holders of any series of preferred stock to elect directors under circumstances specified in the Certificate of Incorporation.