

**BLUEGREEN CORPORATION**  
**AUDIT COMMITTEE CHARTER**  
**(as approved and adopted by Bluegreen Corporation's**  
**Board of Directors on March 17, 2004)**

---

I. COMMITTEE ROLE

The primary functions of the Audit Committee (the "Committee") are:

- (a) to assist the Corporation's Board of Directors (the "Board") in fulfilling its oversight of (i) the integrity of the financial statements and other financial information provided by the Corporation to any governmental body, investors or the public, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the auditor's qualifications and independence, and (iv) the performance of the auditor and internal audit function, and
- (b) to prepare the report of the Committee required by the Securities Exchange Act rules to be included in the Corporation's annual proxy statement.

Consistent with these functions, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels.

The Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor, review and assess the Corporation's financial reporting process, internal control system and business risk management process,
- (b) review and appraise the audit efforts of the Corporation's auditor and internal auditing department, and
- (c) provide an open avenue of communication among the auditor, financial and senior management, the internal auditing department, and the Board.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV below.

II. COMMITTEE MEMBERSHIP AND COMPOSITION

- (a) The Committee shall be comprised of at least three and no more than six directors as determined by the Board. Each Committee member shall be independent (as that term is defined in the applicable Securities Exchange Act and NYSE rules), and the Board shall affirmatively determine that each member has no material relationship with the Corporation (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation). The basis for such determinations shall be disclosed in the Corporation's annual proxy statement.
- (b) The Committee members may not, except in their capacity as a director, a member of the Committee or a member of another committee, (i) accept any consulting, advisory, or other compensatory fee from the Corporation or (ii) be an affiliate of the Corporation.
- (c) Each Committee member shall be financially literate (as such qualification is interpreted by the Board in its business judgment), or must become financially literate within a reasonable time after his or her appointment to the Committee. At least one Committee member must be a "financial expert" based on criteria established by the Securities and Exchange Commission (the "SEC") and other applicable rules and regulations, as determined by the Board in its business judgment. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

(d) Notwithstanding anything in this Charter to the contrary, it is the intent of the Corporation and its Board that the composition of the Committee shall be in accordance with the applicable SEC and NYSE rules (including any “grandfather” provisions) and composition of the Committee in accordance with such rules shall be also deemed in compliance with this Charter.

(e) The Committee members shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next annual meeting or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the Committee members may designate a Chair by majority vote of the full Committee membership.

### III. MEETINGS

(a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet at least annually (and throughout the year as appropriate) with management, the director of the internal auditing department and the representatives of the auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the representatives of the auditor and management quarterly to review the Corporation’s financial statements consistent with Section IV below. The Committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the Corporation.

(b) Committee meeting agendas shall be the responsibility of the Committee Chair, with input from Committee members. It is expected that the Chair would also ask for management and key Committee advisors, and perhaps others, to participate in this process where appropriate.

(c) The Committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal audit, and external parties, including representatives of the auditor. Wherever possible, written materials shall be received from management, the auditor, and others one week in advance of Committee meetings.

(d) The Committee, through the Committee Chair, shall report regularly to the Board. Among other things, the Committee should review any issues that arise with respect to the quality or integrity of the Corporation’s financial statements, the Corporation’s compliance with legal or regulatory requirements, the performance and independence of the Corporation’s independent auditors, and the performance of the internal audit function.

(e) The Committee, at least annually, shall review, discuss, and evaluate its own performance as well as the Committee’s role and responsibilities, seeking input from senior management, the Board, and others. Changes in role and/or responsibilities, if any, shall be recommended to the Board for approval.

### IV. RESPONSIBILITIES AND DUTIES

(a) Documents/Reports Review. The Committee shall:

(i) Review and reassess the adequacy of this Charter on an annual basis.

(ii) Review and discuss the Corporation’s annual audited financial statements, quarterly financial statements and any material reports or other financial information submitted to any governmental body, investors or the public, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and any certification, report, opinion, or review rendered by the auditor, with management and the auditor.

- (iii) Review with financial management and the auditor each quarterly report on Form 10-Q prior to its filing or prior to the release of earnings. The Committee Chair may represent the entire Committee for purposes of this review.
- (iv) Discuss the Corporation's earnings press releases, and financial information and earnings guidance provided to analysts and rating agencies (this can be a general discussion of the types of information to be disclosed and the type of presentation to be made).
- (v) Review the regular internal reports to management prepared by the internal auditing department and management's response.
- (vi) Review periodically the internal auditing department and system of internal risk management processes control.
- (vii) Review disclosures made by the Corporation's chief executive officer and chief financial officer in connection with the SEC Form 10-K and 10-Q certification process regarding significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Corporation's internal controls as well as management's assessment of the effectiveness of internal controls.
- (viii) With input from management and other key committee advisors, develop an annual plan responsive to the responsibilities and duties detailed in this Charter. The annual plan shall be reviewed and approved by the Board.

(b) Auditor

- (i) The Committee, in its capacity as a Board committee, shall have the sole and direct authority and responsibility for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of issuing an audit report or performing other audit review or attest service for the Corporation. The Corporation's auditor shall report directly and be accountable to the Committee. The Committee shall have the sole authority and responsibility for selecting, retaining and replacing the Corporation's auditor, evaluating the auditor's independence and effectiveness and approving all engagement terms, fees and other compensation.
- (ii) Prior to the auditor rendering any audit or permitted non-audit services to the Corporation, the Committee shall be required to approve such service. The Committee may authorize the Chair or one or more other Committee members, acting individually, to approve such services. Any pre-approval granted by a member acting individually shall be reported to the Committee at its next scheduled meeting.
- (iii) The Committee shall monitor compliance with the provisions of the Securities Exchange Act concerning (1) the rotation of the auditor's lead audit partner and audit review partner and (2) the prior affiliation of the auditor and the Corporation's chief executive officer, chief financial officer, chief accounting officer, controller or persons in an equivalent position. The Committee shall set clear hiring policies for employees or former employees of the auditor.
- (iv) The Committee shall require that the auditor submit at least annually to the Committee a formal written statement delineating all relationships between the auditor and the Corporation. The Committee is responsible for actively engaging in a dialogue

with the auditor with respect to any disclosed relationships or services that may affect the independence of the auditor and for taking appropriate action in response to the auditor's report to satisfy itself of the auditor's independence.

(v) The Committee shall require that the auditor submit at least annually to the Committee a formal written report describing (1) the auditor's internal quality control procedures; (2) any material issues raised by the most recent internal quality control review or peer review of the auditor or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor and any steps taken to deal with any such issues; and (3) (to assess the auditor's independence) all relationships between the auditor and the Corporation.

(vi) After reviewing the foregoing report and the independent auditor's work throughout the year, the Committee will be in a position to evaluate the auditor's qualifications, performance and independence. This evaluation should include the review and evaluation of the lead partner of the independent auditor. In making its evaluation, the Committee should take into account the opinions of management and the Corporation's internal auditors (or other personnel responsible for the internal audit function). In addition to assuring the regular rotation of the lead audit partner as required by law, the Committee should further consider whether, to assure continuing auditor independence, there should be regular rotation of the audit firm itself. The Committee should present its conclusions with respect to the independent auditor to the full Board.

(vii) The Committee shall periodically meet with representatives of the auditor out of the presence of management about internal controls, the fullness and accuracy of the Corporation's financial statements and such other matters as the Committee and the auditor shall deem appropriate.

(c) Financial Reporting Processes. The Committee shall:

- (i) Meet separately, periodically, with management and with internal auditors (or other personnel responsible for the internal audit function).
- (ii) In consultation with the auditor and the internal auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.
- (iii) Consider the auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (iv) Consider and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the auditor, management, or the internal auditing department.

(d) Process Improvement. The Committee shall:

- (i) Establish regular and separate systems of reporting to the Committee by each of management, the auditor and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- (ii) In connection with the annual audit, receive the report of the auditor concerning (1) all critical accounting policies and practices to be used, (2) all alternate treatments of financial information discussed with management, ramifications of the use of such

alternative treatments and the treatment preferred by the auditor and (3) other material written communications with management.

(iii) Regularly review with the auditor any audit problems or difficulties the auditor encountered in the course of the audit work, including management's responses, any restrictions on the scope of the auditor's activities or on access to requested information, and any significant disagreements with management.

(iv) Following completion of the annual audit, review separately with each of management, the auditor and the internal auditing department any audit problems or difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and management's response.

(v) Review any significant disagreement among management and the auditor or the internal auditing department in connection with the preparation of the financial statements and management's response.

(vi) Review with the auditor, the internal auditing department and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

(e) Ethical and Legal Compliance. The Committee shall:

(i) Establish, review and update periodically a Code of Ethical Conduct and confirm that management has established a system to monitor compliance with and enforce this Code.

(ii) Confirm that management has an appropriate review system in place to ensure that Corporation's financial statements, reports and other financial information disseminated to governmental organizations, investors and the public satisfy legal requirements.

(iii) Review activities, organizational structure, and qualifications of the internal audit department.

(iv) Monitor, review and assess policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which this is handled, the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposure.

(v) Review, with the Corporation's counsel, any legal matter that could have a material impact on the Corporation's financial statements and inquire of the Corporation's counsel, chief executive officer and general counsel as to reports of material violations of securities law, breaches of fiduciary duty or similar violations by the Corporation or any agent of the Corporation.

(vi) Review and assess any SEC inquiries and the results of any examinations by regulatory authorities in terms of important findings, recommendations and management's response.

(vii) Establish procedures for (1) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(f) Other

(i) The Committee shall have the authority, without seeking approval of the Board, to engage and obtain advice and assistance from independent legal, accounting or other advisors, as the Committee determines necessary or appropriate to carry out its duties.

(ii) The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:  
(1) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (2) compensation to any advisers employed by the Committee under the immediately preceding paragraph; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(iii) The Committee shall perform any other activities consistent with this Charter, the Corporation's Articles of Organization and By-laws, and governing law, as the Committee or the Board deem necessary or appropriate.