

**CHARTER  
OF THE  
GOVERNANCE AND NOMINATING COMMITTEE  
OF THE  
BOARD OF DIRECTORS  
OF  
SUNTERRA CORPORATION**

**Purposes**

The primary purposes of the Governance and Nominating Committee (the “Committee”) of the Board of Directors of Sunterra Corporation (the “Company”) are to:

- select the individuals qualified to serve on the Company’s Board of Directors for election by the Company’s stockholders at each annual meeting of stockholders and to fill vacancies on the Board of Directors; and
- develop, assess and recommend to the Board of Directors corporate governance policies for the Company.

**Organization**

*Number of Members*

The Committee must consist of at least two directors. The Board of Directors may designate a Committee member as the chairperson of the Committee. If the Board of Directors does not do so, the Committee members will appoint a Committee member as chairperson by a majority vote of the Committee members.

*Independence*

All Committee members must have been determined by the Board of Directors to be independent, as defined and to the extent required in the applicable SEC rules and listing standards of the Nasdaq Stock Market, Inc., as they may be amended from time to time (the “listing standards”), for purposes of nominating and corporate governance committee membership.

*Appointment*

Subject to any requirements of the listing standards, the Board of Directors may appoint and remove Committee members in accordance with the Company’s Bylaws. Committee members will serve for such terms as the Board of Directors may fix, and in any case at the will of the Board of Directors, whether or not a specific term is fixed.

**Functions**

*Qualifications of Directors*

The Committee will periodically assess, develop and communicate with the Board of Directors concerning the appropriate criteria for nominating and appointing directors, including:

- the Board’s size and composition;
- corporate governance policies;
- applicable listing standards and laws;
- individual director performance, expertise, experience and willingness to serve;
- the number of other public and private company boards on which a director candidate serves;

- consideration of director nominees timely proposed by stockholders in accordance with the Company's Bylaws; and
- other appropriate factors.

#### *Director Nominees and Vacancies*

The Committee will nominate individuals for election as directors at each annual meeting of the Company's stockholders and appoint individuals to fill vacancies on the Board of Directors, subject to legal rights, if any, of third parties to nominate or appoint directors.

#### *Committee Appointments*

If and when requested periodically by the Board of Directors, the Committee will identify and recommend to the Board the appointees to be selected for service on the committees of the Board of Directors.

#### *Governance Policies*

The Committee will develop, assess and make recommendations to the Board of Directors concerning appropriate corporate governance policies.

#### *Code of Ethics*

The Committee will conduct any activities relating to the Company's Code of Ethics as may be delegated from time to time to the Committee by the Board of Directors.

#### *Other Functions*

The Committee may perform any other activities consistent with this charter, the Company's corporate governance documents and applicable listing standards, laws and regulations as the Committee or the Board of Directors considers appropriate.

### **Meetings, Reports and Resources**

#### *Meetings*

The Committee will meet as often as it determines is necessary, but not less than annually. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee may meet in separate executive sessions with other directors, the Company's Chief Executive Officer and other Company employees, agents or representatives invited by the Committee. In addition, the Committee may meet with any other persons, as it deems necessary.

#### *Procedures*

The Committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the Company's Bylaws, the listing standards or SEC rules. The chairperson or a majority of the Committee members may call meetings of the Committee. A majority of the authorized number of Committee members constitutes a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at a meeting at which a quorum is present will be the act of the Committee, unless in either case a greater number is required by this charter, the Company's Bylaws or the listing standards. The Committee will keep written minutes of its meetings and deliver copies of the minutes to the Company's corporate secretary for inclusion in the corporate records.

#### *Reports*

The Committee will report its director nominees for the annual meeting of the Company's stockholders to the Board of Directors at an appropriate time prior to preparation of the Company's proxy statement for its annual meeting. The Committee will also report to the Board of Directors on the major

items covered by the Committee at each Committee meeting, and provide additional reports to the Board of Directors as the Committee may determine to be appropriate.

*Committee Access and Information*

The Committee is at all times authorized to have direct, independent and confidential access to the Company's other directors, management and personnel to carry out the Committee's purposes.

*Committee Advisers and Funding*

The Committee will have sole authority to retain at the Company's expense and terminate any search firm used to identify director candidates, independent counsel or other advisers to the Committee and to approve the related fees and other retention terms. The Company will provide for appropriate funding, as determined by the Committee, for payment of:

- compensation to any advisers engaged by the Committee; and
- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

*No Assumption of Additional Duties; Reliance on Others*

The members of the Committee, through their service on the Committee, will not be deemed to have assumed any fiduciary duties greater than those applicable to the other members of the Board of Directors. Nothing in this charter is intended to preclude or impair the protection provided in Section 2-405.1(b) of the Maryland General Corporation Law for good faith reliance by members of the Committee on reports or other information provided by others.

*Effective: April 27, 2004*