

**CHARTER OF THE
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
OF THE
BOARD OF DIRECTORS OF FRANKLIN BANK CORP.**

I. AUTHORITY AND COMPOSITION

The Committee is established pursuant to Section 2.11 of the Bylaws of Franklin Bank Corp. (the “Corporation”). Committee members are appointed annually by the Board and may be replaced by the Board. The Committee must consist of at least three Directors, each of whom shall meet the independence requirements of the NASDAQ (subject to any applicable transition periods permitted under the NASDAQ requirements) and any standards of independence as may be prescribed for purposes of any federal securities laws relating to the Committee’s duties and responsibilities. The Committee Chairman shall be appointed by the Board.

The Committee may also appoint a Secretary, who need not be a Director, and may delegate to its Chairman such power and authority as the Committee deems to be appropriate, except such powers and authorities required by law to be exercised by the whole Committee or by a subcommittee of at least two members.

II. PURPOSE OF THE COMMITTEE

The Committee is appointed to assist the Board in promoting the best interests of the Corporation and its stockholders through the implementation of sound corporate governance principles and practices. The Committee will accomplish this by, among other things: (1) assisting the Board by identifying individuals qualified to become Board members, and recommending to the Board the Director nominees for the next annual meeting of stockholders; (2) reviewing the qualifications and independence of the members of the Board and its various committees on a regular periodic basis; (3) recommending to the Board the Corporate Governance Guidelines and reviewing such Guidelines on a regular basis to confirm that such Guidelines and this Charter remain consistent with sound corporate governance practices and with any legal, regulatory or NASDAQ requirements; and (4) leading the Board in its annual review of the Board’s performance.

III. RESPONSIBILITIES OF THE COMMITTEE

The following activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it considers appropriate, subject to compliance with applicable NASDAQ and federal securities rules and regulations.

- (a) Identify potential candidates for nomination as Directors on an ongoing basis, in such manner as the Committee deems appropriate;
- (b) Recommend to the Board a slate of nominees for election as Directors at the Corporation’s annual meeting of stockholders;

- (c) Recommend to the Board persons to be appointed as Directors in connection with Director vacancies and any newly created directorships;
- (d) Recommend to the Board standards for determining outside director independence consistent with the requirements of the NASDAQ and other legal or regulatory corporate governance requirements and review and assess these standards on a periodic ongoing basis;
- (e) Review the qualifications and independence of the members of the Board and its various committees on a regular basis;
- (f) Oversee the Corporation's director orientation and continuing education programs;
- (g) Confirm that each standing Committee of the Board has a Charter in effect and that such Charter is reviewed at least annually by its Committee;
- (h) Review any proposed amendments to the Corporation's Certificate of Incorporation and Bylaws and recommend appropriate action to the Board;
- (i) Review and assess the adequacy of the Corporate Governance Guidelines of the Corporation and recommend any proposed changes to the Board for approval;
- (j) Review and assess the Corporation's compliance with the corporate governance requirements established by the NASDAQ and the requirements established under the Sarbanes-Oxley Act, by federal laws and regulations or otherwise as applicable to each of the Corporation and its subsidiaries and controlled affiliates;
- (k) Recommend to the Board such additional actions related to corporate governance matters as the Committee may deem necessary or advisable from time to time;
- (l) Review and assess the Board's effectiveness in monitoring exceptions to Board-approved policies and guidelines;
- (m) Review and recommend to the Board all persons to be elected as Chairman, Chief Executive Officer and President;
- (n) Review and evaluate from time-to-time as appropriate the Corporation's succession plans for its Chief Executive Officer and such other key executive officers as the Committee may from time to time determine to be appropriate, and work with the entire Board to nominate and evaluate potential successors to the Chief Executive Officer as appropriate; and
- (o) Receive comments from all Directors and report annually to the Board with an assessment of the Board's performance, to be discussed with the full Board near or following the end of each fiscal year.

With respect to the responsibilities listed above, the Committee shall:

- (a) Report regularly to the Board on its activities;
- (b) Maintain minutes of its meetings and records relating to those meetings and the Committee's activities;
- (c) Have the sole authority to retain and terminate any search firm to be used to identify Director candidates and to approve the search firm's fees and other retention terms;
- (d) Have authority to obtain, at the expense of the Corporation, advice and assistance from internal or external legal, accounting or other advisors, however, no single member of the Committee may engage an advisor or consultant;
- (e) Form and delegate authority to subcommittees of one or more Committee members when appropriate;
- (f) Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and
- (g) Annually review the Committee's own performance.

IV. GENERAL

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- (a) One or more officers or employees of the Corporation whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- (b) Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and
- (c) Other committees of the Board as to matters within its designated authority which committee the Committee member reasonably believes to merit confidence.