

ACCREDITED HOME LENDERS HOLDING CO.

CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

I. STATEMENT OF POLICY

This Charter specifies the scope of the responsibilities of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Accredited Home Lenders Holding Co. (the “Company”) and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary responsibilities of the Committee are to: (i) select, or recommend to the Board, qualified director nominees for each election of directors; (ii) develop and recommend to the Board criteria for selecting qualified director candidates; (iii) recommend nominees for each committee of the Board; (iv) recommend corporate governance principles applicable to the Company; and (v) provide oversight in the evaluation of the Board and each of its committees.

II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS

A. The Committee shall be comprised of three or more directors, each of whom shall satisfy the independence requirements set forth in the NASD Rules applicable to companies listed on NASDAQ; provided that one director who does not meet the independence criteria of the NASD Rules may serve on the Committee pursuant to the “exceptional and limited circumstances” exception as provided under the NASD Rules.

B. The members of the Committee shall be appointed by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be removed or replaced by the Board. Unless a chairman is elected by the full Board, the members of the Committee may designate a chairman by majority vote of the full Committee membership. The Committee may, from time to time, delegate duties or responsibilities to subcommittees or to one member of the Committee.

C. A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members present shall represent the valid action of the Committee.

III. MEETINGS

The Committee shall meet as often as it deems necessary to fulfill its responsibilities hereunder, and may meet with management or individual directors at any time it deems appropriate to discuss any matters before the Committee but may also hold an executive session at each meeting at which only independent directors are present.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITY

To fulfill its responsibilities and duties hereunder, the Committee shall:

A. Nominating Functions

1. Determine criteria for selecting new directors, including desired Board skills and attributes, and identify and actively seek individuals qualified to become directors.

2. Evaluate and select, or recommend to the Board, director nominees for each election of directors, except that if the Company is at any time legally required by contract or otherwise to provide any third party with the ability to nominate a director, the Committee need not evaluate or propose such nomination, unless required by contract or requested by the Board.

3. Consider any nominations of director candidates validly made by stockholders.

4. Review annually and make recommendations to the Board concerning qualifications and appointment of committee members.

B. Corporate Governance Functions

1. Develop, recommend for Board approval, and review on an annual basis the adequacy of, the corporate governance principles applicable to the Company. Such principles shall include director qualification standards, director access to management and independent advisors, director orientation and continuing education, management succession, company compliance with best practices and annual performance evaluation of the Board and its committees. In addition, the Committee shall assist with the review of director compensation as requested by the Compensation Committee of the Board.

2. Review annually the Company's Insider Trading Policy to insure continued compliance with applicable legal standards and corporate best practices. In connection with its annual review of the Insider Trading Policy, the Committee shall also review, approve and recommend to the Board, the list of executive officers subject to Section 16 of the Securities Exchange Act of 1934, as amended, and the list of affiliates subject to the trading windows contained in the Insider Trading Policy.

3. Review, at least annually, the Company's compliance with the NASDAQ corporate governance listing requirements, and report to the Board regarding the same.

4. Review and recommend to the Board changes to the Company's bylaws, as needed.

5. Evaluate the Committee's own performance, on an annual basis.

6. Review and reassess the adequacy of this Charter as appropriate and recommend any proposed changes to the Board for approval.

7. Affirmatively determine that the requisite number of directors serving on committees of the Board, including this Committee, meet the independence requirements contained in the NASDAQ listing standards.

8. Periodically conduct studies of the size and composition of the Board, make recommendations to the Board as a result of such studies, and consider and make recommendations to the Board regarding comments from stockholders relating to Board composition.

9. Consistent with the foregoing, take such actions as it deems necessary to encourage continuous improvement of, and foster adherence to, the Company's corporate governance policies, procedures, and practices at all levels and perform other corporate governance oversight functions as requested by the Board.

10. Make regular reports to the Board regarding the foregoing, and record summaries of its recommendations to the Board in written form, which will be incorporated as a part of the minutes of the Board.

C. Functions Related to the Board

1. Review and approve, to avoid redundancy or inconsistency, charters for all committees of the Board, which charters shall be submitted to the Board for final approval.

2. Develop a system for Board and Board committee evaluation and annually review and appraise the performance of the Board and its committees, including the effectiveness of meeting procedures within the Board and each committee.

3. Develop orientation materials for new directors and corporate governance related continuing education for all Board members.

4. Monitor, to insure that the Board, and its committees, are regularly conducting executive sessions, which are chaired by an independent director.

V. GENERAL

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate to perform its duties hereunder, and to determine the terms, costs and fees for such engagements. Without limitation, the Committee shall have the authority to retain or terminate any search firm to be used to identify director candidates and to determine and approve the terms, costs and fees for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing its duties hereunder shall be borne by the Company.