

ACA CAPITAL HOLDINGS, INC.

NOMINATING & GOVERNANCE COMMITTEE CHARTER

Purpose

The general purpose of the Nominating & Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of ACA Capital Holdings, Inc. (the “Company”) is to assist the Board in fulfilling its responsibilities with respect to the governance of the Company. These responsibilities include (a) identifying and screening individuals for nomination to the Board; (b) recommending to the Board individuals qualified to serve as directors of the Company and on committees of the Board; (c) recommending to the Board a set of Corporate Governance Guidelines, and as necessary or advisable, recommending periodic amendments thereto; (d) establishing and overseeing the annual review of the Board’s performance; and (e) evaluating and recommending to the Board compensation for non-employee directors. In coordination with the Compensation Committee, the Committee shall (x) evaluate the performance of the Chief Executive Officer in light of corporate goals and objectives approved by the Compensation Committee and (y) oversee management development and succession planning.

Committee Membership

The Committee shall consist of no fewer than three members, each of whom shall meet the independence requirements of the New York Stock Exchange. The members of the Committee shall be appointed by the Board, provided, that at all times at least one member of the Committee shall be a member of the Board who was nominated by and is a representative of BSMB/ACA LLC. One member of the Committee shall be designated chairperson of the Committee. Any vacancy of the Committee shall be filled by a majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. Members may be removed at any time upon the determination of the Board.

Procedure and Meetings

The Committee may fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Committee shall meet as provided by any rules it may adopt and as often as it deems appropriate, but not less than once annually. The Committee may hold special meetings as circumstances require. Meetings of the Committee shall be called by the chairperson of the Committee. The chairperson will preside at each meeting of the Committee and, in consultation with the other members of the Committee, set the agenda of items to be addressed at each meeting. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The act of a majority of the Committee members present at a meeting at which a quorum is present shall be the act of the Committee.

Committee members may attend meetings in person, by conference call or through other means by which each member may hear and be heard by each other member, and the Committee may also act by unanimous written consent. At the discretion of the Committee, other members of the Board and any officer or employee of the Company may be invited to attend and participate in

meetings of the Committee. Minutes shall be kept for each meeting of the Committee. The chairperson shall be responsible for reporting to the Board at its next regularly scheduled meeting following a meeting of the Committee.

Committee Powers, Authority, Duties and Responsibilities

1. Board Candidates and Committee Nominees.

- A. The Committee shall establish criteria for Board membership, consistent with all applicable laws and regulations, and shall identify and screen candidates for nomination to the Board. The Committee shall make recommendations to the Board as to determinations of director independence.
- B. The Committee shall recommend to the Board director nominees for election at each meeting of stockholders at which directors are to be elected and recommend to the Board individuals to fill any vacancies on the Board that arise between such meetings. The Committee shall consider the performance of incumbent directors and other relevant factors in determining whether to nominate them for reelection.
- C. The Committee shall establish criteria for membership, consistent with all applicable laws and regulations, on each committee of the Board and recommend to the Board directors for appointment to such committees and designations of committee chairpersons.

2. Corporate Governance Matters.

- A. The Committee is responsible for overseeing the Company's corporate governance policies, practices and programs. The Committee shall recommend to the Board a set of Corporate Governance Guidelines. The Committee shall, from time to time, as the Committee deems appropriate, but no less than once annually, review and assess the adequacy of the Company's Corporate Governance Guidelines and recommend to the Board for approval any changes that the Committee considers appropriate.
- B. The Committee shall review any proposed changes to the Company's Articles of Incorporation, Bylaws and other documents affecting the rights of the Company's stockholders or otherwise affecting the Company's corporate governance, and shall make recommendations to the Board with respect to any such changes.
- C. The Committee shall have the authority to direct and supervise investigations into any matter brought to its attention within the scope of its duties, including allegations of misconduct by directors or by committee members.

3. Board Evaluations.

- A. The Committee shall prepare an assessment of the Board and each committee of the Board and report annually to the full Board. The assessment shall generally include the contributions to the Company of the Board and each committee,

whether the Board and each committee has complied with the Company's Corporate Governance Guidelines, and the areas in which the Board and its committees could improve their functioning. The Committee shall annually review its own performance.

- B. The Committee shall establish an appropriate process for, and oversee implementation of, the Board's self-assessments (including Board self-assessment, committee self-assessments and director assessments).
 - C. The Committee shall monitor the background, qualifications and tenure of the Board members, and at least annually provide an assessment the Board of the size and composition of the Board and its committees. To enable the Committee to fulfill this responsibility, each director shall notify the Committee in advance of (a) any proposed change in the director's principal occupation, (b) the proposed election of the director to the board of directors (or similar body) or any board committee of another entity (other than not-for-profit entities), and (c) the director's removal or other cessation of service as a member of any such board or committee. Following such notice, the Committee shall recommend whether any action should be taken (including whether such director should resign as a director of the Company or as a member of any Board committee). In addition, no member of the Company's senior management may serve on the board of directors (or similar body) or any board committee of another entity (other than not-for-profit entities) without first obtaining the approval of the Committee.
4. *Board Compensation.* The Committee shall at least annually conduct a review of compensation for non-employee directors (including compensation for service on the Board and Board committees, meeting fees and equity-based compensation) and shall make recommendations concerning the compensation of non-employee directors to the Board. The Committee shall also be responsible for the oversight and administration of any plans or programs providing for the compensation of non-employee directors. The Committee may seek the advice and assistance of the Compensation Committee in reviewing and recommending compensation for non-employee directors.
5. *Succession Planning.* The Committee shall periodically report to the Board on succession planning. The Committee will work with the entire Board to identify and evaluate potential successors to the Chief Executive Officer. The Chairman and Chief Executive Officer should at all times make available their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. The Committee may seek the advice and assistance of the Compensation Committee in reviewing the succession plan and preparing its report.
6. *Independent Consultants and Advisors.* The Committee shall have the authority to obtain advice and assistance from internal and external legal, accounting and other advisors with regard to any matter addressed in this Charter, where appropriate. Notwithstanding the foregoing, the Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have the sole authority to approve

the search firm's fees and other retention terms. If a compensation consultant is to assist in the evaluation of non-employee director compensation, the Committee shall have authority to retain and terminate the consulting firm, including authority to approve the consulting firm's fees and other retention terms.

7. *Delegation.* The Committee shall have the authority to form, and delegate authority and responsibilities to, subcommittees when it deems appropriate. Any such subcommittee shall report any actions taken by it to the whole Committee at its next regularly scheduled meeting. The Committee shall periodically review any such delegations and may revoke any such delegation at any time.
8. *Actions with Respect to Charter.* The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
9. *Other Duties.* The Committee shall have such other authority and responsibilities as may be assigned to it from time to time by the Board.

Adopted: May 10, 2006