



SPRIT FINANCE CORPORATION

14631 North Scottsdale Road, Suite 200
Scottsdale, AZ 85254-2711

480 606 0820 phone
480-606-0826 fax
www.spiritfinance.com

SPRIT FINANCE CORPORATION CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Spirit Finance Corporation, a Maryland corporation (the “Company”) to assist the Board in the exercise of its responsibilities and duties and to reflect the principles by which the Company operates. These Guidelines demonstrate the Board’s commitment to monitor the effectiveness of policy making and decision making by both the Board and Company management, with a view to enhancing stockholder value over the long term.

I. Board Composition.

A. Board Size.

The Board will consider its size in light of the availability of qualified Directors, the requirements and duties imposed on Directors, and the issues facing the Board from time to time, including the entry into new markets or new lines of business. The number of Board members will never be less than the minimum number required by the Maryland General Corporation Law and will never be more than fifteen. The Nominating and Governance Committee will from time to time make recommendations to the Board regarding the appropriateness of its size.

B. Director Qualifications.

The Board will have at least a majority of Directors who, in the business judgment of the Board, meet the criteria for independence required by the New York Stock Exchange and/or the Securities and Exchange Commission or other regulatory agency or agencies having jurisdiction over the activities of the Company.

After considering the recommendations of the Board’s Nominating and Governance Committee, the Board will determine affirmatively whether a Director is “independent” on an annual basis and the Company will disclose these determinations in its annual proxy statement. A Director will not be independent unless the Board determines that the Director does not have a material relationship with the Company, considering all relevant circumstances including direct relationships or ones arising from the Director being a partner, shareholder or officer of a company that has a material relationship with the Company. A Director will not be independent if:

1. during the preceding three years, the Director was employed by, or any of the Director's immediate family members was employed as an executive officer by, the Company, its subsidiaries or any of its affiliates;
2. during the preceding three years, the Director or any of the Director's immediate family members received more than \$100,000 per year in direct compensation from the Company, its subsidiaries or any of its affiliates, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
3. during the preceding three years, the Director was affiliated with or employed by, or any of the Director's immediate family members was affiliated with or employed as an executive officer or in a professional capacity by, a present or former auditor of the Company, its subsidiaries or any of its affiliates;
4. during the preceding three years, the Director was part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of the board of another company that concurrently employs the Director or any of the Director's immediate family members as an executive officer; or
5. during any of the preceding three years, the Director was an employee of, or any of the Director's immediate family members was an executive officer of, any organization to which the Company, its subsidiaries or any of its affiliates made, or from which the Company, its subsidiaries or any of its affiliates received, payments (other than those arising solely from investments in the Company's securities) that exceed the greater of 2% of the recipient's (i.e., the Company's or the other organization's) consolidated gross revenues or \$1,000,000.

For the purposes of these Guidelines, "immediate family" is defined as spouse, children, parents, siblings, mothers and fathers-in-laws, sons and daughters-in-law, and brothers and sisters-in-law and anyone who shares such person's home.

C. Chairman and CEO.

The Board has determined that the Chief Executive Officer of the Company (the "CEO") is not prohibited from also serving as the Chairman of the Board ("Chairman"). The Board will periodically review this policy with respect to the Chairman and CEO and make changes thereto as the Board determines is in the best interests of the Company.

D. Director Selection.

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of members of the Board. This review will include assessment of the absence or presence of material relationships with the Company or others which might impair independence and objectivity, as well as consideration of diversity, skills, experience, time available in the context of the needs of the Board and the Company, and

such other criteria as the Nominating and Governance Committee will determine to be relevant at the time. After such reviews, the Nominating and Governance Committee will recommend to the full Board the slate of Directors to be nominated for election at the annual meeting of stockholders. Nominations to the Board may also be submitted to the Nominating and Governance Committee by the Company's stockholders.

E. Term Limits and Retirement Policy.

The Board does not believe it should establish term limits or a retirement policy at this time because it would risk losing the insight and contribution of Directors who understand the Company's business and corporate goals and have demonstrated such contribution over a period of time. However, the Board believes it is important to monitor and evaluate overall Board performance on a regular and annual basis.

F. Change in Principal Occupation.

Any Director whose principal occupation or business association has changed substantially from the time the Director was elected to the Board of Directors will review and consult about the change with the Chairman and the Chairperson of the Nominating and Governance Committee. The Nominating and Governance Committee will recommend to the Board whether continued service on the Board is appropriate.

II. Board Committees.

A. Number of Committees.

The Company will at all times have an Audit Committee, a Compensation Committee, an Executive Committee and a Nominating and Governance Committee. All of the members of these committees will be independent Directors under the criteria established by the New York Stock Exchange and/or the Securities and Exchange Commission or other regulatory agency or agencies having jurisdiction over the activities of the Company. The Board will have such additional standing, temporary and subcommittees as may be appropriate from time to time.

B. Committee Membership.

Committee members will be appointed by the Board upon recommendation of the Nominating and Governance Committee after taking into account the desires, experiences and expertise of individual Directors. The Board believes that consideration should be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy.

C. Charters.

The Audit Committee, Compensation Committee, and the Nominating and Governance Committee will each have their own written charter. The charters in general set forth the purposes, goals, and responsibilities of the committees. The charters also provide that each committee will annually evaluate its performance. The charters will be made available on the Company's Website and to shareholders upon request.

III. Board and Director Responsibility.

A. General.

The primary responsibility of the Board is to exercise oversight of the Company's management and to represent the interests of all Company stockholders. In discharging that obligation, the Directors should be entitled to rely on the honesty and integrity of the Company's senior management and its outside advisors and auditors. Each Director is responsible for exercising the Director's own business judgment in good faith by acting in what that Director believes to be in the best interests of the Company and its stockholders.

B. Meeting Attendance.

The Board desires that Directors attend all Board meetings either in person or by means of a conference telephone. Notwithstanding, the Board expects that each Director will attend at least 75% of all Board meetings, and meetings of committees on which they serve, recognizing that due to scheduling conflicts or unforeseen circumstances 100% percent attendance may not be attainable.

C. Meeting Preparation.

To prepare for meetings of the Board or any of its committees, Directors are expected to review in advance all materials that are provided to Directors for the respective meetings.

D. Other Directorships.

Because holding directorships in other companies could compromise a Director's independence or create disclosable conflicts of interest, Directors are expected to notify the Chairman of the Board and the Chairperson of the Nominating and Governance Committee when considering an appointment or nomination to, and promptly advise upon accepting, any other company directorship or any assignment to the audit committee or compensation committee of the Board of Directors of any company of which such Director is a member.

E. Confidentiality of Information.

In order to facilitate open discussion, the Board believes that maintaining confidentiality of Company information and Board and Committee deliberations is critical. Further, except as required by law, no Director will disclose material non-public information regarding the Company. In the event a Director inadvertently discloses information that may be considered material non-public information, the Director will immediately advise the proper officers of the Company.

F. Conflicts of Interest.

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company will annually solicit information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Company. In the event of a

situation involving a potential conflict of interest, Directors are encouraged to seek advice from the Company's outside legal counsel. Directors are expected to recuse themselves and not participate in the discussion or vote on any matter presented at a Board meeting if they believe that they have personal interests in the matter or a conflict of interests.

G. Code of Business Conduct and Ethics.

The Company's Code of Business Conduct and Ethics applies to members of the Board, as well as Company officers, employees, agents, consultants, and other persons who may represent the Company. The Board expects all Directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the Company's policies. Any waiver of the Code of Business Conduct and Ethics for a Director or executive officer may be granted only by the Board or the appropriate Board committee and must be promptly disclosed to the stockholders.

IV. Board and Committee Meetings.

A. Board Meetings.

An annual meeting of the Board will be held immediately after and at the same place as the annual meeting of stockholders, unless scheduled at a different time and place by the Chairman. Additional meetings may be called by or at the request of the Chairman, the Chief Executive Officer ("CEO"), the President of the Company ("President") or by a majority of the Directors then in office. Directors are encouraged to make suggestions to the Lead Independent Director of the Board regarding proposed items for meeting agendas. The independent members of the Board shall also meet on a regular basis outside the presence of the Company's management.

B. Advance Distribution of Materials.

The Board believes that for a meaningful discussion of topics to be discussed at a meeting, Directors should have materials on such topics sufficiently in advance of the meeting. Therefore, when practicable, Directors will receive, prior to any meeting, information necessary to inform the Directors about the Company's business, performance and prospects, and recommendations for action by the Board.

C. Committee Meetings.

Chairpersons of the various committees, in consultation with their Committee members, determine the frequency and length of Committee meetings. The Chairperson of each Committee establishes the agenda for each Committee meeting. Committee members and other Directors may suggest the addition of any matter to the agenda for any Committee meeting upon reasonable notice to the Committee Chairperson.

D. Board Leadership/Lead Independent Director.

The Board believes that designating an independent director to act in a lead capacity to perform certain functions ("Lead Independent Director") would serve the best interests of the

Company and its stockholders at this time. The Lead Independent Director will be elected annually by the Directors. The Lead Independent Director's responsibilities will be set forth in writing and reviewed periodically by the Board.

E. Regular Attendance of Non-Directors at Board Meetings.

The Board welcomes regular attendance at each Board meeting by executive officers of the Company. Attendance by such officers will be as mandated by the Chairman and otherwise as determined in the discretion of the Chief Executive Officer. The Chairman, or committee chair, as applicable, may direct the Chief Executive Officer of any required changes in this regard.

V. Other

A. Board Interaction with Institutional Investors, Peers, Customers, etc.

The Board believes that, under ordinary circumstances, only senior management speaks for the Company and only the Chairman speaks for the Board. Directors may, from time to time, meet or communicate with various constituencies that are involved with the Company. It is expected that Directors would do this with the prior knowledge of senior management and, in most instances, at the request of the Chief Executive Officer or Chairman, unless the Company's whistleblower or complaint reporting policies would require otherwise.

B. Director Access to Management and Outside Advisors.

Directors will have full and free access to senior management and other employees of the Company. In addition, the Board and any of its committees have the authority to retain counsel and other independent advisors or consultants, as they may deem necessary, pursuant to appropriate engagement letters and without consulting or obtaining the approval of any officer of the Company in advance. Such counsel, advisors or consultants may attend Board or committee meetings as requested or deemed appropriate by the Board or committee members.

C. Director Orientation/Education.

The Board is committed to training new Directors and providing continuing education for existing Directors, including presentations by senior management on the Company's strategic plans, its significant financial, accounting, and risk management issues, its compliance programs, its management structure and executive officers and its internal and independent auditors. Additionally, the Company may offer Directors the opportunity, but Directors will not be required, to participate in other director education programs or seminars offered by the Company.

D. Compensation.

The form and amount of Director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter. The Compensation Committee will conduct an annual review of the Director compensation. The Company's Director compensation program will be structured to align the interests of Board

members and executives with those of stockholders and to attract and retain Director talent of the highest quality.

E. Loans to Directors and Executive Officers.

The Company will not make any personal loans to Directors, executive officers or employees. The only exceptions will be for real estate finance transactions approved in advance by the Audit Committee and made in the ordinary course of business of the Company or one of its subsidiaries, of a type that is generally made available to the public, and is on market terms, or terms that are no more favorable than those offered to the general public.

F. Related Party Transactions.

The Audit Committee has adopted a policy which will require the prior approval of the Audit Committee for all related party transactions equal to or in excess of \$50,000. All other material related party transactions will be reviewed at the Audit Committee's regular quarterly meeting.

G. Executive Officer Succession Planning and Compensation.

The Board will periodically review the succession plans for the Chief Executive Officer and other executive officers, including the plans in the event of an emergency or retirement involving the Chief Executive Officer. The Compensation Committee is responsible for approving performance goals for the Chief Executive Officer. The Compensation Committee also is responsible for reviewing the performance goals for other executive officers. Further, the Compensation Committee will set the compensation for the Chief Executive Officer and the other executive officers.

H. Annual Evaluation.

Each Director will participate in an annual performance evaluation of the Board and the committees on which the Director serves at least annually to determine whether the Board and its committees are functioning effectively. The Nominating and Governance Committee will coordinate the process for the evaluations of the Board and its committees.

I. Guidelines Subject to Annual Review.

These Guidelines will be subject to an annual review, first by the Nominating and Governance Committee, and then the full Board to assure that they are in accordance with sound corporate governance. If changes are needed, they will be recommended by that committee for review and possible approval by the Board. Waivers of these guidelines are subject to disclosure and other provisions of the Securities Exchange Act of 1934, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. As a result, waivers of these guidelines should be reviewed and approved by the full Board.