

FirstCity Financial Corporation

Nominating And Corporate Governance Committee Charter

This Nominating and Corporate Governance Committee Charter (the “Charter”) sets forth the purpose and membership requirements of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) and establishes the authority and responsibilities delegated to it by the Board.

1. **Purpose.** The purpose of the Committee is to (i) identify and recommend to the Board individuals qualified to be nominated for election to the Board, (ii) recommend to the Board the members and Chairperson for each Board committee, (iii) periodically review and assess the Company’s Code of Ethics and/or Code of Conduct and make recommendations for changes thereto to the Board and (iv) oversee the annual self-evaluation of the performance of the Board and the annual evaluation of the Company’s management.
2. **Committee Members.**
 - 2.1. **Composition and Appointment.** The Committee shall consist of two (2) or more members of the Board. The Board shall designate members of the Committee on the recommendation of the Committee. The members and Chairperson of the Committee shall be appointed by the Board. Membership on the Committee shall rotate at the Board’s discretion. The Board shall fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time without cause. Members shall serve until their successors are appointed by the Board.
 - 2.2. **Independence.** Each member of the Committee must meet the independence requirements of the NASDAQ Stock Market Marketplace Rules (“NASDAQ”) and applicable state and federal law, including the rules and regulations of the Securities and Exchange Commission (“SEC”), including the following requirements:
 - 2.2.1. To be “independent,” a director may not be an officer or employee of the Company or any of its subsidiaries and may not have a relationship with the Company, which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.
 - 2.2.2. No director shall be considered “independent” if such director is, or has been at any time during the past three years, employed by the Company or by any parent or subsidiary of the Company.
 - 2.2.3. No director shall be considered “independent” if such director accepts, or has a family member who accepts, any payments from the Company or any parent or subsidiary of the Company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years, other than (i) compensation for service as a member of the Board, the Committee or any other board committee, (ii) payments arising solely from investments in the Company’s securities, (iii) compensation paid to a family member of the director who is a non-executive employee of the Company or a parent or subsidiary of the Company, (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation, or (v) loans permitted under Section 13(k) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

- 2.2.4. No director shall be considered “independent” if such director is a family member of an individual who is, or has been at any time during the past three years, employed by the Company or by any parent or subsidiary of the Company as an executive officer.
- 2.2.5. No director shall be considered “independent” if such director is, or has a family member who is, a partner in, or controlling shareholder or an executive officer of, any organization (including any not-for-profit organization) to which the Company made, or from which the Company received, payments for property or services in the current fiscal year or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenues for the applicable year, or \$200,000, whichever is more, other than (i) payments arising solely from investments in the Company’s securities, or (ii) payments made under non-discretionary charitable contribution matching programs.
- 2.2.6. No director shall be considered “independent” if such director is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee (or, in the absence of a compensation committee, the board committee performing equivalent functions, or, in the absence of such committee, the board of directors) of such other entity.
- 2.2.7. No director shall be considered “independent” if (i) such director is, or has a family member who is, a current partner of the Company’s independent auditing firm (“External Auditor”), or (ii) such director, or a family member of such director, (a) was a partner or employee of the Company’s External Auditor, and (b) worked on the audit engagement for the Company at any time during the past three years.

For purposes of the above, the term “family member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone who resides in such person’s and the term “executive officer” shall mean those officers covered by Rule 16a-1(f) under the Exchange Act, or any successor provision to such rule.

Notwithstanding Subsections 2.2.1 through 2.2.7 above, if the Committee is comprised of at least three (3) members, the Committee may, under exceptional and limited circumstances, have one (1) member who is not “independent”; provided, that (i) such member is not a current employee or an immediate family member of an employee of the Company or any parent or subsidiary of the Company, (ii) the Board determines that membership on the Committee by such individual is in the best interests of the Company and its stockholders and the Board discloses, in the Company’s proxy statement prepared in connection with its next annual meeting of stockholders subsequent to such determination, the details of such individual’s relationship with the Company that would otherwise prohibit such individual from being considered “independent” and the reasons for the Board’s determination that the membership of such individual on the Committee is in the best interest of the Company and its shareholders. An individual that is serving as a member of the Committee pursuant to this exception may not serve for more than two years.

- 2.3. **Subcommittees.** The Committee shall have the authority to delegate authority and responsibilities to subcommittees; provided, that no subcommittee shall consist of less than two members.
3. **Advisors.** The Committee shall have the authority to (i) retain, at the Company’s expense, a search firm and other expert advisors (“Advisors”) as it deems necessary to fulfill its responsibilities and (ii) determine, on behalf of the Company, the compensation of such Advisors.

4. **Meetings.**

- 4.1. **Frequency of Meetings.** The Committee shall meet at least two times per fiscal year. The schedule for regular meetings of the Committee shall be established by the Committee. The Chairperson of the Committee may call a special meeting at any time as he or she deems advisable.
- 4.2. **Minutes.** Minutes of each meeting of the Committee shall be kept to document the discharge by the Committee of its responsibilities and a copy thereof shall be sent to the members of the Board.
- 4.3. **Quorum.** A quorum shall consist of a majority of the Committee's members. 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. However, nominations for directors that are submitted to the Board must be approved by the two-thirds vote of the standing members of the Committee.
- 4.4. **Agenda.** The Chairperson of the Committee shall prepare an agenda for each meeting of the Committee, in consultation with Committee members and any appropriate member of the Company's management or staff, as necessary. As requested by the Chairperson, members of the Company's management and staff shall assist the Chairperson with the preparation of any background materials necessary for any Committee meeting.
- 4.5. **Presiding Officer.** The Chairperson of the Committee shall preside at all Committee meetings. If the Chairperson is absent at a meeting, a majority of the Committee members present at a meeting shall appoint a different presiding officer for that meeting.

5. **Board and Committee Members.**

- 5.1. **Nominee Criteria and Qualifications.** The Committee shall establish criteria for persons to be nominated for election to the Board and its committees, taking into account the composition of the Board as a whole. At a minimum, the criteria should include a candidate's qualification as "independent," under the various standards applicable to the Board and each of its committees, as well as a candidate's depth of experience and availability, the balance of the business interest and experience of the incumbent or nominated directors, and the need for any required expertise on the Board or one of its committees. With respect to incumbent members of the Board, the Committee shall also consider the performance of the incumbent director. In addition, the Committee shall determine whether qualifications for membership on each committee of the Board of Directors are met.
- 5.2. **Consideration of Stockholder Recommendations.** The Committee shall be responsible for establishing a policy regarding consideration of director candidates recommended by the Company's stockholders and the procedures to be followed by stockholders that desire to submit such a recommendation.
- 5.3. **Identification of Board Candidates.** When the circumstances require, the Committee shall identify and recommend to the Board new persons qualified to be nominated for election as directors, taking into account the director qualification criteria approved by the Board. The Committee shall also annually review each incumbent director's past performance and recommend to the Board whether such director should be nominated for reelection.

- 5.4. **Recommendation of Board Nominees.** Prior to each annual meeting of the shareholders of the Company, the Committee shall recommend to the Board nominees for election to the Board.
- 5.5. **Recommendation of Committee Members.** The Committee shall annually recommend to the Board the membership of each Board committee (including this Committee) and a Chairperson for each committee. The Committee shall review the qualifications of the members of each committee to ensure that each committee has a membership that meets any applicable criteria of the rules and regulations of the SEC and NASDAQ. There is no policy limiting the length of service on any committee.

6. **Board Matters.**

- 6.1. **Director Orientation.** The Committee shall, in consultation with the Chief Executive Officer and appropriate members of management, periodically review and approve the Company's orientation program for new directors.
- 6.2. **Recruitment of Directors.** The Committee shall evaluate the Company's policies relating to the recruitment of directors, including compensation and director and officer's insurance, as well as indemnification protections provided in the Company's organizational documents, and make recommendations to the Board or any appropriate Board committee regarding such matters.
- 6.3. **Board Attendance at Annual Meeting.** The Committee shall be responsible for determining whether or not the Company should have a policy regarding Board members' attendance at the Company's annual meetings of stockholders.

7. **Management Succession and Appointment of Officers.**

- 7.1. **Succession Plan.** The Committee shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company. There should also be available, on a continuing basis, the CEO's ongoing recommendations as to his or her successor should he or she become unexpectedly incapacitated.
- 7.2. **CEO Succession.** The Committee shall recommend to the Board a successor to the CEO when a vacancy occurs.
- 7.3. **Appointment of Officers.** The Committee shall review the CEO's appointment of SEC reporting officers ("SEC reporting officers" are those officers that file Forms 3 and 4 with the SEC under Section 16 of the Exchange Act) and make recommendations to the Board with respect to such persons to be elected officers by the Board and review any proposed personnel changes involving such officers.

8. **Communications with Security Holders.** The Committee shall be responsible for establishing a process for security holders to send security holder communications, as such term is used in Item 7(h)(2) of Schedule 14A, or any successor provision thereto, to Board members, including whether security holder communications will be screened to determine the communications that will be relayed to Board members. The Committee shall be responsible for determining whether or not to seek the approval of such policy by the independent Board members, as described in the instructions to Item 7(h)(2)(ii) of Schedule 14A, or any successor provision thereto.

9. Reports and Assessments.

- 9.1. **Board Reports.** The Chairperson of the Committee shall, periodically, at his or her discretion, report to the Board on Committee actions and on the fulfillment of the Committee's responsibilities under this Charter.
- 9.2. **Evaluation of Committee Charters.** The Committee shall annually assess the adequacy of this Charter and advise the Board of its assessment and of its recommendation for any changes to the Charter. The Committee shall conduct an annual review of all other committee charters and recommend to the Board any changes it deems necessary. In connection therewith, the Committee shall review the recommendations of each Board Committee regarding the charter of its committee.
- 9.3. **Committee Self-Assessment.** The Committee shall annually make a self-assessment of its performance and shall report the results of such self-assessment to the Board and the Nominating and Corporate Governance Committee.
- 9.4. **Assessment of Board and Management.** The Committee shall conduct an assessment of the Board's and management's performance. The Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation.
- 9.5. **Code of Conduct.** The Committee shall conduct an annual review and assessment of the Company's Code of Ethics and/or Code of Conduct and recommend to the Board any changes to such Code that it deems necessary.