

# MUNICIPAL MORTGAGE & EQUITY, LLC

## Amended and Restated Audit Committee Charter

### 1. Purpose

The Audit Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities. The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the financial reporting process and systems of internal controls of Municipal Mortgage & Equity, LLC (the “Company”);
- Monitor the Company’s compliance with legal and regulatory requirements;
- Monitor the independence, qualifications and performance of the Company’s independent public accountants and internal audit function;
- Cause to be prepared and approve the report required to be included in the Company’s annual proxy statement as required by rules of the Securities and Exchange Commission (the “SEC”); and
- Provide an avenue of communication among the independent auditors, management, the internal audit department and the Board.

In discharging its oversight role, the Committee has the power to conduct or to authorize investigations into any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company, including the independent auditors.

### 2. Composition

The Committee shall be comprised of at least three directors as appointed by the Board, each of whom shall satisfy the independence and expertise requirements of the New York Stock Exchange and the Sarbanes-Oxley Act of 2002 (the “Act”), as appropriate, including the rules and regulations promulgated by the SEC and shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be elected by the Board at the meeting of the Board following each annual meeting of shareholders and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. The Chair of the Committee shall be appointed by the full Board.

No director may serve as a member of the Committee if such director serves on the audit committees of more than three other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee and discloses such determination in the Company's annual proxy statement. No member of the Committee may, other than in his capacity as a member of the Committee, be an affiliate person of the Company or any of its subsidiaries.

No member of the Committee shall receive any direct or indirect consulting, advisory or other compensatory fee from the Company other than director's fees (including equity-based awards), which may include additional amounts payable to the Chair and to members of the Committee for meeting more frequently or for longer periods of time than the full Board.

### 3. Meetings

The Committee shall meet at such times and from time to time as it deems to be appropriate, but not less than quarterly. The Committee shall meet separately (either in executive session or through separate meetings with the Committee or a Committee member), at least quarterly, with management, members of the Company's internal audit staff and the Company's independent public accountants. The Committee may request members of management or others to attend meetings and provide pertinent information as necessary. The Committee shall report regularly to the Board.

### 4. Responsibilities and Duties

The duties of the Committee shall include the following:

#### *Review Procedures*

- Review with representatives of management and the independent public accountants the Company's audited financial statements prior to their filing as part of the annual report on Form 10-K. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, which would entail review of estimates, reserves and accruals, review of audit adjustments whether or not recorded and such other inquiries as may be appropriate. Based on the review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.
- Consider the integrity of the Company's financial reporting process and controls in consultation with management and the Company's independent public accountants. Discuss significant financial risk exposures and the steps management has taken to

assess, monitor, control and report such exposures. Review significant findings prepared by the independent public accountants and the internal audit function together with management's responses, including the status of previous recommendations.

- Review with financial management and the independent auditors the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution of the Company's Quarterly Reports on Form 10-Q.

#### *Independent Auditors*

- The Committee shall have the ultimate authority and responsibility to select, evaluate and, when warranted, replace independent public accountants (or to recommend such replacement for shareholder approval in any proxy statement, if applicable). The Committee shall approve the fees and other compensation to be paid to the independent public accountants. The independent public accountants shall be ultimately accountable to the Board and the Committee.
- On an annual basis, receive from the independent public accountants and review a formal written statement describing, to the extent permitted under applicable auditing standards: the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the outside auditors and the Company. The Committee shall actively engage in a dialogue with the independent public accountants as to any disclosed relationships or services that may impact THEIR independence. The Committee shall take, or recommend that the Board take, appropriate action to oversee the independence of the independent public accountants.
- On an annual basis, discuss with representatives of the independent public accountants the matters required to be discussed by Statement on Auditing Standards ("SAS") 61, as it may be modified or supplemented.

- Review the independent public accountants' audit plan and engagement letter which discuss the scope, staffing, reliance upon management and general audit approach. Also, review the scope of non-audit services performed for the Company by the independent auditors and approve all non-audit services. This pre-approval requirement for non-audit services is subject to a de minimis oversight exception if: (i) the aggregate amount of all such non-audit services constitutes not more than \$50,000 during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or any member of the Committee who has authority to give such approval.
- Consider and discuss with management and the independent auditors any audit problems or difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information and any significant disagreements with management.

#### *Internal Audit Function and Legal Compliance*

- Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit function, as needed.
- Review significant reports prepared by the internal audit function together with management's response and follow-up to these reports.
- On at least an annual basis, review with the Company's inside and outside counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.
- Recommend, review and update periodically the Company's Code of Ethics and Principles of Business Integrity and ensure that management has established a system to enforce this Code. Ensure that the Code is in compliance with all applicable rules and regulations.
- Periodically review management's monitoring of the Company's compliance with its Code of Ethics and Principles of Business

Integrity, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports, and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

- Discuss the Company's policies with respect to risk assessment and risk management, including the Company's major financial accounting and risk exposures and the steps management has undertaken to control them.
- Periodically review the Company's Anti-Fraud Program, make recommendations to improve the program as considered necessary and ensure that management has established a system to enforce this Program.

#### *Other Audit Committee Responsibilities*

- Annually prepare a report to shareholders for inclusion in the Company's annual proxy statement. The report of the Committee shall (1) confirm that the Company has a formal, documented Committee charter setting forth the Committee's duties, (2) state whether the Committee satisfied its obligations under the charter during the previous year, and (3) cover all other matters required by rules of the SEC. The proxy statement shall include the full text of the charter at least once every three years and after any significant modification is approved by the Board.
- Annually prepare a written affirmation to the New York Stock Exchange regarding the Committee's compliance with respect to independence, financial literacy, determination of at least one Committee member having accounting or financial management expertise and annual review and assessment of this charter.
- Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities.
- As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.
- Establish hiring policies for employees or former employees of the independent auditors.

- Establish and maintain procedures for the receipt, retention, investigation and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- Take, or recommend that management take, appropriate measures to rectify any fraud or other accounting or financial reporting irregularities discovered by the Committee and, in connection therewith, engage senior management and inside and/or outside counsel, as appropriate, in connection therewith.
- Establish and maintain procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Develop, implement and periodically update a succession plan for the positions of Chair of the Committee and “audit committee financial expert” as that term is defined by the rules and regulations promulgated pursuant to the Act.

#### 5. Evaluation

- On an annual basis, the Committee shall evaluate its performance relative to the Committee’s purpose, duties and responsibilities, as described by this Charter. A discussion of these findings shall take place at least annually.
- The Committee shall review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

#### 6. Resources of the Committee

The Committee shall have the authority, following notice to the Chairman of the Board, to retain and compensate legal, accounting or other advisors to advise the Committee and assist it in fulfilling its duties and responsibilities. The Committee may request any officer or employee of the Company, or the Company’s outside counsel or independent auditor, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

The Company shall provide the Committee with appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to

any advisers employed by the Committee, and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

7. Other

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of Audit Committee to plan or conduct audits, or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. This is the responsibility of the Company's management and the independent auditor.

*Effective as of:* September 8, 2005