

CLIPPER REALTY INC.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

Committee Membership:

The Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of Clipper Realty Inc. (the “Company”) shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange (“NYSE”), except that, until the date that is one year after the listing date in connection with the initial public offering of securities to be listed by the Company on the NYSE, only a majority of the members of the Committee need be “independent” under such rules.

The members of the Committee shall be appointed by the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

Committee Purpose and Responsibilities:

The Committee shall have the purpose and responsibilities to:

1. Identify individuals believed to be qualified to become Board members, consistent with criteria approved by the Board, and to select, or recommend to the Board, the nominees to stand for election as directors at the annual meeting of stockholders or, if applicable, at a special meeting of stockholders. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by stockholders. In selecting or recommending candidates, the Committee shall take into consideration the criteria approved by the Board and such other factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate’s experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. The Committee shall consider all candidates recommended by the Company’s stockholders in accordance with procedures that, if applicable, will be set forth in the Company’s annual proxy statement. The Committee may consider candidates proposed by management, but is not required to do so.

2. Develop and recommend to the Board standards to be applied in making determinations as to the absence of material relationships between the Company and a director.
3. Establish procedures for the Committee to exercise oversight of the evaluation of the Board and management.
4. Develop and recommend to the Board a set of corporate governance guidelines applicable to the Company, and to review those guidelines at least once a year.
5. Prepare and issue the evaluation required under “Performance Evaluation” below.
6. If applicable, assist management in the preparation of the disclosure in the Company’s annual proxy statement regarding director independence and the operations of the Committee.
7. Report to the Board on a regular basis, and not less than once per year.
8. Perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the nomination of Board and committee members.

Committee Structure and Operations:

The Board shall designate one member of the Committee as its chairperson. The Committee shall meet at least twice a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Delegation to Subcommittee:

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

Performance Evaluation:

The Committee shall prepare and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Committee’s charter deemed

necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

Resources and Authority of the Committee:

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to consultants or search firms used to identify director candidates, this authority shall be vested solely in the Committee.