

CENTERLINE HOLDING COMPANY

Charter of the Compensation Committee of the Board of Trustees

I. PURPOSE

The Compensation Committee (the "Committee") is established by the Board of Trustees (the "Board") for the primary purpose of:

- determining the compensation of the Company's chief executive officer and other executive officers (as determined annually by the Committee);
- reviewing and approving any "material" compensation packages of the Company's non-executive officers and employees;
- administering the Company's incentive share plan, and any other share option, equity-based or similar compensation plan that may be created after the adoption of this Charter, including the granting of options and restricted share grants thereunder;
- performing such general oversight and investigative functions related to Company compensation inherent to the responsibilities designated herein; and
- overseeing such other matters as the Board deems appropriate and in the best interest of the Company.

The Committee should encourage continuous improvement of, and should foster adherence to, the Company's compensation policies, procedures and practices at all levels. The Committee shall also ensure that the compensation practices contemplated by management meet the criteria of the Company's governing documents.

The Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Committee, for compensation to any advisors that the Committee chooses to engage.

The Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section III of this Charter. The Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

II. COMPOSITION AND MEETINGS

The Committee shall be comprised of at least two Managing Trustees or such higher number as determined by the Board or as required by the listing standards of the exchange, if any, on which the Company's common shares of beneficial interest are listed ("Listing Requirements"), the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC Rules") or any other applicable laws, rules or regulations. The Committee shall be entirely comprised of Independent Trustees (as defined in the Company's Trust Agreement), and all

Committee members shall also be “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and “outside directors” as defined by Section 162(m) of the Internal Revenue Code.

The members of the Committee shall be elected by the Board at the annual meeting (or by written consent). The members of the Committee may designate a chairperson by majority vote of the members of the Committee. Committee members may be removed and replaced by, and in the sole discretion of, the Board by majority vote. Simultaneous service on more than one of the Company’s committees shall not impair the ability of any Managing Trustee to effectively serve on the Committee.

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Secretary or an Assistant Secretary of the Company, or a designee thereof, or another person designated by the Committee acting in coordination with the Secretary of the Company, shall record minutes of all Committee meetings, and such minutes shall be maintained with the books and records of the Company. The Committee shall report to the Board at the regularly scheduled quarterly meeting regarding any meetings of the Committee that took place in the prior quarter and at such other times as the Committee members deem necessary or appropriate. In addition, as part of the Committee’s job to foster open communication, the Committee should meet periodically with management to discuss any matters that the Committee or management believe should be discussed.

The Committee may fix such additional rules or procedures for the conduct of its business pursuant to this Charter as the Committee members deem necessary or appropriate. Any such additional rules or procedures shall be consistent with the Company’s Trust Agreement and By-Laws and this Charter, in each case as in effect from time to time, and shall be filed with this Charter in the books and records of the Company.

The Committee may form and delegate authority to subcommittees when and as the Committee deems necessary and appropriate, except as may be otherwise provided by this Charter.

III. COMMITTEE OPERATING PROCEDURES

To fulfill its responsibilities and duties, the Committee shall:

1. Review and assess the adequacy of this Charter at least annually and recommend to the Board for approval any necessary amendments as conditions dictate.
2. Annually review the Company’s compensation and benefits practices, including the methodologies for setting employee and officer salaries, and compare them, relative to corporate performance, with those of other similar businesses from annual and multi-year perspectives.
3. Review and approve the Company’s goals and objectives relevant to the executive officers’ compensation, evaluate the executive officers’ performance in light of those goals and objectives, and have sole discretion to determine the chief

executive officer's and other executive officers' compensation level based on this evaluation and the Company's compensation philosophy. The executive officers may not be present during the voting or deliberations concerning his/her compensation.

4. Determine annually which officers and employees are "executive officers" under applicable SEC Rules and Listing Standards.
5. Set the maximum compensation limit for officers and employees that may be fixed by management and determine the compensation of each officer and employee of the Company whose compensation exceeds the level of authorization held by management. The limitation on compensation packages that may be fixed by management shall be as follows: annual compensation, including bonus, performance based bonus and any grant from any long-term compensation plan, with the reasonable expectation of being no more than \$500,000. Compensation packages which exceed the foregoing limitation shall require Committee approval. Notwithstanding the foregoing delegation of authority to management, the Committee also will review and approve (a) all proposed employment agreements; (b) proposed severance agreements if (i) the employee party is an officer with the title of Managing Director or higher, or (ii) the proposed severance exceeds two (2) weeks of base salary per year of service with a minimum of six (6) weeks base salary; and (c) any proposed compensation payable to any member of the executive committee appointed by the principal executive officer of the Company. Any prior delegation of authority by the Committee to management to fix compensation of employees of the Company is hereby revoked.
6. Consider the Company's performance and relative shareholder return, the value of similar incentive awards to executive officers at comparable companies and the awards given to the Company's executive officers in past years when determining the long-term component of the executive officers' compensation.
7. Administer the Company's incentive share plan and any other share option, equity-based or similar compensation plan that may be created after the adoption of this Charter, including the granting of options and restricted share grants thereunder.
8. Review periodic reports from management on matters relating to the Company's personnel appointments and practices.
9. Have authority to obtain advice and assistance from internal or external financial, legal, accounting or other advisors, including an independent compensation consultant to advise the Committee on executive compensation practices and policies, or any other matters within the charter of the Committee
10. Produce an annual report on executive compensation for inclusion in the proxy statement as the Compensation Committee Report

11. Review annually its own performance.
12. Have such additional authority, duties and responsibilities as may be granted or assigned to the Committee by the Board from time to time or as may be designated in any documents governing the Company.