

Credit and Investment Committee Charter

I. Purpose

The Credit and Investment Committee (the "Committee") shall be appointed by the Board of Directors (the "Board") of Financial Guaranty Insurance Company (the "Company") to assist the Board in fulfilling its oversight responsibility relating to (A) present and emerging risk issues associated with the Company's financial guaranty insurance and related credit enhancement ("insurance") activities and the Company's approach to managing such risks and (B) the investment of the Company's portfolio.

The Board has delegated authority to a management committee of the Company (the "Senior Credit Committee") to underwrite and approve risks for insurance in a broad variety of sectors and geographical areas. The Committee shall assist the Board in providing oversight for the Senior Credit Committee, as well as the terms and requirements pertaining to the Board's delegation of underwriting authority to the Senior Credit Committee.

The Board has delegated authority to a management committee of the Company (the "Management Investment Committee") to oversee the management of the Company's investments. The Committee shall assist the Board in providing oversight for the Management Investment Committee, including the development of overall and portfolio-specific investment guidelines and the appointment, oversight and assessment of investment managers, as well as the terms and requirements pertaining to the Board's delegation of authority to the Management Investment Committee.

II. Membership

The Committee's membership shall be determined by the Board and shall consist of at least three Board members, in accordance with the stockholders agreement among FGIC Corporation and its principal and certain other stockholders (the "Stockholders Agreement"). The Board shall appoint the Chair of the Committee from among its members.

III. Meetings and Reports

The Committee shall meet as frequently as it determines. The Chair of the Committee shall determine whether the Committee should meet prior to any regular quarterly meeting of the Board and, if so, shall schedule such meeting. The Chair of the Committee, or any two members of the Committee, may call (or reschedule) meetings of the Committee. Meetings of the Committee may be held telephonically. The Committee may act by unanimous written consent.

The Chair shall preside at all Committee meetings at which he or she is present and, with input from the directors, shall set the agendas for Committee meetings. All

members of the Board are free to suggest items for inclusion in the agenda for the Committee's meetings. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practicable, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend all or any part of a meeting of the Committee or to meet with any member of, or advisers to, the Committee. The Committee shall have full, free and unrestricted access to these persons and firms. The Committee shall meet in "executive" sessions without Company employees present. The Committee may invite and permit other guests to observe all or portions of its meetings.

The Committee shall report regularly to the Board with respect to matters that are within the Committee's responsibilities. The report to the Board may take the form of an oral report by the Chair or by any other member designated by the Chair to make such report. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

IV. **Functions and Duties**

In addition to any other functions and duties expressly delegated to the Committee by the Board and consistent with the responsibilities and authority delegated by the Board to the Senior Credit Committee, the Committee shall perform the following functions and duties with full authority to act on behalf of the Board in these matters:

- A. The Committee shall review and approve or ratify any and all transactions relating to (i) the Company's insurance business, or (ii) the investment of funds in the Company's portfolio, that may require specific Board approval, excluding the appointment or termination of any investment manager.
- B. The Committee shall review and approve any and all amendments or modifications to the requirements, conditions or other provisions relating to the Board's general authorization of the Company's insurance and investment activities, including the Board's delegation of underwriting authority to the Senior Credit Committee.
- C. The Committee shall review memoranda or other reports provided by senior management of the Company concerning (i) the Company's underwriting capabilities and processes in new business sectors, or (ii) the Company's investment activities.
- D. The Committee shall periodically review and assess the Company's underwriting policies and guidelines.

- E. The Committee shall periodically review and assess the Company's surveillance and loss remediation policies and guidelines, including those relating to insured credits on the Company's Watch List.
- F. Periodically (but not less frequently than annually), the Committee shall review, assess and recommend to the Board for approval the Company's investment policies, criteria, guidelines and strategy. The Committee shall review and approve exceptions and modifications to the Company's investment policies, criteria, guidelines and strategy and shall report any such exceptions and modifications to the Board not later than the next regular meeting of the Board.
- G. The Committee shall, as it deems necessary or advisable or at the specific request of the Board, review and approve actions or other matters pertaining to (i) particular completed insurance transactions, (ii) particular insured credits on the Company's Watch List (or any comparable listing) and related surveillance and remediation activities, and (iii) other risk issues associated with the Company's insurance activities.
- H. On behalf of the Board, the Committee shall review and approve the requirements and conditions subject to which the Company shall be authorized to enter into derivative transactions, including the approval and adoption of the Company's Derivatives Use Plan or any similar instrument, as required by New York law or other applicable law, and any amendments or modifications to such Plan or instrument (including any amendments or modifications required by the Superintendent of Insurance of the State of New York or other applicable governmental authority), and to take any and all actions required or permitted thereunder.
- I. On behalf of the Board, the Committee shall review and approve all investment transactions, in accordance with regulations of the New York State Insurance Department.
- J. The Committee shall evaluate its performance on an annual basis and shall report the results of the evaluation to the entire Board.
- K. The Committee shall review and assess the adequacy of this Charter on an annual basis and shall recommend changes it deems appropriate to the Board for approval.

The Committee has the authority to retain legal counsel, consultants or other outside advisers with respect to any issue or to assist it in fulfilling its responsibilities, without consulting with or obtaining the approval of any officer of the Company.

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers retained by the Committee.

V. **Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, the Committee's role is one of oversight. Each member of the Committee, in exercising his or her business judgment, shall be entitled to rely in good faith on the accuracy and completeness of the information, reports, opinions and statements provided to the Committee by officers and employees of the Company and those other persons and organizations from whom he or she receives information.

Adopted by the Credit and Investment Committee: May 9, 2007

Approved by the Board of Directors: May 10, 2007