

**TRIAD GUARANTY INC.  
CORPORATE GOVERNANCE AND  
NOMINATING COMMITTEE CHARTER**

**STATEMENT OF POLICY**

The Corporate Governance and Nominating Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of Triad Guaranty Inc. (the “Company”). The Committee’s role is to:

- develop policies and guidelines relating to, and generally oversee matters of, corporate governance and recommend to the Board such revisions to such policies, guidelines and practices as it deems appropriate to improve the corporate governance of the Company, the Board or any committee of the Board;
- lead the Board in its periodic review of the performance of the Board and its committees and make such recommendations as it deems appropriate;
- identify and recommend the slate of director nominees for election to the Company’s board of directors;
- identify and recommend candidates to fill director vacancies occurring between annual stockholder meetings; and
- identify and recommend Board members for service on committees of the Board.

The Committee shall have full access to all books, records, facilities and personnel of the Company and the authority to retain independent legal counsel and other advisers and consultants, as it determines necessary, in order to fully and properly discharge its responsibilities.

**ORGANIZATION**

The membership of the Committee shall consist of at least three members, each of whom, in the opinion of the Board, meets the applicable requirements for service on the Committee under the applicable rules and regulations of any securities exchange, automated quotation system or other regulated market where the Company’s securities are listed or traded, and any other applicable regulatory requirements. The members of the Committee shall be appointed and replaced by the Board. Each member of the Committee shall serve until the earlier of his or her death, resignation, retirement or removal by the Board or until his or her successor shall be appointed. All members of the Committee shall have been determined by the Board to meet the categorical independence standards attached as Annex A to the Company’s Corporate Governance Guidelines, as may be amended from time to time.

The Board shall designate a Chairman of the Committee (the “Committee Chair”), or, if it fails to do so, the members of the Committee shall elect a Committee Chair by majority vote. The Committee Chair will supervise the conduct of the meetings and will have other responsibilities as this Charter or the Committee may specify from time to time.

**RESPONSIBILITIES**

The specific authority and responsibilities of the Committee shall include the following:

### **Corporate Governance**

1. Review and assess as needed the adequacy of the Company's corporate governance guidelines and recommend revisions, as deemed appropriate, to the Board for approval to improve the corporate governance of the Company, the Board or any committee of the Board. Areas of evaluation may include the independence of Board and committee members, the functions of the Board or any committee of the Board, the size and composition of the Board, the structure and format of meetings of the Board or any of its committees, Board retirement policies, outside activities of senior executives, director and officer indemnification, director and officer insurance, succession planning, stockholder/Board communication mechanisms and such other areas of inquiry as the Committee deems appropriate.
2. Be responsible for reviewing the Company's Code of Conduct and the Code of Ethics for The Chief Executive Officer, The Chief Financial Officer and Other Senior Financial Personnel as needed and recommending revisions, as deemed appropriate, to the Board for approval.
3. Review regularly issues and developments relating to corporate governance and revise the Committee's corporate governance guidelines accordingly.
4. Be responsible for administering any education programs deemed appropriate for new and existing directors.
5. In conjunction with the Company's management, establish and conduct orientation programs for new directors that are designed to familiarize new directors with the Company's businesses, strategies and challenges and to assist new directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities.
6. Generally advise the Board as a whole on corporate governance matters.

### **Periodic Evaluation of the Board and Committees**

7. Lead the Board in its periodic evaluation of the Board and its committees and make recommendations to the Board as it deems appropriate. In carrying out this responsibility, the Committee shall solicit input from all directors and may review the process and content of Board and committee self-assessments.

### **Identification of Nominees to Board and Committees**

8. Identify and review candidates that the Committee believes are qualified to become Board members and recommend that the Board select such nominee or nominees to stand for election at the next meeting of stockholders of the Company at which directors will be elected. The Committee shall take into account the applicable requirements for directors under the rules and regulations of any applicable securities exchange, automated quotation system or other

regulated market where the Company's securities are listed or traded and any other applicable regulatory requirements. The Committee may take into consideration such other factors and criteria as it deems appropriate in evaluating a candidate, including his or her judgment, skill, integrity, diversity and business or other experience. The Committee will consider candidates suggested by management or other members of the Board (including self-nominations) or recommended by stockholders of the Company. The Committee shall also have the authority to retain and terminate any search firm to be used to identify director candidates, and shall have the authority to approve the search firm's fees and other retention terms.

9. In the event there is a vacancy on the Board, identify individuals that the Committee believes are qualified to become Board members and recommend such person or persons for appointment to the Board.

10. Identify Board members qualified to fill a vacancy on a committee of the Board and recommend such nominee(s) to the Board for appointment to such committee. The Committee shall take into account the applicable requirements for Board committee members under the applicable rules and regulations of any securities exchange, automated quotation system or other regulated market where the Company's securities may be listed or traded and any other applicable regulatory requirements.

### **Operational Matters**

11. The Committee shall meet as necessary, but not less than once per year. Additional meetings may occur as the Committee or the Committee Chair deem advisable. A majority of the total number of members of the Committee shall constitute a quorum at all Committee meetings. The Committee shall cause adequate minutes to be kept of all its proceedings, and shall file such minutes and all written consents executed by its members with the Secretary of the Company.

12. The Committee may request any officer or other employee of the Company, or any representative of the Company's legal counsel or other advisors, to attend a meeting or to meet with any members or representatives of the Committee.

13. The Committee has the authority to retain independent legal counsel or other advisors. The Company shall provide appropriate funding, as determined by the Committee, for the engagement of such counsel or other advisors as the Committee deems necessary and for the ordinary expenses necessary for the Committee to carry out its duties; provided that the Committee shall keep the Company's Chief Financial Officer advised as to the general range of anticipated expenses for outside consultants and advisors and shall obtain Board approval for expenditures exceeding, in the aggregate, \$100,000 in any fiscal year.

14. The Committee shall report regularly to the Board.

15. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities under this Charter or as may be assigned to it by the Board from time to time.

16. The Committee shall review and reassess annually the adequacy of this Charter and recommend any changes to the Board for approval.

17. The Committee shall perform a periodic self-assessment of the Committee.

18. The Committee may perform any other activities consistent with this Charter, the Company's bylaws, any guidelines or other policies adopted by the Board from time to time, and applicable law as the Committee or the Board deems necessary or appropriate.

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