

**IMH FINANCIAL CORPORATION**  
**COMPENSATION COMMITTEE CHARTER**  
*Adopted by the Board of Directors on November 10, 2014*

**A. Committee Mission**

The Compensation Committee (the “Committee”) acts on behalf of IMH Financial Corporation Board of Directors (the “Board”) and in the best interests of IMH Financial Corporation (the “Company”) and its stockholders to support the Company’s efforts to attract, retain, develop, and reward talent to achieve its business objectives. In this regard, the Committee is responsible for overseeing the compensation of the Company’s appointed executives, the compensation programs described herein, and the Company’s talent management and organizational development, including succession planning, leadership development, and strategic hiring objectives.

**B. Organization of the Committee**

1. **Members Appointment.** The Committee will be comprised of a minimum of three Directors. Members of the Committee are appointed and removed by the Board and serve at the pleasure of the Board. The Board Chairman appoints the Committee Chair.

2. **Qualifications.** Each Committee member must meet the independence requirements of the New York Stock Exchange (the “NYSE”) (or the stock exchange on which any Company securities are then listed or traded) in effect from time to time. Each member of the Committee shall also be an outside Director within the meaning of §162(m) of the Internal Revenue Code of 1986, as amended, and a non-employee Director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. In determining whether a Director is eligible to serve on the Committee, the Board also must consider whether the Director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company to determine whether such affiliation would impair the Director's judgment as a member of the Committee.

3. **Delegation.** The Committee may delegate to a subcommittee of its members any of its functions, duties, and authorities, on such terms and conditions and with such limitations (if any) as the Committee deems appropriate; provided, however, that the Committee shall not delegate any function, duty, or authority required by applicable law, regulation, or listing standard to be exercised by the Committee.

4. **Charter.** The Committee shall review and assess the adequacy of this Charter and recommend any proposed changes to the Board at least annually. Consistent with the listing requirements of any stock exchange on which any Company securities may then be listed or traded, this Charter will be included on the Company’s website and will be made available upon request to the Company’s Secretary.

5. **Performance Evaluation.** The Committee shall review and assess performance with respect to its obligations under this Charter and review this assessment with the Board at least annually. The Committee also shall regularly provide the Board with reports of its meetings.

**C. Responsibilities of the Committee**

The Committee shall:

1. Review and approve corporate goals and objectives for purposes of assessing the performance of Chief Executive Officer and the other executive officers.
2. Evaluate the performance of the Chief Executive Officer, with input from the full Board.

3. Review the performance of the other executive officers, with input from the Chief Executive Officer.

4. Determine the compensation of the Chief Executive Officer and the other executive officers based on that evaluation, all in accordance with applicable law or the rules of any stock exchange that any Company securities are then listed on or traded. The Chief Executive Officer will not be present during voting or deliberations on his or her compensation.

5. Monitor the Company's key management resources, structure, succession planning, development, and selection processes and the performance of key executives.

6. Review and recommend to the Board the appointment and removal of elected officers of the Company.

7. Make recommendations to the Board with respect to incentive-compensation and equity-based plans subject to Board approval, including without limitation establishing and administering performance objectives thereunder.

8. Review and recommend to the Board new employee benefit plans, major changes in existing employee benefit plans, and administer (or provide for the administration of) such employee benefit plans. The Committee may delegate some, or all, of these authorities to one or more executive officers of the Company.

9. Review and approve new or amended executive compensation plans including those related to, but not limited to, incentive compensation plans, equity-based plans, stock options, stock appreciation rights, deferred compensation, and supplemental retirement benefits, and administer (or provide for the administration of) such executive compensation plans.

10. Review and discuss such matters that relate to the compensation practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the functions described herein.

#### **D. Compensation Disclosure**

The Committee shall:

1. Review and discuss with management the Company's Compensation Discussion and Analysis and recommend to the Board whether the Compensation Discussion and Analysis should be included in the Company's annual proxy statement and incorporated by reference into the Company's annual report on Form 10-K.

2. Approve the compensation committee report to the extent that such report is required by Regulation S-K Item 407(e)(5) promulgated under the Securities Act of 1933, as amended, to be included in the Company's annual proxy statement.

#### **E. Authority to Retain Advisers**

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel, or other adviser. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any compensation consultant, legal counsel, and other adviser retained by the Committee. The Company will provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, legal counsel, or any

other adviser retained by the Committee.

The Committee may select, or receive advice from, a compensation consultant, legal counsel, or other adviser to the Committee other than in-house legal counsel, only after taking into consideration the following factors:

1. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
2. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel, or other adviser;
3. the policies and procedures of the person that employs the compensation consultant, legal counsel, or other adviser that are designed to prevent conflicts of interest;
4. any business or personal relationship of the compensation consultant, legal counsel, or other adviser with a member of the Committee;
5. any stock of the Company owned by the compensation consultant, legal counsel, or other adviser; and
6. any business or personal relationship of the compensation consultant, legal counsel, other adviser, or the person employing the adviser with an executive officer of the Company.

The Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

#### **F. Other Duties**

The Committee shall perform such other duties as may be delegated by the Board from time to time.