

**Charter of the Investment Committee
of the Board of Directors
of
IMH Financial Corporation, Inc.**

Purpose of the Investment Committee

The primary purposes of the Investment Committee (the “Committee”) of the Board of Directors (the “Board”) of IMH Financial Corporation (the “Company”) are to assist the Board in reviewing the Company’s Investment policies and strategies, the performance and in overseeing the Company’s capital and financial resources. No Investment on behalf of the Company will be made without the Committee’s approval or the approval of a delegate of the Committee pursuant to an appropriate delegation of the Committee’s authority. The Committee is not expected to participate in matters such as corporate or property financings that involve “day-to-day” cash management decisions or treasury functions.

As used herein, the term “Investment” shall mean (i) originating, acquiring or disposing of mortgage loans, mezzanine loans, other debt instruments and equity and preferred equity interests; provided, however, that the term “Investment” shall not include: (a) any such dispositions specifically authorized by an Approved Annual Budget (as defined below) that are made for no less than 95% of the amount therefor in such Approved Annual Budget; or (b) any such originations or acquisitions that are specifically authorized by an Approved Annual Budget, so long as the terms of any such originations or acquisitions are in all material respects the same as those authorized by such Approved Annual Budget; (ii) changing in any material respect the current use of any property owned by the Company with a book value on the Company’s most recent financial statements of greater than \$5,000,000 or the improvements thereon, any personal property relating to such property, or any rights pertaining to such property or improvements; (iii) permitting any mortgagor to change in any material respect the current use of any real estate directly or indirectly secured or supported by a mortgage loan made by the Company with an original principal balance of greater than \$5,000,000 (a “Material Mortgaged Property”), other than any such change specifically contemplated in a credit authorization memorandum or other similar write-up previously approved by the Committee, (iv) consenting or assenting to any material amendment or supplement to, or termination of (other than terminations in connection with a payoff of a note in accordance with its terms), any note, loan agreement, mortgage or guarantee relating to any mortgage loan made by the Company or other agreement or instrument relating thereto, or (v) permitting any mortgagor or any other person to initiate or consent to any zoning reclassification of any portion of any Material Mortgaged Property or seek any variance under any existing zoning ordinance or use or permit the use of any portion of any Material Mortgaged Property in any manner that might result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation in any material respect. As used herein, the term “Approved Annual Budget” shall have the meaning ascribed to it in that certain Certificate of Designation of Series B-1 Cumulative Convertible Preferred Stock and Series B-2 Cumulative Convertible Preferred Stock of the Company (the “Certificate of Designation”).

Nothing contained in this Charter of the Committee (this “Charter”) is intended to expand applicable standards of liability under statutory or regulatory requirements for the members of the Committee or the Board.

Committee Goals and Responsibilities

In order to carry out its mission and function, subject to the terms of the Certificate of Incorporation (as defined below), the Committee has the authority to perform the following:

- Oversee Investment policies, strategies, transactions and programs of the Company and its subsidiaries;
- Review the Investment policies, strategies, transactions and programs of the Company and its subsidiaries to ensure they are consistent with the goals and objectives of the Company;
- Evaluate and approve or disapprove each proposed Investment on behalf of the Company;
- Determine whether applicable Investment policies are consistently followed and that procedures are in place to ensure that the Company’s Investment portfolio is managed in compliance with its policies;
- Delegate authority to Company management to execute individual Investment transactions on behalf of the Company in accordance with the policies and limits approved by the Committee, as necessary, and to approve Investment transactions on behalf of the Company that exceed such delegated authority;
- Review the performance of the Investment portfolios of the Company and its subsidiaries;
- Approve the Company’s Investment policies and guidelines, periodically review and make any necessary changes to such policies and report such changes to the Board;
- Annually evaluate the performance of the Committee and the adequacy of this Charter and recommend any proposed changes to the Board for approval;
- Report the Committee’s actions and recommendations to the Board at the regularly scheduled Board meeting following any meeting of the Committee; and
- Perform any other activities the Board deems necessary or appropriate consistent with this Charter, the Company’s Certificate of Incorporation, Certificate Of Designation of Series B Cumulative Convertible Preferred Stock, and Bylaws, and any applicable laws or listing standards.

Committee Membership

Subject to the terms of the certificate of incorporation of the Company (as it may be amended and including any certificate of designations, the “Certificate of Incorporation”), the Committee will consist of three (3) members of the Board and shall include (i) the two members of the Board nominated by the Company’s Series B Preferred Stock (the “Preferred Members”) and (ii) the Company’s Chief Executive Officer, if a director of the Company. Subject to the terms of the Certificate of Incorporation, members of the Committee will serve until their resignation, death or removal by the Board or until their successors are appointed. A Committee member will be automatically removed without further action of the Board if the member ceases to be a member of the Board or if the member ceases to qualify to serve as a member of the Committee. The Board will designate the Chief Executive Officer as Chairperson, if the Chief Executive Officer is a director.

Meetings

Meetings of the Committee will be held as often as the Committee determines is appropriate to carry out its responsibilities. The Chairperson of the Committee, in consultation with other Committee members, will determine the frequency and length of the meetings and will set agendas consistent with this Charter. Minutes will be prepared and filed with the minutes of the Board and the Committee will report to the Board the results of its meetings. The Committee may designate a nonvoting Secretary or Acting Secretary for the Committee, who will assist in the administration of meetings and prepare the minutes of such meetings as requested by the Committee. Except as otherwise provided herein or in the Certificate of Incorporation, the Committee is governed by the same rules regarding meetings (including, without limitation, meetings by telephone or similar telecommunications equipment), action without meetings, notice, waiver of notice and quorum and voting requirements as are applicable to the Board. The Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter; (b) any provision of the Bylaws or the Certificate of Incorporation; or (c) the laws of the state of Delaware.

Special Voting and Quorum Rules

The presence of two (2) of the three (3) members authorized to serve on the Committee shall be necessary to establish a quorum for any meeting of the Committee, and every action brought before a vote of the Committee shall be approved by a majority of total number of votes cast by all members of the Committee present at such meeting, and each such member shall have one vote on each such matter, subject to the following:

- (a) at any time that no Final Noncompliance Event (as defined in the Certificate of Designation) has occurred and is continuing, for all actions taken by the Committee, (x) the presence of the director who then serves as the Chief Executive Officer of the Company shall be required to establish a quorum for any meeting of the Committee and (y) such director shall have one vote and each Preferred Member serving on the Committee shall have $\frac{1}{2}$ vote; *provided*, that if, at any meeting of the Committee, the Committee is asked to act upon an

Investment for which a Preferred Member has an Affiliate that would receive an origination fee in connection with such Investment, such Preferred Member shall be deemed disqualified with respect to the deliberations and vote of the Committee on such Investment but shall otherwise be entitled to participate in such meeting and to vote on any other matters brought before the Committee at such meeting; and, in such case, such Preferred Member shall automatically be constituted as a committee of the Board with the sole power to select one of the independent directors of the Company to replace such Preferred Member on the Committee for purposes of the deliberations and vote of the Committee on such Investment.

- (b) Notwithstanding the foregoing, if at any time that no Final Noncompliance Event has occurred and is continuing, (x) the Chief Executive Officer of the Company submits a written proposal for one or more Investments to the Committee, accompanied by an investment proposal package relating to such proposed Investment, including all material terms and conditions relating to such proposed Investment, and all relevant supporting information relating thereto for the Committee to evaluate the proposed Investments, (y) in such submission the Chief Executive Officer of the Company requests the Committee's approval of resolutions authorizing such proposed Investments by unanimous written consent (which request shall include the form of action by unanimous written consent of the Committee) or by a vote of the Committee at a duly called and convened meeting thereof (which meeting shall be scheduled for a date set forth in such notice that is at least five (5) Business Days after the Investment Notice Date and that is selected after the Chief Executive Officer has used his reasonable efforts to accommodate the scheduling requests of the other members of the Committee), and (z) (I) in the case of resolutions proposed for action by unanimous written consent, by 5:00 p.m., Pacific time, on the fifth (5th) Business Day after the Investment Notice Date, neither of the Preferred Members has executed and delivered to the Chief Executive Officer (whether by electronic consent or otherwise) the form of consent in respect of the proposed Investment(s), and (II) in the case of resolutions proposed for action at a meeting of the Committee so called by such notice, neither of the Preferred Members serving on the Committee was present at such meeting, then the Chief Executive Officer may, upon written notice to the Committee given by electronic transmission, call a meeting of the Committee for the purpose of considering such Investments on not less than twenty-four (24) hours' notice (the "Reconvened Meeting"), and the presence of the Chief Executive Officer, if the Chief Executive Officer then serves as a director, shall constitute a quorum at the Reconvened Meeting. The members of the Committee shall be entitled to participate in any meeting of the Committee, including any Reconvened Meeting, in person or by means of conference telephone. For purposes of this subpart (b), for all actions taken by the Committee at a Reconvened Meeting, (x) the presence of the director who then serves as the Chief Executive Officer of the Company shall be required to establish a quorum for any meeting of the Committee and (y) such director shall have one vote and each Preferred Member serving on the Committee shall have ½ vote.

Delegation of Authority

The Committee may, upon unanimous approval of the Committee members, create subcommittees of the Committee consisting of one (1) or more members of the Committee and may delegate any of its duties and responsibilities to such subcommittee, unless otherwise prohibited by applicable laws, listing standards or the Certificate of Incorporation. The Committee may terminate any such subcommittee and revoke any such delegations at any time in its sole discretion.

Authority to Engage Advisors

The Committee will have the authority and appropriate funding from the Company to retain such outside legal counsel, consultants, experts and other advisors as it deems appropriate for the fulfillment of its responsibilities. Any communication between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Adopted July 22, 2014