

**CHARTER OF THE AUDIT COMMITTEE
OF ECLIPSE RESIDENTIAL MORTGAGE INVESTMENT CORPORATION**

This charter applies to Eclipse Residential Mortgage Investment Corporation (the “Corporation”).

1. The Audit Committee will be composed of a minimum of three independent directors. Each member of the Audit Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 – *Audit Committees*, as may be amended from time to time.
2. At the time of his or her appointment to the Audit Committee, each member of the Audit Committee shall have, or shall acquire within a reasonable time following appointment to the Audit Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.
3. Each member of the Audit Committee shall serve during the pleasure of the board of directors. The Board may fill vacancies in the Audit Committee by appointment from among the directors, and if and whenever a vacancy shall exist in the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.
4. *The mandate of the Audit Committee is as follows: The Audit Committee will:*
 - a) Review and recommend to the Board for approval:
 - The audited and unaudited financial statements of the Corporation and the management’s discussion and analysis;
 - All financial information in annual information forms, prospectuses, other offering documents of the Corporation and annual and interim profit or loss press releases prior to their release; and
 - Recommendations of the auditors for strengthening internal controls to ensure that processes are in place to mitigate or eliminate risks associated with financial reporting and cash management for the Corporation as well as the response of management to these recommendations.
 - b) Oversee the work of the external auditor, including the auditor’s work in preparing or issuing an audit report, performing other audits, review or attest services or any other related work. Meet periodically with the auditors and at least once a year meet in confidence with the auditors and report to the Board on such meetings including the nature of the auditor’s recommendations. Resolve disagreements between the external auditor and management as to financial reporting matters brought to the Audit Committee’s attention.
 - c) Review the reappointment or appointment of the auditors and make recommendations to the Board with respect to the nomination and remuneration of the auditors to the Corporation on an annual basis. Review the audit plans of the auditors and report to the Board of any significant reservations the Audit Committee may have or the auditors may have expressed with respect to such arrangements or scope.

- d) Review policies and procedures regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting systems for the Corporation.
 - e) Review with management, the auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material adverse effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements of the Corporation.
 - f) Review and pre-approve any non-audit related services provided by the auditors of the Corporation and the fees related thereto. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Corporation, including non-audit services, and discussing the relationships with the auditors.
 - g) Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation or any entity providing services on behalf of the Corporation of concerns regarding questionable accounting or auditing matters.
 - h) On a regular basis, review and approve the Corporation's hiring practices regarding partners, employees and former employees of the present and former external auditor of the Corporation.
 - i) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.
 - j) Perform other activities related to this charter as requested by the Board.
5. A quorum for the transaction of business of the Audit Committee shall consist of two members of the Committee.
6. The time and place for meetings of the Audit Committee and procedures at such meetings shall be determined from time to time by, the Audit Committee. The Secretary of the Corporation shall, upon request of the Committee Chairman, any member of the Audit Committee, the external auditors, the President, Chief Executive Officer or the Chief Financial Officer of the Corporation, call a meeting of the Audit Committee by letter, telephone, facsimile, telegram or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
7. Any member of the Audit Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
8. The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors.
9. One of the members of the Audit Committee shall be elected as its chairman by the Audit Committee or the Board of Directors of the Corporation and the Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

10. For the purposes of performing their duties, the members of the Audit Committee shall have the right, at all reasonable times, to inspect the books and financial records of the Corporation and to discuss with management and the officers such accounts, records and matters relating to the financial statements of the e Corporation.
11. The Audit Committee may invite such officers, directors and employees of the Corporation and the external auditors as it may see fit, from time to time, to attend at meetings of the Audit Committee. Such external auditors are entitled to attend and be heard at each Audit Committee meeting. The Audit Committee has the authority to communicate directly with internal and external auditors.
12. The Audit Committee has the authority to retain, at the Corporation's expense, independent legal counsel, financial and other advisors, consultants and experts to assist the audit committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve and pay any such firm's fees and other retention terms without prior approval of the Board of Directors.
13. The Board of Directors may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.