

LUMENT FINANCE TRUST, INC.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

This Nominating and Corporate Governance Committee Charter was adopted by the Board of Directors (the “**Board**”) of Lument Finance Trust, Inc. (the “**Company**”) effective as of February [], 2021. References in this Charter to the Company shall mean Lument Finance Trust, Inc. and, unless the context otherwise dictates, each of its direct and indirect subsidiaries.

I. Purpose

The purpose of the Nominating and Corporate Governance Committee (the “**Committee**”) of the Board is to assist the Board in discharging the Board’s responsibilities regarding:

- (a) the identification of qualified candidates to become Board members;
- (b) the selection of nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- (c) the selection of candidates to fill any vacancies on the Board;
- (d) oversight of the evaluation of the Board and management;
- (e) the recommendation to the Board of any changes to the Company’s corporate governance policies;
- (f) compliance with the Company’s Code of Business Conduct and Ethics.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee shall operate in accordance with the Company’s Corporate Governance Guidelines and may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it reasonably deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the discretionary powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. Membership

The Committee shall be composed of three or more directors, as determined by the Board, each of whom has experience, in the business judgment of the Board that would be helpful in addressing the matters delegated to the Committee. Each Committee member shall satisfy the independence requirements of the New York Stock Exchange (the “**NYSE**”).

The members of the Committee, including the Chair of the Committee (the “**Chair**”), shall be appointed by the Board. Committee members may be removed from the Committee at any time, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

III. Meetings and Procedures

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company’s bylaws that are applicable to the Committee.

The Committee shall meet as frequently as the Committee deems necessary or desirable to discharge its responsibilities.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company’s management, or any other person whose presence the Committee believes to be desirable and appropriate. Notwithstanding the foregoing, the Committee may exclude from its meetings any person it deems appropriate, including but not limited to, any non-management director who is not a member of the Committee.

The Committee may retain and terminate any independent counsel, experts or advisors that the Committee believes to be desirable and appropriate to assist the Committee in performing its duties and responsibilities. In furtherance and not in limitation of this right, the Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such search firm’s fees and other retention terms. The Committee may also use the services of the Company’s regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Chair shall report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairman of the Board.

IV. Duties and Responsibilities:

A. Recommendation of Board Membership

1. The Committee shall identify individuals that are qualified, consistent with the criteria listed in item IV.A.4 of this Charter, to become directors of the Company and that are willing and available to serve.

2. At an appropriate time prior to each annual meeting of stockholders at which directors are to be elected or reelected, the Committee shall recommend to the Board for nomination by the Board and submission to the stockholders such potential director nominees as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.

3. At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, the Committee shall recommend to the Board for appointment by the Board to fill such vacancy, such prospective member of the Board as the Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.

4. For purposes of items 1, 2, and 3 above, the Committee may consider the following criteria, among others the Committee shall deem appropriate, including the criteria that are highlighted by the Board's annual self-evaluation, in recommending candidates for election to the Board:

a. personal and professional integrity, ethics, competence, diversity, dedication and values;

b. experience in corporate management, such as serving as an officer or former officer of a publicly held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment;

c. experience in the Company's industry and with relevant social policy concerns; company;

d. experience as a board member of another publicly held company;

e. academic expertise in an area of the Company's operations; and

f. practical and mature business judgment, including ability to make independent analytical inquiries.

5. The foregoing notwithstanding, if the Company is legally required by contract or otherwise to permit a third party to designate one or more of the directors to be elected or appointed (for example, pursuant to rights contained in a Certificate of Designation of a class of preferred stock to elect one or more directors upon a dividend default), then the nomination or appointment of such directors shall be governed by such requirements.

6. The Committee shall review and consider any nominations of director candidates validly made by stockholders in accordance with applicable laws, rules and regulations, and the Company's certificate of incorporation and bylaws.

7. The Committee shall consider, develop and recommend to the Board such policies and procedures with respect to the nomination of directors or other corporate governance matters as may be required or required to be disclosed pursuant to any rules promulgated by the Securities and Exchange Commission or otherwise considered to be desirable and appropriate in the discretion of the Committee.

8. The Committee shall consider and recommend directors for appointment to, and removal from, various standing committees of the Board, including the Audit Committee and Compensation Committee. When undertaking any such consideration and making such recommendations, the Committee shall consider any governing charter in place for the applicable standing committee and the requirements applicable to directors for service on such committee.

9. The Committee shall periodically evaluate the criteria listed in item

IV.A.4 of this Charter used to identify potential director nominees and shall recommend updates and/or modifications to such list to the Board.

10. The Committee shall review director compensation for service on the Board and committees thereof at least once a year and recommend any changes to the Board.

B. Annual Reviews

1. The Committee shall, at least annually, review and evaluate the performance of each current director and shall consider the results of such evaluation when determining whether or not to recommend the nomination of such director for an additional term. The Committee will establish the evaluation criteria and implement the process for such evaluation, as well as consider other corporate governance principles that may, from time to time, merit consideration by the Board.

2. The Committee shall oversee the Board in the Board's annual review of its performance (including its composition and organization) and the performance of management, and will make appropriate recommendations to improve performance. The Committee will establish the evaluation criteria and implement the process for such evaluation, as well as consider other corporate governance principles that may, from time to time, merit consideration by the Board.

3. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

C. Corporate Governance

1. The Committee may make recommendations to the Board regarding governance matters, including, but not limited to, the Company's certificate of incorporation, bylaws, this Charter and the charters of the Company's other committees.

2. The Committee shall recommend to the Board revisions to the Corporate Governance Guidelines as may be appropriate from time to time.

3. The Committee shall recommend to the Board revisions to the Code of Business Conduct and Ethics as may be appropriate from time to time.

4. The Committee shall periodically report to the Board on its findings and actions.

5. The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

V. Delegation of Duties

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with the Company's certificate of incorporation, bylaws, Corporate Governance Guidelines and applicable law and rules of exchanges on which the Company's securities are listed. In accordance with the rules of the NYSE, any subcommittee to which the Committee delegates any or all of its responsibilities shall be composed entirely of independent directors.