

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF ANGEL OAK MORTGAGE, INC.**

I. PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Angel Oak Mortgage, Inc. (the “Company”) is to assist the Board in fulfilling its legal and fiduciary obligations with respect to its oversight of (i) the Company’s financial reporting, auditing and internal control activities, including the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the Company’s independent registered public accounting firm’s qualifications and independence, (iv) the performance of the Company’s independent registered public accounting firm, (v) the Company’s overall risk exposure and management and (vi) the design and implementation of the Company’s internal audit function and the performance of the internal audit function after it has been established. The Committee shall also prepare the report of the Committee required to be included in the Company’s annual report or proxy statement.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the “NYSE”), the Securities Exchange Act of 1934, as amended (together with the rules promulgated thereunder, the “Exchange Act”), and any additional requirements that the Board deems appropriate.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company’s annual proxy statement.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Committee members (i) shall be appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee, (ii) shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal, and (iii) may be removed by the Board in its discretion.

Each member of the Committee must be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must be designated by the Board to be the “audit committee financial expert,” as defined by applicable Securities and Exchange Commission (“SEC”) rules.

III. MEETINGS OF THE COMMITTEE AND OPERATIONS

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The chairperson will preside, when present, at all meetings of the Committee. The Committee will meet at such times as determined by its chairperson or as requested by any two of its members. Notice of all Committee meetings shall be given, and waiver thereof determined, in accordance with the notice and waiver of notice requirements applicable to the Board. The Committee may meet by telephone, video conference or similar means of remote communication.

Each member of the Committee shall have one vote. One-third of the Committee members, but not less than two, shall constitute a quorum. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members at any meeting at which a quorum is present, or by the unanimous written consent of all of the Committee members.

The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) management, (ii) the internal audit staff of the Company or Falcons I, LLC (the “Manager”), as applicable, following the establishment of the internal audit function, and (iii) the Company’s independent registered public accounting firm, in each case to discuss any matters that the Committee or any of the above persons or firms believe warrant Committee attention.

The Committee shall maintain minutes of its meetings and records relating to those meetings, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee. A copy of the minutes of each meeting and all consents shall be placed in the Company’s minute book.

The Company shall provide for appropriate funding, as determined by the Committee, for the payment of: (i) compensation to the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services or other permitted services for the Company; (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities; and (iii) compensation to legal, accounting or other advisors retained by the Committee.

IV. DELEGATION

The Committee may form and delegate authority to subcommittees consisting of one or more members when it deems appropriate, including the authority to grant pre-approvals of audit and permitted non-audit and tax services, provided that decisions of such subcommittee to grant pre-approvals and take any other actions shall be presented to the full Committee at its next scheduled meeting.

V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee’s policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to

changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee and the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, the NYSE or any other applicable regulatory authority:

Selection, Evaluation and Oversight of the Independent Registered Public Accounting Firm

(a) Be directly responsible for the appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such independent registered public accounting firm must report directly to the Committee;

(b) Review and, in its sole discretion, approve in advance the Company's independent registered public accounting firm's annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Exchange Act, all permitted non-audit engagements and relationships between the Company and such independent registered public accounting firm (which approval should be made after receiving input from the Company's management, if desired), subject to the de minimis exceptions for non-audit services which are approved by the Committee prior to the completion of the audit. Approval of audit and permitted non-audit services will be made by the Committee by one or more members of the Committee as shall be designated by the Committee or the chairperson of the Committee and the person(s) granting such approval shall report such approval to the Committee at the next scheduled meeting;

(c) Review the performance of the Company's independent registered public accounting firm, including the lead partner and reviewing partner of the independent registered public accounting firm, and, in its sole discretion (subject, if applicable, to stockholder ratification), make decisions regarding the replacement or termination of the independent registered public accounting firm when circumstances warrant;

(d) Obtain at least annually from the Company's independent registered public accounting firm and review a report describing:

- (i) the independent registered public accounting firm's internal quality-control procedures;
- (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent registered public accounting firm, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, in respect of one or more independent audits carried out by the independent registered public accounting firm, and any steps taken to deal with any such issues; and
- (iii) all relationships between the independent registered public accounting firm and the Company (including a description of each category of services provided by the independent registered public accounting firm to the Company and a list of the fees billed for each such category).

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner and the reviewing partner of the independent registered public accounting firm, and its views on whether there should be a regular rotation of the independent registered public accounting firm, to the Board.

(e) Evaluate the independence of the Company's independent registered public accounting firm by, among other things:

- (i) monitoring compliance by the Company's independent registered public accounting firm with the audit partner rotation requirements contained in the Exchange Act;
- (ii) monitoring compliance by the Company of the employee conflict of interest requirements contained in the Exchange Act; and
- (iii) engaging in a dialogue with the independent registered public accounting firm to confirm that audit partner compensation is consistent with applicable SEC rules;

Oversight of Annual Audit and Quarterly Reviews

(f) Review and discuss with the independent registered public accounting firm their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;

(g) Obtain and review annually, with management, the Company's independent registered public accounting firm and the director of the Company's (or the Manager's, as applicable) internal auditing department, after the Company has implemented the internal audit function, the following information which is required to be reported by the independent registered public accounting firm prior to the completion of the Company's year-end financial statements:

- (i) all critical accounting policies and practices to be used;
- (ii) all alternative treatments of financial information that have been discussed by the independent registered public accounting firm and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm;
- (iii) all other material written communications between the independent registered public accounting firm and management, such as any management letter and any schedule of unadjusted differences; and
- (iv) any material financial arrangements of the Company which do not appear on the financial statements of the Company;

(h) Meet to review and discuss with management, the Company's independent registered public accounting firm and, if appropriate, the director of the Company's (or the Manager's, as applicable) internal auditing department, after the Company has implemented the internal audit function, the Company's annual audited financial statements and quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto;

(i) Review with management, the Company's independent registered public accounting firm and, if appropriate, the director of the Company's (or the Manager's, as applicable) internal auditing department, after the Company has implemented the internal audit function, the following:

- (i) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Company's selection or application of accounting principles;
- (ii) any analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made (including special audit steps adopted in light of material control deficiencies) in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the Company's financial statements; and
- (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

(j) Resolve all disagreements between the Company's independent registered public accounting firm and management regarding financial reporting;

(k) Review on a regular basis with the Company's independent registered public accounting firm any problems or difficulties encountered by the independent registered public accounting firm in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent registered public accounting firm's activities or on access to requested information, and any significant disagreements with management. In connection therewith, the Committee should review with the independent registered public accounting firm the following:

- (i) any accounting adjustments that were noted or proposed by the independent registered public accounting firm but were rejected by management (as immaterial or otherwise);
- (ii) any communications between the audit team and the independent registered public accounting firm's national office respecting auditing or accounting issues presented by the engagement; and

- (iii) any “management” or “internal control” letter issued, or proposed to be issued, by the independent registered public accounting firm to the Company;

Oversight of the Financial Reporting Process and Internal Controls

- (l) Review:
 - (i) the adequacy and effectiveness of the Company’s accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company’s internal audit function (which may be performed by the Manager), if the Company has implemented an internal audit function, through inquiry and discussions with the Company’s independent registered public accounting firm, management and director of the Company’s (or the Manager’s, as applicable) internal auditing department, if the Company has implemented an internal audit function; and
 - (ii) the yearly report prepared by management, and attested to by the Company’s independent registered public accounting firm, assessing the effectiveness of the Company’s internal control over financial reporting and stating management’s responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company’s Annual Report on Form 10-K.
- (m) Review with the chief executive officer, chief financial officer and independent registered public accounting firm, periodically, the following:
 - (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting;
- (n) Consider and discuss the Company’s major litigation and financial risk exposures and the process by which senior management of the Company and the relevant departments of the Company (or the Manager, as applicable), including the internal auditing department, if the Company has implemented an internal audit function, assess and manage the Company’s exposure to risk, as well as the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken;
- (o) After the Company has established an internal audit function, review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Company’s chief executive officer to assign

additional internal audit projects to the director of the Company's (or the Manager's, as applicable) internal auditing department;

(p) Receive periodic reports from the Company's independent registered public accounting firm, management and the director of the Company's (or the Manager's, as applicable) internal auditing department, if the Company has implemented an internal audit function, to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;

(q) Review and discuss with the independent registered public accounting firm the results of the year-end audit of the Company, including any comments or recommendations of the Company's independent registered public accounting firm and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the Annual Report on Form 10-K;

(r) Establish and maintain free and open means of communication between and among the Committee, the Company's independent registered public accounting firm, the Company's (or the Manager's, as applicable) internal auditing department, if the Company has implemented an internal audit function, and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis;

(s) Review the type and presentation of information to be included in the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Company to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance);

Miscellaneous

(t) Establish clear hiring policies by the Company for employees or former employees of the Company's independent registered public accounting firm and oversee the hiring of any personnel from the Company's independent registered public accounting firm into positions within the Company in accordance with the hiring restrictions of the Sarbanes-Oxley Act of 2002;

(u) Establish and implement policies and procedures for the Committee's review and approval or ratification of transactions or courses of dealings with respect to which executive officers or directors or members of their immediate families have an interest, regardless of amount, including all related person transactions required to be disclosed by Item 404(a) of Regulation S-K (other than transactions subject to the review and approval of the Company's Affiliated Transactions Committee). In determining whether to approve or ratify a transaction, the Committee shall take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable to the Company than terms generally available to an

unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction;

(v) Monitor the Company's compliance with legal and regulatory requirements and meet periodically with the Company's chief legal officer or outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents or breaches of fiduciary duty to the Company;

(w) Prepare the report required by the rules of the SEC to be included in the Company's annual report or proxy statement;

(x) Review the Company's policies relating to the ethical handling of conflicts of interest and review past or proposed transactions between the Company and any affiliated or related person, as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Company's independent registered public accounting firm;

(y) Review and approve in advance any services provided by the Company's independent registered public accounting firm to the Company's executive officers or members of their immediate family;

(z) Review the Company's program to monitor compliance with the Company's code of business conduct and ethics;

(aa) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Review periodically with management and the Company's independent registered public accounting firm these procedures and any significant complaints received;

(bb) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, with or without Board approval, independent legal counsel and other experts, consultants or advisers, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent legal counsel and other experts, consultants or advisers to be borne by the Company;

(cc) Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance, qualifications and independence of the Company's independent registered public accounting firm, or the performance of the internal audit function, if the Company has implemented an internal audit function; and

(dd) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

VI. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis and in coordination with the Nominating and Corporate Governance Committee, evaluate its performance. The evaluation shall address all matters that the Committee considers relevant to its performance, including a review and assessment of the adequacy of this Charter, and shall be conducted in such manner as the Committee deems appropriate.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter.

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While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit or for determining whether the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee, in either instance absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.