

HOME DIRECTOR, INC.
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

Purposes

The primary purposes of the Nominating and Corporate Governance Committee are to ensure that (1) the Company's Board of Directors consists primarily of qualified independent directors and (2) the Company and its Board of Directors follow the best possible corporate governance practices. Its responsibilities in that regard include:

- Identifying individuals qualified to become members of the Board of Directors and to recommend to the Board of Directors candidates for election or reelection as directors;
- Monitoring and recommending corporate governance and other board practices; and
- Overseeing performance reviews of the Board of Directors, its committees and the individuals members of the Board of Directors.

In discharging this oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all Company books, records, facilities, personnel, legal counsel and independent auditors, along with the power to retain, at the Company's expense, search firms, outside counsel or other experts for this purpose. The Committee shall have sole authority to approve any search firm's fees and other retention terms.

The Committee shall review the adequacy of this charter on an annual basis and recommend any appropriate changes to the Board of Directors for consideration.

Membership

Appointment and Removal. The Committee shall be appointed by the Board of Directors and shall serve at the pleasure of the Board of Directors for such term as the Board of Directors may decide or, with respect to an individual Committee members, until such Committee member is no longer a member of the Board of Directors or is removed by the Board of Directors in accordance with the Company's Bylaws. The Board of Directors shall designate the chairperson of the Committee.

Number and Meetings. The Committee shall be comprised of not less than three members of the Board of Directors. The Committee shall meet as often as necessary to fulfill its responsibilities. The Committee may appoint subcommittees and may delegate its responsibilities to a subcommittee to the extent it deems appropriate.

Independence. The Committee members will meet the independence requirements of the American Stock Exchange (the "Amex"). These requirements are attached hereto as *Annex A*. Accordingly, the members of the Committee will be directors who the Board of Directors affirmatively concludes have no material relationship to the Company, as determined by the Board of Directors, either directly or as a partner, shareholder or officer or officer of any organization that has a relationship with the Company.

The failure of the Committee to satisfy the independence requirements set forth above shall not invalidate any actions taken by the Committee.

Responsibilities

The following functions shall be the common, recurring activities of the Committee in carrying out its duties.

1. The Committee shall lead the Company's search for individuals qualified to become members of the Board of Directors.

2. The Committee shall evaluate and recommend to the Board of Directors for nomination candidates for election or reelection as directors.

3. In the event of a vacancy on the Board of Directors, or if the Committee becomes aware of a pending vacancy and the Board of Directors determines that such vacancy shall be filled by the Board of Directors, the Committee shall recommend to the Board of Directors a qualified individual for appointment to the Board of Directors.

4. The Committee shall establish and oversee appropriate director orientation and continuing education programs.

5. In assessing the qualification of a candidate, the Committee generally shall observe the following guidelines:

- the Committee shall bear in mind any SEC or applicable stock exchange rules on independence and such other factors as it deems advisable.
- directors shall not be a director, consultant or employee of or to any competitor of the Company (*i.e.*, a company that sells home networking products or services).
- in considering candidates, the Committee shall consider their other obligations and time commitments and their ability to attend meetings in person.
- in the event that the Chairman, other than the current Chairman at the time of the initial adoption of this Charter, is not independent, the Committee shall recommend another director to serve as the "lead independent director."
- to avoid potential conflicts of interest, interlocking directorships will not be allowed. Interlocking directorships shall be deemed to occur if a senior executive officer of the Company serves on the board of or as a trustee of a company or institution that employs one or more directors (*i.e.*, reciprocal directorships).

Corporate Governance Responsibilities

1. The Committee shall, from time to time, as the Committee deems appropriate, make recommendations to the Board of Directors regarding an appropriate organization and structure for the Board of Directors.

2. The Committee shall, from time to time, as the Committee deems appropriate, evaluate the size, composition, membership qualifications, scope of authority, responsibilities, reporting obligations and charters of each committee of the Board of Directors.

3. The Committee shall periodically review and assess the adequacy of the Company's corporate governance principles as contained in this Charter. Should the Committee deem it appropriate, it may develop and recommend to the Board of Directors for adoption additional corporate governance principles.

4. The Committee shall periodically review the Company's Certificate of Incorporation and Bylaws in light of existing corporate governance trends, and shall recommend any proposed changes for adoption by the Board of Directors or submission by the Board of Directors to the Company's stockholders.

5. The Committee may make recommendations on the structure and logistics of board meetings and may recommend matters for consideration by the Board of Directors.

6. The Committee shall consider, adopt and oversee all processes for evaluating the performance of the Board of Directors, each committee and individual directors.

7. The Committee shall annually review and assess its own performance.

8. The Committee shall oversee the development of a Chief Executive Officer succession plan, under which, among other things, the Board of Directors will receive periodic reports from management on the development of other members of senior management.

General

1. The Committee shall review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.

2. The Committee shall perform any other duties or responsibilities delegate to the Committee by the Board of Directors from time to time.

3. The Committee shall report regularly to the Board of Directors.

4. The Committee shall conduct and review with the Board of Directors annually an evaluation of the Committee's performance with respect to the requirements of this charter.