

VESTIN REALTY MORTGAGE II, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose

The Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") of Vestin Realty Mortgage II, Inc. (the "Company") to: (a) assist the Board in discharging its responsibilities relating to compensation of the Company's directors, executive officers and its sole manager, Vestin Mortgage, Inc. (the "Manager"); and (b) to produce an annual report on executive officer compensation for inclusion in the Company's proxy statement to the extent required under applicable rules and regulations. The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. All powers of the Committee are subject to the restrictions designated in the Company's Bylaws and by applicable law.

II. Committee Membership

Committee members shall be elected by the Board at the annual meeting of the Board of Directors and shall serve until their successors shall be duly elected and qualified. Committee members may be removed at any time by vote of the Board.

The Committee shall consist of no fewer than three members. Each member of the Committee shall meet the independence requirements of NASDAQ, the definition of a "Non-employee Director" under Rule 16b-3 under the Securities Exchange Act of 1934, as amended, the requirements of Section 162(m) of the Internal Revenue Code for "outside directors," and any other regulatory requirements.

III. Structure and Meetings

The Committee shall conduct its business in accordance with this Charter, the Company's Bylaws and any direction by the Board. The Committee chairperson shall be designated by the Board, or, if it does not do so, the Committee members shall elect a chairperson by a vote of the majority of the full Committee.

The Committee shall meet at least once a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. Members of the Committee may participate in a meeting of the Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

The Committee chairperson will preside at each meeting and, in consultation with the other members of the Committee, will set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The chairperson of the Committee shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. The chairperson of the Committee (or other member designated by the chairperson or

the Committee in the Chairperson's absence) shall regularly report to the full Board on its proceedings and any actions that the Committee takes. The Committee will maintain written minutes of its meetings, which minutes will be maintained with the books and records of the Company.

As necessary or desirable, the Chairperson of the Committee may invite any Director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, to be present at meetings of the Committee, consistent with the maintenance of confidentiality of compensation discussions. The CEO should not attend any meeting where the CEO's performance or compensation is discussed.

IV. Committee Authority and Responsibilities

A. Manager's Compensation.

In accordance with the Company's Bylaws and the management agreement entered into by and between the Company and the Manager (the "Management Agreement"), the Company shall pay the Manager for management services rendered on behalf of the Company an annual management fee of up to 0.25% of the aggregate capital contributions made to the Company (the "Management Fee"). The Committee shall determine and approve the Management Fee within such parameters on a quarterly basis payable in arrears. In making such determination, the Committee shall:

(i) Review and approve the Company's corporate goals and objectives relevant to the Manager's compensation;

(ii) Evaluate the Manager's past performance in light of such goals and objectives;
and

(iii) Within the parameters permitted by the Company's Bylaws and the Management Agreement, determine and approve the Management Fee payable to the Manager for services rendered during the preceding quarter based upon the Committee's evaluation.

In conducting this evaluation, the Committee shall consider whether or not, in its judgment, the terms of the Company's Bylaws relating to Manager's compensation or the compensation terms of the Management Agreement, should be amended. In such event, the Committee shall have full authority to negotiate with the Manager the proposed change in the compensation terms of the Management Agreement. If such change must be approved by a vote of a majority of the outstanding shares of the Company as required pursuant to Article XI of the Company's Bylaws, the Committee shall have full authority to recommend and present a proposal to such effect for approval by the Company's stockholders at the next annual stockholders' meeting.

B. Company Executive Compensation.

It is the Company's current policy not to pay any compensation to its chief executive officer ("CEO") and other executive officers for their services. The Committee shall

annually review and approve any changes to this policy. In connection with such annual review, if a change to this policy is recommended, the Committee shall:

- i. Annually review and approve for the Company's CEO and other executive officers: a) annual base salary levels; b) annual incentive compensation levels; c) long-term incentive compensation levels; and d) any other compensation payable to the CEO and other executive officers of the Company. The Committee shall review the Company's corporate goals and objectives relevant to executive officer compensation, evaluate each executive officer's performance in light of such goals and objectives, and, determine and approve the executive compensation level based on this evaluation. In determining any long-term incentive component of the executive compensation, the Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to executives at comparable companies, and the awards given to the Company's executives in past years.
- ii. Approve any equity compensation plan or any material change to an existing plan where stockholder approval has not been obtained.
- iii. Monitor the administration of any incentive-compensation plans and any equity based-plans as in effect and as adopted from time to time by the Board;
- iv. Approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Committee or Board.
- v. Ensure appropriate overall corporate performance measures and goals are set and determine the extent that established goals have been achieved and any related compensation earned.

C. Other Duties.

In addition to the foregoing, the Committee shall:

- i. To the extent required under applicable law, produce a Committee report on executive officer compensation to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC
- ii. Prepare and issue the evaluation required under "Performance Evaluation" below.
- iii. Perform such other functions and have such other powers consistent with this Charter, the Company's Bylaws, the Management Agreement and governing law as the Committee or the Board may deem appropriate.

V. Performance Evaluation

The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee shall also perform an annual evaluation of its own performance, which shall compare the performance of the Committee with the requirements of this charter. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

VI. Committee Resources

The Committee shall be empowered, without the approval of the Board or management, to engage and compensate independent legal, accounting and other advisors, as it determines necessary to carry out its duties. The Committee shall have the sole authority to retain and terminate any consultant that it uses to assist in the Committee's evaluation of director, CEO or executive officer compensation and shall have the sole authority to approve that consultant's fees and other retention terms. The Committee shall receive appropriate funding, as determined by the Committee, from the Company for payment of: a) compensation to any advisor employed by the Committee; and b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee may form and delegate authority to subcommittees when appropriate.