

PALADIN REALTY INCOME PROPERTIES, INC.
CORPORATE GOVERNANCE COMMITTEE CHARTER

As of March 21, 2006

I. Purpose

The primary function of the Corporate Governance Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Paladin Realty Income Properties, Inc. (the “Company”) in fulfilling its governance responsibilities by:

- providing oversight of board and committee composition and practices;
- providing oversight of the Company’s corporate governance practices; and
- developing and recommending other relevant policies and procedures.

Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- review the selection criteria for directors and the selection of nominees to serve as directors;
- evaluate the performance of the Board; and
- develop, review, evaluate and make recommendations to the Board with respect to corporate governance issues.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this charter (the “Charter”).

II. Composition

The Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be an “Independent Director” (as such term is defined in the Company’s Articles of Incorporation). Furthermore, each director serving on the Committee will be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be elected by the Board at the annual meeting of the Board and shall serve until his or her successor shall be duly elected and qualified, unless otherwise removed by the Board. Unless a Chairperson of the Committee (the “Chair”) is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the Full Committee membership.

Director's compensation shall be the sole remuneration paid by the Company to all members of the Committee. No member shall receive fees, paid directly or indirectly, for services as a consultant or a legal or financial advisor.

III. Meetings

The Committee shall hold such meetings as may be called by the Chair or at the request of the Board of Directors. The Chair sets the agenda for each meeting and determines the length and frequency of meetings. To the extent practicable, the Chair shall cause the agenda for each meeting of the Committee to be circulated to each member of the Committee.

The Committee may request any officer or employee of the Company, outside counsel or consultant to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee shall maintain minutes or other records of meetings and activities of the Committee.

IV. Committee Responsibilities

In carrying out its purpose, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. The following should be considered within the responsibilities and authority of the Committee:

1. Director Recruitment. Seek individuals qualified to become directors for recommendation to the Board.
2. Criteria for Selecting Directors. Recommend the Board's criteria for selecting directors.
3. Nominees. Recommend to the Board nominees for director to be elected at the annual meeting. Consider nominees suggested by shareholders in accordance with the Company's Bylaws.
4. Committee Assignments. Recommend committee assignments, within the following guidelines:
 - a. The applicable independence requirements of the Company's Articles of Incorporation and the Securities and Exchange Commission.
 - b. Other legal and regulatory considerations, including Rule 16b-3 and Section 162(m).
 - c. Expertise and diversity characteristics appropriate for each committee.
 - d. Size and composition lending itself to efficient operation of each committee.

Develop and follow a process for reconsideration of committee assignments.

5. Independence Assessments and Director Conflicts of Interest. Assist the Board with independence assessments of individual directors. Recommend policies regarding the conduct of business between the Company and any director, his/her affiliates and other director conflict of interest matters.
6. Director Compensation. Conduct an annual assessment of Independent Director compensation and benefits.
7. Corporate Governance Practices. Review and reassess the adequacy of the corporate governance practices of the Company and recommend any proposed changes to the Board for approval.
8. Reports to the Board. Regularly report its activities to the Board in such manner and at such times as it deems appropriate.
9. Review Committee Performance. Annually review its own performance.
10. Review Charter. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
11. Subcommittees. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

IV. Advisors

1. Director Search Consultants. 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.
2. Director Compensation Consultants. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director compensation and shall have the authority to approve the consultant's fees and other retention terms.
3. Legal, Accounting and Other Consultants. The Committee shall have authority to obtain advice and assistance from in-house or outside legal, accounting and other advisors.
4. Funding. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the consultants and advisors retained by the Committee.