



GOVERNANCE AND NOMINATING  
COMMITTEE CHARTER

*As of March 4, 2008*

# **Advocat Inc.**

## **Governance and Nominating Committee Charter**

### **Organization**

The Board of Directors (the “Board”) of Advocat Inc. (the “Company”) shall designate annually a Governance and Nominating Committee comprised of two or more Directors, who may be removed by the Board in its discretion. The members of the Governance and Nominating Committee shall be “independent” as determined by the Board as determined in accordance with all applicable laws, rules, regulations and requirements. The Governance and Nominating Committee shall report regularly to the Board.

A Chairman of the Governance and Nominating Committee shall be elected annually by the Board.

### **Purpose**

The purpose of the Governance and Nominating Committee is to (1) identify individuals qualified to serve on the Board, and to recommend that the Board select director nominees to be considered for election at the Company’s next annual meeting of stockholders or to be appointed by the Board to fill an existing or newly created vacancy on the Board, (2) identify members of the Board to serve on each Board committee and to serve as chairman thereof and recommend each such member and chairman to the Board, (3) develop and revise as appropriate corporate governance guidelines applicable to the Company and recommend such guidelines or revisions to the Board, (4) oversee the evaluation by the Board of itself and its committees.

### **Meetings**

The Governance and Nominating Committee shall meet as often as it deems necessary or appropriate to carry out its responsibilities and may, in its sole discretion, form and delegate authority to subcommittees (comprised only of Governance and Nominating Committee members) in furtherance of such responsibilities. Meetings of the Governance and Nominating Committee shall be called by the Chairman of the Governance and Nominating Committee, the Chairman of the Board or the President of the Company. All such meetings shall be held pursuant to the By-Laws of the Company with regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the Company’s records.

### **Powers and Responsibilities**

The Governance and Nominating Committee shall:

(1) Actively seek to identify individuals qualified to serve on the Board and to recommend that the Board select director nominees to be considered for election at the Company’s next annual meeting of stockholders or to be appointed by the Board to fill an existing or newly created vacancy on the Board in accordance with the criteria established by the

Governance and Nominating Committee from time to time. The Governance and Nominating Committee shall also consider written proposals for director nominees received from Company stockholders provided that such proposals include information sufficient to allow the Governance and Nominating Committee to consider the proposal. Such information shall include, but shall not be limited to, the name and age of the proposed nominee, the relevant experience of the proposed nominee, and the percentage of the Company's stock that is owned by the stockholder making the proposal.

(2) Identify qualified members of the Board to serve on each Board committee and to serve as chairman thereof and recommend each such member and chairman to the Board. The Governance and Nominating Committee shall recommend removal of members of the Board committees to the Board, as it determines necessary or appropriate. In addition, the Governance and Nominating Committee may designate a member of the Governance and Nominating Committee to attend the meetings of any other Board committee *ex officio* with the concurrence of the chairman of such other committee.

(3) Develop corporate governance guidelines applicable to the Company and recommend such guidelines or revisions of such guidelines to the Board. The Governance and Nominating Committee shall review such guidelines at least annually and, when necessary or appropriate, recommend changes to the Board.

(4) Review at least annually the charters of the committees of the Board and, when necessary or appropriate, recommend changes in such charters to the Board.

(5) Oversee the annual evaluation by the Board of itself and its committees.

(6) Monitor the development of best practices regarding corporate governance and take a leadership role in shaping the corporate governance of the Company.

(7) Review and approve the requests of management, Directors and senior executives who report directly to the Chief Executive Officer seeking to accept invitations to serve on public company boards and committees thereof.

(8) Assist the Board in determining Director independence under applicable laws, rules and regulations.

(9) Take such actions and make such determinations and recommendations as are required or advisable to comply with the rules of the Securities and Exchange Commission relating to nominating and governance committee functions and communications between the Board and stockholders.

### **Additional Powers and Responsibilities**

The Governance and Nominating Committee shall have the authority to engage and obtain advice and assistance from advisors, including independent or outside counsel, shall have authority to retain and/or terminate any search firm, including those used to identify individuals

qualified to serve on the Board, and shall have the sole authority to approve the fees and other retention terms of any such engagement, as it determines is necessary or appropriate to carry out its duties. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices. The Governance and Nominating Committee shall, on an annual basis, review and reassess the adequacy of this Charter and conduct an evaluation of the Governance and Nominating Committee's own performance during such past year. The Governance and Nominating Committee shall perform such other activities as the Governance and Nominating Committee or the Board may from time to time deem necessary or appropriate.