

**BNP RESIDENTIAL PROPERTIES, INC.
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER**

ORGANIZATION

The Board of Directors (the "Board") shall have an Audit Committee comprised of at least three outside Directors who are independent of the management of the Corporation, are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a Committee member, and are financially literate. In determining the composition of the Audit Committee, the term "independent" shall have the meaning set forth in the American Stock Exchange Company Guide. Additionally, at least one member should possess accounting or related financial management expertise as required by applicable regulations of the Securities and Exchange Commission. No member of the Committee shall be permitted to accept any consulting, advisory or other compensatory fee from the Corporation or any of its Affiliates, other than in such member's capacity as a director. Members of the Committee shall be appointed annually by the Board at its annual meeting or as necessary to fill vacancies in the interim. The Board shall designate one of the Committee members as chairman. The Committee shall hold meetings (in person or by telephone conference) as appropriate, but not less than three times per year.

STATEMENT OF POLICY

The primary function of the Audit Committee shall be to oversee the financial information provided to shareholders, the corporate accounting and financial reporting practices, the systems of internal financial controls which management and the Board have established, and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform their role, each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the company's business, operations and risks.

ROLES AND RESPONSIBILITIES

External Audit

- A. Consider, retain and oversee the firm to be employed as the Corporation's independent auditor.
- B. Oversee the independent auditor's compensation and the terms of its engagement and review the non-audit services performed by the independent auditor to ensure the performing of those services does not impair the independence of the auditors.
- C. Consider, in consultation with the independent auditor, the scope and plan of forthcoming audits and the independent auditor's responsibility under generally accepted auditing standards.
- D. Review and consider, based on the reports of the independent auditor and the internal auditors (if any):
 - (a) the adequacy of the Corporation's internal accounting controls including electronic data processing procedures and controls and related security programs.
 - (b) any related management letter recommendations, and management's responses to such recommendations made by the independent auditor; and
 - (c) the policies and financial reporting process for retirement and other benefit plans.

Financial Reporting

- A. Review, based on the reports of the independent auditor and management:
 - (a) the corporation's interim and annual financial statements and determine whether they are complete and consistent with the information known to committee members;
 - (b) the results of each external audit of the Corporation's financial statements, including any certification, report, opinion or review rendered by the independent auditor in connection with those financial statements;
 - (c) disputes between management and the independent auditor that arose in connection with such audit;
 - (d) any changes required in the independent auditor's plan;
 - (e) other matters related to the conduct of the audit which are communicated to the Audit Committee under generally accepted auditing standards, including those concerning:
 - (i) selection of and changes in accounting policies and practices and questions of choice of appropriate policies and practices;
 - (ii) management's formulation of any particularly sensitive accounting estimates and the auditor's conclusion as to their reasonableness;
 - (iii) audit adjustments;
 - (iv) consultation by management with other accountants about accounting, tax and SEC related matters; and
 - (v) difficulties the auditor encountered in dealing with management in performing the audit.
- B. Review significant filings with the SEC containing the Corporation's financial statements, including interim financial statements.
- C. Review policies and reports of reviews with respect to officers' expense accounts.

Internal Audit

- A. Review jointly with management the performance of an internal auditors, and engage, replace or dismiss the internal auditor as necessary.
- B. Review and approve the internal audit plan and confirm coordination of activities between the internal auditors and external auditors.
- C. Review reports of the internal auditors summarizing audit results, significant findings, and management's planned corrective actions.

Other Responsibilities

- A. Periodically review the status of any pending litigation, which could have significant impact on the Corporation's financial condition or seriously affect its reputation.
- B. Have authority to inquire into any financial matters in addition to those set forth in the charter with the right and power (at the expense of the Corporation) to employ such persons and organizations to assist it in carrying out its duties as it shall reasonably deem to be necessary.
- C. Perform such other functions as may be assigned to it by law or the Corporation's Charter or Bylaws, or by the Board.
- D. Report Committee agenda and actions to the Board with such recommendations, as the Audit Committee may deem appropriate.

- E. Review the Audit Committee Charter annually to reassess its adequacy.
- F. Prepare for inclusion in the Corporation's proxy statement an annual report of the Audit Committee regarding the prior year's audited financial statements, including whether the Committee has recommended that such audited financial statements be included in the Corporation's Annual Report.
- G. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential submission by employees of concerns regarding questionable accounting or auditing matters.
- H. Review its own performance at least annually and report to the Board on such evaluation and recommend to the Board any proposed changes to the Committee and its operations.

Revised December, 2004