



**Forestar Group Inc.
Nominating and Governance Committee**

CHARTER

The Board of Directors of Forestar Group Inc. (the "Company") hereby establishes a committee of the Board to be known as the Nominating and Governance Committee (the "Committee").

Purpose

The Committee shall (1) identify individuals qualified to become members of the Board, (2) recommend to the Board the director nominees in advance of each annual meeting of stockholders, (3) develop and recommend to the Board the corporate governance guidelines to be followed by the Company, and (4) oversee the evaluation of the Board and management.

Committee Membership

The Board shall designate annually three or more of its members to constitute the members of the Committee, each of whom shall satisfy the independence requirements of the New York Stock Exchange (the "NYSE"). The members of the Committee shall serve until their successors are appointed and qualify, and one of the members shall be designated to serve as the Chairman of the Committee. The Board shall have the power at any time to change the membership of the Committee and to fill vacancies in it, subject to such new member(s) satisfying the independence requirements established by the NYSE.

Meetings and Procedures of the Committee

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less than twice annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

Except as expressly provided in this Charter, the by-laws of the Company, or the Corporate Governance Guidelines of the Company, the Committee shall fix its own rules of procedure.

Primary Responsibilities

The Committee shall have the following primary responsibilities:

Responsibilities Regarding the Board of Directors

1. The Committee shall review, at least annually, the structure of the Board to assure that the proper skills and experience are represented on the Board. The composition of the Board shall include a majority of independent directors. The Committee shall propose to the full Board nominees who meet the criteria for Board membership established by the Committee.
2. The Committee shall review potential conflicts of prospective Board members.
3. The Committee shall (a) develop qualification criteria for Board membership, (b) seek, interview, and screen individuals qualified to become members of the Board, and (c) maintain a list of persons who may be potential directors.
4. The Committee shall periodically review and recommend to the full Board the size of the Board.
5. The Committee shall recommend to the Board the membership of the committees of the Board. In this regard, the Committee shall review committee assignments and the policy with respect to the rotation of committee memberships and/or chairpersonships, and report any recommendations to the Board.
6. The Committee shall review performance and qualifications of Board members before they may be able to stand for reelection.
7. The Committee shall review director fees and expenses.

Responsibilities Regarding Executive Management

The Committee shall review outside directorships in other publicly held companies by senior officers (Tier I) of the company. No such outside directorships shall be accepted without the prior approval of the Committee.

Responsibilities Regarding Corporate Governance

1. The Committee shall review at least annually the adequacy of the Company's Corporate Governance Guidelines to assure that they are appropriate for the Company and comply with the requirements of the NYSE, and recommend any desirable changes to the Board. The Committee shall review other governance issues relevant to the Company, and propose action as determined necessary on matters of corporate governance to the full Board.
2. The Committee shall review and consider stockholder proposals received by the Company and shall recommend to the full Board action to be taken regarding stockholder proposals. The Committee will consider director candidates recommended by stockholders, and may establish procedures to be followed by stockholders in submitting recommendations for Board candidates.
3. The Committee shall consider and review from time to time the Company's policies and practices that address issues of social and public concern, including: (i) charitable and educational contributions; (ii) governmental and political affairs; (iii) community relations; (iv) environmental practices of the Company; and (v) health and safety programs.
4. The Committee shall review significant legislative, regulatory and social trends and developments of importance to the Company and its stockholders, employees, customers and suppliers.
5. The Committee shall oversee the periodic evaluation of the Board and its members.
6. The Committee shall review a summary of directors' and officers' related party transactions and potential conflicts of interest.
7. The Committee shall review and update periodically the Standards of Business Conduct and Ethics and ensure that management has established a system to enforce the Standards.
8. The Committee shall review written affirmations of the CEO to NYSE to the extent required by the rules of the NYSE.
9. The Committee shall regularly review the operations and expenditures of the Company's political action committee(s).
10. The Committee shall review the Company's practices and policies with respect to equal employment opportunities.

Other Responsibilities

1. The Committee shall perform such other consultations and functions within the scope of the foregoing as the Committee deems appropriate or as the Board of Directors shall from time to time direct.
2. The Committee shall perform an annual performance evaluation of the Committee. In addition, the Committee shall review and reassess the adequacy of this Charter at least annually, submit the charter to the Board of Directors for approval, and have the document published or made available on the Company's Internet Website as may be required by the rules of the NYSE or the Securities and Exchange Commission.

Consultants

The Committee has the sole authority to retain and terminate legal counsel and any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.