

# BEHRINGER HARVARD MULTIFAMILY REIT I, INC.

## COMPENSATION COMMITTEE CHARTER

### 1. Purpose.

The Compensation Committee is appointed by the Board of Directors (the “Board”) of Behringer Harvard Multifamily REIT I, Inc. (the “Company”) to assist the Board in discharging its responsibility in all matters of compensation practices of the Company, including salary and other forms of compensation for employees and officers of the Company and director compensation.

The Compensation Committee’s primary purposes are to formulate and recommend compensation policies of the Company to the Board and management; oversee that management has established and maintained processes to assure that a fair system of compensation has been implemented and is functioning within the Company; and oversee that management has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy relating to compensation.

### 2. Composition and Qualifications.

The Compensation Committee shall be composed of three or more independent directors each of whom has been affirmatively determined by the Board to be an “independent director” as that term is defined under the rules set by the Securities and Exchange Commission and under the Statement of Policy Regarding Real Estate Investment Trusts published by the North American Securities Administrators Association. One of the members shall be appointed Compensation Committee Chairperson by the Board.

No member of the Compensation Committee may be subject to any “Compensation Committee Interlock,” as described in Item 402(j) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934, without express approval by the Board. All members of the Compensation Committee shall have a working familiarity with industry compensation standards and practices, and at least one member of the Compensation Committee shall have human resources or benefits related expertise. Compensation Committee members may enhance their familiarity with human resources or benefits by participating in educational programs conducted by the Company or an outside consultant. The members of the Compensation Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified or until their earlier resignation, removal or inability to serve. The Board shall elect new members of the Committee from time to time as it may deem it appropriate to add members or as vacancies shall occur.

### 3. Authority.

The Compensation Committee shall have the authority to retain outside legal advisors or other consultants to advise the Compensation Committee, including persons having special competence as necessary to assist the Compensation Committee in fulfilling its responsibilities, including retention of compensation consultants. The Compensation Committee may request any officer or employee of the Company or the Company’s outside counsel to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee. At the discretion of the Compensation Committee, such meetings may occur with or without Company management present.

#### **4. Meetings.**

The Compensation Committee shall meet at least annually, or more frequently as circumstances dictate. As part of its job to foster open communication, after the Company has paid employees, the Compensation Committee should meet at least annually with management and the director of the Company's human resources/employee benefits department to discuss any matters that the Compensation Committee believes should be discussed privately. In addition, after the Company has paid employees, the Compensation Committee or at least its Chairperson should meet with management quarterly to review the Company's compensation policies consistent with Section 5 below. Meetings for the consideration of pertinent matters may be requested by the Chief Executive Officer of the Company, by any member of the Compensation Committee or the Board, or by request to the Chairperson of the Compensation Committee. A majority of the members of the Compensation Committee shall constitute a quorum at any meeting. The Secretary or an Assistant Secretary of the Company will prepare the minutes of each meeting and send a copy of the minutes to the Compensation Committee members and to the Directors who are not members of the Compensation Committee. The Secretary or such Assistant Secretary of the Company, as applicable, may be excused by the Compensation Committee Chairperson from any meeting, or portion thereof, where sensitive matters of compensation are discussed, and the Compensation Committee Chairperson shall be responsible for ensuring that minutes of that meeting or portion are correctly recorded.

#### **5. Duties and Responsibilities.**

The Compensation Committee shall be empowered in accordance with its judgment to act in respect of the following:

- a. Review all forms of compensation for executive officers of the Company having actual or expected total individual compensation in excess of \$300,000, including the form and amount of current salary, deferred salary, cash and non-cash benefits and salary plans for other employees of the Company.
- b. Set the compensation of other executive officers based upon the recommendation of the Chief Executive Officer.
- c. Approve and issue stock option grants, statutory and non-statutory stock options, warrants, stock appreciation rights, phantom stock rights and any other form of current or deferred compensation payable in the form of the Company's stock and/or payable with respect to the current or future value of the Company's stock in accordance and consistent with any written guidelines and restrictions established by the Board and the terms and conditions of any plans previously adopted by the stockholders and the Board. The guidelines may enumerate the specific number of options and exercise schedule of such options to be granted to individuals employed in specific positions with the Company. If the terms of a proposed option grant are not consistent with the written guidelines, approval by the Board shall be required as appropriate prior to such issuance or grant.
- d. Review and approve the design of all benefit plans and incentive compensation plans pertaining to executives of the Company, other than such plans as apply to the Company's employees generally.

- e. Approve the amendment or modification of any compensation or benefit plan pertaining to executives of the Company that does not require stockholder approval, other than such plans as apply to the Company's employees generally.
- f. Review and recommend to management corporate perquisites including special benefits to be considered within general corporate policies, establishment of categories of management personnel to whom benefits will be provided or who will be permitted to use benefits, and determination of special benefits on a case-by-case basis.
- g. Consider and approve, if appropriate, market changes to the Company's compensation policies and practices as suggested by the Chief Executive Officer, management or the human resources director.
- h. Advise on changes in Board compensation.
- i. Establish regular systems of reporting to the Compensation Committee by each of management and the human resources director regarding any significant issues affecting current or future levels of compensation and policies.
- j. Prepare a report, if legally required, to be filed annually with the Securities and Exchange Commission, disclosing the Compensation Committee's policies with respect to the compensation of executive officers for the last completed fiscal year, including the relationship between corporate performance and executive compensation.
- k. Prepare a report, to be filed with the Securities and Exchange Commission if the Company adjusts the exercise price of options or stock appreciation rights previously awarded to the Company's named executive officers, disclosing the reasons for the repricing and providing information regarding repricings during the last ten fiscal years.
- l. Review, with the Company's counsel, any legal matter concerning compensation that could have a significant impact on the Company.
- m. Report, through its Chairperson, to the Board following meetings of the Compensation Committee.