

**CHARTER  
OF  
THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE  
OF  
OAK VALLEY BANCORP AND OAK VALLEY COMMUNITY BANK**

*As adopted by the Board of Directors on October 19, 2010*

**I. PURPOSE**

The Corporate Governance and Nominating Committee (the “Committee”) of Oak Valley Bancorp and its subsidiary Oak Valley Community Bank (collectively, the “Company”), is a committee of the Board of Directors of Oak Valley Bancorp and its subsidiary Oak Valley Community Bank (collectively, the “Board”).

The purpose of the Committee is to review and make recommendations to the Board on matters concerning corporate governance; Board composition; identification, evaluation and nomination of director candidates; Board committees; and conflicts of interest.

In furtherance of these purposes, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

**II. MEMBERSHIP**

The Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Committee shall consist of no fewer than two members of the Board. The Board may designate one member of the Committee as its chair. Members of the Committee shall not have a relationship with the Company or its affiliates that may interfere with the exercise of their independence, and shall otherwise be deemed “Independent Directors” as defined by (i) the listing standards of the Nasdaq Stock Market, Inc. Listing Rules (the “Nasdaq Rules”) and (ii) the rules of the SEC (including Rule 10A-3).

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

### **III. RESPONSIBILITIES AND DUTIES**

The responsibilities and duties of the Committee shall include:

#### ***Corporate Governance Generally***

- Reviewing annually the principles of corporate governance approved by the Board to ensure that they remain relevant and are being complied with, recommending changes to the Board as necessary;
- Reviewing proposed changes to the Company's Articles of Incorporation and Bylaws and making recommendations to the Board;
- Determining the manner in which shareholders may send communications to the Board (as a whole or individually), as well as the process by which shareholder communications will be relayed to the Board and what the Board's response, if any, should be and, until replaced by other procedures, the following shall be the process:

Written recommendations from shareholders for director nominees should be delivered to the Chair of the Committee.

In order for the Committee to adequately consider any shareholder recommendation, the recommendation should include an analysis of the proposed nominee under the criteria discussed above. In addition, the recommendation must include all information relating to the proposed director nominee that would be required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. The Committee will evaluate director nominees recommended by shareholders in the same manner as it evaluates other nominees. Recommendations received prior to any Committee meeting where director nominees are to be considered will be considered at such meeting.

Notwithstanding the foregoing with respect to shareholder recommendations, shareholder nominations for director must be submitted in accordance with the provisions of the Company's bylaws.

- Reviewing periodically the succession planning for the Chief Executive Officer and other executive officers, reporting its findings and recommendations to the Board, and working with the Board in evaluating potential successors to these executive management positions;
- Reviewing governance-related stockholder proposals, if any, and recommending Board responses;
- Overseeing compliance by the Board and its committees with applicable laws and regulations, including those promulgated by the Securities and Exchange Commission and, as appropriate, the Nasdaq Rules;
- Reviewing its own charter and processes on an annual basis;

### ***Board Composition, Evaluation and Nominating Activities***

- Overseeing the Board evaluation process including conducting periodic evaluations of the performance of the Board as a whole and each Board committee and evaluating the performance of Board members eligible for re-election;
- Reviewing and making recommendations to the Board regarding the composition and size of the Board and determine the relevant criteria (including any minimum qualifications) for Board membership including issues of character, integrity, judgment, diversity, age, independence, skills, education, expertise, business acumen, business experience, length of service, understanding of the Company's business, other commitments and the like;
- Reviewing annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) and shall identify for the Board those directors who have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company);
- In appropriate circumstances, the Committee, in its discretion, shall consider and may recommend the removal of a director for cause, in accordance with the applicable provisions of the Company's articles of incorporation and bylaws;
- Establishing procedures for the submission of candidates for election to the Board (including recommendations by stockholders of the Company);
- Establishing procedures for identifying and evaluating nominees for Director;
- Reviewing and recommending candidates for election to the Board at the annual meeting of shareholders in compliance with the Company's policies and procedures for consideration of Board candidates;
- Identifying, considering and recommending candidates to fill new positions or vacancies on the Board; in performing these duties, the Committee shall have the authority, at the Company's expense, to retain and terminate any search firm to be used to identify Board candidates and shall have authority to approve the search firm's fees and other retention terms;
- Reviewing the required disclosure, if applicable, included in the Company's annual public filings regarding the Company's nomination process;
- Making recommendations for continuing education of Board members;

### *Board Committees*

- Periodically reviewing the Charter and composition of each Board committee and making recommendations to the Board for the creation of additional Board committees or the change in mandate or dissolution of Board committees;
- Recommending to the Board persons to be members of the various Board committees;

### *Conflicts of Interest*

- Periodically evaluating the Company's corporate governance guidelines and code of ethics and recommending changes to the Board as necessary;
- Considering questions of possible conflicts of interest of Board members and of corporate officers; and
- Reviewing actual and potential conflicts of interest of Board members and corporate officers, other than related party transactions reviewed by the Audit Committee, and approving or prohibiting any involvement of such persons in matters that may involve a conflict of interest or taking of a corporate opportunity.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

In performing its duties, the Committee shall have the authority, at the Company's expense, to retain, hire, and obtain advice, reports or opinions from internal or external legal counsel and expert advisors.

#### **IV. MEETINGS**

The Committee will meet at least once annually and, otherwise, as often as may be deemed necessary or appropriate, in its judgment, in order to fulfill its responsibilities. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The Committee may establish its own meeting schedule, which it will provide to the Board.

The Committee will maintain written minutes of its meetings, which will be filed with the minutes of the meetings of the Board.

#### **VI. REPORTS**

The Chair of the Committee shall make regular reports to the full Board on the actions and recommendations of the Committee.

#### **Members of Governance and Nominating Committee**

All Independent Directors