

TWO HARBORS INVESTMENT CORP.

RISK OVERSIGHT COMMITTEE CHARTER

I. Purpose

The purpose of the Risk Oversight Committee (the “**Committee**”) is to assist the Board of Directors (the “**Board**”) of Two Harbors Investment Corp. (the “**Company**”) in fulfilling its responsibility to oversee the risks of the Company’s investment activities. The Committee also assists the Audit Committee of the Board in reviewing the guidelines and policies that govern the process by which risk assessment and risk management is addressed by the Company through its senior management team, Chief Risk Officer and corporate Risk Management Committee.

The Company’s senior management team, Chief Risk Officer and corporate Risk Management Committee are responsible for (i) identifying the material risks to the Company and its operations, (ii) creating and implementing appropriate risk management policies, procedures and practices, (iii) integrating the consideration of risk and risk management into the decision-making process of the Company, and (iv) measuring risk and monitoring risk levels.

II. Membership

The Committee shall have at least three members, each of whom shall be appointed by the Board. The Committee shall be composed solely of directors who have no employment or professional relationship with the Company, who are independent of the Company’s management, and who comply with the requirements for serving on risk management committees as set forth in the corporate governance standards, as amended from time to time, of the New York Stock Exchange (“**NYSE**”) and all applicable laws, rules and regulations of the Securities and Exchange Commission (the “**SEC**”) or other similar governing bodies. The independence of each member of the Committee shall be reviewed on an annual basis by the Board or more frequently as the circumstances dictate. Each member shall have an understanding of risk management commensurate with the Company’s size, complexity and capital structure. The Board shall appoint one member of the Committee to serve as the Chair.

III. Responsibilities and Duties

A. Risk Oversight

The Committee shall exercise Board oversight over the risks of the Company’s investment activities, including funding and liquidity.

B. Other Committee Responsibilities

1. The Committee shall report to the Board of Directors on a regular basis.
2. The Committee shall report to the Audit Committee annually, or more frequently as the Audit Committee shall request.
3. The Committee shall review this Charter annually and recommend to the Board any changes that the Committee deems appropriate.

4. The Committee shall conduct an annual evaluation of its own performance, including the performance of individual members, and confirm annually that all of the Committee's responsibilities set forth in this Charter have been performed.
5. The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's risk management procedures, policies and programs.

IV. Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. A quorum shall consist of a majority of the members of the Committee. For each Committee meeting, the Committee will appoint a secretary to keep minutes of such meeting. The Committee will provide all such minutes to the Board for review and will cause such minutes to be filed with the minutes of the Board.

Approved by the Board: May 22, 2012 (as amended September 12, 2012).