

**DORAL FINANCIAL CORPORATION
AUDIT COMMITTEE CHARTER**

- I. Composition of the Audit Committee: The Audit Committee of Doral Financial Corporation (the “Company”) shall be comprised of at least three directors, each of whom shall be considered “independent” under applicable laws, regulations and the rules of the New York Stock Exchange Inc., as such requirements are interpreted by the Board of Directors in its business judgment. Each member will be “financially literate” (or will become so within a reasonable time after his or her appointment to the Audit Committee) and collectively the members shall have such other qualifications as may be mandated by law or the rules and regulations of the Securities and Exchange Commission (the “SEC”). At least one member of the Audit Committee shall have “accounting or related financial management expertise,” as such qualifications are interpreted by the Board of Directors in its business judgment. The Board of Directors will perform an annual review to confirm the qualifications and independence of the Committee members. Committee members shall be appointed by the Board based on nominations made by the Company’s Nominating and Corporate Governance Committee and shall serve for one year terms ending on the date of the annual meeting of shareholders.

No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee.

No member of the Audit Committee may receive any compensation from the Company other than (i) director’s fees, which may be received in cash, stock options or other in kind consideration, and (ii) a pension or other deferred compensation for prior service that is not contingent on future service. Each member of the Audit Committee shall comply with the requirements of Rule 10A-3 promulgated under the Securities Exchange Act of 1934.

The Board of Directors shall designate as Chairman of the Audit Committee one of its members, who shall preside over the meetings of the Committee and shall inform the Board of Directors of the actions taken by the Committee.

- II. Purposes of the Audit Committee: The purposes of the Audit Committee are to:
1. assist Board oversight of (i) the Company's accounting and financial reporting principles and policies; (ii) the Company's financial statements (iii) the independent auditor’s qualifications and independence; and (iv) the performance of the independent auditors and the Company’s internal audit function; and

2. prepare the report required to be prepared by the Audit Committee pursuant to the rules of the SEC for inclusion in the Company's annual proxy statement.

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management and the internal auditing department are responsible for maintaining and monitoring, respectively, appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The outside auditors are responsible for planning and carrying out proper audit of the Company's annual financial statements, reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10-Q, and other procedures.

In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which they receive information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by management as to any information technology, internal audit and, other non-audit services provided by the auditors of the Company.

The Audit Committee, has the ultimate authority and responsibility to the Company's independent auditors (subject, if applicable, to shareholder ratification).

The outside auditors shall submit to the Company annually a formal written statement (the "Auditors' Statement") describing, to the extent permitted under applicable auditing standards; the auditors' internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the outside auditors and the Company, including each permitted non-audit service provided to the Company and at least the matters set forth in Independence Standards Board No. 1.

The outside auditors shall submit to the Company annually a formal written statement of the fees billed for each of the following categories of services rendered by the outside auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and

the reviews of the financial statements included in the Company's Quarterly Reports in Form 10-Q for that fiscal year; (ii) information technology consulting services for the most recent fiscal year, in the aggregate and by each service (and separately identifying fees for such services relating to financial information systems design and implementation); and (iii) all other services rendered by the outside auditors for the most recent fiscal year, in the aggregate and by each service.

- III. Meetings of the Audit Committee: The Audit Committee shall meet once every fiscal quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, as applicable. The Audit Committee should meet separately at least quarterly with management, the director of the internal auditing department and the outside auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The director of the internal auditing department should be invited to each regularly scheduled Audit Committee meeting and given an opportunity to discuss privately any matter he or she feels should be discussed privately with the Audit Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or outside auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. A quorum shall consist of a majority of the members of the Committee. The decisions of the Committee shall be adopted by an affirmative vote of the members present at the meeting in which the decision is considered. Minutes of each Committee meeting will be prepared and maintained. The Committee may appoint a Secretary from among its members to prepare minutes of the Committee meetings as well as to help in the preparation of any agendas, reports or other documents prepared in connection with such meetings.
- IV. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee shall have the following duties and powers:
1. with respect to the outside auditor, to:
 - (i) appoint, (subject, if applicable, to shareholder ratification), to retain, terminate, if necessary, compensate and oversee the work of the independent auditors;
 - (ii) resolve disagreements between management and the outside auditors regarding financial reporting;
 - (iii) approve all audit engagement fees and terms, as well as those for permitted non-audit services;

- (iv) ensure that the outside auditors prepare and deliver annually an Auditor's Statement (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement), and to discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the quality of audit services or the objectivity and independence of the Company's outside auditors;
- (v) review and evaluate the qualifications, performance and independence of the lead partner of the outside auditors;
- (vi) consider whether there should be a regular rotation of the lead audit partner or the audit firm itself;
- (vii) take into account the opinions of management and the Company's internal auditors in assessing the outside auditors' qualifications, performance and independence;
- (viii) instruct the outside auditors that they are ultimately accountable to the Audit Committee;
- (ix) pre-approve all auditing services, including comfort letters in connection with securities underwriting, and all non-audit services authorized by law or regulation, to be provided to the Company by the outside auditors and to consider whether the outside auditors' provision of non-audit services to the Company is compatible with maintaining the independence of the outside auditors. The Audit Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the outside auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting;
- (x) obtain from the outside auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing (i) all critical accounting policies and practices to be used; (ii) all alternative treatment of financial information within GAAP that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the outside auditors; and (iii) any other material written communications between the outside auditors and the management of the Company, such as any management letter or schedule of unadjusted differences;
- (xi) review and evaluate the qualifications, performance and independence of the lead partner of the outside auditors;
- (xii) discuss with management the timing and process for implementing the rotation of the lead audit partner and the reviewing partner, which rotation must occur not less

than once every five years, and consider whether there should be a regular rotation of the audit firm itself; and

(xiii) to take into account the opinions of management and the internal audit department in assessing the outside auditors' qualifications, performance and independence.

2. with respect to the internal auditing department, to:

(i) review the appointment and replacement of the director of the internal auditing department;

(ii) review and ratify the annual performance evaluation of and salary of the director of the internal auditing department as well as the overall staffing and budget requirements for the internal auditing department;

(iii) advise the director of the internal auditing department that he or she is expected to provide to the Audit Committee summaries of and, as appropriate, the significant reports to management prepared by the internal auditing department and management's responses thereto; and

(iv) instruct the internal auditors that they together (in conjunction with the outside auditors) are ultimately accountable to the Audit Committee.

3. with respect to financial reporting principles and policies and internal audit controls and procedures to:

(i) advise management, the internal auditing department and the outside auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;

(ii) consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Audit Committee by the outside auditors required by or referred to in SAS 61 (as codified by AU Section 380), as may be modified or supplemented, including reports and communications related to:

- deficiencies noted in the audit in the design or operation of internal controls;
- consideration of fraud in a financial statement audit;
- detection of illegal acts;

- the outside auditor's responsibility under generally accepted auditing standards;
 - any restrictions on audit scope;
 - significant accounting policies;
 - significant issues discussed with the national office;
 - management judgments and accounting estimates and assumptions;
 - adjustments arising from the audit including those that were noted or proposed by the outside auditor but were “passed” (as immaterial or otherwise);
 - the responsibility of the outside auditor for other information in documents containing audited financial statements;
 - disagreements with management;
 - consultation by management with other accountants;
 - major issues discussed with management prior to retention of the outside auditor;
 - difficulties encountered with management in performing the audit;
 - the outside auditor's judgments about the quality of the entity's accounting principles; and
 - reviews of interim financial information conducted by the outside auditor;
- (iii) to establish procedures as required by SEC rules and regulations for:
- the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (iv) to meet with management, the director of the internal auditing department and/or the outside auditors to:

- discuss the scope of the annual audit;
- discuss the annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- discuss the Company's earnings press releases (paying particular attention to any use of non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. The responsibility to discuss earnings releases as well as financial information and earnings guidance, may be done generally (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The audit committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings or financial information guidance;
- discuss any significant matters arising from any audit or report or communication referred to in this charter, whether raised by management, the internal auditing department or the outside auditors, relating to the Company's financial statements;
- review the form of opinion the outside auditors propose to render to the Board of Directors and shareholders;
- discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the outside auditors, the internal auditing department or management;
- discuss, as appropriate: (a) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management or the outside auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- inquire whether the financial statements fairly present, in all material

respects, the financial condition, results of operations and cash flows of the Company as of and for the periods presented; and

- inquire about significant risks and exposures, if any, and the policies taken to assess and monitor such risks;
- (v) to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data, any material weaknesses in internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls;
- (vi) obtain from the outside auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934;
- (vii) approve all related party transactions; and
- (viii) discuss with the Company's General Counsel or outside counsel any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries received from governmental agencies; and
4. with respect to reporting and recommendations, to
- (i) prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
 - (ii) review this Charter at least annually and recommend any changes to the full Board of Directors; and
 - (iii) to establish procedures as required by applicable rules, regulations or listing requirements for:
 - the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- (iv) report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.
- V. Resources and Authority of the Audit Committee: The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews and other procedures and to retain independent counsel and other experts or consultants, without seeking approval of the Board of Directors or management, and to determine the compensation to be paid by the Company to such auditors, counsel, experts or consultants.
- VI. Effective Date: This Charter will become effective immediately upon its approval by the Board of Directors.
- VII. Amendments: This Charter may only be amended by a resolution duly adopted by the Board of Directors.

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