

WELLSFORD REAL PROPERTIES, INC.

AUDIT COMMITTEE CHARTER

1 ORGANIZATION

There shall be an Audit Committee of the Board of Directors (the "Board") of Wellsford Real Properties, Inc. (the "Company") composed of at least three directors, each of whom directly or indirectly is independent of the management of the Company and free of any relationship, that in the opinion of the Board, would interfere with their exercise of independent judgment as a member of the Audit Committee. The members of the Audit Committee shall be elected by the Board. Each member of the Audit Committee shall satisfy the independence requirements of the American Stock Exchange ("AMEX") and applicable law, including the Sarbanes-Oxley Act of 2002 ("SOA") and the regulations there under.

All members of the Audit Committee shall understand financial statements and be financially literate, and at least one member of the Audit Committee shall have accounting or related financial management expertise as required by the applicable law including the SOA and the rules there under, and the rules of the AMEX. The Board shall appoint the chairperson of the Audit Committee, and if the Board does not designate a chairperson the Audit Committee shall elect a chairperson, from its own membership.

2 STATEMENT OF POLICY

The Audit Committee shall assist the Board in fulfilling its responsibility relating to the Company's accounting, reporting practices, and the quality and integrity of its financial reports and other financial information provided by the Company to any non-tax governmental body or the public. The Audit Committee, rather than management of the Company, shall be solely responsible for the appointment, compensation and oversight of the Company's independent auditors, and the independent auditor shall report directly to the Audit Committee. The Audit Committee shall serve as an independent and objective party to monitor the Company's financial reporting process and internal control system. The Audit Committee shall endeavor to maintain free and open communication between the Board, the independent auditors, and financial personnel and senior management of the Company. Consistent with these functions, the Audit Committee shall encourage continuous improvement of, and should foster adherence to, the Company's accounting and financial policies, procedures and practices at all levels.

Members of the Audit Committee should enhance their familiarity with finance and accounting by participating in educational programs which cost the Company shall reimburse the director.

The Audit Committee shall also be responsible for reviewing and approving all related party transactions involving the Company and any director, executive officer, other employee, or family member.

The Audit Committee shall have the authority and will have appropriate funding from the Company to engage any independent advisors and consultants, including legal counsel, that it determines are necessary to carry out its duties.

3 MEETINGS

The Audit Committee shall meet five times per year or more frequently as the circumstances require. As part of its job to foster open communication, the Audit Committee may ask members of management or others to attend meetings and provide pertinent information. The Audit Committee may also meet with the chief financial officer and the independent auditor in separate executive sessions. The Audit Committee may appoint subcommittees which will report to the Audit Committee.

- Meetings may be in person or by telephone conference call and should allow for timely preparation and filing of the Company's interim and year-end financial statements.
- Minutes of each meeting of the Audit Committee will be prepared.

4 RESPONSIBILITIES

The primary responsibility of the Audit Committee is to assist the Board in fulfilling the Board's oversight responsibilities with respect to financial reporting to shareholders and the Securities and Exchange Commission ("SEC"), the system of internal controls that management has established and the external audit process, and report the results of their activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements. The independent auditors' accountability is to the Audit Committee. The Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to help ensure that the Company's accounting and reporting practices are in accordance with all requirements and are of the highest quality. In carrying out its responsibilities, the Audit Committee shall:

Document/Report Review

- Review this Charter at least annually and propose changes to the Board for its approval as conditions dictate.
- Include a copy of the Charter as an appendix to the Company's proxy statement at least once every three years.
- Review the financial statements and reports contained in the Company's Form 10-K or the annual report to Shareholders or other financial information submitted to any non-tax governmental body, or the public, including reports filed by the Company on Form 10-Q, with management, key financial personnel, and the independent auditors to determine whether the independent auditors, as well as Company personnel, are satisfied with the disclosure and content of such documents.

Independent Auditors

- Have sole authority to appoint or replace the independent auditor (subject, if applicable, to stockholder ratification) and be directly responsible for approval of fees and other compensation to be paid to the independent auditors.

- Pre-approve audit and non-audit services provided by the independent auditor consistent with applicable law and exchange requirements.
- Review and discuss with the Board any relationship between the independent auditors and the Company or any other relationships that may adversely affect the independence of the independent auditors, including in connection therewith, the nature of all services provided by the auditors. Discuss such relationships with the auditors and evaluate the impact of such relationships on the objectivity of the independent auditors.
- Ensure that the independent auditor submits, on a periodic basis, a formal written statement to the Audit Committee delineating all relationships between the independent auditor and the Company.
- Determine that procedures have been established to ascertain whether the independent auditors of joint ventures, in which the Company has a significant investment, are independent with respect to the Company.
- Review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor.

Review the performance of the independent auditors; determine whether it is appropriate to adopt a policy of rotating independent auditors on a regular basis; approve any proposed discharge of the independent accountants when circumstances warrant and conduct a formal review of the selection of independent auditors not less frequently than every five years.

- Determine that there is appropriate rotations of partner level personnel assigned to the Company's audit engagement as required by the rules and regulations.
- Consider whether the independent auditor's provision and implementation of non-audit services to the Company is compatible with maintaining the independent auditor's independence and is consistent with applicable law and stock exchange requirements.

Process

- Meet with the independent auditors and the financial management of the Company to review the scope of the audit proposed for the current year, the audit procedures to be utilized and at its conclusion, review the audit, including the comments or recommendations of the independent auditors.
- Review with the independent auditors and the financial and accounting personnel of the Company out of the presence of management, the adequacy of the accounting and financial controls, computerized information system controls and security and matters that the Audit Committee or the foregoing parties believe should be discussed privately with the Audit Committee. Review with the independent auditors the adequacy of financial and accounting personnel and cooperation received during the course of the audit or quarterly reviews.

- Elicit any recommendations for improvement of particular areas where augmented controls are desirable. Emphasis should be given to the adequacy of the internal controls designed to expose any activity that might be unethical or otherwise improper.
- Advise financial management and the independent auditors that they are expected to provide a timely analysis of significant current financial reporting issues, best reporting practices and quality of accounting principles followed by the Company in preparing its financial statements.
- Determine, with regard to new or unusual transactions or events, including related party transactions, the independent auditors' reasoning for the appropriateness of the accounting principles, estimates, judgments and disclosure practices adopted by management.
- Consider and recommend to the Board, if appropriate, major changes to the Company's accounting principles and practices as suggested by the independent auditors or management.
- Review any year-to-year changes in accounting principles or practices.
- Review any significant disagreement or changes required in the independent auditors' audit plans among management and the independent auditors in connection with the preparation of the financial statements.
- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Review with management and the independent auditor and approve all transactions or courses of dealing with parties related to the Company.
- Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements, auditing or accounting policies.
- Inquire of management and the independent auditors about any potential financial or reporting risks or exposures to the Company and review with management the steps management has taken to minimize such risk.
- The Audit Committee shall make itself available to meet with management of the Company to discuss any matters which it or management deem appropriate.

Ethical and Legal Compliance

- Ascertain that the Company has procedures in place to identify and resolve conflicts of interest with respect to employees, directors and joint venture partners. Such procedures should include retention of documentation with respect to such matters and discussions with the Board, if appropriate.

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- Establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, internal accounting controls or auditing matters.
- Submit the minutes of its meetings to, and discuss the matters discussed at each committee meeting with, the Board.
- Investigate any matter brought to its attention within the scope of its duties, with the power to retain professional advice for this purpose if, in its judgment, that is appropriate.
- Review, with the Company's counsel, legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies and programs, including corporate securities trading policies.
- Perform any other activities consistent with this Charter, the organizational documents and governing law, as the Board or the Audit Committee deems necessary or appropriate.

Report

- Comply with all reporting requirements of the SOA, the SEC and any exchange on which the Company's securities are listed.