

AUBURN BANCORP INC.

Audit Committee Charter

I. GENERAL STATEMENT OF PURPOSE

The Audit Committee has been established by the Board of Directors of Auburn Bancorp Inc. (the “Company”) for the purpose of overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.

II. AUDIT COMMITTEE COMPOSITION

The number of individuals serving on the Audit Committee shall be fixed by the Board of Directors of the Company (the “Board”) from time to time but shall consist of not fewer than three members who meet the independence, education and experience requirements of SEC Rule 10A-3(b)(1), Section 10A(3)(m) of the Exchange Act of 1934 and Nasdaq Stock Market Rule 4200(a)(15) (or any successor provisions). Each member of the Audit Committee should be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement, and should not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. At least one member of the Audit Committee shall meet the requirements for being an “audit committee financial expert” within the meaning of Item 407 of Regulation S-K (or any successor provision).

The members of the Audit Committee shall be appointed annually by the Board and may be replaced or removed by the Board with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Audit Committee to be Chairman of the Audit Committee.

III. COMPENSATION

A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other committee established by the Board, receive from the Company any consulting, advisory or other compensatory fee from the Company. A member of the Audit Committee may receive additional directors’ fees to compensate such member for the significant time and effort expended by such member to fulfill his or her duties as an Audit Committee member. Such additional fees may be greater than those fees paid to other directors but should be commensurate with the time and effort expected to be expended by such Audit Committee member in the performance of his or her duties as an Audit Committee member.

IV. MEETINGS

The Audit Committee shall meet at least quarterly and as often as necessary to carry out its responsibilities.

V. RESPONSIBILITIES AND AUTHORITY

The Audit Committee shall have the following responsibilities:

A. REVIEW OF CHARTER

- The Audit Committee shall review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

B. MATTERS RELATING TO SELECTION, PERFORMANCE AND INDEPENDENCE OF INDEPENDENT AUDITOR

- The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services of the Company, and each firm shall report directly to the Audit Committee.
- The Audit Committee shall pre-approve all auditing services and non-auditing services provided to the Company by the independent auditor (except de minimus non-audit services and auditing services within the scope of an approved engagement of the independent auditor). This authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.
- The Audit Committee shall request that the independent auditor provide the Audit Committee with the written disclosures and the letter required by the standards of the Public Company Accounting Oversight Board, as modified or supplemented, require that the independent auditor submit to the Audit Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Company, discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and based on such disclosures, statement and discussion take or recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.
- The Audit Committee may consider whether the provision of the services covered in Items 9(e)(2) and 9(e)(3) of Regulation 14A of the Exchange Act (or any successor provision) is compatible with maintaining the independent auditor's independence.
- The Audit Committee shall assure the regular rotation of the lead audit partner and lead reviewing partner as required under Section 10A(j) of the Exchange Act.
- The Audit Committee may recommend to the Board policies with respect to the potential hiring of current or former employees of the independent auditor.

C. AUDITED FINANCIAL STATEMENTS AND ANNUAL AUDIT

- The Audit Committee shall review the overall audit plan developed and conducted by the independent auditor and the members of management who are responsible for preparing the Company's financial statements and ensuring that such financial statements are complete and accurate and prepared in accordance with GAAP and other applicable rules and regulations, including the Company's principal financial officer and/or principal accounting officer.
- The Audit Committee shall review and discuss with management and with the independent auditor:
 - the Company's annual audited financial statements, including (a) all critical accounting policies and practices used or to be used by the Company and (b) any significant financial reporting issues that have arisen in connection with the preparation of such audited financial statements, prior to the filing of the Company's Annual Report on Form 10-K;

- any analyses prepared by management, the internal auditors and/or the independent 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. The Audit Committee may consider the ramifications of the use of such alternative disclosures and treatments on the financial statements, and the treatment preferred by the independent auditor. The Audit Committee may also consider other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences;
 - the adequacy of the Company's internal controls and procedures for financial reporting;
 - major changes in and other issues regarding accounting and auditing principles and procedures, including any significant changes in the Company's selection or application of accounting principles; and
 - the effect of regulatory and accounting initiatives, as well as off-balance sheet transactions and structures, on the financial statements of the Company.
- The Audit Committee shall review and discuss with the independent auditor (outside of the presence of management) how the independent auditor plans to handle its responsibilities under the Private Securities Litigation Reform Act of 1995, and request assurance from the auditor that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated.
 - The Audit Committee shall review and discuss with the independent auditor any audit problems or difficulties and management's response thereto. This review shall include (1) any difficulties encountered by the auditor in the course of performing its audit work, including any restrictions on the scope of its activities or its access to information, (2) a discussion of the responsibilities, budget and staffing of the Company's internal audit function, and (3) any significant disagreements with management.
 - The Audit Committee shall review and discuss with the independent auditor those matters brought to the attention of the Audit Committee by the auditors pursuant to the applicable standards of the Public Company Accounting Oversight Board and may otherwise consider in connection with its review of any difficulties that the auditor may have encountered with management or others:
 - any restrictions on the scope of the independent auditors' activities or access to requested information;
 - any accounting adjustments that were noted or proposed by the auditors, including any that were "passed" (as immaterial or otherwise);
 - any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement;
 - any management or internal control letter issued, or proposed to be issued, by the auditors; and
 - any significant disagreements between the Company's management and the independent auditors.

- The Audit Committee shall review and discuss with the independent auditors the report required to be delivered by such auditors pursuant to Section 10A(k) of the Exchange Act.
- If brought to the attention of the Audit Committee, the Audit Committee shall discuss with the CEO and principal financial officer of the Company (1) all significant deficiencies and material weaknesses in the design or operation of internal controls and procedures for financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, within the time periods specified in the SEC's rules and forms, and (2) any fraud involving management or other employees who have a significant role in the Company's internal controls and procedures for financial reporting.
- Based on the Audit Committee's review and discussions (1) with management of the audited financial statements, (2) with the independent auditor of the matters required to be discussed under the applicable standards of the Public Company Accounting Oversight Board, and (3) with the independent auditor concerning the independent auditor's independence, the Audit Committee shall make a recommendation to the Board as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the last fiscal year.
- The Audit Committee shall prepare the Audit Committee report required by Item 306 of Regulation S-K of the Exchange Act (or any successor provision) to be included in the Company's annual proxy statement.

D. UNAUDITED QUARTERLY FINANCIAL STATEMENTS

- The Audit Committee shall discuss with management and the independent auditor, such issues as may be brought to the Audit Committee's attention by the independent auditor pursuant to Statement on Auditing Standards No. 100.

E. INTERNAL AUDIT

- The Audit Committee shall review and approve the annual audit plan developed by the internal auditors and shall periodically review the activities, organizational structure and qualifications of the internal audit department, including the procedure for assuring the implementations of accepted recommendations made by the independent auditors, regulators and internal auditors. At least annually, the Audit Committee should discuss the Company's internal audit function with the independent auditors, including any recommended changes to the same.

F. PROCEDURES FOR ADDRESSING COMPLAINTS AND CONCERNS

- The Audit Committee shall establish procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Audit Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Audit Committee deems necessary or appropriate.

G. REGULAR REPORTS TO THE BOARD

- The Audit Committee shall regularly report to and review with the Board any issue that is brought to its attention with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent auditors, the performance of the internal audit function and any other matters that the Audit Committee deems appropriate or is requested to review for the benefit of the Board.

VI. ADDITIONAL AUTHORITY

The Audit Committee is authorized, on behalf of the Board, to do any of the following as it deems necessary or appropriate:

A. ENGAGEMENT OF ADVISORS

- The Audit Committee may engage independent counsel and such other advisors it deems necessary or advisable to carry out its responsibilities and powers, and, if such counsel or other advisors are engaged, shall determine the compensation or fees payable to such counsel or other advisors.

B. LEGAL AND REGULATORY COMPLIANCE

- The Audit Committee may discuss with management and the independent auditor the legal and regulatory requirements applicable to the Company and its subsidiaries and the Company's compliance with such requirements, which compliance is the direct responsibility of management. The Audit Committee may, if it determines it to be appropriate, make recommendations to the Board or other committees of the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.
- The Audit Committee may discuss with management legal matters (including pending or threatened litigation) that may have a material effect on the Company's financial statements or its compliance policies and procedures.

VII. GENERAL

The Audit Committee may form and delegate authority to subcommittees consisting of one or more of its members as the Audit Committee deems appropriate to carry out its responsibilities and exercise its powers.

The Audit Committee may perform such other oversight functions as may be requested by the Board from time to time.

In performing its oversight function, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management, the independent auditor and such experts, advisors and professionals as may be consulted with by the Audit Committee.

The Audit Committee is authorized to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.

ADOPTED: October____, 2008