

Paulson Capital Corp.

CONSENT TO ACT IN LIEU OF
A SPECIAL MEETING OF THE
BOARD OF DIRECTORS

WE, the undersigned, constituting the Board of Directors (the "Board") of Paulson Capital Corp., (the "Company"), do hereby consent to the following pursuant to ORS 60.341 and the Bylaws of the Company. This consent is effective the 9th day of May, 2007:

WHEREAS, pursuant to Nasdaq regulations, the Company may establish a Nomination and Governance Committee (a "Nominating Committee").

BE IT RESOLVED, that the Nominating Committee, consisting of three or more members of the Board of Directors deemed to be independent under the Nasdaq Marketplace Rules, is hereby established.

RESOLVED FURTHER, that the duties of the Nominating Committee shall include, in addition to such other duties as may be specified by resolution of the Board of Directors from time to time, (a) evaluating the composition, size and governance of the Company's Board and its committees and make recommendations regarding future planning and appointment of Directors to the Company's committees, (b) establishing a policy for considering stockholder nominees for election to the Company's Board and (c) evaluating and recommending candidates for election to the Company's Board of Directors.

RESOLVED FURTHER, that the Nominating Committee shall nominate and recommend nominees for the Board and submit the name of such nominees to the full Board for their approval.

RESOLVED FURTHER, that Steve H. Kleeman, Shannon P. Pratt and Paul F. Shoen be, and they hereby are, appointed as members of the Nominating Committee of the Board of Directors of the Company, to serve at the pleasure of the Board and to have and exercise the powers and fulfill the responsibilities as set forth in these resolutions and as may be specified in resolutions of the Board of Directors from time to time. Dr. Shannon Pratt is appointed to act as Chairman of the Nominating Committee.