FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of	)	**CONSENT ORDER**
THE BANK OF HOUSTON **HOUSTON, MISSOURI**	)	**FDIC-11-237b**
(Insured State Nonmember Bank)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for The Bank of Houston, Houston, Missouri ("Bank"), under 12 U.S.C. § 1813(q).

Based on the findings set forth in the February 28, 2011, FDIC Report of Examination ("Report of Examination"), the FDIC determined that the requirements for an order under 12 U.S.C. § 1818(b) have been satisfied.

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation to the Issuance of a Consent Order" ("Stipulation"), dated June 2, 2011, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law and/or regulation, to the issuance of this Consent Order ("Order") by the FDIC.

Based on the above, the FDIC hereby orders that:

1. Maintain Qualified Management.

(a) From the effective date of this ORDER, the Bank shall have and retain qualified management. Management shall be provided the necessary written authority to implement the provisions of this Order. The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this Order; all applicable State and Federal laws and regulations; FDIC and Federal Financial Institutions Examination Council policy statements; and the Bank's approved policies and procedures; and

(ii) restore and thereafter maintain the Bank in a safe and sound condition, including, but not limited to, capital adequacy, asset quality, earnings, management effectiveness, liquidity, and sensitivity to market risks.

(b) Within 90 days of the effective date of this ORDER, the Board will develop a written Management Plan. At a minimum, the Management Plan shall address the following and include a time frame for completing each action:

(i) identify the type and number of officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(ii) identify the type and number of staff positions needed to carry out the Bank’s strategic plan, detailing any vacancies or additional needs;

(iii) identify the authorities, responsibilities, and accountabilities attributable to each position, as well as the appropriateness of the authorities, responsibilities, and accountabilities, giving due consideration to the relevant knowledge, skills, abilities, and experience of the incumbent (if any) and the existing or proposed compensation;

(iv) present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

(v) identify the appropriate level of current and deferred compensation to each officer and staff position;

(vi) evaluate the current and past performance of all existing Bank officers and staff, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Bank’s established policies and practices, and operate the Bank in a safe and sound manner;

(vii) establish requirements and methodologies to periodically evaluate each individual’s job performance;

(viii) identify and establish Bank committees needed to provide guidance and oversight to management;

(ix) establish a plan to terminate, rotate, or reassign officers and staff as necessary, as well as recruit and retain qualified personnel consistent with the Board's analysis and assessment of the Bank's staffing needs;

(x) identify training and development needs, and incorporate a plan to provide such training and development;

(xi) contain a current organizational chart that identifies all existing and proposed officer and staff positions, delineates related lines of authority and accountability, and establishes a written plan for addressing any identified needs;

(xii) contain a current management succession plan;

(xiii) contain a procedure to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i, when applicable to changes/additions in directors and senior executive officers; and

(xiv) establish procedures to annually review and update the Management Plan, as well as review and assess the performance of each officer and staff member.

(c) Upon completion, the Management Plan, and any revision thereto, shall be submitted for review and comment to the Regional Director for the FDIC Kansas City Region ("Regional Director"), and the Commissioner for the Missouri Division of Finance (collectively, "Supervisory Authorities"). Within 30 days from receipt of any comment from the Regional Director and after consideration of all such comments, the Bank shall approve the Management Plan, which approval shall be recorded in the Board’s minutes. Thereafter, the Bank shall implement and fully comply with the Management Plan.

2. Charge-off of Adversely Classified Assets.

(a) Within 10 days of the effective date of this ORDER and within 10 days after the receipt of any future reports of examination of the Bank from either of the Supervisory Authorities, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified “Loss” in the Report of Examination, and such future reports of examination that have not been previously collected or charged off.

(b) Elimination or reduction of assets through the proceeds of other loans or extensions of credit made by the Bank is not considered collection for purposes of this ORDER.

3. Reduction of Adversely Classified Assets.

(a) Within 60 days from the effective date of this ORDER, and 60 days from receipt of future reports of examination from either of the Supervisory Authorities, the Bank shall develop a written plan to reduce the Bank’s risk exposure in each asset in excess of $100,000 classified “Substandard” or “Doubtful” in the Report of Examination and in such future reports of examination. For purposes of this provision, “reduce” means to collect, charge off, or improve the quality of an asset so as to warrant its removal from such adverse classification.

(b) In developing the plans mandated by this paragraph, the Bank shall, at a minimum, review, analyze, and document the financial position of the borrower, including sources of repayment and repayment ability, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank’s collateral position. The Bank shall incorporate the recommendations to enhance collateral evaluations provided in the Report of Examination.

(c) The plans mandated by this provision shall include, at a minimum, the following:

(i) specific action plans intended to reduce the Bank’s risk exposure in each classified asset;

(ii) a requirement that quarterly written progress reports be submitted to the Board; and

(iii) a requirement that the Board review the progress reports and record with a notation of the review in the Board’s minutes at which such reports are reviewed.

(d) The Board shall approve the plans, which approval shall be recorded in the Board’s minutes. Thereafter, a copy of the plan or portion thereof that pertains to a specific borrower shall be maintained in the borrower’s credit file, and the Bank shall implement and fully comply with the plan.

4. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or adversely classified “Substandard” or "Doubtful" in the Report of Examination and is uncollected, or classified “Substandard” or “Doubtful” in any future reports of examination from either of the Supervisory Authorities and is uncollected. The requirements of this subparagraph (a) shall not prohibit the Bank from renewing any credit already extended to the borrower after collecting in cash all interest and fees due from that borrower.

(b) Subparagraph (a) of this provision shall not apply if the Bank’s failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this subparagraph (b), whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board, who shall conclude:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with an explanation of why it would be detrimental;

(ii) that the extension of such credit would improve the Bank’s position, with an explanatory statement of why the Bank’s position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The conclusions and approval made pursuant to subparagraph (b) of this provision shall be made a part of the minutes of the meeting of the Board, at which the extension of credit is approved, with a copy retained in the borrower’s credit file.

5. Independent Loan Review Program.

(a) Within 90 days, the Board shall develop a written loan review program that provides for a periodic and independent review of the Bank’s loan portfolio and the identification and categorization of problem credits. At a minimum, the written program shall be consistent with the “Loan Review Systems” Section of the December 13, 2006 “Interagency Policy Statement on Allowance for Loan and Lease Losses”.

(b) The Bank shall submit the written program to the Supervisory Authorities for review and comment with the first Progress Report required by this ORDER. Within 30 days from receipt of any comment from the Regional Director and after consideration of all such comments, the Board shall approve the program, which approval shall be recorded in the Board’s minutes. Thereafter, the Bank shall implement and fully comply the loan review program.

6. Maintenance of Allowance for Loan and Lease Losses (“ALLL”).

(a) Within 10 days from the effective date of this ORDER, and within 10 days of receipt of future reports of examination from either of the Supervisory Authorities, the Board shall make an appropriate provision which will replenish the allowance for loan and lease losses (“ALLL”) for the loans charged off as a result of the most recent internal loan review or in the most recent examination and reflect the potential for further losses in the remaining loans or leases classified “Substandard” as well as all other loans and leases in its portfolio.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a comprehensive policy and methodology for determining the ALLL. The policy shall provide for a review of the ALLL at lease once each calendar quarter in order that the findings of the Board may be properly reported in the Bank’s Call Reports. Such reviews shall, at a minimum, be made in accordance with the Call Report Instructions, the Interagency Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the appropriateness of the Bank’s ALLL, and any analysis of the Bank’s ALLL provided by either of the Supervisory Authorities.

(c) A deficiency in the Bank’s ALLL shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank’s submission of its Call Report. The Board shall thereafter maintain an appropriate ALLL.

(d) The Bank shall submit the policy and ALLL methodology to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Regional Director, and after consideration of any recommended changes, the Board shall approve the policy, which approval shall be recorded in the Board’s minutes. Thereafter, the Bank shall implement and fully comply with the policy.

7. Minimum Capital Requirements.

(a) While this ORDER is in effect, the Bank shall have and maintain the following minimum capital ratios (as defined in

Part 325 of the FDIC's Rules and Regulations), after establishing an appropriate ALLL:

(i) Tier 1 "Leverage Capital Ratio" at least equal to 8.0 percent; and

(ii) "Total Risk-Based Capital Ratio" at least equal to 12.0 percent.

(b) In the event any ratio is or becomes less than the minimum required by subparagraph (a) of this provision, the Bank shall immediately notify the Supervisory Authorities and within 45 days shall: (1) increase capital in an amount sufficient to comply with subparagraph (a), or (2) submit a written plan to the Supervisory Authorities, describing the primary means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum requirements of subparagraph (a) above, as well as a contingency plan, including the possible sale, merger, or liquidation of the Bank, in the event the primary sources of capital are not available. Within 30 days of receipt of any such comments from the Regional Director, and after consideration of all such comments, the Board shall approve the written plan, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the written plan.

(c) Any increase in Tier 1 capital necessary to meet the requirements of subparagraph (a) of this provision may not be accomplished through a deduction from the ALLL.

8. Restrictions on Dividends.

While this ORDER is in effect, the Bank shall not declare or pay any dividends without the prior written approval of the Supervisory Authorities.

9. Brokered Deposit Restriction.

Upon the issuance of this ORDER and so long as this ORDER is in effect, the Bank shall not accept, increase, renew, or rollover any “brokered deposits,” as defined in 12 C.F.R. § 337.6(a)(2), without the prior written approval of the Supervisory Authorities.

10. Funds Management and Interest Rate Risk.

Within 90 days from the effective date of this ORDER, the Board shall review and revise the Bank’s Asset/Liability Management Policy to address the recommendations made under the Sensitivity to Market Risk heading in the Examination Conclusions and Comments pages of the Report of Examination. The policy shall incorporate the guidance contained in the Joint Agency Policy Statement on Interest Rate Risk. Thereafter, the

Bank shall implement and fully comply with the revised policy. A copy of the revised policy shall be provided to the Supervisory Authorities with the first progress report required by this ORDER.

11. Business/Strategic Plan and Profit and Budget Plan.

(a) Within 90 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Board shall develop a written three-year business/strategic plan and one-year profit and budget plan covering the overall operation of the Bank and its goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this ORDER.

(b) The business/strategic plan shall provide specific objectives for asset growth, loan portfolio mix, market focus, earnings projections, capital needs, and liquidity position. The profit and budget plan shall include goals and strategies for improving the earnings of the Bank, including a written review of staffing needs, salaries, employee benefits, and specific strategies for reducing overhead expenses. The budget shall include a description of the operating assumptions that form the basis for and adequately support major projected income and expense components.

(c) The Board shall approve the business/ strategic plan and the profit and budget plan, which approval shall be recorded in the Board's minutes. Thereafter, the business/strategic plan and the profit and budget plan, and any subsequent modification thereto, shall be submitted to the Supervisory Authorities, and the Bank shall implement and fully comply with the plans.

12. Elimination and/or Correction of Violations of Law, Rules, and Regulations.

(a) Within 30 days from the effective date of this ORDER, and within 30 days from the receipt of any future reports of examination from either of the Supervisory Authorities, the Bank shall take steps necessary consistent with sound banking practices to correct the apparent violations of regulations cited in the Report of Examination and any violation of laws, regulations and/or rules in such future reports of examination, and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws, rules, and regulations.

(b) For any violation that cannot be corrected, the Bank shall document the reason for such inability in the borrower's credit file, and the Board shall review and include copy of the documentation in the Board's minutes.

13. Technical Exceptions.

(a) Within 120 days from the effective date of this ORDER and within 120 days from the receipt of any future reports of examination from either of the Supervisory Authorities, the Bank shall correct the exceptions listed on the "Assets with Credit Data or Collateral Documentation Exceptions" pages of the Report of Examination and such future reports of examination.

(b) For any exception that cannot be corrected, the Bank shall document the reason for such inability in the borrower's credit file, and the Board shall review and include copy of the documentation in the Board's minutes.

(c) Progress reports detailing each outstanding exception and the Bank's plan for corrective action shall be submitted to the Board for review during each regularly scheduled meeting. The report shall be made part of, and the review noted, in the Board's minutes.

(d) From the effective date of this ORDER, the Bank shall ensure that the necessary supporting documentation is obtained and evaluated before any credit or loan is extended.

14. Disclosure of ORDER to Shareholder.

Following the effective date of this ORDER, the Bank shall provide a copy of this ORDER to its sole shareholder, (i) in conjunction with the Bank's next shareholder communication, and

(ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

15. <u>Progress Reports Detailing Compliance with ORDER</u>.

(a) Within 45 days of the end of the first calendar quarter following the effective date of this ORDER, and within 45 days of the end of each calendar quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER.

(b) Progress reports may be discontinued when the Regional Director has, in writing, released the Bank from making additional reports.

MISCELLANEOUS

The provisions of this ORDER shall not bar, estop or otherwise prevent the FDIC, or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

This ORDER shall be effective the __8th__ day of __June___, 2011.

FEDERAL DEPOSIT INSURANCE CORPORATION
Issued Pursuant to Delegated Authority

By: /s/
Mark S. Moylan
Deputy Regional Director
Federal Deposit Insurance Corporation
Kansas City Regional Office