

FNBH BANCORP, INC.

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS
2010**

I. Purpose

The primary function of the Compensation Committee is to assist the Board of Directors by overseeing matters relating to the compensation of the Company's executives and such other related tasks as may be delegated to it by the Board of Directors.

II. Membership

- A. Independence—The Compensation Committee shall be comprised of three or more members, each of whom must qualify as an independent director ("Independent Director") under NASDAQ's listing requirements, and such additional standards as the Company may establish.
- B. Appointment—The members of the Compensation Committee shall be nominated by the Nominating and Corporate Governance Committee and appointed annually to one-year terms by the Board. The Nominating and Corporate Governance Committee shall recommend, and the Board shall designate, one member of the Compensation Committee as Chair.
- C. Removal. Members may be removed by the Board.

III. Meetings and Procedures

Meetings of the Compensation Committee shall be subject to the Committee procedural rules set forth in the Company's Bylaws and its own rules of procedure, which shall be consistent with those Bylaws and the following:

- A. The Compensation Committee shall meet at least once annually and more frequently as circumstances require.
- B. Following each of its meetings, the Compensation Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Compensation Committee.
- C. The Compensation Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

IV. Responsibilities and Duties

The Compensation Committee shall have the following duties and responsibilities:

- A. To assist management in defining an executive compensation policy which (i) supports the Company's objectives; (ii) attracts and retains key executives; (iii) relates total compensation to the Company's financial performance and the attainment of strategic results; and (iv) provides competitive compensation at a reasonable cost.
- B. To review and approve corporate goals and objectives which relate to CEO compensation and evaluate CEO performance against such goals and objectives.
- C. To review and recommend to the Board of Directors, the annual base salary, annual incentive compensation, total compensation, and benefits of the CEO and other senior officers of the Company.
- D. To evaluate annually the CEO, CFO, and other key executives' payouts against (i) pre-established, measurable performance goals and budgets; (ii) generally comparable groups of executives; and (iii) external market trends.
- E. To review and recommend to the Board approval of any severance programs for executives, including change-of-control agreements, and to ensure that potential costs of such programs are fair and reasonable.
- F. To determine and approve, by direct action or through delegation, all awards, grants, and related actions under the provisions of the Company's equity based compensation programs.
- G. To recommend to the Board of Directors, pay levels for Board members, subject to approval by vote of the full Board, in recognition of the conflict of directors setting their own remuneration.
- H. Together with the Board and the Audit Committee, to provide oversight with respect to the administration, funding and investment strategy of the Company's retirement plans. On an annual basis, the Committee will review the investment performance and funding of these plans and make appropriate recommendations to the Board.
- I. In coordination with the Board and the Audit Committee, (or other appropriate Committees) to review and approve in advance the contents of SEC and other regulatory filings relating to compensation matters.
- J. To implement recommendations by the Board to the Committee.

- K. To produce an Annual Report on executive compensation, in accordance with applicable rules and regulations, to be included in the Company's annual Proxy Statement to shareholders.
- L. To review and discuss with management the Company's Compensation Discussion Analysis to be included in the Company's annual proxy statement.

V. Committee Resources

- A. The Committee may retain outside consultants to assist in determining and establishing compensation policies and may authorize independent studies of corporate compensation and benefits of generally comparable companies. The Committee has the sole authority to retain and terminate the outside consultants and determine their fees and retention terms.
- B. The Committee may be assisted on compensation projects by various members of the Company's staff, and may review compensation matters with the CEO and other members of senior management.

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