

NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE MEASUREMENTS (Continued)

Fair Value Hierarchy (Continued)

Management evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets, total liabilities or total earnings.

Assets Recorded at Fair Value

The following table's present information about the Bank's assets and liabilities measured at fair value on a recurring and nonrecurring basis:

Recurring Basis

The Bank is required or permitted to record the following assets at fair value on a recurring basis.

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2011</u>				
Available-for-sale investment securities				
Debt securities:				
Mortgage-backed securities - residential	\$ 36,349,666	\$ -	\$ 36,349,666	\$ -
Total assets measured at fair value on a recurring basis	<u>\$ 36,349,666</u>	<u>\$ -</u>	<u>\$ 36,349,666</u>	<u>\$ -</u>
<u>December 31, 2010</u>				
Available-for-sale investment securities				
Debt securities:				
U.S. Government agencies	\$ 2,001,638	\$ -	\$ 2,001,638	\$ -
Mortgage-backed securities - residential	20,857,980	-	20,857,980	-
Money Market mutual funds	<u>27,500,000</u>	<u>27,500,000</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value on a recurring basis	<u>\$ 50,359,618</u>	<u>\$ 27,500,000</u>	<u>\$ 22,859,618</u>	<u>\$ -</u>

Fair values for available-for-sale investment securities are based on quoted market prices for exact or similar securities. During the year ended December 31, 2011, there were no significant transfers in or out of Levels 1 and 2.

Fair values for debt securities of U.S. Governmental Agencies and residential mortgage-backed securities are based on quoted market prices for similar securities. Fair values for money market mutual funds are based on quoted market prices for exact securities.

There were no changes in the valuation techniques used during the years ended December 31, 2011 or 2010.

