Consumer loans may be secured or unsecured. Collateral may include autos, cash or marketable securities. Such loans generally have smaller balances and are dependent on the credit worthiness of the borrower and their personal financial stability.

Construction and land development loans generally carry greater credit risk as payment expectations are dependent upon the successful and timely completion of the construction, sales of the subject property and the operation of the related business. As a result, such loans may be subject to a greater extent to adverse conditions in the real estate market and in the general economy.

Loans secured by farmland and 1-4 family residential properties have risks depending on the underlying purpose. Loans for consumer purposes are dependent on the credit worthiness of the individual borrower. Loans for a commercial purpose may be dependent on the borrower's ability to generate a sufficient level of occupancy to produce sufficient rental income or may be dependent on the successful operation of the borrower's business.

Commercial real estate loans secured by nonfarm nonresidential real estate can be owner or non-owner occupied. Commercial real estate loans generally have greater credit risk as they typically involve larger loan balances concentrated with single borrowers or groups of related borrowers. Multi-family and non-owner occupied share similar risk characteristics as repayment is based on occupancy levels and cash flows. Owner-occupied nonfarm, nonresidential real estate is dependent on the successful operation of the borrower's business.

The composition of net loans receivable consists of the following as of December 31, 2013 and 2012 (in thousands):

	2013	2012
Commercial	**$ 56,797**	$ 55,430
Construction and land development	**11,602**	10,073
Farmland	**1,773**	2,252
Residential real estate	**71,937**	64,049
Commercial real estate	**78,009**	72,982
Consumer	**724**	1,749
Total loans	**220,842**	206,535
Allowance for loan losses	**(2,305)**	(2,220)
Net Loans	**$ 218,537**	$ 204,315

The above amounts are recorded net of unamortized deferred fees of $159,000 at December 31, 2013 and $200,000 at December 31, 2012.

The Bank monitors ongoing risk for loans with a commercial purpose using an eight point internal grading system. The first four rating categories, representing the lowest risk to the Bank, are combined and given a Pass rating. The Special Mention category includes loans that have potential weaknesses that may, if not monitored or corrected, weaken the asset or inadequately protect the Bank's position at some future date. These assets pose elevated risk, but their weakness does not justify a more severe, or criticized rating.