

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): October 15, 2008

Commission File Number 1-13610

PMC COMMERCIAL TRUST

(Exact name of registrant as specified in its charter)

TEXAS

(State or other jurisdiction
of incorporation or organization)

75-6446078

(I.R.S. Employer Identification No.)

17950 Preston Road, Suite 600, Dallas, TX 75252

(Address of principal executive offices)

(972) 349-3200

(Registrant's telephone number)

Former name, former address and former fiscal year, if changed since last report: NONE

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On October 15, 2008, Andrew S. Rosemore, Executive Vice President and Chief Operating Officer of PMC Commercial Trust (the “Company”) resigned his positions as an officer and employee of the Company. On October 15, 2008, the Company entered into a Separation Agreement and General Release (“Separation Agreement”) with Dr. Rosemore. A copy of the Separation Agreement is filed as Exhibit 10.1 to this Current Report. The description of the Separation Agreement is qualified in its entirety by reference to the full text of Exhibit 10.1.

The Separation Agreement provides that effective as of October 15, 2008, Dr. Rosemore’s employment as an officer and employee of the Company and all of its subsidiaries, affiliates and related entities shall be separated. Pursuant to the Separation Agreement, the Company has agreed to pay Dr. Rosemore one lump sum payment in the gross amount of \$1,388,000 on the date that is six months and one day after the effective date of the Separation Agreement, subject to applicable taxes and lawful deductions. The Company has further agreed to continue, to the same extent provided to Dr. Rosemore upon the termination of his employment, health and dental insurance coverage for Dr. Rosemore and his dependents for a period ending on the earlier of (1) the termination of his Consulting Agreement (as hereinafter defined) as a result of his breach of the confidentiality provisions therein; (2) his 66th birthday; (3) the date he obtains health and dental insurance coverage through subsequent employment or work; or (4) the date the Company elects to no longer provide health and/or dental coverage for its executives or reimbursement for such coverage (in any form, including a stipend or compensatory salary increase). Dr. Rosemore’s stock options and restricted shares, if any, shall be governed by the terms and conditions of the applicable plans governing such stock options and restricted shares.

Pursuant to the terms of the Separation Agreement each of Dr. Rosemore and the Company waived any right to sue the other and released the other from any and all claims, whether known or unknown, which in any way arise out of Dr. Rosemore’s employment with the Company, the separation of that employment, any agreements between the Company and Dr. Rosemore or based on any other set of facts or events occurring prior to the effective date of the Separation Agreement.

The Separation Agreement will become effective upon the eighth day after Dr. Rosemore signs the Separation Agreement unless he cancels it prior thereto. In the event that Dr. Rosemore elects to cancel the Separation Agreement, the Company will have no obligation to pay him or provide him with the compensation or benefits provided thereby; provided, any such revocation shall not constitute a waiver of any provision of his Executive Employment Contract (filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007).

Item 2.05 Costs Associated with Exit or Disposal Activities.

On October 15, 2008, the Company reduced its workforce by approximately 25%. The decision to reduce employment is part of the Company’s cost reduction initiatives. The Company estimates that this reduction in work force will result in one-time charges of approximately \$1.8 million (including the one lump sum payment to Dr. Rosemore of \$1,388,000 described in Item 1.01 above) of which approximately \$1.6 million will be recorded in the third quarter of 2008 and approximately \$0.2 million to be recorded in the fourth quarter of 2008.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 15, 2008, the Company announced that Roy H. Greenberg resigned from the Company’s Board of Trust Managers effective as of October 15, 2008. Mr. Greenberg does not have any disputes with the Company.

On October 15, 2008, the Company announced that Andrew S. Rosemore, Executive Vice President, Chief Operating Officer and a Trust Manager of the Company resigned all positions held with the Company effective October 15, 2008. Dr. Rosemore does not have any disputes with the Company. To

facilitate a smooth transition of his responsibilities, Dr. Rosemore will continue to serve as a consultant for the Company pursuant to a consulting agreement (“Consulting Agreement”), which is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The description of the Consulting Agreement is qualified in its entirety by reference to the full text of Exhibit 99.1.

The Consulting Agreement has an initial term of one year and thereafter is automatically renewed month-to-month unless either party provides notice of non-renewal at least thirty days prior to the end of the applicable renewal term. During the term of the Consulting Agreement, Dr. Rosemore will assist the Company with such duties as are reasonably assigned to him, including, without limitation, loan origination and underwriting support, site visits and loan committee participation, as well as other transition services and input as may be requested by the President, any Executive Vice President or the Board of Trust Managers of the Company or their designee. Dr. Rosemore will provide approximately 500 hours of consulting services to the Company per year.

For his services rendered to the Company, Dr. Rosemore will be paid \$4,166.67 per month with the first payment being pro rated and made on October 31, 2008.

Effective October 15, 2008, Jan F. Salit, 58, Executive Vice President, Chief Investment Officer and Assistant Secretary of the Company, has been appointed as the Company’s Chief Operating Officer. Mr. Salit has been Executive Vice President of the Company since June 1993, and Chief Investment Officer and Assistant Secretary since January 1994. Mr. Salit is currently a party to an Executive Employment Contract with the Company (filed as Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008).

Effective October 15, 2008, Barry N. Berlin, 48, Chief Financial Officer of the Company, has been appointed Executive Vice President. Mr. Berlin has been Chief Financial Officer of the Company since June 1993. Mr. Berlin is currently a party to an Executive Employment Contract with the Company (filed as Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008).

Item 7.01 Regulation FD Disclosure.

On October 15, 2008, the Company issued a press release announcing its reduction in work force, the resignation of Andrew S. Rosemore and the adoption of a share repurchase program. The press release is furnished as Exhibit 99.2 hereto.

The information disclosed under this Item 7.01, including Exhibit 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Separation Agreement and General Release dated October 15, 2008 between the Company and Andrew S. Rosemore
- 99.1 Consulting Agreement dated October 15, 2008 between the Company and Andrew S. Rosemore
- 99.2 Press Release dated October 15, 2008

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 20, 2008

PMC COMMERCIAL TRUST

By: /s/ Barry N. Berlin
Barry N. Berlin, Chief Financial Officer
and Executive Vice President

**SEPARATION AGREEMENT
AND
GENERAL RELEASE**

TO: Andrew S. Rosemore

This Separation Agreement and General Release (the "Agreement") is executed on the dates given on the signature pages by and between PMC Commercial Trust, a Texas Real Estate Investment Trust, ("PMC" or the "Company") and Andrew S. Rosemore ("Executive," "you" or "I").

RECITALS

WHEREAS, Executive is currently employed by PMC as its Executive Vice President and Chief Operating Officer; and

WHEREAS, PMC and Executive are parties to that certain Executive Employment Contract dated June 25, 2007 (the "Employment Agreement"); and

WHEREAS, effective October 15, 2008, the parties agree that Executive's employment as an officer and employee of PMC and all of its subsidiaries, affiliates and related entities shall be separated; and

WHEREAS, the parties agree to provide each other with a general release of claims as contained herein.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I. Separation of Employment

A. PMC and Executive hereby agree that Executive's employment with PMC as an officer and employee shall be separated as of October 15, 2008 (the "Separation Date") and that neither shall thereafter have any liabilities, rights, duties or obligations to the other party under or in connection with Executive's employment with the Company, except as provided in this Agreement, the Consulting Agreement dated October 15, 2008 between Executive and PMC (the "Consulting Agreement"), PMC's 2005 Equity Incentive Plan and any agreements executed pursuant thereto.

B. PMC and Executive hereby waive any rights to prior notification of termination of Executive's employment, including any notice requirements required by the Employment Agreement.

C. Executive understands and agrees that, effective on the Separation Date, his employment as an officer and employee of PMC and all of its subsidiaries, affiliates and related entities shall terminate. Executive shall resign his position on the Board of Trust Managers.

II. Special Compensation, Benefits and Consideration

In consideration for Executive's release of claims, as well as his other promises contained herein, PMC agrees to provide Executive with the following benefits:

- Six (6) months and one (1) day after the Effective Date of this Agreement (as defined in Section IV(K) below), PMC agrees to pay to Executive or his estate, as appropriate, the gross amount of \$1,388,000, payable in one lump sum payment, subject to applicable taxes and lawful deductions. The parties agree that the timing for the delay in commencing payment of this amount is intended to satisfy the requirements of Section 409A(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code").
- PMC agrees to provide certain medical and reimbursement payments to Executive as provided below. PMC's obligation to provide such benefits shall cease upon the earlier of: (i) Executive's breach of his obligations under of Section 6 of the Consulting Agreement; (ii) Executive's 66th birthday; (iii) the date Executive obtains health and dental insurance coverage through subsequent employment or work; or (iv) the date the Company elects to no longer provide health and/or dental coverage for its executives or reimbursement for such coverage (in any form, including a stipend or compensatory salary increase) (each the "Benefit Termination Date"). PMC shall have no obligation to provide any compensation to Executive with regard to benefits terminated under this provision on the Benefit Termination Date.
 - A. Medical Plan Coverage. Beginning November 1, 2008, PMC shall use commercially reasonable efforts to cause PMC's group health and dental plan (the "Medical Plan") to permit Executive to continue to participate in the Medical Plan during any period he is a Consultant with PMC by paying the full cost of coverage under the plan, provided, however, that this requirement shall not apply if such participation would be classified as the provision of "nonqualified deferred compensation" under Section 409A of the Code. Effective on the date Executive ceases to be eligible to participate in the Medical Plan as a participant, Executive shall, to the extent permitted under the Consolidated Omnibus Budget Reconciliation Act of 1986 and, to the extent applicable, Texas law, elect to receive continuation coverage under the Medical Plan's terms for Executive and his dependents (the "Continuation Benefits").
 - B. Initial Medical Reimbursement. During the period between November 1, 2008 and April 30, 2010, PMC shall reimburse Executive for any medical premium expenses he incurs to purchase group health and dental coverage under the Medical Plan, including any Continuation Benefits, provided, however, that PMC may, with the consent of its insurance company, elect to pay such amount directly

to the insurance company.

- C. Additional Medical Reimbursement. During (i) the period between May 1, 2010 and December 31, 2010, (ii) the period between January 1, 2011 and December 31, 2011, and (iii) the period between January 1, 2012 and November 30, 2012, PMC shall pay to Executive a monthly payment in an amount equal to 150% of the subsidy provided by PMC to its executives who receive group health and dental coverage under the Medical Plan (determined as of January 1st of each applicable calendar year). Payments under this provision shall be subject to the following limitations: (i) the payment amount for any calendar year will not be increased or decreased to reflect the amount actually reimbursed in a prior or subsequent calendar year, and (ii) all payments under this paragraph will be paid to Executive on the first day of the applicable calendar month.

Executive understands and agrees that the compensation and benefits recited in this Section II constitute the full compensation and benefits from PMC to Executive, and that other than any compensation that he is entitled to be paid pursuant to the Consulting Agreement, no other payments or benefits are due to Executive for any reason or pursuant to any agreement, including the Employment Agreement. Executive's stock options and restricted shares, if any, shall be governed by the terms and conditions of the applicable plans governing such stock options and restricted shares.

III. Mutual General Release

A. In return for the consideration referenced in this Agreement, I, Andrew S. Rosemore, agree to the following:

I agree, on behalf of myself and all of my heirs or personal representatives, to release PMC, its parent companies, subsidiaries, all affiliates of each, predecessors and successors, and all of its present or former officers, directors, members, managers, representatives, employees, agents, attorneys, employee benefit programs, and the trustees, administrators, fiduciaries and insurers of such programs (collectively the "Company Released Parties"), from any and all claims for relief of any kind, whether known to me or unknown, which in any way arise out of or relate to my employment at PMC or any of the Company Released Parties, the separation of my employment at PMC or any of the Company Released Parties, any agreements between PMC or any of the Company Released Parties and me, including without limitation the Employment Agreement, or concerning any set of facts or events occurring at any time up to the Effective Date of this Agreement, including, but not limited to, any and all claims of wrongful discharge, discrimination or retaliation of any kind, and any contractual, tort or other common law claims. This release and waiver includes all such claims, whether for breach of contract, quasi-contract, implied contract, quantum meruit, unjust enrichment, compensation, deferred compensation, equity interest, any tort claims, any and all claims under any applicable federal laws, including, but not limited to, the Age Discrimination in Employment Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, 42 U.S.C. § 1981, the Americans with Disabilities Act, as amended, the Equal Pay Act, as amended, the Worker Adjustment and

Retraining Notification Act, the Employee Retirement Income Security Act of 1974, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, as amended, the Sarbanes-Oxley Act, or under any applicable state or local laws or ordinances or any other legal restrictions on PMC's rights, including without limitation, the Texas Commission on Human Rights Act and Section 451 of the Texas Labor Code. However, I recognize and understand that this release does not prohibit me from filing an administrative charge with any governmental agency. I further recognize and understand that even if I file a charge with an administrative agency or one is filed on my behalf, I will be entitled to no damages relating to any event which occurred prior to the Effective Date of this Agreement.

B. I further agree not to file a suit of any kind against PMC or any of the Company Released Parties relating to my employment at PMC or any of the Company Released Parties, the separation thereof, any agreements between PMC or any of the Company Released Parties and me, including without limitation the Employment Agreement, or any set of facts or events occurring up to the Effective Date of this Agreement, or to participate voluntarily in any claim brought by any other party against PMC or any of the Company Released Parties. Even if a court rules that I may file a lawsuit against PMC or any of the Company Released Parties arising from my employment at PMC or any of the Company Released Parties, the separation thereof, any agreements between PMC or any of the Company Released Parties and me, including without limitation the Employment Agreement, or based on any other set of facts or events occurring prior to the Effective Date of this Agreement, I agree not to accept any money damages or any other relief in connection with any such lawsuit. I understand that this Agreement and General Release effectively waives any right I might have to sue PMC or any of the Company Released Parties for any claim arising out of my employment at PMC or any of the Company Released Parties, the separation of my employment, any agreements between PMC or the Company Released Parties and me, including without limitation the Employment Agreement, or based on any other set of facts or events occurring prior to the Effective Date of this Agreement. In the event that PMC fails to make the lump sum payment within five (5) days of the date due as required by Section II of this Agreement, the release contained in Section III (A) and (B) shall be void and have no force or effect.

Notwithstanding the foregoing, this release does not waive my rights to (i) enforce this Agreement, (ii) COBRA benefits under the Company's standard benefit programs applicable to me, (iii) my vested 401(k) or pension monies, (iv) my final paycheck, or (v) reimbursement of any outstanding business expense amounts (in accordance with PMC's existing reimbursement policies).

C. In return for the Executive's covenants and agreements contained in this Agreement, PMC agrees to the following:

Except as set forth in the last paragraph of this Section, PMC agrees, on behalf of itself and all of its parent companies, subsidiaries, affiliates, predecessors, successors, shareholders and investors, and all of their present or former officers, directors, agents, managers, employees, attorneys, and shareholders to release Executive and all of his spouse, heirs, assigns and personal representatives (collectively the "Executive Released Parties"), from any and all claims for relief of any kind, whether known to it or unknown, which in any way arise out of or relate to

Executive's employment at PMC or any of the Company Released Parties, the separation of Executive's employment at PMC or any of the Company Released Parties, any agreements between PMC or any of the Company Released Parties and Executive, including without limitation the Employment Agreement, or concerning any set of facts or events occurring at any time up to the Effective Date of this Agreement,

Except as set forth in the last paragraph of this Section, PMC further agrees not to file a suit of any kind against Executive or any of the Executive Released Parties relating to Executive's employment at PMC or any of the Company Released Parties, the separation thereof, any agreements between PMC or any of the Company Released Parties and Executive, including without limitation the Employment Agreement, or any set of facts or events occurring up to the Effective Date of this Agreement, or to participate voluntarily in any claim brought by any other party against Executive or any of the Executive Released Parties. Even if a court rules that PMC may file a lawsuit against Executive or any of the Executive Released Parties arising from Executive's employment at PMC or any of the Executive Released Parties, the separation thereof, any agreements between PMC or any of the Company Released Parties and Executive, including without limitation the Employment Agreement, or based on any other set of facts or events occurring prior to the Effective Date of this Agreement, PMC agrees not to accept any money damages or any other relief in connection with any such lawsuit. PMC understands that this Agreement and General Release effectively waives any right it might have to sue Executive or any of the Executive Released Parties for any claim arising out of Executive's employment at PMC or any of the Company Released Parties, the separation of that employment, any agreements between PMC or the Company Released Parties and Executive, including without limitation the Employment Agreement, or based on any other set of facts or events occurring prior to the Effective Date of this Agreement.

Notwithstanding the generality of the foregoing, nothing contained herein shall release Executive or any of the Executive Released Parties from any claim relating to (i) a breach by Executive of any provision of any agreement that pursuant to this Agreement survives the execution hereof, (ii) Executive's obligations set forth herein, or (iii) Executive's fraud, willful misconduct or gross negligence.

IV. Restrictive Covenants and Miscellaneous Provisions

A. While Executive understands that he has had such an obligation since he began his employment with PMC or any of the Company Released Parties, he confirms that he shall not disclose any of the trade secrets or other confidential or proprietary information of PMC or any of the Company Released Parties and shall not make use of such trade secrets or confidential or proprietary information in any fashion at any time, including in any future employment, task, work or business. Confidential or proprietary information shall not include information that is or becomes generally available to the public other than as a result of disclosure by the Executive or his representatives that Executive has no reason to believe was disclosed without authorization. Executive further agrees to comply with his obligations under the Employment Agreement and/or the common law that survives the termination of Executive's employment and/or the Employment Agreement.

B. Executive understands and agrees that PMC shall have the right to and will terminate the payments for the continued insurance benefits provided in Section II above, and/or sue him for breach of this Agreement if he violates the provisions of Section IV, or otherwise fails to comply with this Agreement. Executive further acknowledges that but for his agreements to comply with his obligations described in this Section IV and this Agreement, PMC would not provide him with the compensation, benefits and other consideration set forth in Section II and elsewhere in the Agreement.

C. Executive warrants that he has returned to PMC all company property in his possession, including, but not limited to, originals and all copies of non-Board related company files, work product, confidential information, proprietary information, trade secrets or documents containing confidential, proprietary, and/or trade secret information, computer equipment, computer software, cell phones, pagers, personal data devices, corporate credit cards, identification cards, manuals, company documents and company keys. Executive further agrees to cooperate and work with the Chief Financial Officer to ensure his compliance with this Section IV(C).

D. Executive understands that the short-term disability, long-term disability and life insurance coverage provided by PMC, if any, will terminate on the Separation Date. Executive also understands that PMC will not pay for any business-related or other charges incurred by him after the Separation Date, unless such expenses are expressly approved in advance by the Chief Financial Officer of PMC or provided for in the Consulting Agreement. Executive further understands that he ceased to accrue vacation time as of the Separation Date.

E. Executive acknowledges and agrees that this Agreement does not constitute an admission of any kind by PMC, but is simply an accommodation that offers certain extra benefits to which he would not otherwise be entitled in return for his agreeing to and signing this document.

F. Executive agrees not to voluntarily make the terms and conditions or the circumstances surrounding this Agreement known to anyone other than an attorney and/or tax consultant from whom he receives counseling, or, if he is married, to his spouse, or except as otherwise required by law. Executive acknowledges that any such person must agree not to further disclose the terms of this Agreement.

G. PMC agrees not to make any statement that disparages the reputation of Executive or his services. Executive agrees not to make any statement that disparages the reputation of PMC, its executives, trust managers or employees, or its services. Executive agrees that any breach or violation of this non-disparagement provision shall entitle PMC to terminate the paid insurance benefits and/or sue him on this Agreement for the immediate recovery of any damages caused by such breach.

H. The venue for the litigation of any dispute arising out of this Agreement shall be a court of competent jurisdiction in Dallas County, Texas. If either party files a lawsuit in state court arising out of this Agreement, the other party may remove the lawsuit to federal court to

the extent jurisdiction exists. This Agreement shall be governed by the laws of the State of Texas.

I. All payments under this Agreement will be subject to taxes and lawful deductions, if any.

J. Executive acknowledges that in the course of his employment with the Company, he has gained knowledge and experience and/or was a witness to events and circumstances that may arise in the Company's defense or prosecution of subsequent proceedings. Executive agrees to cooperate fully with the Company in the investigation, defense or prosecution of such proceedings, including without limitation providing truthful testimony and promptly meeting with the Company's counsel at reasonable times upon their request. Executive further agrees to appear upon the Company's reasonable request as a witness and/or consultant in defending or prosecuting claims of all kinds, including but not limited to any litigation, administrative actions or arbitrations, at the Company's expense, which shall include payment of Executive's reasonable attorneys' fees incurred as a result of such appearance. To the extent he is required to provide services pursuant to this Section IV(J), PMC agrees to compensate Executive for his time incurred, unless such time is incurred providing testimony in a deposition, hearing, trial or administrative action, either through the applicable payment provisions contained in the Consulting Agreement or otherwise at a reasonable rate consistent with the then current market.

K. Executive acknowledges and agrees that he is entering into this Agreement freely and voluntarily. Executive has carefully read and understands all of the provisions of this Agreement. Executive understands that this Agreement sets forth the entire agreement between him and the Company and he represents that no other statements, promises, or commitments of any kind, written or oral, have been made to him by the Company, or any of its agents, to cause him to accept it. Executive acknowledges that he has been advised to consult legal counsel concerning this Agreement prior to signing the Agreement, and that he has had sufficient opportunity to do so. Executive acknowledges and understands that the information contained on *Attachment A* hereto is being provided to him pursuant to the Older Workers' Benefit Protection Act. Executive understands that he may have up to forty-five (45) days from the date of his receipt of this Agreement to consider this Agreement. Executive understands that if he signs this Agreement, he will then have seven (7) days to cancel it if he so chooses. Executive may cancel this Agreement by delivering a written notice of cancellation to the Chief Financial Officer, PMC Commercial Trust, 17950 Preston Road, Suite #600, Dallas, Texas 75252. However, if Executive elects to cancel this Agreement, he understands that he will not be entitled to any of the benefits, compensation, or other consideration referenced in this Agreement; however, Executive's cancellation of this agreement shall not constitute a waiver of any provision of the Employment Agreement. Executive understands and agrees that this Agreement is not effective or enforceable until the seven-day period expires without revocation. Executive understands that this Agreement will not become effective until the eighth day after he signs the Agreement without revocation (the "Effective Date"). Executive understands and agrees that PMC will have no duty to pay him or provide him with the compensation and benefits listed in Section II until the Effective Date of this Agreement.

L. PMC agrees that any breach or violation of this Agreement or the Consulting Agreement by Executive shall not give PMC the right to withhold payment of the lump sum payment pursuant to the first bullet point of Section II of this Agreement.

M. To the extent that any party has incurred legal fees or expenses in connection with the subject matter of this Agreement, each party shall bear the cost of his or its own legal fees and expenses, except as provided herein. In the event that either party materially breaches any provision of this Agreement, the prevailing party in any action to enforce this Agreement shall be entitled to payment of all reasonable legal fees and expenses incurred in the prosecution or defense of such an action, including costs of court.

[remainder of page left intentionally blank]

I acknowledge acceptance of this Agreement by my signature below:

/s/ Andrew S. Rosemore
Andrew S. Rosemore

10/15/08
Date

Agreed to and accepted on behalf of PMC Commercial Trust:

By: /s/ Jan F. Salit

Name: Jan F. Salit

Title: Executive Vice President

Date: 10/15/08

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is entered into effective October 15, 2008, between PMC Commercial Trust (the "Company"), and Andrew S. Rosemore (the "Consultant").

It is hereby agreed between the Company and Consultant as follows:

- 1. Consulting Period.** This Agreement is effective on the date stated above and shall continue in effect for a period of one (1) year ("Initial Term"); provided, however, either party may terminate this Agreement for any reason at any time (including during the Initial Term) upon sixty (60) day's written notice. After the expiration of the Initial Term, this Agreement shall be automatically renewed month-to-month (the "Renewal Term") unless either party provides notice of non-renewal at least thirty (30) days prior to the end of the any applicable Renewal Term. The Initial Term and any Renewal Term shall be referred to herein as the "Consulting Period."
- 2. Services.** During the Consulting Period, Consultant shall be reasonably available on call on an as needed basis to assist the Company with such duties as are reasonably assigned by the Company, including, without limitation, loan origination and underwriting support, site visits and loan committee participation, as well as such other transition services and input as may be requested by the President, any Executive Vice President or the Board of Trust Managers of the Company (the "Board") or their designee. Consultant shall provide approximately 500 hours of consulting services to the Company per year. In the event Consultant provides significantly more than 500 hours of consulting services in any year, Consultant shall notify the Board so that the Board, in its sole discretion, may determine whether an increase in compensation for such services should be awarded.
- 3. Compensation.** For his services rendered during the Consulting Period, the Company agrees to pay Consultant equal monthly installments of \$4,166.67, which payments shall be made to Consultant on the last business day of each month during the Consulting Period, with the first payment being pro rated and made on October 31, 2008. The Company shall have the right to withhold any payment to Consultant, if in the Board of Trust Managers' reasonable discretion, it determines that Consultant has not performed the quantity or quality of work contemplated by this Agreement or if Consultant is in breach of the Separation Agreement and General Release executed by Consultant and the Company on October 15, 2008. If the Company determines that Consultant has not performed the quantity or quality of work contemplated by this Agreement, the Company will only withhold payment until such time as, in its reasonable discretion, it determines that Consultant has corrected the quality or quantity shortfall.

4. **Independent Contractor.** Consultant is an independent contractor. This Agreement shall not create the relationship of employer and employee, a partnership or a joint venture between the parties. The Company shall not control or direct the details and means by which Consultant performs his assignments. Consultant acknowledges and agrees that he has no authority to enter into contracts on behalf of the Company or to otherwise obligate the Company in any respect during the Consulting Period, without the prior written approval of the President, any Executive Vice President or the Board of the Company.
5. **Non-Exclusive.** This Agreement shall not limit Consultant's right to provide services for other businesses, provided that such businesses are not competitors of the Company and, under no circumstances will Consultant use any Confidential Information (as defined below) of the Company in any future employment, work, business or task.
6. **Confidential Information.** During the Consulting Period, the Company promises to provide Confidential Information (as defined below) to Consultant and, during the Consulting Period and at all times thereafter, Consultant shall maintain in strict confidence and not disclose to third parties or use in any employment, task, work or business (except on behalf of the Company) any proprietary or Confidential Information regarding the Company and/or Consultant's work with the Company, including without limitation, trade secrets, information regarding the Company's processes, clients, client information, loan portfolio information, computer programs and/or records, software programs, reports, intellectual property, acquisition, expansion, marketing, financial and other business strategies, information and plans, compilations of data, confidential information developed by consultants and contractors, employee information, manuals, memoranda, projections and minutes ("Confidential Information"), without the express written permission of the Board of the Company or its designee. Consultant's confidentiality obligation shall include, but not be limited to, any Company information to which Consultant has had access, regardless of when he was given access to such information, as well as any information designated as confidential by the Company. Upon the termination of his assignment with the Company (for whatever reason), Consultant shall immediately return to the Company all Confidential Information and all copies thereof obtained by him, or his employees or agents. Consultant acknowledges that the Company would not retain his services or provide him with access to its Confidential Information without his covenants and promises contained in this paragraph. The Company shall take reasonable steps to identify for the benefit of Consultant any information of a competitively sensitive or proprietary nature, including by using confidentiality notices in written material where appropriate. Notwithstanding the foregoing restrictions, Consultant may disclose any Confidential Information to the extent required by an order of any court or other governmental authority, but in each case only after the Company has been so notified and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure. The Company shall

have the right, in addition to all other rights and remedies, to seek and obtain injunctive relief for any violation of this Section 6.

7. **Return of Documents.** Consultant agrees that upon the request of the Company or the termination of this Agreement (for whatever reason), Consultant will leave with or immediately return to the Company, without limitation, all Company property, work product, Confidential Information, Work (as defined in Section 10) records, files, memoranda, reports, customer lists, vendor lists, documents and other information, in whatever form (including on computer disc), and any copies thereof, or if such items are not on the premises of the Company, Consultant agrees to return such items immediately upon the termination of the Agreement or, at any time upon the request of the Company. Consultant acknowledges that all such items are and remain the property of the Company.
8. **Taxes.** Consultant shall be responsible for and pay all costs of conducting his business, including but not limited to, the expense and responsibility for any and all applicable insurance, city, county, state and federal licenses, permits, taxes and assessments of any and all regulatory agencies, boards or municipalities. Consultant is responsible for payment of his self-employment taxes, including without limitation, income taxes, unemployment taxes, workers' compensation taxes, social security taxes and business and occupation taxes, and shall indemnify and hold the Company harmless from paying such taxes. The Company will issue a Form 1099 to Consultant for all payments to him under this Agreement.
9. **Expenses.** The Company shall reimburse Consultant for all pre-approved travel, lodging, meals and other reasonable expenses incurred by Consultant in providing services to the Company under this Agreement. All such expenses must be approved by the President, an Executive Vice President or Board of the Company. Consultant must submit an expense reimbursement request form to the Company and all approved expenses will be reimbursed in accordance with Company policy. Consultant shall provide, at his own expense, an office, telephone, computer and additional office materials necessary to perform the services required under this Agreement.
10. **Acknowledgment of the Company's Right In Work Product.** Consultant will create, develop and contribute for consideration certain ideas, plans, calculations, technical specifications, works of authorship, inventions, information, data, formulas, models, reports, processes, photographs, marks, designs, computer code, concepts and/or other proprietary materials to Company related to the operation or promotion of the business of the Company (collectively, the "Work").
 - (a) All of the Work is, was and shall hereafter be, a commissioned "work for hire" owned by the Company within the meaning of Title 17, Section 101 of the United States Code, as amended. If any portion of the Work is determined not to be a "work for hire" or such doctrine is not effective,

Consultant hereby irrevocably assigns, conveys and otherwise transfers to the Company, and its respective successors, licensees, and assigns, all right, title and interest worldwide in and to such portion of the Work and all proprietary rights therein, including, without limitation, all copyrights, trademarks, design patents, trade secret rights, moral rights, and all contract and licensing rights, and all claims and causes of action with respect to any of the foregoing, whether now known or hereafter to become known. In accordance with this assignment, the Company shall hold all ownership to all rights, without limitation, in and to all of the Work for its own use and for its legal representatives, assigns and successors, and this assignment shall be binding on and extended to the heirs, assigns, representatives and successors of Consultant. In the event Consultant has any right or interest in the Work which cannot be assigned, Consultant agrees to waive enforcement worldwide of any and all such rights or interests against the Company and its respective successors, licensees and assigns, and Consultant hereby exclusively and irrevocably licenses any and all such rights and interests, worldwide, to the Company in perpetuity and royalty-free, along with the unfettered right to sublicense. All such rights are fully assignable by Company. Consultant hereby agrees that all Work is created or developed for the sole use of the Company, and that Consultant has no right to utilize in any manner whatsoever or market in any manner whatsoever any such Work.

- (b) Consultant represents and warrants that: (i) the Work was created solely by him, during the course of his assignment with the Company, and/or independent contractors who have properly assigned all right, title and interest in their work to Consultant for the sole benefit of the Company; (ii) to the best knowledge of Consultant, no third-party has any right, title or interest in the tangible forms of the Work or any intellectual property rights; (iii) the Work and the intellectual property rights protecting it is free and clear of all encumbrances, including, without limitation, security interests, licenses, liens, charges or other restrictions; (iv) the Work is not in the public domain; and (v) Consultant has full power and authority to make and enter into this Agreement. Consultant agrees to save, defend, indemnify and hold harmless the Company, its officers, directors, managers, agents and employees for any claims, suits or proceedings alleging a breach of any of these warranties. Consultant agrees that he will take all actions and execute any and all documents as may be reasonably requested by the Company, at the Company's expense, from time to time to fully vest in the Company all rights, title and interests worldwide in and to the Work. Upon request by the Company, Consultant shall immediately deliver to the Company all tangible materials, drawings, computer software, data, audio or video recordings or any other information of any kind whatsoever evidencing the creation or development of all or any portion of the Work, or derived therefrom.

- (c) Consultant, on behalf of himself and his affiliates, agents, employees, trustees, transferees and assigns, does hereby fully release and discharge the Company, its agents, attorneys, officers, directors, managers, predecessors, successors, affiliates, subsidiaries, trustees, transferees and assigns, of and from any claims or causes of action, known or unknown, choate or inchoate, whether arising in whole or in part prior to or after the date of this Agreement, which Consultant has, may have, or may have ever had relating to this Agreement or the Work, including any claims or causes of action for copyright, patent, trademark, trade dress, service mark or other intellectual property infringement.

11. Miscellaneous.

- 11.1 The failure of either party to this Agreement to enforce at any time any of its provisions or terms shall not be construed to be a waiver of such provision or term, nor of the right of either party to later enforce such term or provision.
- 11.2 This Agreement shall be governed by the laws of the State of Texas. Venue for enforcement of this Agreement shall be proper in any court of competent jurisdiction in Dallas County, Texas. If either party files a lawsuit in state court arising out of this Agreement, the other party may remove the lawsuit to federal court to the extent jurisdiction exists.
- 11.3 If any provision of this Agreement is held to be unenforceable, the remaining provisions will nevertheless continue to be valid and enforceable.
- 11.4 Each party's obligations hereunder are in addition to, and not exclusive of, any and all of its or his other obligations and duties to the other party, whether express, implied, in fact or in law.
- 11.5 This Agreement represents and contains the entire understanding between the parties in connection with their consulting relationship. The parties expressly acknowledge that there are no oral or written collateral agreements, understandings or representations. The parties acknowledge that they have not relied upon any representation or statement not set forth in this Agreement made by the other party or that party's agent. However, nothing herein shall be construed as superceding or otherwise affecting the parties' obligations and covenants under the Separation Agreement and General Release with the Company, dated October 15, 2008.
- 11.6 This Agreement may be signed in multiple counterparts, which shall be construed together as one instrument.
- 11.7 No party may assign this Agreement or the rights or obligations hereunder without the written consent of the other party.

- 11.8 Sections 6 and 10 of this Agreement shall survive any termination of this Agreement, as shall any other provision intended to survive such termination.
- 11.9 This Agreement may only be modified by a written agreement signed by both parties. Only the Board of the Company may sign a modification agreement on behalf of the Company.

IN WITNESS WHEREOF, the parties have signed this Agreement.

COMPANY

CONSULTANT:

By: /s/ Jan F. Salit

By: /s/ Andrew S. Rosemore

Its: Executive Vice President

Dated: October 15, 2008

PMC Commercial's Board has also authorized up to \$10.0 million for the repurchase of the Company's outstanding common shares of beneficial interest over the next two years. The Company may purchase the shares from time to time in the open market or pursuant to negotiated transactions subject to applicable law.

Jan F. Salit, Executive Vice President and Chief Operating Officer, stated "We believe that the share repurchase program represents an attractive and appropriate investment and use of our working capital, which will enhance shareholder value. The programs that are being implemented should provide stability to our future earnings. As a result, our Board feels confident that the current \$0.225 per share quarterly dividend will be maintained for the next year."

Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the Company "expects," "anticipates," "will" or words of similar import. Similarly, statements that described the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements can be subject to certain risks and uncertainties, including the financial performance of the Company, real estate conditions and market valuation of its shares, which could cause actual results to differ materially from those currently anticipated. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.