

COMPENSATION COMMITTEE CHARTER

PURPOSES:

The purposes of the Compensation Committee (the “Committee”) of the Board of Trust Managers (“Board”) of PMC Commercial Trust (the “Company”) are as follows:

1. To discharge the responsibilities of the Board regarding oversight of compensation programs, including plans and programs relating to cash compensation, incentive compensation, equity-based awards and other benefits and perquisites applicable to all employees and specific compensation arrangements for the Chief Executive Officer and other designated executives and to recommend to the Board for Board approval the compensation payable to non-management Board members.
2. To prepare the report on executive compensation for inclusion in the Company’s annual proxy statement, in accordance with applicable rules and regulations.

MEMBERSHIP:

The Committee shall be comprised of three (3) or more members of the Board, each of whom is, in the business judgment of the Board, “independent” under the rules and standards established by the Securities and Exchange Commission and/or the principal exchange on which the Company’s common shares are traded. Members of the Committee are appointed by the Board for one year terms and shall serve at the pleasure of the Board. The Board shall designate a chairman of the Committee.

DUTIES AND RESPONSIBILITIES:

The Committee shall have the following duties and responsibilities:

1. To review management’s recommendations and advise management and the Board on broad compensation policies such as salary ranges, annual incentive bonuses, long-term incentive plans, including equity-based compensation programs, and other benefit and perquisite programs.
2. To establish performance objectives for the Chief Executive Officer, to evaluate the Chief Executive Officer’s performance in light of these objectives and to determine and approve the base salary, cash incentive bonus, equity-based incentive awards and other compensation for the Chief Executive Officer of the Company.
3. To review performance objectives established by the Chief Executive Officer for senior executives of the Company, to evaluate the performance of such executives relative to these objectives and to recommend to the Board base salaries, cash incentive bonuses, equity-based incentive awards and other compensation with respect to such executive, in connection with its overall review of executive compensation.
4. To administer the Company’s option and benefit plans.

5. To review the adequacy of Company's succession planning and organizational effectiveness.
6. To review periodic reports of the Company's compliance officer regarding legal compliance involving personnel and compensation matters.
7. To perform such other duties and responsibilities pertaining to compensation matters as may be assigned to the Committee by the Board or the Chairman of the Board.

PERFORMANCE EVALUATION:

The Committee shall provide to the Board an annual performance evaluation of the Committee, including an assessment of the performance of the Committee based on the duties and responsibilities set forth in this charter and such other matters as the Committee may determine. The evaluation to the Board may take the form of an oral report by the Committee chairman or any other member of the Committee designated by the Committee to make the report.

DELEGATION TO SUBCOMMITTEE:

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

RESOURCES AND AUTHORITY OF THE COMMITTEE:

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants. The Committee shall have the sole authority to select and retain a compensation consultant, to terminate any consultant retained by the Committee, and to approve the fees and other retention terms of any consultant.

MINUTES:

Minutes will be kept of each meeting of the Committee and will be available to each member of the Board. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to revision, modification, rescission, or alteration by the Board, provided that no rights of third parties shall be affected by any such revision, modification, rescission, or alteration.

AMENDMENTS:

This Compensation Committee Charter may be amended in whole or in part with the approval of a majority of the Board.