

PMC COMMERCIAL TRUST CODE OF BUSINESS CONDUCT AND ETHICS

It is the policy of PMC Commercial Trust (the “Company”) that our business shall be conducted in accordance with legal and ethical standards. Our reputation for integrity is an important asset and each employee and trust manager of the Company (a “Trust Manager”) must contribute to the care and preservation of that asset.

This reputation for integrity is the cornerstone of the public’s faith and trust in our Company. A single individual’s misconduct can do much to damage a hard-earned reputation. No code of business conduct or ethics can effectively substitute for the thoughtful behavior of a Trust Manager, officer or employee. This Code of Business Conduct and Ethics is presented to assist you in guiding your conduct to enhance the reputation of our Company. This Code supersedes all previous codes and policy statements.

This Code is drafted broadly. In that respect, it is the Company’s intent to exceed the minimum requirements of the law and industry practice. Good judgment and great care must also be exercised to comply with the spirit of the law and of this Code.

The provisions of this Code apply to you, your spouse and members of your immediate family. In addition, it covers any partnership, trust, or other entity, which you, your spouse or members of your immediate family control.

The Company intends to enforce the provisions of this Code vigorously. Violations could lead to sanctions, including dismissal in the case of an employee, as well as, in some cases, civil and criminal liability.

Inevitably, this Code addresses questions and situations that escape easy definition. No corporate code can cover every possible question of business practice. There will be times when you are unsure about how this Code applies. When in doubt, ask before you act.

Upholding this Code is the responsibility of every employee and Trust Manager of the Company. Department heads are responsible for Code enforcement in their departments and are accountable for the employees who report to them.

In any case where you have a question about whether an activity is prohibited, you should review it in advance with your supervisor.

1. Reporting Concerns

Taking action to prevent problems is part of the Company's culture. If you are aware of or suspect misconduct, illegal activities, unethical behavior, fraud, abuse of the Company's assets or violations of laws, rules or regulations or of this Code, you have an affirmative duty to advise your supervisor or to call our Ethics Hotline at 800-292-4496. You are not required to identify yourself when reporting a violation.

If you have concerns or complaints regarding accounting or auditing matters relating to the Company, you may submit those concerns or complaints (anonymously, confidentially or otherwise) to the Ethics Hotline or to the Audit Committee of the Board of Trust Managers (which will, subject to its duties arising under applicable law, regulations and legal proceedings, treat such submissions confidentially). Such submissions should be directed to the Chairman of the Audit Committee in writing c/o PMC Commercial Trust, 17950 Preston Road, Suite 600, Dallas, Texas 75252. If addressed correctly, such correspondence will be forwarded unopened to the Chairman. It is unacceptable to file a report knowing it to be false.

Retaliation against any person who honestly reports a concern to the Company about illegal or unethical conduct will not be tolerated; anyone who attempts to retaliate will be subject to disciplinary action, up to and including dismissal.

The Company will use every reasonable means available to keep confidential the identity of any person who requests such protection. Some disclosure may be required to investigate the report and act upon it. We will also keep confidential the identities of employees about whom allegations of violations are brought, unless or until it is established that a violation has occurred.

2. Compliance with Law

You are required to comply with all applicable laws and regulations wherever we do business. You should inform the Company's Chief Financial Officer of any governmental request or inquiry. When you have any questions or concerns about the legality of an action, you are responsible for checking with management.

Management and supervisors should ensure that all employees observe all applicable laws, including health and safety laws and regulations.

This Code does not summarize all of the laws and regulations applicable to the Company and its employees, officers and Trust Managers. Please contact the Company's Counsel with any questions on specific laws and regulations. The contact information will be sent to you via mail.

3. Inside Information and Securities Trading

You are required to comply with all insider trading laws. These laws prohibit anyone who has access to or knowledge of confidential or material non-public information from or about the Company from buying, selling or otherwise trading in the Company's securities, whether or not they are using or relying on that information. It is also against the law to share this information with, or to "tip," others because the individuals receiving this information might make an investment decision based on inside information. Also, the Company has implemented

trading restrictions to reduce the possibility, or the appearance of, insider trading. Please contact the Company's Chief Financial Officer or Counsel if you have questions regarding insider trading prohibitions or questions on the Company's trading policy, pre-clearance of trades or related policies.

4. Conflicts of Interests

The Company relies on the integrity and undivided loyalty of our employees and Trust Managers to maintain the highest level of objectivity in performing their duties. Each employee is expected to avoid any situation in which your personal interests conflict, or have the appearance of conflicting, with those of the Company. Individuals must not allow personal considerations or relationships to influence them in anyway when representing the Company in business dealings.

A conflict situation can arise when an employee or Trust Manager takes actions or has interests that may make it difficult to perform work on behalf of the Company objectively and effectively. Conflicts also arise when an employee or Trust Manager, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of obligations of, such persons are of special concern.

All employees and Trust Managers must exercise great care anytime their personal interests might conflict with those of the Company. The appearance of a conflict often can be as damaging as an actual conflict. Prompt and full disclosure is always the correct first step towards identifying and resolving any potential conflict of interest. Non-employee Trust Managers are expected to make appropriate disclosures to the Board and to take appropriate steps to recuse themselves from Board decisions with respect to transactions or other matters involving the Company as to which they are interested parties or with respect to which a real or apparent conflict of interest exists.

The following sections review several common problems involving conflicts of interest. The list is not exhaustive. Each individual has a special responsibility to use his or her best judgment to assess objectively whether there might be even the appearance of acting for reasons other than to benefit the Company, and to discuss any conflict openly and candidly with the Company. The employee can contact the Audit Committee Chairman, COO, CFO or Company's Counsel.

A. Corporate Opportunities

You are prohibited from:

- taking for yourself personally opportunities that properly belong to the Company or are discovered through the use of the Company's property, information or position;
- using the Company's property, information or position for personal gain; and
- competing with the Company during the time that you are an employee or Trust Manager.

It is your duty to advance the Company's legitimate interests when the opportunity to do so arises, and to avoid having an interest in any transaction between the Company or any of its subsidiaries and a third party that might conflict with the proper performance of your duties or responsibilities or that might adversely affect your independent judgment with respect to such transaction.

Accordingly, unless specifically approved by the Board of Trust Managers or a committee of the Board after full disclosure of all relevant facts:

(i) you may not have any significant direct or indirect financial interest in, or any business relationship with (including any interest as an owner, creditor or debtor), any supplier, contractor, subcontractor, competitor, customer or other entity with which the Company does business that might affect your ability to objectively perform your work;

(ii) you may not own or acquire any property if you know that the Company has taken or is considering taking any action that may benefit such property;

(iii) you may not own or acquire any property utilizing confidential information obtained through the Company or in the course of performing your duties for the Company;

(iv) you may not appropriate or divert to others any business opportunity that you know is, or you could reasonably have anticipated that the Company would be, interested in; and

(v) if you are a full-time employee, you should avoid outside business activities that may conflict with your ability to devote your full-time efforts to the Company's business.

Nothing in this Code is intended to preclude you from owning publicly-traded securities of any company, including a company with which the Company has dealings so long as your holdings could not be used to exert any influence on such company either because of the relatively small size of your securities holdings or because of the insignificance of the Company's dealings with such company. Accordingly, ownership of publicly-traded securities in companies with which the Company has no dealings will not be deemed to involve a "financial interest" of the nature prohibited by this Code. Also, ownership of publicly-traded securities constituting less than 5% of the outstanding securities of a company in which the Company does have dealings will not be deemed to involve a "financial interest" of the nature prohibited by this Code.

Despite the above exceptions, you should avoid buying or selling securities and other property that are timed in relation to the Company's or any of its affiliates' operations so that such a transaction may be regarded as an attempt by you to profit from the use of knowledge of the Company's strategies, investment intentions or other confidential information.

B. Business Entertainment and Gifts

You should avoid receiving benefits, favors, gifts and entertainment that might conflict with the proper performance of your duties or that might adversely affect your independent judgment on behalf of the Company. You should also use business entertainment and gifts to create good will and sound working relationships, not to gain an unfair advantage with customers or suppliers. Accordingly, you should not offer, give, provide or accept any benefits, favors, gifts, services, discounts or entertainment unless it:

- is not a cash gift;
- is consistent with customary business practices;
- is not excessive in value;
- cannot be construed as a bribe or payoff;
- will not make you feel obligated to repay the donor with corporate business;
- will not embarrass the Company if publicly disclosed; and
- does not violate any law or regulation.

C. Corporate Boards

The director of an organization has access to sensitive information and charts the course of the entity. If you are invited to serve as a Trust Manager or director or trust manager of an outside organization, the Company must take safeguards to shield both the Company and you from even the appearance of impropriety. For that reason, any non-executive employee invited to join the board of directors (or comparable board) of another organization (including a nonprofit or other charitable organization) must obtain the approval of the Company's Chief Financial Officer and any Trust Manager or executive officer receiving such an invitation must inform the Chairman of the Nominating and Governance Committee.

D. Disclosure

Conflicts of interest may not always be clear-cut, so employees should contact the Company's Chief Financial Officer with any questions. If you become aware of a conflict or a potential conflict, you should bring it to the attention of your supervisor or the Company's Counsel or consult the procedures described in the Reporting Concerns section of this Code.

In many cases, you may avoid a conflict of interest or a potential conflict of interest by fully disclosing the facts. As a result, each employee must disclose such facts to your supervisor or the Company's Counsel prior to the completion of the transaction. Senior executives and Trust Managers should disclose these facts to the Chairman of the Nominating and Governance Committee. This will permit the Company to make an informed, independent decision regarding the implication of any such transaction. Under some circumstances, the Company may independently determine to engage in a particular transaction notwithstanding the potential

conflict, and/or permit you to engage in a transaction that otherwise would be prohibited. In such a case, the conflict of interests provisions of this Code would not be violated. The Company reserves the right to condition the approval of any specific transaction on such terms and conditions as the Company in its sole discretion may require, including but not limited to specific financial reporting and audit requirements.

5. Fair Dealing

We will only obtain business legally and ethically. You should endeavor to deal fairly with tenants, customers, suppliers, competitors and other employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

6. Protecting Company Assets

You have a responsibility to protect the Company's assets entrusted to you from loss, damage, misuse or theft, and to ensure their efficient use. You should not use or take any assets, including intangible assets such as information, that belongs to the Company. The Company's assets, such as funds, inventories or computers, may only be used for business purposes and other purposes approved by management. The Company's assets may never be used for illegal purposes.

7. Proprietary Information

One of the Company's most important assets is its confidential corporate information. The Company's legal obligations and its competitive position often mandate that this information remain confidential.

Confidential corporate information relating to the Company's financial performance (e.g., quarterly financial results of the Company's operations) or other transactions or events can have a significant impact on the value of the Company's securities. Premature or improper disclosure of such information may expose the individual involved to onerous civil and criminal penalties.

You must not disclose confidential corporate information to anyone outside the Company, except for a legitimate business purpose (such as contacts with the Company's accountants or its outside lawyers). Even within the Company, confidential corporate information should be discussed only with those who have a need to know the information. Your obligation to safeguard confidential corporate information continues even after you leave the Company.

The same rules apply to confidential information relating to other companies with which we do business. In the course of the many pending or proposed transactions that the Company has under consideration at any given time, there is a great deal of non-public information relating to other companies to which our employees may have access. This could include "material" information that is likely to affect the value of the securities of the other companies.

8. Company Records and Internal Controls

A. Internal Accounting Controls

The Company places the highest priority on “best practices” disclosure. Our annual reports, quarterly reports and press releases, and other public disclosure of the Company’s financial results, reflect how seriously we take this responsibility. We require honest and accurate recording and reporting of information in order to make responsible business decisions. This includes such data as quality, safety, environmental and personnel records, as well as all financial records. Do not falsify any document or distort the true nature of a transaction.

All financial books, records and accounts, including timesheets, check requests and expense reports, must accurately reflect transactions and events, and conform to law, to required accounting principles and to our system of internal controls. When a payment is made, it can only be used for the purpose spelled out on the supporting document. Do not knowingly make false or misleading entries in any of the Company’s books or records or maintain unrecorded or “off the books” funds or assets. Always record transactions in the proper accounting period. All errors in and adjustments to the Company’s books should be promptly corrected and recorded when discovered. All estimates and accruals should be supported by appropriate documentation and be based on good faith judgment.

The Company has adopted a system of internal controls to help to assure the integrity of our financial records and statements. The Company has also adopted a system of disclosure controls to help to assure that all important information regarding the Company’s business and prospects is brought to the attention of the Chief Executive Officer and the Chief Financial Officer. The accuracy and timeliness of compliance is necessary to enable these officers to provide the financial statements and report certifications required by federal law. You must strictly adhere to these systems. You should also be candid in discussing matters concerning internal controls and business disclosures with the Trust Managers, management, internal and outside auditors, the Company’s disclosure committee and counsel.

You should report any violation of these policies as described in the Reporting Concerns section of this Code.

B. Improper Influence on the Conduct of Audits

It is unlawful for any officer or Trust Manager of the Company, or any other person acting under the direction of such person, to take any action to fraudulently influence, coerce, manipulate, or mislead the independent accountants engaged in the performance of an audit of the Company’s financial statements for the purpose of rendering such financial statements materially misleading. Any such action is a violation of this Code. Types of conduct that might constitute improper influence include the following:

- Offering or paying bribes or other financial incentives, including offering future employment or contracts for non-audit services,
- Providing an auditor with inaccurate or misleading legal analysis,

- Threatening to cancel or canceling existing non-audit or audit engagements if the auditor objects to the Company's accounting practices or procedures,
- Seeking to have a partner removed from the audit engagement because the partner objects to the Company's accounting practices or procedures,
- Blackmailing, and
- Making physical threats.

Any employee or Trust Manager who engages in such conduct will be subject to sanctions under this Code, including dismissal in the case of an employee, in addition to potential civil and criminal liability.

9. Personal Community Activities

You are free to support community, charity and political organizations and candidates and causes of your choice, as long as you make it clear that your views and actions are not those of the Company and that you do not use the Company's name, funds, property, equipment or services for the support of such organizations, candidates or causes. This includes any contribution of value. You must ensure that your outside activities do not interfere with your job performance.

You may not pressure another employee to express a view whether or not it is contrary to his or her personal belief, or to contribute to or support political, religious or charitable causes.

10. Recording And Retaining Business Communications

All business records and communications should be clear, truthful and accurate. Business records and communications often become public through litigation, government investigations and the media. You should avoid exaggeration, colorful language, guesswork, legal conclusions, derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including e-mail and "informal" notes or memos. Records should always be retained or destroyed according to our record retention policies.

11. Communicating to External Audiences

To ensure professional and consistent handling, requests from the media should be forwarded to the COO or CFO. Requests from financial analysts and shareholders should also be forwarded to the COO or CFO.

You are expected to cooperate with reasonable requests for information from government agencies and regulators, and to consult with the Company's Chief Financial Officer before responding to any requests. All information provided should be truthful and accurate. If you are aware of an imminent or ongoing investigation, audit or examination involving the Company, you should retain all documents (including computer records) in your custody or control relating to the matter under review. The destruction or falsification of a document in order to impede a governmental investigation, audit or examination may lead to prosecution for obstruction of

justice. If you are not sure if a document can be destroyed, or if you have any questions on the retention of records, please contact the Company's Counsel.

12. Public Company Reporting

As a public company, it is of critical importance that the Company's filings with the SEC and reports distributed to shareholders be accurate and timely. You may be called upon to provide necessary information to ensure that the Company's public reports are complete, fair and understandable. The Company expects you to take this responsibility very seriously and to provide prompt and accurate answers to inquiries to the Company's public disclosure requirements.

The reporting of any false or misleading information in internal or external financial reports is strictly prohibited. In this regard, the Company's accounting department bears a special responsibility for promoting integrity throughout the organization, with responsibilities to shareholders both inside and outside the Company. The Chief Executive Officer, the Chief Financial Officer, the Company's principal accounting officer and accounting department personnel have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the Company as a whole that ensures the fair and timely reporting of the Company's financial results and condition.

13. Additional Responsibilities of Department Heads

Department heads are expected to lead according to our standards of ethical conduct, in both words and actions. Department heads are responsible for promoting open and honest two-way communications. Department heads must be positive activists and role models who show respect and consideration for each of our associates. Department heads must be diligent in looking for indications that unethical or illegal conduct has occurred. If you ever have a concern about unethical or illegal activities, you are expected to take appropriate and consistent action, and inform an executive officer of the Company.

14. How to Get Help

If you have questions about this Code of Business Conduct and Ethics, the first place to turn is your supervisor or department head. If you're uncomfortable discussing the issue with your supervisor, please talk to another member of management or the Company's Counsel or call the Ethics Hotline at 800-292-4496. Please feel free to approach any level of management with your concerns.

15. Discipline for Violation

You are responsible for your own compliance with the Code. Questions of interpretation should be directed as otherwise provided in this Code or to the Company's Counsel. Failure to comply with this Code will subject you to disciplinary action, which may include counseling, suspension and/or termination, and may subject you to civil liability and/or criminal prosecution under applicable law. If you authorize or permit another to engage in a violation of this Code, you will also be subject to disciplinary action and/or other penalties. The Nominating and

Corporate Governance Committee of the Board of Trust Managers is responsible for the administration of this Code.

16. Amendment, Modification and Waiver

This Code may be amended, modified or waived with respect to officers and Trust Managers by the Board of Trust Managers (excluding any interested Trust Manager) or the Nominating and Governance Committee of the Board. Waivers with respect to officers and Trust Managers may also be granted by the Nominating and Governance Committee, subject to the disclosure and other provisions of the Securities Exchange Act of 1934 and the rules thereunder and the applicable rules of the principal securities exchange on which the Company's common shares are traded. Waivers for employees (other than officers) may only be granted by the Chief Executive Officer.

Code of Conduct and Ethics Acknowledgment and Agreement

I acknowledge that I have read and understood the PMC Commercial Trust Code of Business Conduct and Ethics. I agree to conduct myself during my employment with PMC Commercial Trust or any of its direct or indirect subsidiaries in accordance with the Code of Business Conduct and Ethics. Further, I will take initiative to notify the appropriate officers or Trust Managers if I become aware of a violation of the Code of Business Conduct and Ethics by another employee or Trust Manager. I understand that a violation of the Code of Business Conduct and Ethics could result in disciplinary action, up to and including termination.

Acknowledged and Agreed to by:

Signature: _____

Print Name: _____

Date: _____

PLEASE SIGN AND DATE THIS FORM AND RETURN IT TO HUMAN RESOURCES