
**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): January 28, 2014

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)

17950 Preston Road, Suite 600, Dallas, TX 75252
(Address of principal executive offices)

75-6446078
(I.R.S. Employer
Identification No.)

(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))
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Item 1.01 Entry into a Material Definitive Agreement

As of January 28, 2014, PMC Commercial Trust, a Texas real estate investment trust (the “Company”), together with CIM Urban REIT, LLC (“CIM REIT”), entered into agreements with certain shareholders of the Company to settle litigation related to the proposed merger of their subsidiaries (the “Merger”) under the Agreement and Plan of Merger dated as of July 8, 2013 by and among the Company, CIM REIT and their respective merger subsidiaries (the “Merger Agreement”). The Merger Agreement was previously announced in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on July 8, 2013, and is the subject of the Company’s definitive Proxy Statement/Prospectus dated December 30, 2013 (the “Proxy Statement/Prospectus”).

As part of the settlements, the plaintiffs, who together with other “reporting persons” included in their Schedule 13D filings, collectively own approximately 12.7% of the outstanding shares of the Company, have represented that they will vote all of their shares in favor of each of the shareholder proposals described in the Proxy Statement/Prospectus.

Under the terms of the Memorandum and Agreement of Settlement dated as of January 28, 2014 by and among Hoak & Co., Hoak Public Equities, L.P. (together with Hoak & Co., “Hoak”), the Company, Southfork Merger Sub, LLC, CIM REIT, Jan Salit, Barry Berlin, Dr. Martha Rosemore Morrow, Nat Cohen, and Barry Imber (the “Memorandum and Agreement of Settlement”), which remains subject to final court approval and consummation of the Merger, CIM Service Provider, LLC (“CIM Manager”) will enter into a trading plan designed to comply with Rule 10b5-1 under the Securities Exchange Act (the “Exchange Act”). This trading plan, which is called a Rule 10b5-1 Purchase Plan and was entered on January 29, 2014 by CIM Manager, the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, provides for the purchase of up to 2.75 million common shares of the Company at prices up to \$5.00 per share. Under the terms of the trading plan, share purchases shall be conducted in compliance with Rule 10b-18 under the Exchange Act, including in respect of “block purchases” as contemplated by this Rule. The trading plan provides for the purchase of shares commencing on the first trading day following the consummation of the Merger and related transactions. The trading plan will, in general, expire on the date that 2.75 million common shares of the Company have been purchased or August 10, 2014, whichever is earlier. Additionally, the Company will be responsible for providing and administering notice of the class action settlement to the members of the settlement class, and will pay all reasonable costs incurred in providing such notice. The Company and its subsidiary, Southfork Merger Sub, LLC, as well as CIM REIT, have also agreed to payment of reasonable attorney’s fees and expenses of plaintiffs’ counsel, as may be awarded by the court, of up to \$772,000. Plaintiff REIT Redux, L.P. entered into a separate agreement, which is described below, to resolve its individual claims.

CIM Manager is a subsidiary of CIM Group, LLC (“CIM Group”) and the entity that is contemplated to act as manager of the Company following the Merger. CIM Manager is ultimately controlled by the three co-founders and principals of CIM Group, Richard Ressler, Avi Shemesh and Shaul Kuba, all of whom will also serve on the Board of Trust Managers of the Company following the Merger, with Mr. Ressler serving as Chairman.

Pursuant to the Settlement Agreement dated as of January 28, 2014 among plaintiff REIT Redux, L.P. (“REIT Redux”), the Company, Southfork Merger Sub, LLC, CIM REIT and the other defendant officers and trust managers of the Company (the “Settlement Agreement”), concerning the individual claims of REIT Redux, which is also subject to consummation of the Merger, final court approval and REIT Redux and its other “reporting persons” voting their shares in favor of the proposals related to the proposed transaction, CIM Manager will purchase up to 500,000 common shares of the Company currently owned by REIT Redux and its other “reporting persons”, at a price of \$5.00 per share, if requested by REIT Redux to do so at any time from July 10, 2014 until August 10, 2014.

Plaintiff Hoak, pursuant to the Memorandum and Agreement of Settlement, has agreed to withdraw its application for a temporary injunction and (on behalf of itself, derivatively on behalf of the Company, and on behalf of the putative class of shareholders of the Company) release the Company and the other defendants from all claims, actions or other damages that the plaintiffs have or might have relating to, among other things, the proposed Merger and other transactions related thereto. Plaintiff REIT Redux, pursuant to the Settlement Agreement, similarly agreed to dismiss all of its claims. The defendants also agreed to release the plaintiffs and plaintiffs’ counsel from all claims arising out of the settled claims; provided that such release does not extend to the defendants’ rights to enforce the settlement agreements. The defendants have not admitted the validity of any of the plaintiffs’ allegations made in the plaintiffs’ action or any liability with respect thereto, and continue to deny the same.

Neither the Memorandum and Agreement of Settlement nor the Settlement Agreement require any amendment to the terms of the Merger Agreement, which terms are summarized in the Proxy Statement/Prospectus and provide, among other things, for the payment to the Company's shareholders of record on the last business day prior to the consummation of the Merger of a special dividend of \$5.50 per Company share (plus that portion of the Company's regular quarterly dividend accrued through that day).

The Merger and other related transactions are subject to approval by the Company's shareholders and the U.S. Small Business Administration and other customary closing conditions. A special shareholders' meeting to vote on the proposals described in the Proxy Statement/Prospectus is scheduled for Tuesday, February 11, 2014. The proposed Merger is expected to close during the first quarter of 2014.

The settlement agreements and the trading plan referred to above are attached as exhibits hereto and incorporated herein by reference. On January 29, 2014, the Company issued a press release announcing the settlements. The press release is attached as an exhibit hereto.

Important Additional Information and Where To Find It

This communication is not a substitute for the Registration Statement on Form S-4 (File No. 333-190934) that PMC Commercial filed with the SEC in connection with the proposed Merger with CIM REIT and their respective subsidiaries, or the definitive Proxy Statement/Prospectus sent to shareholders of PMC Commercial on or about January 6, 2014 seeking their approval of the Share Issuance Proposal and the Merger-Related Compensation Proposal described therein. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS DATED DECEMBER 30, 2013, WHICH WAS SENT TO SHAREHOLDERS ON OR ABOUT JANUARY 6, 2014, AS IT CONTAINS IMPORTANT INFORMATION, INCLUDING DETAILED RISK FACTORS.

Investors and security holders can obtain free copies of the Proxy Statement/Prospectus and other documents filed with the SEC by PMC Commercial through the web site maintained by the SEC at www.sec.gov and that maintained by PMC Commercial Trust at www.pmctrust.com.

In addition, investors and security holders can obtain free copies of the Proxy Statement/Prospectus from PMC Commercial by contacting PMC Commercial Trust, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

PMC Commercial and its trust managers and executive officers may be deemed to be participants in the solicitation of proxies in respect of the Merger contemplated by the Merger Agreement. Information regarding PMC Commercial's trust managers and executive officers is contained in the Proxy Statement/Prospectus dated December 30, 2013, as well as in PMC Commercial's Annual Report on Form 10-K for the year ended December 31, 2012, and in its definitive proxy statement dated April 29, 2013, all of which are filed with the SEC. As of December 30, 2013, PMC Commercial's trust managers and executive officers beneficially owned as a group approximately 481,773 Common Shares, or approximately 4.5% of PMC Commercial's Common Shares.

Forward-Looking Statements

The information set forth herein (including information included or referenced herein) contains "forward-looking statements" (as defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect PMC Commercial's and CIM REIT's expectations regarding future events. The forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Such forward-looking statements include, but are not limited to, whether and when the Merger contemplated by the Merger Agreement will be consummated, PMC Commercial's and CIM Group's plans for the merged company, market and other expectations, objectives, intentions, as well as any expectations with respect to the merged company, including regarding valuations, future dividends, estimates of growth, and other statements that are not historical facts.

The following additional factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; (2) the inability to complete the proposed Merger due to the failure to obtain PMC Commercial shareholder approval for the related transactions or the failure to satisfy other conditions to completion of the transactions, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the Merger; (3) risks related to disruption of management's attention from ongoing business operations due to the Merger; (4) the effect of the announcement of the proposed Merger on PMC Commercial's or CIM REIT's relationships with its customers, investors, tenants, lenders, operating results and business generally; (5) risks related to substantial expenditures with respect to the Merger, which may or may not be reimbursable in the event of the termination of the Merger Agreement; (6) the outcome of any legal proceedings relating to the Merger; and (7) risks to consummation of the Merger, including the risk that the Merger will not be consummated within the expected time period or at all. Additional factors that may affect future results are contained in PMC Commercial's filings with the SEC, which are available at the SEC's website at www.sec.gov and on PMC Commercial's website at www.pmctrust.com, including those set forth in PMC Commercial's Annual Report on Form 10-K for the year ended December 31, 2012 and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013. PMC Commercial and CIM Group disclaim any obligation to update and revise statements contained herein or the materials referenced herein based on new information or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Memorandum and Agreement of Settlement dated as of January 28, 2014 by and among Hoak & Co., Hoak Public Equities, L.P., PMC Commercial Trust, Southfork Merger Sub, LLC, CIM Urban REIT, LLC, Jan Salit, Barry Berlin, Dr. Martha Rosemore Morrow, Nat Cohen and Barry Imber
- 10.2 Rule 10b5-1 Purchase Plan dated January 29, 2014 by and among PMC Commercial Trust, CIM Service Provider, LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated
- 10.3 Settlement Agreement dated as of January 28, 2014 by and among PMC Commercial Trust, CIM Urban REIT, LLC, Southfork Merger Sub, LLC, REIT Redux LP, Jan Salit, Barry Berlin, Dr. Martha Rosemore Morrow, Nat Cohen and Barry Imber
- 99.1 Press Release dated January 29, 2014

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: January 29, 2014

PMC COMMERCIAL TRUST

By: /s/ Jan F. Salit

Jan F. Salit, Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Title</u>
10.1	Memorandum and Agreement of Settlement dated as of January 28, 2014 by and among Hoak & Co., Hoak Public Equities, L.P., PMC Commercial Trust, Southfork Merger Sub, LLC, CIM Urban REIT, LLC, Jan Salit, Barry Berlin, Dr. Martha Rosemore Morrow, Nat Cohen and Barry Imber
10.2	Rule 10b5-1 Purchase Plan dated January 29, PMC Commercial Trust, CIM Service Provider, LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated
10.3	Settlement Agreement dated as of January 28, 2014 by and among PMC Commercial Trust, CIM Urban REIT, LLC, Southfork Merger Sub, LLC, REIT Redux LP, Jan Salit, Barry Berlin, Dr. Martha Rosemore Morrow, Nat Cohen and Barry Imber
99.1	Press Release dated January 29, 2014

CAUSE NO. CC-13-05823-E

REIT REDUX, L.P., HOAK & CO.,and
HOAK PUBLIC EQUITIES, L.P.,
On behalf of themselves and others
similarly situated, and Derivatively on
Behalf of PMC COMMERCIAL TRUST et al.

Plaintiffs,

v.

PMC COMMERCIAL TRUST,
JAN F. SALIT, BARRY N. BERLIN,
NATHAN COHEN, DR. MARTHA
ROSEMORRE MORROW, BARRY IMBER,
SOUTHFORK MERGER SUB,
and CIM URBAN REIT, LLC,

Defendants.

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IN THE COUNTY COURT

AT LAW NO. 5

DALLAS COUNTY, TEXAS

MEMORANDUM AND AGREEMENT OF SETTLEMENT

EXECUTION COPY

WHEREAS, pending before the County Court at Law No. 5, in Dallas County, State of Texas (the "Court"), is an action captioned *REIT Redux, L.P., Hoak & Co., and Hoak Public Equities, L.P., on behalf of themselves and all others similarly situated, and derivatively on behalf of PMC Commercial Trust v. PMC Commercial Trust, Jan F. Salit, Barry N. Berlin, Nathan Cohen, Dr. Martha Rosemore Morrow, Barry Imber, Southfork Merger Sub, LLC, and CIM Urban REIT, LLC*, Cause No.: CC-13-05823-E (the "Action");

WHEREAS, plaintiffs Hoak & Co., and Hoak Public Equities L.P., (together, the "Plaintiffs") have asserted their claims in the Action on their own behalf, derivatively on behalf of PMC Commercial Trust, and on behalf of a putative class of all persons or entities who, from July 8, 2013, and through and including the shareholder vote on the Proposed Transaction (as defined below) who were or are holders of PMC's common shares, either of record or beneficially, other than Defendants, their employees, affiliates, relatives or control persons, any consultants or advisors of Defendants (the "Putative Class");

WHEREAS, the Parties (as defined below) in the Action by their respective counsel, have reached this agreement providing for the settlement of the Action on the terms and subject to the conditions set forth below (the "Settlement Agreement");

WHEREAS, on July 8, 2013, PMC Commercial Trust ("PMC"), a publicly traded (NYSE: PCC) Real Estate Investment Trust organized under the laws of the State of Texas, announced that it and its subsidiary, Southfork Merger Sub, LLC ("Southfork") a Delaware limited liability company, entered into an Agreement and Plan of Merger (the "Merger Agreement") with CIM Urban REIT, LLC ("CIM") and its subsidiary, CIM Merger Sub, LLC ("CIM Merger Sub"), pursuant to which (among other things), if approved by a vote of at least a majority of the shareholders of PMC present or represented by proxy at a special meeting of

PMC's shareholders currently scheduled for February 11, 2014 (the "PMC Shareholder Vote"): (1) PMC would pay a special dividend to its shareholders as of the dividend record date in the amount of \$5.50 per share; (2) PMC would issue approximately 22 million additional common and approximately 65 million preferred shares to a subsidiary of CIM as set forth in the Merger Agreement; and (3) following the issuance of such shares, CIM Merger Sub would merge into Southfork, all as more fully described in the Merger Agreement (the "Proposed Transaction");

WHEREAS, on July 8, 2013, PMC filed with the Securities and Exchange Commission ("SEC") a Form 8-K (the "Form 8-K") which announced the Proposed Transaction and attached a copy of the Merger Agreement;

WHEREAS, on August 30, 2013, PMC filed a Registration Statement on Form S-4 (File No. 333-190934) (the "Form S-4") with the SEC in connection with the Proposed Transaction, and on December 30, 2013, PMC filed its definitive Proxy Statement/Prospectus pursuant to Rule 424(b)(3) of the Securities Act of 1933, as amended, which was mailed to shareholders of PMC on or about January 6, 2014 seeking their approval of certain aspects of the Proposed Transaction, and among other things, provided certain information about the Proposed Transaction, its background, and the reasons PMC's Board of Trust Managers was recommending certain aspects of the Proposed Transaction for shareholder approval;

WHEREAS, Plaintiffs claim that, on a combined basis, they constitute the largest public shareholder of PMC Commercial Trust, holding at least 769,000 shares of PMC (the "Represented Shares");

WHEREAS on July 8, 2013 and again on December 23, 2013, Plaintiffs sent letters to PMC opposing the Proposed Transaction because, among other things, Plaintiffs contended that their shares' value post-Merger, and therefore, the total merger compensation, would be insufficient;

WHEREAS, Defendants dispute the assertions set forth in Plaintiffs' July 8, 2013 and December 23, 2013 letters;

WHEREAS, on October 9, 2013, Plaintiffs filed the Action seeking, among other things, to enjoin the Proposed Transaction as contemplated in the Form S-4, based on Plaintiffs' direct, derivative, and putative class allegations in connection with the Proposed Transaction claiming (among other things): (a) breach of PMC's Declaration of Trust, breach of fiduciary duty and shareholder oppression against Jan F. Salit, Barry N. Berlin, Nathan Cohen, Dr. Martha Rosemore Morrow and Barry Imber (the "Individual Defendants"), (b) vicarious liability against PMC, and (c) aiding, abetting and inducing such breaches and tortious interference against CIM;

WHEREAS Defendants have denied, and continue to deny, that they have: (i) breached the PMC Declaration of Trust, (ii) committed, attempted to commit, or aided and abetted in the commission of any breach of fiduciary duty owed to PMC, Southfork or their shareholders or otherwise, (iii) committed any tortious act or (iv) engaged in any of the wrongful acts alleged in the Action;

WHEREAS, on November 4, 2013, Plaintiffs filed an Application for Temporary Injunction, seeking to enjoin the Proposed Transaction, which is currently set for hearing on January 29, 2014, and February 6, 2014;

WHEREAS on November 12, 2013, Plaintiffs amended their Petition to add derivative allegations on behalf of Southfork;

WHEREAS, on December 13, 2013, PMC, the Individual Defendants and Southfork filed their Amended Plea to the Jurisdiction and Special Exceptions, which is pending before the Court and could result in dismissal of the derivative claims;

WHEREAS, Steckler LLP is counsel for the Plaintiffs;

WHEREAS, beginning in November 2013, the parties to the Action and their counsel engaged in arms' length discussions regarding a potential resolution of the claims asserted in the Action, and on January 21, 2014, the parties mediated such claims before Chris Nolland, the mediator appointed by the Court to mediate the claims in the Action;

WHEREAS, after multiple adversarial negotiations including two days of in-person meetings, one day of which involved mediation before the Court-appointed mediator, Plaintiffs, on the one hand, and PMC, Southfork, the Individual Defendants and CIM (collectively, the "Defendants," and together with Plaintiffs, the "Parties"), on the other hand, reached an agreement concerning the settlement of the claims in the Action, which they set forth herein (the "Settlement");

WHEREAS, as part of the Settlement, CIM has represented and warranted that CIM Service Provider, LLC ("Manager"), a subsidiary of CIM Group and the entity appointed to act as manager pursuant to the Master Services Agreement (as defined in the Form S-4), has or will enter into a Rule 10b-5(1) Plan, pursuant to which Manager will agree to purchase shares of PMC at a market price of up to \$5.00 per share during a period ending approximately six months following the closing of the Proposed Transaction (the "Share Purchases"), with a limit of 2,750,000 shares, pursuant and subject to the terms set forth in the Rule 10b-5(1) Plan attached hereto as Exhibit A to this Settlement Agreement (which is incorporated herein by reference);

WHEREAS, as part of the Settlement, CIM and PMC have agreed to issue a press release substantially in a form attached as Exhibit B to this Settlement Agreement (which is incorporated herein by reference).

WHEREAS, Plaintiffs and their counsel have, after conducting discovery and investigating the legal and factual issues, determined that in light of the risks of litigation, this settlement is ultimately in the best interests of PMC and the shareholders, and is fair, reasonable and adequate under the circumstances because, among other things, the settlement provides greater assurance that there will be a market for the post-merger shares of PMC at a price of \$5.00;

WHEREAS, in consideration for the foregoing and the mutual promises made herein, Plaintiffs and the Putative Class will release the Defendants, their affiliates, and all persons acting on behalf of or in concert with them, of and from all claims that Plaintiffs or any member of the Putative Class have or might have relating to the Proposed Transaction and the events leading up to the Proposed Transaction, including all claims that were or could have been asserted in the Action;

WHEREAS, as part of the Settlement, Plaintiffs have agreed to withdraw their Application for Temporary Injunction and to vote their shares in favor of the Proposed Transaction;

WHEREAS, Defendants have agreed to settle the claims on the terms set forth in this Settlement Agreement solely to avoid the costs, disruption and distraction of further litigation, and without admitting the validity of any allegations made in the Action or any liability with respect thereto and expressly denying same;

NOW THEREFORE, as a result of the foregoing and the arm's length negotiations among counsel, in consideration of the promises and covenants set forth herein, the Parties have agreed as follows:

1. MANAGER'S SHARE PURCHASES. CIM represents and warrants that Manager has or will enter into a Rule 10b-5(1) Plan (the "Plan") substantially in the form as attached hereto as Exhibit A to this Settlement Agreement as soon as reasonably practicable. Pursuant to the Plan, Manager will agree to purchase shares of PMC through open market purchases and/or through allowed block trades at a market price of up to \$5.00 per share during the period ending on August 10, 2014, with a limit of 2,750,000 shares, pursuant and subject to the terms as set forth in the Rule 10b-5(1) Plan attached hereto as Exhibit A to this Settlement Agreement (which is incorporated herein by reference). CIM agrees not to take any action that would cause the withdrawal, modification or termination of Plan prior to the expiration of the Plan pursuant to its terms, except as required by law or in accordance with the terms of this Settlement Agreement.

2. PRESS RELEASE. Upon approval by the Court of the Derivative Action Settlement, CIM and PMC will issue a press release substantially in the form as attached hereto as Exhibit B (which is incorporated by reference).

3. VOTING. Plaintiffs represent that they and all other "reporting persons" on Plaintiffs' Schedule 13D filings with respect to PMC filed with the SEC (collectively, the "13D Group"), will vote all PMC shares beneficially owned by Plaintiffs and the other members of the 13D Group as of the record date for the PMC Shareholder Vote (which number of shares so voted shall not be less than the number of Represented Shares), in favor of all proposals presented to PMC's shareholders at the PMC Shareholder Vote, including any adjournment or

postponement thereof. In furtherance of the foregoing, Plaintiffs (a) shall vote or validly submit proxies with respect to their PMC shares owned as of the record date and (b) represent that the other members of the 13D Group shall vote or validly submit proxies with respect to their PMC shares owned as of the record date, in each case by February 9, 2014 in accordance with the instructions set forth in the Form S-4 voting in favor of all proposals presented to PMC's shareholders at the PMC Shareholder Vote (it being understood that "street name" shares may be voted through directing a broker intermediary to vote or submit a proxy in accordance with the foregoing). Following the foregoing affirmative vote by Plaintiffs and the 13D Group, they shall not change or withdraw their vote. In the event that Plaintiffs and the other members of the 13D Group fail to so vote all such PMC shares, then this Agreement shall be null and void (if and only if the PMC Shareholder Vote is held pursuant to proper notice provided in accordance with PMC's governing documents and applicable law). If Plaintiffs and the other members of the 13D Group comply with their voting obligations herein but the Proposed Transaction nevertheless fails to close, this Agreement shall be null and void. For purposes of the foregoing, "fails to close" means (1) the Proposed Transaction with CIM and its affiliates does not close within six (6) months of the date hereof and (2) the Merger Agreement is terminated. Notwithstanding the foregoing, if a *de minimis* number of PMC shares (totaling no greater than 5,000 shares) owned by members of the 13D Group are not voted at all (or proxies with respect thereto have been not provided to PMC), Plaintiffs and the other members of the 13D Group shall not be out of compliance with the foregoing voting obligations so long as such *de minimis* PMC shares are not voted against the proposals presented to PMC shareholders at the PMC Shareholder Vote.

4. WITHDRAWAL OF OPPOSITION. Plaintiffs will withdraw their Application for a Temporary Injunction in the Action and agree not to mount, encourage or cooperate in any opposition to the Proposed Transaction.

5. SETTLEMENT FAIR, ADEQUATE AND REASONABLE. Plaintiffs and their counsel have diligently conducted discovery and investigated the merits of the derivative and class claims in the Action, and based thereupon believe that this Settlement Agreement is fair, reasonable, adequate, and in the best interests of Plaintiffs, PMC, and the Settlement Class (defined below);

6. RELEASE PROVISION. Plaintiffs and the Settlement Class will agree to a Court Order dismissing all claims, and releasing all claims in the following form:

(a) Plaintiffs on behalf of themselves individually, derivatively, and the Settlement Class (collectively, the “Releasing Persons”) RELEASE, ACQUIT AND FOREVER DISCHARGE Defendants and their respective spouses, parent entities, affiliates, divisions, subsidiaries and members, and each and all of their respective past, present or future officers, directors, trustees, managers, principals, agents, representatives, employees, general or limited partners, attorneys, financial or investment advisors (including without limitation Sandler O’Neill), appraisers, and any other advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers, insurers, members, heirs, executors, personal or legal representatives, estates, administrators, successors and assigns, whether or not any such Released Persons were named in the Action (collectively, the “Released Persons”), of all claims, demands, rights, actions or causes of action, liabilities, damages, losses, obligations, judgments, suits, fees, expenses, costs, matters and issues of any kind or nature whatsoever, whether legal, equitable or any other type, known or unknown, contingent or absolute, suspected or unsuspected, disclosed

or undisclosed, hidden or concealed, matured or unmatured, that have been, could have been, or in the future can or might be asserted in the Action or in any court, tribunal or proceeding relating to the Proposed Transaction, including but not limited to any claims arising under federal securities laws or under federal, state statutory or common law, or any other law, rule or regulation, including the law of any other jurisdiction outside of the United States, regarding the allegations, facts, events, acquisitions, matters, acts, occurrences, decisions, conduct, statements, representations, omissions, that was or could have been raised in the Action, or that are otherwise related in any way to: (i) the claims or allegations asserted in the Action or in any other proceeding concerning the Proposed Transaction, (ii) the Proposed Transaction and the Merger Agreement and any related agreements (the "Related Agreements"); (iii) any filing with the SEC relating to the Proposed Transaction; (iv) the negotiations in connection with the Proposed Transaction and Related Agreements; (v) the public statements or disclosures or disclosure obligations of any of the Defendants or Released Persons in connection with the Proposed Transaction and the Related Agreements; (vi) the fiduciary obligations of any of the Defendants or Released Persons in connection with the Proposed Transaction, the Related Agreements, any SEC filings or any other matter in connection with the Proposed Transaction; (vii) any alleged breach of the PMC Declaration of Trust related to the PMC Shareholder Vote or the Proposed Transaction; and/or (viii) the entry by Defendants into this Settlement Agreement, the Settlement Documents and the Settlement (collectively, "Settled Claims"); provided, however, that notwithstanding the foregoing, the above release shall not extend to Plaintiffs' right to enforce the terms of this Settlement Agreement or to any non-Settled Claims that accrued after execution of this Settlement Agreement;

(b) Releasing Persons waive their rights under applicable state law, federal law and common law to the extent such laws may have the effect of limiting the releases set forth above, including a specific waiver by the Releasing Persons of all claims which the Releasing Persons do not know or expect to exist at the time of the release, and any rights pursuant to California Civil Code Section 1542, or any similar, comparable or equivalent provision of the law of any other jurisdiction, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor;

(c) Defendants will RELEASE, ACQUIT AND FOREVER DISCHARGE Plaintiffs (and their affiliates, members, control persons, partners, heirs, and assigns) and Plaintiffs' counsel from all claims arising out of the commencement, prosecution, settlement or resolution of the Settled Claims; provided, however, that the foregoing release shall not extend to the Released Persons' right to enforce the terms of this Settlement Agreement;

(d) In the event the Settlement does not become final for any reason, including if the Court approves the Settlement Agreement but such approval is reversed on appeal, Defendants reserve the right to oppose certification of any class as well as defend on the merits in the Action or any future proceedings, and Plaintiffs reserve their right to amend their petition and prosecute their claims as if no release had been effectuated or entered into; and

(e) Subject to the Order of the Court, pending final determination of whether the Settlement should be approved, Plaintiffs and all members of the Settlement Class, and any of them, are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any Settled Claims, either directly, representatively, derivatively or in any other capacity, against any Released Person.

7. APPROVAL OF DERIVATIVE ACTION SETTLEMENT.

(a) The Parties agree to present the derivative settlement as contained in this Settlement Agreement to the Court for hearing and approval on January 29, 2014;

(b) The Parties shall on an expedited basis seek Court approval of (i) the Manager share purchases as set forth in Section 1 of this Settlement Agreement; (ii) Plaintiffs' agreement to withdraw their motion for temporary injunction and otherwise seeking to enjoin or stop the Proposed Transaction or the PMC Shareholder Vote; (iii) Plaintiffs' agreement to dismiss their derivative claims on behalf of PMC and Southfork with prejudice in consideration of the Settlement Agreement; and (iv) Plaintiffs' application for attorneys' fees as set forth below in Section 15 (altogether, the "Derivative Action Settlement");

(c) Plaintiffs may petition for attorneys' fees and costs as provided for and which shall be payable only as set forth in Section 15, which Defendants have agreed not to oppose under the terms and conditions of Section 15, the award and/or approval of which shall not be a condition of approval of the overall Derivative Action Settlement; and

(d) The Parties agree that under applicable law, the release of the derivative claims shall have preclusive effect on all future asserted derivative claims, whether asserted by Plaintiffs or any other party on behalf of PMC, Southfork or any other PMC subsidiary, to the extent such claims relate to or arise out of the events set forth in the Third Amended Petition.

8. APPROVAL OF CLASS ACTION SETTLEMENT.

(a) **Stay of Class Action.** Other than the approval of the Derivative Action Settlement, the Action shall be stayed pending final Court approval of the class action settlement described herein (the "**Class Action Settlement**"), and the Parties' counsel shall take all reasonable steps required to effectuate such stay. The Parties agree that all outstanding notices of deposition and outstanding discovery requests are withdrawn. Except as otherwise provided herein, Plaintiffs agree that they will not take or encourage any action or make any filing in the Action or in any other forum (whether in the United States or any other jurisdiction), including, but not limited to, filing any motion or pleading seeking expedited discovery, or any motion or pleading of any kind that seeks to enjoin, either temporarily or permanently, the Proposed Transaction or the shareholder vote related to the Proposed Transaction or assert any other challenge or objection to the Proposed Transaction. The Parties further agree that they shall cooperate in opposing any subsequently-filed similar action, whether in the Court or in any other forum, and to take all reasonable steps to defend the settlement as contained in this Settlement Agreement (the "**Settlement**"). This stay is not intended to limit the right of any party to enforce the terms of this Settlement Agreement and/or to effectuate the proposed Settlement.

(b) **Class Action Approval Process.** The Parties will use their best efforts to agree upon, execute and present to the Court any and all documents (altogether, the "**Settlement Documents**") as may be necessary and appropriate to obtain the prompt approval by the Court of the Class Action Settlement and the dismissal with prejudice of the Class Action, including (among other things) the following provisions:

(i) On January 29, 2014, the Parties will jointly move for preliminary certification of the Class Action, approval of the Class Action Settlement and of class notice pursuant to Texas Rule of Civil Procedure 42, for the following non-opt out settlement class: "All persons or entities who, from July 8, 2013, through and including January 29, 2014, were or are holders of PMC's common shares, either of record or beneficially, other than Defendants, their affiliates and other PMC shareholders who previously settled or released their claims against Defendants related to the Proposed Transaction" (the "**Settlement Class**");

(ii) PMC shall be responsible for providing and administering notice of the Settlement to the members of the Settlement Class. PMC shall pay all reasonable costs and expenses incurred in providing notice of the Settlement to the members of the Settlement Class as directed by the Court;

(iii) PMC shall have fifteen (15) days from the date of the Court's preliminary approval to send the court-approved notice to class members;

(iv) the Parties will request that the Court allow thirty (30) days from the date notice is sent for objectors to file objections;

(v) The Parties will seek final approval approximately sixty (60) days following the Court's preliminary approval of the Settlement Class and agree to use their best efforts to obtain Final Court Approval of the Settlement and the dismissal of the Action with prejudice as to all Settled Class Action Claims and without costs to any party (other than as provided herein); and

(vi) The Class Action will be dismissed with prejudice upon final Court approval of the Class Action Settlement, and the Parties agree that, except as expressly provided herein, the Action shall be stayed pending final Court approval, and the Plaintiffs and the Settlement Class will release all claims in accordance with the Release Provision contained herein.

9. PLAINTIFF STAND-STILL Subject to the Order of the Court, pending final determination of whether the Settlement should be approved, Plaintiffs and all members of the Settlement Class, and any of them, are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any Settled Claims, either directly, representatively, derivatively or in any other capacity, against any Released Person.

10. EXECUTION. This Settlement Agreement shall be executed by or on behalf of each of the Parties and by counsel for the Parties, each of whom represents and warrants that he/she has the authority to enter into this Settlement Agreement and bind the Party on whose behalf he/she signs below.

11. WARRANTIES

(a) Plaintiffs represent and warrant that Plaintiffs are the only holder and owner of their claims and causes of action asserted in the Action, and that none of Plaintiffs' claims or causes of action referred to in the Action or this Settlement Agreement have been assigned, encumbered or in any manner transferred in whole or in part. By signing this Settlement Agreement, Plaintiffs and their counsel further warrant and represent that the named Plaintiffs are shareholders of PMC. Plaintiffs and their counsel further represent that they are not aware of any pending or planned lawsuits or legal challenges to PMC alleging breaches of fiduciary duty, whether same was alleged in the Action or not.

(b) CIM represents and warrants that Manager has the authority and wherewithal to effectuate and complete the Manager Share Purchases as outlined in this Settlement Agreement, and that CIM knows of no reasons, contingencies, legal or regulatory restrictions or events that would interfere with Manager's ability to perform said promises.

(c) EACH PARTY FURTHER REPRESENTS AND WARRANTS THAT HE/IT HAS BEEN FULLY INFORMED AND HAS FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS SETTLEMENT AGREEMENT, THAT HE/IT (EITHER THROUGH HIS/ITS PARTNERS, TRUSTEES, OFFICERS, AGENTS OR INDEPENDENTLY RETAINED ATTORNEYS) HAS FULLY INVESTIGATED TO HIS/ITS SATISFACTION ALL FACTS SURROUNDING THE VARIOUS CLAIMS, CONTROVERSIES AND DISPUTES AND IS FULLY SATISFIED WITH THE TERMS AND EFFECTS OF THIS SETTLEMENT AGREEMENT, THAT NO PROMISE OR INDUCEMENT HAS BEEN OFFERED OR MADE TO HIM/IT BY ANY OTHER PARTY EXCEPT AS PROVIDED IN THIS SETTLEMENT AGREEMENT, AND THAT THIS SETTLEMENT AGREEMENT IS EXECUTED WITHOUT RELIANCE ON ANY STATEMENT OR REPRESENTATION BY ANY OTHER PARTY THAT IS NOT EXPRESSLY REFERRED TO IN THIS SETTLEMENT AGREEMENT.

12. GOVERNING LAW. This Settlement Agreement and the Settlement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to any principles governing choice of law. The Parties agree that any dispute arising out of or relating in any way to this Settlement Agreement, the Settlement Documents or the Settlement shall not be litigated or otherwise pursued in any forum or venue other than the Court. 16. This Settlement Agreement may be modified or amended only by a writing, signed by all of the signatories hereto, that refers specifically to this Settlement Agreement.

13. SETTLEMENT AGREEMENT NOT ADMISSIBLE FOR ANY PURPOSE. The existence of, and the provisions contained in this Settlement Agreement shall not be deemed a presumption, concession or admission by any Party as to the merits of the claims, or as to the fault, liability or wrongdoing of any Party, or as to any facts or claims that have been or might be alleged or asserted in the Action, or any other action or proceeding that has been, will be, or could be brought. Neither the fact nor substance of this Settlement Agreement may be used by or

against any Party, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Action, or in any other action or proceeding, whether civil, criminal or administrative, for any purpose other than as provided expressly herein.

14. THIRD PARTY BENEFICIARIES. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective agents, executors, heirs, successors and assigns, said obligations may not be assigned to third parties without Plaintiffs' prior approval.

15. ATTORNEYS' FEES. Counsel for the Parties negotiated at arms'-length and in good faith and agreed, subject to and following the Court's approval of this Settlement (including both the Derivative Action Settlement and the Class Action Settlement), to payment by PMC of reasonable attorneys' fees and expenses to Plaintiffs' Counsel, as may be awarded by the Court, of up to \$772,000. Defendants agree they will not oppose an application by Plaintiffs' counsel for an award of fees and expenses of up to \$772,000 predicated either on the value conferred on PMC or on Plaintiffs' lodestar, or both. Plaintiffs' counsel agrees it will not petition the Court for more than the above specified amount (the "Attorneys' Fee Application"). The Attorneys' Fee Application shall be conditioned upon: (1) the Court's approval of this Settlement (the Derivative Action Settlement and the Class Action Settlement); and (2) the successful completion of the Proposed Transaction (collectively, (1) and (2) shall be the "Payment Conditions"). Defendants (excluding the Individual Defendants) will pay and/or will cause their insurers to pay the awarded attorneys' fees, costs and expenses, up to \$772,000, to Plaintiffs' Counsel within ten (10) business days after the later to occur of the Payment Conditions, subject to Plaintiffs and Plaintiffs' Counsel's joint and several obligations to refund

any amount advanced pursuant to this Section plus all interest accrued or accumulated thereon within ten (10) business days after entry of an order or judgment as a result of any appeal and/or further proceeding or remand, or successful collateral attack, that reduces the fee or expense award described in this Section. It is expressly agreed by the Parties that this provision shall survive the closing of the Proposed Transaction. Plaintiffs and their counsel agree the Court's approval of the Derivative Action Settlement and the Class Action Settlement set forth herein shall not be conditioned upon the Court's approval of Plaintiffs' Attorney Fee Application. Except as provided in this Section, and for PMC's obligation to pay for the costs of notice as provided in Section 8(b) (ii), Defendants and the Released Persons shall bear no other expenses, costs, damages, or fees alleged or incurred by the Plaintiffs, any member of the Settlement Class, or any of their attorneys, experts, advisors, agents or representatives.

16. MUTUAL NON-DISPARAGEMENT The Parties agree that they will not disparage, denigrate or discredit or seek to harm the reputation of any other Party in relation to this dispute or Settlement to any third parties. Nothing in this paragraph shall be construed as prohibiting the Parties from providing truthful testimony, responding to a subpoena, or cooperating with any government official or agency, or from truthfully communicating with any government official or agency.

17. PUBLICITY The Parties agree that the only discussion with any news media, and the only publicity in connection with this settlement, will be the terms of the agreed upon press release attached hereto as Exhibit B. Other than the attached press release, the Parties are allowed to disclose the terms of this Settlement and the implications thereof to the extent any of their respective their counsel reasonably believes is required to comply with such party's disclosure obligations under federal or state law. The Parties may respond to any inquiries from

PMC shareholders or CIM investors or the news media that the case settled on mutually beneficial terms and that Plaintiff now supports the Proposed Transaction and all proposals presented to PMC's shareholders at the PMC Shareholder Vote. The Parties acknowledge and agree that the terms of the Agreed Protective Order entered in the Action remain effective and are not amended in this Settlement Agreement.

18. CONDITIONS TO THIS SETTLEMENT AGREEMENT. This Settlement Agreement is expressly conditioned upon (i) the successful completion of the Proposed Transaction, (ii) there being no challenge to or attack made or advanced against or with respect to the Proposed Transaction in the Court or any other forum or venue that has the effect of disrupting or delaying the closing of the Proposed Transaction as contemplated in the S-4, (iii) the Court's certification of the Settlement Class; (iv) CIM fulfilling its duties under Sections 1 and 2, and Defendants fulfilling their duties under Section 15 hereof; and (v) entry of an order and judgment by the Court approving this Settlement Agreement and the Settlement Documents, ordering the releases contained in this Settlement Agreement, and dismissing the Action with prejudice, and such order is finally affirmed on appeal or is no longer subject to appeal and the time for any petition for re-argument, appeal or review, by certiorari or otherwise, has expired ("Final Court Approval"). Should any of the foregoing conditions not be met for any reason, the proposed Settlement and this Settlement Agreement shall be null and void and of no force and effect, and shall not be deemed to prejudice in any way the position of any Party with respect to the Action or their claims or defenses thereto.

19. EXECUTION IN PARTS. This Settlement Agreement may be executed in any number of actual or electronic copies of counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original. The executed signature page(s) from each actual or electronic copy of a counterpart may be joined together and attached and will constitute one and the same instrument.

20. CONTINUING OBLIGATIONS. The Parties hereto agree to cooperate and take all reasonable and necessary steps towards effectuating the intent and purpose of this Settlement Agreement and to defend the terms hereof in any proceeding.

[Remainder of page intentionally left blank]

AGREED TO:

/s/ Mazin A. Sbaiti

Mazin A. Sbaiti
Bruce W. Steckler
STECKLER LLP
12720 Hillcrest Road, Suite 1045
Dallas, TX 75230

COUNSEL FOR PLAINTIFFS

January 29, 2014

Date

/s/ Karl G. Dial

Karl G. Dial
Casey L. Moore
FULBRIGHT & JAWORSKI LLP
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201

**COUNSEL FOR PMC DEFENDANTS and
INDIVIDUAL DEFENDANTS**

January 29, 2014

Date

/s/ Richard A. Sayles

Richard A. Sayles
SAYLES | WERBNER
4400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270

- and -

Robert A. Sacks
SULLIVAN & CROMWELL LLP
1888 Century Park East
Los Angeles, California 90067-1725

**COUNSEL FOR DEFENDANT
CIM URBAN REIT, LLC**

AGREED TO:

HOAK & CO.

BY: /s/ J. Hale Hoak
J. HALE HOAK as its President

January 29, 2014
Date

HOAK PUBLIC EQUITIES, L.P.

BY: /s/ J. Hale Hoak
J. HALE HOAK, as its President

January 29, 2014
Date

PMC COMMERCIAL TRUST

By: *

January 29, 2014
Date

CIM URBAN REIT, LLC

By: /s/ David Thompson
Name: David Thompson
Title: Vice President and Chief Financial Officer

January 29, 2014
Date

SOUTHFORK MERGER SUB, LLC

By: *

January 29, 2014
Date

*
JAN SALIT, Individually

January 29, 2014
Date

*

BARRY BERLIN, Individually

January 29, 2014

Date

*

DR. MARTHA ROSEMORE MORROW, Individually

January 29, 2014

Date

*

NAT COHEN, Individually

January 29, 2014

Date

*

BARRY IMBER, Individually

January 29, 2014

Date

*By: /s/ Karl G. Dial
Executed by Karl G. Dial with authorization

Exhibit A
Rule 10b-5(1) Plan

See Exhibit 10.2 to this
Current Report on Form 8-K

Exhibit B
Press Release

See Exhibit 99.1 to this
Current Report on Form 8-K

Rule 10b5-1 Purchase Plan

CIM Service Provider, LLC (the "Buyer"), has established this Purchase Plan (the "Plan") dated as of January 29, 2014 in order to purchase common shares of beneficial interest, par value \$.01 per share (the "Shares"), of PMC Commercial Trust (the "Company") pursuant to the requirements of and in conformity with the provisions of Rule 10b5-1 and Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Buyer hereby engages Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Broker") as the Buyer's exclusive agent to purchase the Shares during the term of this Plan. Subject to the terms and conditions set forth herein, Broker hereby accepts such appointment and engagement.

The parties hereby further agree as follows:

1. Implementation of the Plan.

- a. Starting on the first trading day after the closing of the transactions contemplated by the Agreement and Plan of Merger dated November 20, 2013 by and among the Company, Southfork Merger Sub, LLC, CIM Urban REIT, LLC and CIM Merger Sub, LLC ("Closing"), Broker shall use commercially reasonable means to purchase as agent for the Buyer and for the account of the Buyer the maximum number of Shares that the Company could purchase under Rule 10b-18 under the Exchange Act ("Rule 10b-18"), including effecting the maximum amount of block purchases contemplated by Rule 10b-18(b)(4) (the "Purchase Amount"); *provided*, that in each case, the price paid per Share is at or below \$5.00 (the "Maximum Purchase Price"). Any Shares so purchased shall be purchased under ordinary principles of best execution at the then-prevailing market price.
- b. Subject to the terms set forth in this Plan, Broker shall have full discretion with respect to the execution of all purchases, and each of the Company and the Buyer acknowledges and agrees that neither the Buyer nor the Company shall exercise, and shall not attempt to exercise, any influence over how, when or whether to effect such purchases of Shares pursuant to the Plan. Each of the Buyer and the Company acknowledges and agrees that, in acting under this Plan, Broker will be an independent contractor and will not be acting as the Buyer's or Company's trustee or fiduciary or in any similar capacity.
- c. Broker may, in its discretion, suspend purchases of Shares under this Plan or reduce the Purchase Amount on a particular trading day for any of the following reasons:
 - (i) the Shares do not trade regular way on The NASDAQ Stock Market LLC ("NASDAQ");
 - (ii) trading of the shares on NASDAQ is suspended for any reason; or

- (iii) Broker, in its discretion, determines that it cannot effect a purchase of Shares or cannot purchase the entire Purchase Amount due to legal, regulatory, self-regulatory or contractual restrictions applicable to it, the Buyer or to the Company (including, without limitation, Regulation M, Regulation 14E, Rule 10b-5 or Rule 10b-18 under the Exchange Act);

provided, that Broker will, in its discretion, resume purchases in accordance with Paragraph 1(a) as soon as reasonably practicable.

- d. The Purchase Amount and the Maximum Purchase Price, if applicable, shall be adjusted automatically on a proportionate basis to take into account any stock split, reverse stock split or stock (*i.e.*, not cash) dividend with respect to the Shares or any change in capitalization with respect to the Company that occurs during the term of the Plan, as determined by Broker in good faith and a commercially reasonable manner.
- e. The Buyer shall pay Broker a commission of \$0.03 per Share purchased.
- f. Broker may purchase Shares on the NASDAQ, any national securities exchange, in the over-the-counter market, on an automated trading system or otherwise. Broker shall use good faith efforts to execute all purchase transactions under this Plan in accordance with the timing, price and volume restrictions contained in subparagraphs (b)(2), (3) and (4) of Rule 10b-18. Nothing herein shall preclude the purchase by Broker of the Shares for its own account, or the solicitation or execution of purchase or sale orders of the Shares for the account of Broker's clients.
- g. It is the intent of the parties that this Plan comply with the requirements of Rule 10b5-1(c)(1)(i)(B) of the Exchange Act, and the parties agree that this Plan shall be interpreted to comply with the requirements of Rule 10b5-1(c).
- h. The Buyer understands that commercially reasonable efforts will be made by Broker to transmit transaction information for open market transactions under the Plan by the close of business on the day of a purchase, but no later than the close of business on the first trading day following such purchase. The Buyer authorizes Broker to transmit transaction information via e-mail regarding open market transactions under the Plan to the following: Barry Berlin, PMC Commercial Trust, 17950 Preston Road, Suite 600, Dallas, Texas 75252, E-mail: b.berlin@pmctrust.com, with an e-mail copy to the Buyer.

2. **Termination of the Plan.** The Plan shall end on the earliest of:

- a. the close of business on August 10, 2014;

- b. the date that an aggregate of 2,750,000 Shares (adjusted to take into account any stock split, reverse stock split or stock (i.e., not cash) dividend) are purchased pursuant to the Plan;
- c. the date that the aggregate cost of purchases pursuant to the Plan (including commissions and other expenses of purchase) reaches \$13,750,000;
- d. the dissolution of the Buyer or the Company;
- e. the date that Broker becomes aware of the commencement or impending commencement of any voluntary or involuntary proceedings in respect of or triggered by the bankruptcy or insolvency of either of the Buyer or the Company;
- f. except for any reincorporation merger of the Company, the date of public announcement of a merger, recapitalization, acquisition, tender or exchange offer, or other business combination or reorganization resulting in the exchange or conversion of the Shares into shares of another company;
- g. receipt by Broker of a written notice from either of the Buyer or the Company that the Shares have been converted into rights to receive fixed amounts of cash or into debt securities and/or preferred stock (whether in whole or in part); and
- h. receipt by Broker of a Required Termination Notice (as defined below).

Notwithstanding the foregoing, Broker may terminate the Plan at any time by providing written notice of termination to the other parties hereto via e-mail pursuant to Section 4(d) below prior to the date of termination.

Notwithstanding the termination of this Plan, the Buyer shall be solely responsible for any purchases made by Broker on the Buyer's behalf prior to Broker's receipt of any notice of termination, and if Broker receives such notice, Broker may nevertheless be entitled to make, and the Buyer shall be solely responsible for, a purchase hereunder pursuant to a bid made before such notice is received by Broker.

3. **Representations, Warranties and Covenants.** Each of the Buyer and the Company represents, warrants, agrees, acknowledges and covenants that:
- a. The information that the Buyer and the Company provide to Broker pursuant to Section 3(l) below, will be accurate and complete, and Broker is entitled to conclusively rely on information communicated to it by the Buyer or the Company concerning the Company's market activities.
 - b. The Buyer (a) has established the Plan in good faith in compliance with the requirements of Rule 10b5-1 at a time when the Buyer was not in possession of material, non-public information, (b) will not take any action that would cause the purchases of Shares hereunder not to comply with Rule 10b-18 or Rule 10b5-1

(including without limitation, entering into or altering any corresponding or hedging transaction or position with respect to the Shares), and (c) will provide notice to Broker as soon as possible of any legal or regulatory restriction that is applicable to the Buyer, the Company or the Company's affiliates which would prohibit any purchase pursuant to the Plan, including without limitation Rule 10b-18, Rule 10b-5, Regulation 13D-G, Regulation 14E and Regulation M under the Exchange Act (a "**Required Termination Notice**"); *provided* that such notice shall indicate the anticipated duration of the restriction, but shall not include any other information about the nature of the restriction or its applicability to the Buyer or the Company or otherwise communicate any material nonpublic information about the Company or the Shares to Broker.

- c. None of the Buyer, the Company or their respective officers or employees will disclose to any persons at Broker effecting purchases under the Plan any material non-public information regarding the Shares or the Company.
- d. Each of the Buyer and the Company shall be solely responsible for compliance with all statutes, rules and regulations applicable to the Buyer and the Company and the transactions contemplated hereby, including, without limitation, reporting and filing requirements (including but not limited to, pursuant to Sections 13(d) and 16 of the Exchange Act (*e.g.*, Forms 4 and 5)).
- e. The purchase of the Shares as contemplated hereunder will not conflict with or exceed the authority granted under the resolutions of the board of managers of the Buyer authorizing this Plan.
- f. Purchases of Shares pursuant to this Plan are not prohibited or restricted by any legal, regulatory or contractual restriction or undertaking binding on the Buyer, the Company or its subsidiaries.
- g. Neither the Buyer nor the Company will, during the term of the Plan, enter into any comparable agreement with any other broker.
- h. The Buyer acknowledges and agrees that (a) it is not relying, and has not relied, upon Broker or any affiliate of Broker with respect to the legal, accounting, tax or other implications of this Plan and that it has conducted its own analyses of the legal, accounting, tax and other implications hereof, (b) neither Broker nor any affiliate of Broker has acted as its advisor in any capacity in connection with this Plan or the transactions contemplated hereby and (c) it is entering into this Plan with a full understanding of all of the terms and risks hereof (economic and otherwise), has adequate expertise in financial matters to evaluate those terms and risks and is capable of assuming (financially and otherwise) those risks.

- i. The Company or the Buyer shall notify Broker prior to the opening of trading of the Shares prior to announcing any merger transaction that will affect the volume calculation under Rule 10b-18 and provide Broker with the information relating to actual purchases by the Company during the three calendar months preceding such announcement (unless Broker already has such information relating to actual purchases by the Company). The Buyer acknowledges that if either the Buyer or the Company does not provide such notice and information to Broker, Broker may in its discretion cease any purchase activity hereunder after such an announcement is made until such time as either the Buyer or the Company provides Broker with the necessary information.
- j. The Company or the Buyer shall notify Broker prior to the opening of trading of the Shares of any purchases of Shares by any affiliated purchasers (other than the Buyer) that may occur on such trading day and each of the Buyer and the Company acknowledges that purchases of Shares by any such affiliated purchaser (including without limitation any purchases caused or influenced by any action of the Company or the Buyer) may cause the Purchase Amount to be reduced on such trading day.
- k. Each of the Buyer and the Company agrees that, it shall not make any "Rule 10b-18 purchase" (as such term is defined in Rule 10b-18(a)(13)) outside of this Plan. For the avoidance of doubt, the Buyer and the Company may effect purchases of Shares outside of this Plan so long as such purchases do not constitute Rule 10b-18 purchases.
- l. No later than later than 5:00 P.M. (New York City time) on the date of the Closing, (i) the Company shall publicly disclose such Closing; (ii) the Buyer or the Company shall provide written notice of such Closing to Broker and (iii) the Buyer or the Company shall provide to Broker information relating to any block purchases by the Buyer, the Company or any affiliated purchasers during the calendar week of the Closing and the four calendar weeks preceding the Closing (*provided*, that neither the Buyer nor the Company shall communicate to Broker any material nonpublic information regarding the Company or the Shares).
- m. The Company represents that it is not currently in possession of information that would, immediately following the Closing, constitute material non-public information regarding the Company or the Shares.

4. **Miscellaneous.**

- a. The Plan may be modified or amended only upon the written agreement of the Buyer, Broker and the Company; provided that any such modification or amendment shall only be permitted at a time when the Buyer is otherwise permitted to effect purchases under this Plan and at a time when neither the Company nor the Buyer is aware of any material non-public information concerning the Company or the Shares and in connection with any such amendment or modification that the Buyer shall represent that such amendment or modification is being made in good faith and not as part of a plan or scheme to evade Rule 10b5-1.

- b. The Plan may be signed in counterparts, each of which will be an original.
- c. The Plan constitutes the entire agreement between the Buyer, Broker and the Company and supersedes any prior agreements or understandings regarding the Plan.
- d. All notices given by the parties under this Plan will be as follows:
 - (i) If to the Buyer: CIM Service Provider, LLC
Attention: Chris Allman, E-mail: CAllman@cimgroup.com.
 - (ii) If to Broker: Merrill Lynch, Pierce, Fenner & Smith Incorporated
Bank of America Tower at One Bryant Park
New York, NY 10036
ATTN: Chip Gibbs
Fax: 415-835-2514
Phone: 646-855-8900
Email: cgibbs@baml.com
 - (iii) If to the Company: PMC Commercial Trust, 17950 Preston Road, Suite 600, Dallas, Texas 75252.
Attention: Barry Berlin, E-mail: b.berlin@pmctrust.com.
- e. This Plan will be governed by and construed in accordance with the internal laws of the State of New York.

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IN WITNESS WHEREOF, the undersigned have signed this Plan as of the date first written above.

CIM SERVICE PROVIDER, LLC

By: /s/ Kelly Eppich

Name: Kelly Eppich

Title: Vice President

PMC COMMERCIAL TRUST

By: /s/ Jan F. Salit

Name: Jan F. Salit

Title: President

**MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED**

By: /s/ Chip Gibbs

Name: Chip Gibbs

Title: Managing Director

WHEREAS, on July 8, 2013, PMC Commercial Trust (“PMC”), a publicly traded (NYSE: PCC) Real Estate Investment Trust organized under the laws of the State of Texas, announced that it and its subsidiary, Southfork Merger Sub, LLC (“Southfork”) a Delaware limited liability company, entered into an Agreement and Plan of Merger (the “Merger Agreement”) with CIM Urban REIT, LLC (“CIM”) and its subsidiary, CIM Merger Sub, LLC (“CIM Merger Sub”), pursuant to which (among other things), if approved by a vote of at least a majority of the shareholders of PMC present or represented by proxy at a special meeting of PMC’s shareholders currently scheduled for February 11, 2014 (the “PMC Shareholder Vote”): (1) PMC would pay a special dividend to its shareholders as of the dividend record date in the amount of \$5.50 per share; (2) PMC would issue approximately 22 million additional common and approximately 65 million preferred shares to a subsidiary of CIM as set forth in the Merger Agreement; and (3) following the issuance of such shares, CIM Merger Sub would merge into Southfork, all as more fully described in the Merger Agreement (the “Proposed Transaction”);

WHEREAS, on July 8, 2013, PMC filed with the Securities and Exchange Commission (“SEC”) a Form 8-K (the “Form 8-K”) which announced the Proposed Transaction and attached a copy of the Merger Agreement;

WHEREAS, on August 30, 2013, PMC filed a Registration Statement on Form S-4 (File No. 333-190934) (the “Form S-4”) with the SEC in connection with the Proposed Transaction, and on December 30, 2013, PMC filed its definitive Proxy Statement/Prospectus pursuant to Rule 424(b)(3) of the Securities Act of 1933, as amended, which was mailed to shareholders of PMC on or about January 6, 2014 seeking their approval of certain aspects of the Proposed Transaction, and among other things, provided information about the Proposed Transaction, its background, and the reasons PMC’s Board of Trust Managers was recommending certain aspects of the Proposed Transaction for shareholder approval;

WHEREAS on July 19, 2013 and again on December 23, 2013, Plaintiff sent letters to PMC opposing the Proposed Transaction because, among other things, Plaintiff contended that their shares' value post-Merger, and therefore, the total merger compensation, would be insufficient;

WHEREAS, Defendants dispute the assertions set forth in Plaintiff's July 19, 2013 and December 13, 2013 letters;

WHEREAS, on October 9, 2013, Plaintiff filed the Action seeking, among other things, to enjoin the Proposed Transaction as contemplated in the Form S-4, based on Plaintiffs' direct, derivative, and putative class allegations in connection with the Proposed Transaction claiming (among other things): (a) breach of PMC's Declaration of Trust, breach of fiduciary duty and shareholder oppression against Jan F. Salit, Barry N. Berlin, Nathan Cohen, Dr. Martha Rosemore Morrow and Barry Imber (the "Individual Defendants"), (b) vicarious liability against PMC, and (c) aiding, abetting and inducing such breaches and tortious interference against CIM;

WHEREAS, Defendants have denied, and continue to deny, that they have: (i) breached the PMC Declaration of Trust, (ii) committed, attempted to commit, or aided and abetted in the commission of any breach of fiduciary duty owed to PMC, Southfork or their shareholders or otherwise, (iii) committed any tortious act or (iv) engaged in any of the wrongful acts alleged in the Action;

WHEREAS, on November 4, 2013, Plaintiff filed an Application for Temporary Injunction, seeking to enjoin the Proposed Transaction, which is currently set for hearing on January 29, 2014, and February 6, 2014;

WHEREAS on November 12, 2013, Plaintiff amended its Petition to add derivative allegations on behalf of Southfork;

WHEREAS, on December 13, 2013, PMC, the Individual Defendants and Southfork filed their Amended Plea to the Jurisdiction and Special Exceptions, which is pending before the Court and could result in dismissal of the claims;

WHEREAS, beginning in November 2013, the parties to the Action and their counsel engaged in arms' length discussions regarding a potential resolution of the claims asserted in the Action, and on January 21, 2014, the parties mediated such claims before Chris Nolland, the mediator appointed by the Court to mediate the claims in the Action;

WHEREAS, after multiple adversarial negotiations including two days of in-person meetings, one day of which involved mediation before the Court-appointed mediator, Plaintiff, on the one hand, and PMC, Southfork, the Individual Defendants and CIM (collectively, the "Defendants," and together with Plaintiff, the "Parties"), on the other hand, reached an agreement concerning the settlement of the claims in the Action, which they set forth herein (the "Settlement");

WHEREAS, as part of the Settlement, CIM has agreed to take certain actions, including that CIM has represented and warranted that CIM Service Provider, LLC, a subsidiary of CIM Group and the entity appointed to act as manager pursuant to the Master Services Agreement (as defined in the Form S-4 ("Buyer")) will purchase 500,000 shares of PMC for \$5.00 per share during an open "window";

WHEREAS, in consideration for the foregoing and the mutual promises made herein, Plaintiff, on its behalf and on behalf of the 13D Group, will release the Defendants, their affiliates, and all persons acting on behalf of or in concert with them, of all claims that Plaintiff or the 13D Group have or might have relating to, *inter alia*, the Proposed Transaction and the events leading up to the Proposed Transaction, including all claims that were or could have been asserted in the Action;

WHEREAS, as of the date of this Settlement Agreement (the "Effective Date"), Plaintiff and the 13D Group collectively own at least 580,000 PMC common shares (collectively the "Group's Shares");

WHEREAS, as part of the Settlement, Plaintiff agrees to withdraw its Application for Temporary Injunction and to vote Plaintiff's shares (and represents that the other members of the 13D Group shall vote their shares) in favor of all proposals submitted to PMC's shareholders in connection with the Proposed Transaction;

WHEREAS, Defendants have agreed to settle the claims on the terms set forth in this Settlement Agreement solely to avoid the costs, disruption and distraction of further litigation, and without admitting the validity of any allegations made in the Action or any liability with respect thereto and expressly denying same;

NOW THEREFORE, as a result of the foregoing and the arm's length negotiations among the Parties and their counsel, in consideration of the promises and covenants set forth herein, the Parties have agreed as follows:

1. Subject to compliance by Plaintiff with (a) the notice requirement (including clauses (i), (ii) and (iii)) of the next sentence and (b) the voting obligations set forth in Paragraph 2, CIM represents and warrants that Buyer will purchase the Group's Shares in PMC (not to

exceed 500,000 shares in the aggregate) at a price of \$5.00 per share at any time between July 10, 2014 and August 10, 2014 (the "Put Period"). On behalf of the 13D Group, Plaintiff may exercise the right one time to have Buyer purchase the Group's Shares in accordance with this paragraph (the "Put Right") by providing Buyer during the Put Period with written notice of its exercise of the Put Right, which notice shall (i) be delivered to CIM Service Provider, LLC, c/o CIM Group, 6922 Hollywood Blvd., Ninth Floor, Los Angeles, California 90028, Attn: General Counsel, (ii) set forth the number of PMC shares, up to 500,000, that Plaintiff elects to have Buyer purchase from the 13D Group (as record or beneficial owner), and (iii) certify, under penalty of perjury, that neither Plaintiff nor any of the other members of the 13D Group has purchased or acquired, or contracted to purchase or acquire, any shares of PMC at any time from January 21, 2014 through the date of such notice and covenants that they will not do so through the end of the Put Period. Subject to compliance with the foregoing, Buyer shall purchase the Group's Shares (identified by Plaintiff pursuant to the prior clause (ii)) within five business days thereafter and deliver or cause the delivery to Plaintiff and/or the other applicable members of the 13D Group sale proceeds no later than the applicable settlement period. Neither Plaintiff nor any member of the 13D Group is required to sell any of the Group's Shares and may sell or cause the sale of less (individually or in aggregate) than 500,000 PMC shares pursuant to the Put Right. CIM further agrees that any modifications it makes to the Proposed Transaction's special dividend provisions or the number of shares to be issued under the Final Prospectus, or to the extent it causes PMC to enact a reverse share split, the \$5 Put Right price shall be adjusted accordingly. The Put Right shall expire at 5:00 p.m. central time on August 10, 2014 if not exercised in accordance with this paragraph prior to that time. For avoidance of doubt, (1) the Put Right may be exercised with respect to any of the Group's Shares held in street name (in

which case the purchase and sale of such shares pursuant to the Put Right may occur through broker intermediaries) and (2) Plaintiff's role in exercising the Put Right on behalf of any other member of the 13D Group is to facilitate the sale of the Group's Shares (should such member determine to sell in accordance with the foregoing) but Plaintiff does not control the disposition of any such shares of such other member and no agreement with any such other member to sell exists. Plaintiff and/or other members of the 13D Group selling the Group's Shares pursuant to the Put Right shall deliver or cause the delivery of the applicable shares to Buyer in connection with settlement of the purchase.

2. Plaintiff covenants that it and the other members of the 13D Group will vote or cause be voted in the aggregate all PMC shares beneficially owned by Plaintiff and the other members of the 13D Group as of the record date for the PMC Shareholder Vote (which number of shares so voted shall not be less than the number of the Group's shares), in favor of all proposals presented to PMC's shareholders at the PMC Shareholder Vote, including any adjournment or postponement thereof. In furtherance of the foregoing, Plaintiff (a) shall vote or validly submit proxies with respect to Plaintiff's PMC shares owned as of the record date and (b) represents that the other members of the 13D Group shall vote or validly submit proxies with respect to their PMC shares owned as of the record date, in each case by February 9, 2014 in accordance with the instructions set forth in the Form S-4 voting in favor of all proposals presented to PMC's shareholders at the PMC Shareholder Vote (it being understood that "street name" shares may be voted through directing a broker intermediary to vote or submit a proxy in accordance with the foregoing). Following the foregoing affirmative vote by Plaintiff and the 13D Group, they shall not change or withdraw their vote. The failure of Plaintiff or any other member of the 13D Group to vote (or deliver proxies with respect to) the shares owned by them

in favor of the proposals presented to PMC's shareholders at the PMC Shareholder Vote shall cause the Put Right to terminate (if and only if the PMC Shareholder Vote is held pursuant to proper notice provided in accordance with PMC's governing documents and applicable law). If Plaintiff and the other members of the 13D Group comply with their voting obligations herein but the Proposed Transaction nevertheless fails to close, this Settlement Agreement shall be null and void. For purposes of the foregoing, "fails to close" means (1) the Proposed Transaction with CIM and its affiliates does not close within six (6) months of the date hereof and (2) the Merger Agreement is terminated. Notwithstanding the foregoing, if a *de minimis* number of PMC shares, totaling no greater than 5,000 shares, owned by members of the 13D Group are not voted at all (or proxies with respect thereto have been not provided to PMC), Plaintiff and the other members of the 13D Group shall not be out of compliance with the foregoing voting obligations so long as such *de minimis* PMC shares are not voted against the proposals presented to PMC's shareholders at the PMC Shareholder Vote.

3. Upon execution of this Settlement Agreement by all Parties, Plaintiff will withdraw its Application for a Temporary Injunction filed in the Action and will dismiss all of its direct and derivative claims with prejudice without costs or fees to any Party.

4. Mutual Releases.

(a) Plaintiff on behalf of itself and the 13D Group (collectively, the "Releasing Persons") agrees to RELEASE, ACQUIT AND FOREVER DISCHARGE Defendants and their respective spouses, parent entities, affiliates, divisions, subsidiaries and members, and each and all of their respective past, present or future officers, directors, trustees, managers, principals, agents, representatives, employees, general or limited partners, attorneys, financial or investment advisors (including without limitation Sandler O'Neill), appraisers, and any other

advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers, insurers, members, heirs, executors, personal or legal representatives, estates, administrators, successors and assigns, whether or not any such Released Persons were named in the Action (collectively, the “Released Persons”), of all claims, demands, rights, actions or causes of action, liabilities, damages, losses, obligations, judgments, suits, fees, expenses, costs, matters and issues of any kind or nature whatsoever, whether legal, equitable or any other type, known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, hidden or concealed, matured or unmatured, that have been, could have been, or in the future can or might be asserted in the Action or in any court, tribunal or proceeding, including but not limited to any claims arising under federal securities laws or under federal, state statutory or common law, or any other law, rule or regulation, including the law of any other jurisdiction outside of the United States, regarding the allegations, facts, events, acquisitions, matters, acts, occurrences, decisions, conduct, statements, representations, omissions, that was or could have been raised in the Action, or that are otherwise related in any way to: (i) the claims or allegations asserted in the Action or in any other proceeding concerning the Proposed Transaction, (ii) the Proposed Transaction and the Merger Agreement and any related agreements (the “Related Agreements”); (iii) any filing with the SEC relating to the Proposed Transaction; (iv) the negotiations in connection with the Proposed Transaction and Related Agreements; (v) the public statements or disclosures or disclosure obligations of any of the Defendants or Released Persons in connection with the Proposed Transaction and the Related Agreements; (vi) the fiduciary obligations of any of the Defendants or Released Persons in connection with the Proposed Transaction, the Related Agreements, any SEC filings or any other matter in connection with the Proposed Transaction; (vii) any alleged breach of the PMC Declaration of Trust related to the PMC Shareholder Vote or

the Proposed Transaction; and/or (viii) the entry by Defendants into this Settlement Agreement, the Settlement Documents and the Settlement (collectively, "Settled Claims"); provided, however, that notwithstanding the foregoing, the above release shall not extend to Plaintiff's right to enforce the terms of this Settlement Agreement or to any non-Settled Claims that arose or accrued after execution of this Settlement Agreement;

(b) The Releasing Persons waive their rights under applicable state law, federal law and common law to the extent such laws may have the effect of limiting the releases set forth above, including a specific waiver by the Releasing Persons of all claims which the Releasing Persons do not know or expect to exist at the time of the release, and any rights pursuant to California Civil Code Section 1542, or any similar, comparable or equivalent provision of the law of any other jurisdiction, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor;

(c) Defendants RELEASE, ACQUIT AND FOREVER DISCHARGE Plaintiff, the Releasing Persons, and Plaintiff's counsel from all claims arising out of the commencement, prosecution, settlement or resolution of the Settled Claims; provided, however, that the Released Persons shall retain the right to enforce the terms of this Settlement Agreement;

(d) In the event this Settlement Agreement becomes null and void, the existence or terms of this Settlement Agreement shall not be used as evidence in this or in any other proceeding, and may not be the basis or used as evidence to attack Plaintiff's standing in any capacity.

5. This Settlement Agreement shall be executed by or on behalf of each of the Parties, each of whom represents and warrants that he/she has the authority to enter into this Settlement Agreement and bind the Party on whose behalf he/she signs below.

6. Warranties.

(a) Plaintiff represents and warrants that Plaintiff is the only holder and owner of the claims and causes of action released herein, and that none of the claims released herein have been assigned, encumbered or in any manner transferred in whole or in part. Plaintiff further represents that neither is aware of any alleged breaches of fiduciary duty concerning any other PMC filings or press releases beyond those released herein.

(b) CIM represents and warrants that Buyer has the authority and wherewithal to effectuate and complete the purchase of the Group's Shares pursuant to the Put Right as outlined in this Settlement Agreement, and that CIM knows of no reasons, contingencies, legal or regulatory restrictions or events that would interfere with Buyer's ability to perform said promises.

7. EACH PARTY FURTHER REPRESENTS AND WARRANTS THAT HE/IT HAS BEEN FULLY INFORMED AND HAS FULL KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS SETTLEMENT AGREEMENT, THAT HE/IT (EITHER THROUGH HIS/ITS PARTNERS, TRUSTEES, OFFICERS, AGENTS OR INDEPENDENTLY RETAINED ATTORNEYS) HAS FULLY INVESTIGATED TO HIS/ITS SATISFACTION ALL FACTS SURROUNDING THE VARIOUS CLAIMS, CONTROVERSIES AND DISPUTES AND IS FULLY SATISFIED WITH THE TERMS AND EFFECTS OF THIS SETTLEMENT AGREEMENT, THAT NO PROMISE OR INDUCEMENT HAS BEEN OFFERED OR MADE TO HIM/IT BY ANY OTHER PARTY

EXCEPT AS EXPRESSLY STATED IN THIS SETTLEMENT AGREEMENT, AND THAT THIS SETTLEMENT AGREEMENT IS EXECUTED WITHOUT RELIANCE ON ANY STATEMENT OR REPRESENTATION BY ANY OTHER PARTY THAT IS NOT EXPRESSLY REFERRED TO IN THIS SETTLEMENT AGREEMENT.

8. This Settlement Agreement and the Settlement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to any principles governing choice of law. The Parties agree that any dispute arising out of or relating in any way to this Settlement Agreement or the Settlement shall not be litigated or otherwise pursued in any forum or venue other than the Court.

9. This Settlement Agreement may be modified or amended only by a writing, signed by all of the signatories hereto, that refers specifically to this Settlement Agreement.

10. The provisions contained in this Settlement Agreement shall not be deemed a presumption, concession or admission by any Defendant of any fault, liability or wrongdoing as to any facts or claims that have been or might be alleged or asserted in the Action, or any other action or proceeding that has been, will be, or could be brought, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Action, or in any other action or proceeding, whether civil, criminal or administrative, for any purpose other than as provided expressly herein.

11. The Parties agree that they will not disparage, denigrate or discredit or seek to harm the reputation of any other Party in relation to this dispute or Settlement to any third parties. Nothing in this paragraph shall be construed as prohibiting the Parties from providing truthful testimony, responding to a subpoena, or cooperating with any government official or agency, or from truthfully communicating with any government official or agency.

12. The Parties agree that the only discussion with any news media, and the only publicity in connection with this settlement, will be the terms of the agreed upon press release attached hereto as Exhibit A. Other than the attached press release, the Parties are allowed to disclose the terms of this Settlement (including to file this Settlement Agreement) and the implications thereof to the extent any of their respective counsel reasonably believes is required to comply with such party's disclosure obligations to shareholders or investors or the Court or otherwise to comply with disclosure obligations under federal or state law. The Parties may respond to any inquiries from PMC shareholders or CIM investors or the news media that the case settled on mutually beneficial terms and that Plaintiff now supports the Proposed Transaction and all proposals presented to PMC's shareholders at the PMC Shareholder Vote. The Parties acknowledge and agree that the terms of the Agreed Protective Order entered in the Action remain effective and are not amended in this Settlement Agreement.

13. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective agents, executors, heirs, successors and assigns, except that the obligations set forth in Paragraph 1 (the Put Right) may not be assigned without the written consent of Plaintiff. Members of the 13D Group shall have the right to enforce the terms of Paragraphs 1, 4(c) and 11 of this Settlement Agreement against the applicable Parties to the Settlement Agreement.

14. This Settlement Agreement may be executed in any number of actual or electronic copies of counterparts and by each of the different Parties on several counterparts, each of which when so executed and delivered will be an original. The executed signature page(s) from each actual or electronic copy of a counterpart may be joined together and attached and will constitute one and the same instrument.

AGREED TO:

PMC COMMERCIAL TRUST

By: * _____

January 29, 2014
_____ Date

CIM URBAN REIT, LLC

By: /s/ David Thompson
Name: David Thompson
Title: Vice President and Chief Financial Officer

January 29, 2014
_____ Date

SOUTHFORK MERGER SUB, LLC

By: * _____

January 29, 2014
_____ Date

REIT REDUX LP

BY: **
Robert Stetson, President,
REIT REDUX LLC, General Partner

January 29, 2014
_____ Date

*
_____ JAN SALIT, Individually

January 29, 2014
_____ Date

*
_____ BARRY BERLIN, Individually

January 29, 2014
_____ Date

*

Dr. MARTHA ROSEMORE MORROW, Individually

January 29, 2014
Date

*

NAT COHEN, Individually

January 29, 2014
Date

*

BARRY IMBER, Individually

January 29, 2014
Date

*By: Karl G. Dial
Executed by Karl G. Dial with authorization

**By: James H. Kropp
James H. Kropp

Exhibit A
Press Release

See Exhibit 99.1 to this
Current Report on Form 8-K

**PMC COMMERCIAL TRUST AND CIM URBAN REIT, LLC ANNOUNCE
SETTLEMENT OF SHAREHOLDER LITIGATION**

Shareholder Plaintiffs—Who Own Approximately 12.7% of PMC Commercial—Agree to Vote Their Shares for the Merger-Related Proposals

CIM Manager Agrees to Purchase up to 2.75 Million PMC Commercial Common Shares Following the Merger

Dallas, TX—January 29, 2014—PMC Commercial Trust (NYSE MKT: PCC), a real estate investment trust (“PMC Commercial”), together with CIM Urban REIT, LLC, announced today that they have entered into agreements with certain PMC Commercial shareholders to settle litigation related to their proposed merger.

Under the terms of the proposed merger, PMC Commercial’s shareholders will receive a special dividend of \$5.50 per share and will remain PMC common shareholders following the closing of the transaction. Under the terms of a class and derivative settlement agreement, which remains subject to court approval and consummation of the proposed merger, CIM Service Provider, LLC (“CIM Manager”), a subsidiary of CIM Group, LLC controlled by CIM Group’s three founders, Richard Ressler, Avi Shemesh and Shaul Kuba, has agreed to purchase up to 2.75 million shares of PMC Commercial at a market price of up to \$5.00 per share under a 10b5-1 trading plan. The plan generally will expire on the date that 2.75 million common shares of PMC Commercial have been purchased or August 10, 2014, whichever is earlier.

As part of the settlements, the plaintiffs, who together with other named “reporting persons” collectively own approximately 12.7% of the outstanding PMC Commercial Trust shares, have agreed to vote all of their PMC Commercial shares in favor of each of the relevant proposals described in PMC Commercial’s Proxy Statement/Prospectus filed with the SEC on December 30, 2013.

CIM Manager is the entity that is contemplated to act as manager of PMC Commercial following the consummation of the merger. Richard Ressler, Avi Shemesh and Shaul Kuba, will also serve on the Board of Trust Managers of PMC Commercial following the consummation of the merger, with Mr. Ressler serving as Chairman.

Commenting on the settlements, Mr. Ressler stated, “We are pleased to be able to resolve this litigation in a way that demonstrates our belief in the value and prospects of the post-merger PMC Commercial, and in a way that provides a benefit to PMC Commercial’s existing shareholders.”

J. Hale Hoak, President of lead plaintiff Hoak & Co., added, “We believe CIM Manager’s commitment to purchase shares at up to \$5.00 per share following the consummation of the merger provides current PMC Commercial shareholders with greater assurance that there will be an active market for those shares post-merger. We have thus decided to resolve our lawsuit and now support the transaction.”

The proposed merger and other transactions related to the merger are subject to the approval by PMC Commercial shareholders and the U.S. Small Business Administration and other customary closing conditions. A special shareholders' meeting is scheduled for Tuesday, February 11, 2014. The proposed merger is expected to close during the first quarter of 2014.

Plaintiff REIT Redux, L.P. has separately settled its claims and has also agreed to support the transaction. Pursuant to that separate settlement agreement, which is also subject to consummation of the merger and court approval of the class and derivative settlement, CIM Manager will purchase up to 500,000 common shares of PMC Commercial currently owned by REIT Redux, at a price of \$5.00 per share, if requested by REIT Redux to do so at any time from July 10, 2014 until August 10, 2014.

Further details of the settlement agreements and the trading plan will be provided shortly in PMC Commercial's filing with the SEC of a Current Report on Form 8-K.

TERMINOLOGY

Terms used in this communication shall have the same meanings as ascribed to them in the PMC Commercial Press Release dated July 8, 2013.

IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication is not a substitute for the Registration Statement on Form S-4 (File No. 333-190934) that PMC Commercial filed with the SEC in connection with the proposed Merger with CIM REIT and their respective subsidiaries, or the definitive Proxy Statement/Prospectus sent to shareholders of PMC Commercial on or about January 6, 2014 seeking their approval of the Share Issuance Proposal and the Merger-Related Compensation Proposal described therein. INVESTORS AND SECURITY HOLDERS ARE URGED TO CAREFULLY READ THE DEFINITIVE PROXY STATEMENT/PROSPECTUS DATED DECEMBER 30, 2013, WHICH WAS SENT TO SHAREHOLDERS ON OR ABOUT JANUARY 6, 2014, AS IT CONTAINS IMPORTANT INFORMATION, INCLUDING DETAILED RISK FACTORS.

Investors and security holders may obtain free copies of the Proxy Statement/Prospectus and other documents filed with the SEC by PMC Commercial through the web site maintained by the SEC at www.sec.gov and that maintained by PMC Commercial Trust at www.pmctrust.com.

In addition, investors and security holders may obtain free copies of the Proxy Statement/Prospectus from PMC Commercial by contacting PMC Commercial, Attn: Investor Relations, 17950 Preston Road, Suite 600, Dallas, Texas 75252.

PMC Commercial and its trust managers and executive officers may be deemed to be participants in the solicitation of proxies in respect of the Merger contemplated by the Merger Agreement. Information regarding PMC Commercial's trust managers and executive officers is contained in the Proxy Statement/Prospectus dated December 30, 2013, as well as in PMC Commercial's Annual Report on Form 10-K for the year ended December 31, 2012, and in its definitive proxy statement dated April 29, 2013, all of which are filed with the SEC. As of December 30, 2013, PMC Commercial's trust managers and executive officers beneficially owned as a group approximately 481,773 Common Shares, or 4.5% of PMC Commercial's Common Shares.

FORWARD-LOOKING STATEMENTS

The information set forth herein (including information included or referenced herein) contains “forward-looking statements” (as defined in Section 21E of the Exchange Act), which reflect PMC Commercial’s and CIM REIT’s expectations regarding future events. The forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those contained in the forward-looking statements. Such forward-looking statements include, but are not limited to, whether and when the Merger contemplated by the Merger Agreement will be consummated, PMC Commercial’s and CIM Group’s plans for the merged company, market and other expectations, objectives, intentions, as well as any expectations with respect to the merged company, including regarding valuations, future dividends, estimates of growth, and other statements that are not historical facts.

The following additional factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; (2) the inability to complete the proposed Merger due to the failure to obtain PMC Commercial shareholder approval for the related transactions or the failure to satisfy other conditions to completion of the transactions, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the Merger; (3) risks related to disruption of management’s attention from ongoing business operations due to the Merger; (4) the effect of the announcement of the Merger on PMC Commercial’s or CIM REIT’s relationships with their respective customers, investors, tenants, lenders, operating results and business generally; (5) risks related to substantial expenditures with respect to the Merger, which may or may not be reimbursable in the event of the termination of the Merger Agreement; (6) the outcome of any legal proceedings relating to the Merger; and (7) risks to consummation of the Merger, including the risk that the Merger will not be consummated within the expected time period or at all. Additional factors that may affect future results are contained in PMC Commercial’s filings with the SEC, which are available at the SEC’s website at www.sec.gov and on PMC Commercial’s website at www.pmctrust.com, including those set forth in PMC Commercial’s Annual Report on Form 10-K for the year ended December 31, 2012 and Periodic Report on Form 10-Q for the quarter ended September 30, 2013. PMC Commercial and CIM Group disclaim any obligation to update and revise statements contained herein or the materials referenced herein based on new information or otherwise.

Contact Information:

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Email: www.pmctrust.com