

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

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-22148

PMC COMMERCIAL TRUST
(Exact name of registrant as specified in its charter)

TEXAS

(State or other jurisdiction
of incorporation or organization)

75-6446078

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

17290 Preston Road, 3rd Floor,
Dallas, TX 75252
(Address of principal executive offices)

(214) 380-0044
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports to be
filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the
preceding 12 months (or for such shorter period that the registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days.

YES X NO

As of August 1, 1996, Registrant had outstanding 5,935,461 Common Shares of
Beneficial Interest, par value \$.01 per share.

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PART I

Financial Information

ITEM 1.

Financial Statements

PMC COMMERCIAL TRUST
CONSOLIDATED BALANCE SHEETS

	June 30, 1996 ----- (Unaudited)	December 31, 1995 -----
ASSETS		
Investments:		
Loans receivable, net	\$ 70,645,954	\$ 59,129,536
Cash equivalents	10,882,786	173,679
Restricted investments	2,741,760	-
	-----	-----
Total investments	84,270,500	59,303,215
	-----	-----
Other assets:		
Cash	2,664	33,504
Interest receivable	475,095	410,073
Deferred borrowing costs	420,683	-
Deferred stock offering costs	310,547	-
Other assets, net	82,831	50,483
	-----	-----
Total other assets	1,291,820	494,060
	-----	-----
Total assets	\$ 85,562,320 =====	\$ 59,797,275 =====
LIABILITIES AND BENEFICIARIES' EQUITY		
Liabilities:		
Notes payable	\$ 29,667,426	\$ 7,920,000
Dividends payable	1,367,068	1,518,896
Accounts payable	250,586	14,175
Interest payable	164,087	56,267
Borrower advances	2,781,265	579,133
Unearned commitment fees	897,097	599,978
Due to affiliates	439,258	844,786
Unearned construction monitoring fees	129,326	81,008
	-----	-----
Total liabilities	35,696,113	11,614,243
	-----	-----
Beneficiaries' equity:		
Common shares of beneficial interest; authorized 100,000,000 shares of \$0.01 par value; 3,597,548 and 3,491,716 shares issued and outstanding at June 30, 1996 and December 31, 1995, respectively	35,975	34,917
Additional paid-in capital	50,026,870	48,326,337
Cumulative net income	10,770,135	8,111,318
Cumulative dividends	(10,966,773)	(8,289,540)
	-----	-----
Total beneficiaries' equity	49,866,207	48,183,032
	-----	-----
Total liabilities and beneficiaries' equity	\$ 85,562,320 =====	\$ 59,797,275 =====
Net asset value per share	\$ 13.86 =====	\$ 13.80 =====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS.

PMC COMMERCIAL TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Six Months Ended June 30,	
	1996	1995
Revenues:		
Interest income - loans	\$3,754,968	\$2,383,778
Interest and dividends - other investments ...	258,768	316,840
Other income	118,822	135,598
	-----	-----
Total revenues	4,132,558	2,836,216
	-----	-----
Expenses:		
Advisory and servicing fees, net	606,563	374,107
Legal and accounting fees	25,637	47,490
General and administrative	56,560	66,921
Interest	784,981	34,292
	-----	-----
Total expenses	1,473,741	522,810
	-----	-----
Net income	\$2,658,817	\$2,313,406
	=====	=====
Net income per share	\$ 0.75	\$ 0.67
	=====	=====
Weighted average shares outstanding	3,547,842	3,444,842
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS.

PMC COMMERCIAL TRUST
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended June 30,	
	1996	1995
Revenues:		
Interest income - loans	\$1,959,365	\$1,276,849
Interest and dividends - other investments ...	204,420	86,223
Other income	61,987	51,596
	-----	-----
Total revenues	2,225,772	1,414,668
	-----	-----
Expenses:		
Advisory and servicing fees, net	330,471	213,377
Legal and accounting fees	16,447	21,347
General and administrative	31,295	33,805
Interest	533,212	17,857
	-----	-----
Total expenses	911,425	286,386
	-----	-----
Net income	\$1,314,347	\$1,128,282
	=====	=====
Net income per share	\$ 0.37	\$ 0.33
	=====	=====
Weighted average shares outstanding	3,576,072	3,445,150
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS.

PMC COMMERCIAL TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30,	
	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,658,817	\$ 2,313,406
Adjustments to reconcile net income to net cash provided by operating activities:		
Accretion of:		
Discount on purchased loans	(14,343)	(12,872)
Deferred commitment fees	(257,868)	(268,338)
Construction monitoring fees	(70,425)	(79,838)
Amortization of organization and borrowing costs	34,069	4,020
Commitment fees collected	589,800	390,914
Construction monitoring fees collected, net	118,743	(10,070)
Changes in operating assets and liabilities:		
Accrued interest receivable	(65,022)	(34,149)
Other assets	(36,368)	-
Deferred borrowing costs	(450,732)	-
Interest payable	107,820	-
Borrower advances	2,202,132	(133,213)
Due to affiliates	(405,528)	198,002
Accounts payable	236,411	8,000
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,647,506	2,375,862
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans funded	(13,631,168)	(20,438,056)
Principal collected	2,094,280	3,884,436
Investment in restricted cash	(2,741,760)	-
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(14,278,648)	(16,553,620)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common shares	1,626,667	9,755
Proceeds from issuance of notes payable	39,140,770	-
Payment of dividends	(2,754,137)	(2,066,718)
Payment of stock offering costs	(310,547)	-
Payment of principal on notes payable	(17,393,344)	-
	-----	-----
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	20,309,409	(2,056,963)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ...	10,678,267	(16,234,721)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	207,183	18,850,103
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,885,450	\$ 2,615,382
	=====	=====
SUPPLEMENTAL DISCLOSURES:		
Dividends reinvested	\$ 74,924	\$ 6,614
	=====	=====
Dividends declared, not paid	\$ 1,367,068	\$ 1,085,270
	=====	=====
Interest paid	\$ 684,692	\$ 8,952
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS.

PMC COMMERCIAL TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements of PMC Commercial Trust ("PMC Commercial") and its subsidiaries (collectively the "Company") as of and for the three and six months ended June 30, 1996 and 1995 have not been audited by independent accountants. In the opinion of the Company's management, the financial statements reflect all adjustments necessary to present fairly the financial position at June 30, 1996, the results of operations for the three and six months ended June 30, 1996 and 1995, and the cash flows for the six months ended June 30, 1996 and 1995. These adjustments are of a normal recurring nature.

Certain notes and other information have been omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's 1995 Annual Report on Form 10-K.

The results for the six months ended June 30, 1996 are not necessarily indicative of future financial results.

NOTE 2. BASIS FOR CONSOLIDATION

On March 7, 1996, PMC Commercial Receivable Limited Partnership, a Delaware limited partnership ("PCR" or "the Partnership"), and PMC Commercial Corp., a Delaware corporation, were formed. PMC Commercial Corp. is the general partner for PCR. The consolidated financial statements include the accounts of PMC Commercial, PMC Commercial Corp. and PCR. PMC Commercial owns 100% of PMC Commercial Corp. and directly or indirectly all of the partnership interests of PCR (see Note 5).

NOTE 3. DIVIDENDS TO BENEFICIARIES

During the three and six month periods ended June 30, 1996, PMC Commercial declared dividends to its shareholders of beneficial interest of \$0.38 and \$0.75 per share, respectively.

NOTE 4. DUE TO AFFILIATE

Pursuant to an investment management agreement (the "Investment Management Agreement") between the Company and PMC Advisers, Inc., an affiliated entity (the "Investment Manager"), the Company incurred fees of approximately \$750,000 for the six months ended June 30, 1996. The servicing and advisory fees are based upon the average quarterly value of all assets and the average quarterly value of all invested assets during the quarter. Of the amount of servicing and advisory fees paid or payable to the Investment Manager as of June 30, 1996, \$143,000 has been offset against commitment fees as a direct cost of originating loans.

PMC COMMERCIAL TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. NOTES PAYABLE

On March 12, 1996, the Partnership, a special purpose affiliate of PMC Commercial, completed a private placement of \$29.5 million of its Fixed Rate Loan Backed Notes, Series 1996-1 (the "Notes"). The Notes, issued at par, which mature in 2016 and bear interest at the rate of 6.72% per annum, are collateralized by approximately \$39.7 million of loans contributed by PMC Commercial to the Partnership at inception (\$39.4 million remained outstanding at June 30, 1996). In connection with this private placement, the Notes were given a rating of "AA" by Duff and Phelps Credit Rating Co. The loans were originated or purchased by PMC Commercial in accordance with its lending strategy and underwriting criteria. The Partnership has the exclusive obligation for the repayment of the Notes, and the holders of the Notes have no recourse to PMC Commercial or its assets in the event of nonpayment other than the loans contributed to the Partnership and the restricted investments. The net proceeds from this issuance of the Notes (approximately \$27.1 million after giving effect to costs of \$500,000 and a \$1.9 million deposit held by the trustee as collateral) were distributed to PMC Commercial in accordance with its interest in the Partnership. PMC Commercial used such proceeds to pay down outstanding borrowings under its credit facility and intends to make additional loans in accordance with its lending criteria. At June 30, 1996, the Company had approximately \$29.4 million of outstanding borrowings pursuant to the Notes.

During 1995, PMC Commercial entered into an arrangement for a revolving credit facility to provide funds to originate loans collateralized by commercial real estate. This credit facility provides up to the lesser of \$20 million or an amount equal to 50% of the value of the underlying property collateralizing the borrowings. At June 30, 1996, the Company had \$300,000 outstanding under the credit facility and additional availability of \$19.7 million. PMC Commercial is charged interest on the balance outstanding under the credit facility, at its option, at either the prime rate of the lender less 50 basis points or 200 basis points over the 30, 60, or 90 days LIBOR.

NOTE 6. SUBSEQUENT EVENT

On July 2, 1996, PMC Commercial completed the sale of 2 million of its common shares of beneficial interest ("Common Shares") in a public offering and 60,000 Common Shares in a directed public offering (collectively, "the Offering"). The shares were sold at \$15.625 per share, resulting in net proceeds of \$29.5 million. In July 1996, PMC Commercial sold an additional 275,000 Common Shares under the exercise of the over-allotment option by the underwriters of the Offering, for additional net proceeds of approximately \$4 million. The proceeds of the offering will be used to make additional loans in accordance with the Company's underwriting criteria. As of June 30, 1996, the Company had incurred approximately \$311,000 in costs in connection with the offering which were deferred at June 30, 1996, and will be offset against additional paid-in capital during the third quarter of 1996.

PART I
Financial Information

ITEM 2.
Management's Discussion and Analysis of Financial Condition
and Results of Operations

OVERVIEW

PMC Commercial was incorporated in June 1993 and had no operations prior to completion of its initial public offering (the "IPO") on December 28, 1993. The net proceeds to the Company from the IPO were \$47.7 million, including over-allotment options.

During the three and six months ended June 30, 1996, the Company funded \$8.8 million and \$13.6 million, respectively, of loans, all to businesses operating in the lodging industry. During the years ended December 31, 1995 and 1994, the Company originated and funded or purchased loans with a face value of \$31.7 million and \$35.2 million, respectively. As of June 30, 1996, the total portfolio outstanding was \$71.8 million (\$70.6 million after reductions for loans purchased at a discount and deferred commitment fees) with a weighted average contractual interest rate of approximately 11.1%. The weighted average contractual interest rate does not include the effects of the amortization of discount on purchased loans or commitment fees on funded loans. Loans are collateralized primarily by first liens on real estate and are guaranteed, for all but one loan, by the principals of the businesses financed. Included in outstanding loans at June 30, 1996 are \$2.2 million which have been advanced pursuant to the Small Business Administration Section 504 loan program (the "SBA 504 program"). Interest rates charged on such advances are comparable to those which are customarily charged by the Company.

CERTAIN ACCOUNTING CONSIDERATIONS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company follows the accounting practices prescribed by the American Institute of Certified Public Accountants - Accounting Standards Division in Statement of Position 75-2 "Accounting Practices of Real Estate Investment Trusts" ("SOP 75-2"). In accordance with SOP 75-2, a loan loss reserve is established based on a determination, through an evaluation of the recoverability of individual loans, by the Board of Trust Managers of PMC Commercial when significant doubt exists as to the ultimate realization of the loan. To date, no loan loss reserves have been established. The determination of whether significant doubt exists and whether a loan loss provision is necessary for each loan requires judgment and considers the facts and circumstances existing at the evaluation date. Changes to the facts and circumstances of the borrower, the lodging industry and the economy may require the establishment of significant loan loss reserves. At such time as a determination is made that there exists significant doubt as to the ultimate realization of a loan, the effect to operating results may be material.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1996 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 1995

The net income of the Company for the six months ended June 30, 1996 and 1995, was \$2.7 million and \$2.3 million, \$0.75 and \$0.67 per share, respectively.

Interest income - loans increased by \$1.4 million (58%), from \$2.4 million for the six months ended June 30, 1995, to \$3.8 million for the six months ended June 30, 1996. This increase was primarily attributable to: (i) the distribution of the Company's initial investment of the proceeds of the IPO from cash and U.S. Government securities to higher-yielding loans to small businesses and (ii) portfolio growth from the proceeds of borrowing arrangements. The average invested assets in loans to small businesses increased by \$23.5 million (58%), from \$40.3 million during the six months ended June 30, 1995, to \$63.8 million during the six months ended June 30, 1996. The annualized average yields on loans for the six months ended June 30, 1995 and 1996 were approximately 12.1% and 11.9%, respectively. Interest income - loans includes interest earned on loans, the accretion of discount on purchased loans (approximately \$14,300 and \$12,900 during the six months ended June 30, 1996 and 1995, respectively) and the accretion of deferred commitment fees (approximately \$115,000 and \$111,000 during the six months ended June 30, 1996 and 1995, respectively).

Interest and dividends - other investments decreased by \$58,000 (18%), from \$317,000 during the six months ended June 30, 1995, to \$259,000 during the six months ended June 30, 1996. This decrease was due to the reduction in funds available for short-term investments. The proceeds from the IPO were initially invested in government securities and money market funds until small business loans were identified and funded. The Company completed a structured financing on March 12, 1996, which resulted in net proceeds of \$27.1 million, which were initially invested in short-term investments and are being used to make loans in accordance with the Company's underwriting criteria (see Note 5 to the consolidated financial statements contained herein). The average short-term investments of the Company decreased by \$1.7 million (15%), from \$11.0 million during the six months ended June 30, 1995, to \$9.3 million during the six months ended June 30, 1996. The average yields on short-term investments during the six months ended June 30, 1996 and 1995 were approximately 5.6% and 5.8%, respectively.

Other income decreased by \$17,000 (13%), from \$136,000 during the six months ended June 30, 1995, to \$119,000 during the six months ended June 30, 1996. Other income consists of: (i) amortization of construction monitoring fees, (ii) prepayment penalties, (iii) late fees and other loan fees and (iv) other miscellaneous collections. The decrease was primarily due to the fee collected on a prepaid loan during the six months ended June 30, 1995 of \$51,000. Additionally, the income recognized from the monitoring of construction hotel/motel projects in process decreased by \$10,000, from \$80,000 during the six months ended June 30, 1995, to \$70,000 during the six months ended June 30, 1996. The decrease was offset by \$46,000 of income recognized during the six months ended June 30, 1996 from other loan-related fees. Income recognized during the six months ended June 30, 1995 from other loan-related fees was \$5,000.

Expenses, other than interest expense, consisted primarily of the servicing and advisory fees paid to the Investment Manager. The operating expenses borne by the Investment Manager include compensation to PMC Commercial's officers (other than stock options) and the cost of office space, equipment and other personnel required for the Company's day-to-day operations. The expenses paid by the Company include direct transaction costs incident to the acquisition and disposition of investments, corporate legal and auditing fees and expenses, the fees and expenses of PMC Commercial's independent trust managers, the costs of printing and mailing proxies and reports to shareholders and the fees and expenses of PMC Commercial's custodian and transfer agent, if any. The Company, rather than the Investment Manager, will also be required to pay expenses associated with any litigation and other extraordinary or nonrecurring expenses. Pursuant to the Investment Management Agreement, the Company incurred an aggregate of \$750,000 in management fees for the six months ended June 30, 1996. Of the total management fees paid or payable to the Investment Manager during the six months ended June 30, 1996, \$143,000 has been offset against commitment fees as a direct cost of originating loans. Investment management fees were \$532,000 for the six months ended June 30, 1995. Of the total management fees paid or payable to the Investment Manager during the six months ended June 30, 1995, \$158,500 was offset against commitment fees as a direct cost of originating loans. The increase in investment management fees of \$218,000 (prior to offsetting direct costs of originating loans), or 41%, is primarily due to the average invested assets increasing from \$40.3 million during the six months ended June 30, 1995 to \$63.8 million during the six months ended June 30, 1996 (a \$23.5 million increase, or 58%) and average total assets increasing from \$51.6 million during the six months ended June 30, 1995 to \$74.0 million during the six months ended June 30, 1996 (a \$22.4 million increase, or 43%).

Legal and accounting fees decreased by \$21,000 (45%), from \$47,000 during the six months ended June 30, 1995, to \$26,000 during the six months ended June 30, 1996. This decrease is attributable to billing of accounting and corporate legal fees during the six months ended June 30, 1995.

General and administrative expenses decreased by \$10,000 (15%), from \$67,000 during the six months ended June 30, 1995, to \$57,000 during the six months ended June 30, 1996. This decrease is primarily attributable to the cost of printing and mailing the Company's dividend reinvestment plan and the cost of listing of the Company's common shares of beneficial interest on the American Stock Exchange during the six months ended June 30, 1995.

Interest expense of \$785,000 relates to interest on the Company's revolving credit facility (approximately \$138,000), interest on the structured financing (approximately \$628,000) and interest incurred on borrower advances (approximately \$19,000) during the six months ended June 30, 1996. The obligation to pay interest on borrower advances is included in borrower advances on the accompanying balance sheets. The Company had no outstanding debt during the six months ended June 30, 1995. Interest expense on borrower advances was \$34,000 during the six months ended June 30, 1995.

As the Company is currently qualified as a Real Estate Investment Trust ("REIT") under the applicable provisions of the Internal Revenue Code of 1986, as amended ("the Code"), there are no provisions in the financial statements for Federal income taxes.

THREE MONTHS ENDED JUNE 30, 1996 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 1995

The net income of the Company for the three months ended June 30, 1996 and 1995, was \$1.3 million and \$1.1 million, \$0.37 and \$0.33 per share, respectively.

Interest income - loans increased by \$700,000 (54%), from \$1.3 million for the three months ended June 30, 1995, to \$2.0 million for the three months ended June 30, 1996. This increase was primarily attributable to: (i) the reallocation of the Company's initial investment of the proceeds of the IPO in cash and U.S. Government securities to higher-yielding loans to small businesses and (ii) portfolio growth from the proceeds of borrowing arrangements. The average invested assets in loans to small businesses increased by \$21.5 million (48%), from \$45.1 million during the three months ended June 30, 1995, to \$66.6 million during the three months ended June 30, 1996. The annualized average yields on loans for the three months ended June 30, 1996 and 1995 were approximately 11.9% and 11.5%, respectively. Interest income - loans includes interest earned on loans, the accretion of discount on purchased loans (approximately \$7,300 and \$6,900 during the three months ended June 30, 1996 and 1995, respectively) and the accretion of deferred commitment fees (approximately \$64,000 and \$55,000 during the three months ended June 30, 1996 and 1995, respectively).

Interest and dividends - other investments increased by \$118,000 (137%), from \$86,000 during the three months ended June 30, 1995, to \$204,000 during the three months ended June 30, 1996. This increase was due to an increase in funds available for short-term investments which resulted from the completion of the structured financing on March 12, 1996 (see Note 5 to the consolidated financial statements contained herein). The average short-term investments of the Company increased by \$9.9 million (157%), from \$6.3 million during the three months ended June 30, 1995, to \$16.2 million during the three months ended June 30, 1996. The average yields on short-term investments during the three months ended June 30, 1996 and 1995 were approximately 5.0% and 5.5%, respectively.

Other income increased by \$10,000 (19%), from \$52,000 during the three months ended June 30, 1995, to \$62,000 during the three months ended June 30, 1996. Other income consists of: (i) amortization of construction monitoring fees, (ii) prepayment penalties, (iii) late fees and other loan fees and (iv) other miscellaneous collections. The increase was primarily due to the collection of loan-related fees, which increased by \$23,000 from \$2,000 during the three months ended June 30, 1995 to \$25,000 during the three months ended June 30, 1996. The increase was offset by income recognized from the monitoring of construction hotel/motel projects in process which decreased by \$17,000 from \$48,000 during the three months ended June 30, 1995, to \$31,000 during the three months ended June 30, 1996.

Expenses, other than interest expense, consisted primarily of the servicing and advisory fees paid to the Investment Manager. The operating expenses borne by the Investment Manager include compensation to PMC Commercial's officers (other than stock options) and the cost of office space, equipment and other personnel required for the Company's day-to-day operations. The expenses paid by the Company include direct transaction costs incident to the acquisition and disposition of investments, regular legal and auditing fees and expenses, the fees and expenses of PMC Commercial's independent trust managers, the costs of printing and mailing proxies and reports to shareholders and the fees and expenses of the Company's custodian and transfer agent, if any. The Company, rather than the Investment Manager, will also be required to pay expenses associated with

any litigation and other extraordinary or nonrecurring expenses. Pursuant to the Investment Management Agreement, the Company incurred an aggregate of \$394,000 in management fees for the three months ended June 30, 1996. Of the total management fees paid or payable to the Investment Manager during the three months ended June 30, 1996, \$63,000 has been offset against commitment fees as a direct cost of originating loans. Investment management fees were \$291,000 for the three months ended June 30, 1995. Of the total management fees paid or payable to the Investment Manager during the three months ended June 30, 1995, \$78,000 was offset against commitment fees as a direct cost of originating loans. The increase in investment management fees of \$103,000 (prior to offsetting direct costs of originating loans), or 35%, is primarily due to the average invested assets increasing from \$45.1 million during the three months ended June 30, 1995 to \$66.6 million during the three months ended June 30, 1996 (a \$21.5 million increase, or 48%) and average total assets increasing from \$51.8 million during the three months ended June 30, 1995 to \$84.2 million during the three months ended June 30, 1996 (a \$32.4 million increase, or 63%).

Legal and accounting fees decreased by \$5,000 (24%), from \$21,000 during the three months ended June 30, 1995, to \$16,000 during the three months ended June 30, 1996. This decrease is attributable to billing of accounting and corporate legal fees during the three months ended June 30, 1995.

General and administrative expenses of \$31,000 for the three months ended June 30, 1996 remained consistent with general and administrative expenses of \$34,000 for the three months ended June 30, 1995. General and administrative expenses for the three months ended June 30, 1996 and 1995 consisted primarily of shareholder servicing fees.

Interest expense of \$533,000 relates to interest on the structured financing (approximately \$523,000), interest on the Company's revolving credit facility (approximately \$2,000), and interest incurred on borrower advances during the three months ended June 30, 1996 (approximately \$8,000). The obligation to pay interest on borrowers advances is included in borrower advances on the accompanying balance sheet. The Company had no outstanding debt during the three months ended June 30, 1995. Interest on borrower advances was \$18,000 during the three months ended June 30, 1995.

As the Company is currently qualified as a REIT under the applicable provisions of the Code, there are no provisions in the financial statements for Federal income taxes.

LIQUIDITY AND CAPITAL RESOURCES

The primary use of the Company's funds is to originate loans and, from time to time, to acquire loans from governmental agencies and/or their agents. The Company also uses funds for payment of dividends to shareholders, management and advisory fees (in lieu of salaries and other administrative overhead), general corporate overhead and interest and principal payments on borrowed funds.

In general, to meet its liquidity requirements, including expansion of its outstanding loan portfolio, the Company may use: (i) its short-term credit facility as described below, (ii) placement of long-term borrowings, (iii) issuance of debt securities and/or (iv) offerings of additional equity securities, including preferred shares of beneficial interest (the "Preferred Shares"). Pursuant to the

Investment Management Agreement, if the Company does not have available capital to fund outstanding commitments, the Investment Manager will refer such commitments to affiliates of the Company. The ability of the Company to meet its liquidity needs will depend on its ability to borrow funds or issue equity securities on favorable terms.

By December 31, 1995, the Company had invested all the proceeds from its IPO in loans to small businesses. During 1995, the Company completed an arrangement for a revolving credit facility providing the Company with funds to originate loans collateralized by commercial real estate. This credit facility provides the Company up to the lesser of \$20 million or an amount equal to 50% of the value of the underlying property collateralizing the borrowings. At June 30, 1996, the Company had \$300,000 outstanding borrowings under the credit facility and an additional availability of \$19.7 million. The Company is charged interest on the balance outstanding, if any, under the credit facility at the Company's election of either the prime rate of the lender less 50 basis points or 200 basis points over the 30, 60 or 90 day LIBOR.

During March 1996, the Company, through a limited partnership structure, completed a private placement of approximately \$29.5 million of notes issued pursuant to a rated structured financing collateralized by a portion of the Company's commercial loan portfolio (the "Private Placement"). The financing resulted in net proceeds to the Company of approximately \$27.1 million, of which approximately \$10.3 million were used to repay outstanding borrowings under the Company's credit facility.

At June 30, 1996, the Company had \$10.9 million of cash and cash equivalents. In July 1996, the Company received \$33.5 million from the issuance of its Common Shares of Beneficial Interest (the "Common Shares") as described below. Additional funds will be available to the Company from the proceeds of the dividend reinvestment plan or amounts pursuant to the SBA 504 loan program. At June 30, 1996, the Company had approximately \$34.1 million in outstanding commitments to originate loans. To the extent the Company has available funds, an additional \$14.6 million in commitments made by the Investment Manager were designated for the Company at June 30, 1996. It is anticipated that these loans will be funded by the Company. Such commitments were made in the ordinary course of the Company's business and are conditioned upon compliance with the terms of the commitment letter. Commitments have fixed expiration dates and require payment of a fee. Since some commitments expire without the proposed loan closing, the total committed amounts do not necessarily represent future cash requirements.

On April 23, 1996, the Company filed a registration statement on Form S-11 with the Securities and Exchange Commission to register for sale up to 2,360,000 of Common Shares. The registration statement was declared effective on June 26, 1996, and on July 2, 1996, the Company completed the sale of 2 million Common Shares in a public offering and 60,000 Common Shares in a directed public offering (collectively, "the Offering"). The shares were sold at \$15.625 per share, resulting in net proceeds of \$29.5 million. In July 1996, PMC Commercial sold an additional 275,000 Common Shares under the exercise of the over-allotment option by the underwriters of the Offering, for additional net proceeds of approximately \$4 million.

Loan demand has remained strong. The Private Placement and the Offering has provided the Company with sufficient funds to expand the outstanding portfolio consistent with historical growth levels. After utilization of these funds and until such time as additional long-term financing is available, the Company will continue to borrow funds based on a variable rate of interest by utilizing

its revolving credit facility, and originating loans with a fixed-rate of interest. Net income on these leveraged funds will be materially dependent on the spread between the rate at which it borrows funds and the rate at which it loans these funds.

Management anticipates that (i) available short-term investments, (ii) availability under the revolving credit facility and (iii) proceeds from the dividend reinvestment plan and the SBA 504 loan program, will be adequate to meet its existing obligations.

In general, if the returns on loans originated by the Company with funds obtained from any borrowing or the issuance of any Preferred Shares fail to cover the cost of such funds, the net cash flow on such loans will be negative. Additionally, any increase in the interest rate earned by the Company on investments in excess of the interest rate or dividend rate incurred on the funds obtained from either borrowings or the issuance of Preferred Shares would cause its net income to increase more than it would without leverage. Conversely, any decrease in the interest rate earned by the Company on investments would cause net income to decline by a greater amount than it would if the funds had not been obtained from either borrowings or the issuance of Preferred Shares. Leverage is thus generally considered a speculative investment technique.

RISKS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS INCLUDED ON THIS FORM 10-Q

This Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created thereby. These statements include the plans and objectives of management for future operations, including plans and objectives relating to future growth of the loan portfolio and availability of funds. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

PART II
Other Information

ITEM 4. Submission of Matters to a Vote of Security Holders

At the Company's Annual Meeting of Shareholders, the following members were elected to the Board of Trust Managers:

Andrew S. Rosemore
Lance B. Rosemore
Irving Munn
Roy H. Greenberg
Nathan Cohen
Martha Greenberg
Ira Silver

The following proposals were approved at the Company's Annual Meeting:

	Affirmation Votes -----	Negative Votes -----	Abstentions and Broker Non-Votes -----
1. To increase the maximum number of the Company's Common Shares of beneficial interest available for issuance under the PMC Commercial Trust Employee Share Option Plan and the PMC Commercial Trust 1993 Trust Manager Share Option Plan	2,860,585	212,085	145,018
2. To ratify the appointment of Coopers & Lybrand L.L.P. as the independent public accountants of the Company	3,173,213	6,974	37,501

ITEM 6. Exhibits and Reports on Form 8-K

A. Exhibits
27 Financial Data Schedule

B. Forms 8-K
No reports on Form 8-K were filed during the quarter ended June 30, 1996.

Signatures

Pursuant to the requirements 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:	8/14/96	PMC Commercial Trust
	-----	\s\ Lance B. Rosemore

		Lance B. Rosemore
		President
Date:	8/14/96	\s\ Barry N. Berlin
	-----	-----
		Barry N. Berlin
		Chief Financial Officer
		(Principal Accounting Officer)

Exhibit Index

EXHIBIT NO.	DESCRIPTION
----- 27	----- Financial Data Schedule

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE JUNE 30, 1996 FORM 10Q OF PMC COMMERCIAL TRUST AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS		
	DEC-31-1996	
	JAN-01-1996	
	JUN-30-1996	
		2,664
	10,882,786	
	71,121,049	
		0
		0
	0	0
		0
	85,562,320	
6,028,687		
	29,667,426	
	0	
		0
	50,062,845	
	(196,638)	
85,562,320		
		0
	4,132,558	
		0
	688,760	
	0	
	784,981	
	2,658,817	
		0
2,658,817		
	0	
	0	
		0
	2,658,817	
	0.75	
	0.75	

Includes current and long-term portion of all loans receivable and related interest receivable

Includes the following items not included above:

(i) Other assets, net	\$ 82,831
(ii) Deferred borrowing costs	420,683
(iii) Deferred stock offering costs	310,547
(iv) Restricted investments	2,741,760

	\$3,555,821
	=====

Includes the following:

(i) Dividends payable	\$1,367,068
(ii) Accounts payable	250,586
(iii) Interest payable	164,087
(iv) Borrower advances	2,781,265
(v) Unearned Commitment fees	897,097
(vi) Due to affiliates	439,258
(vii) Unearned construction monitoring fees	129,326

	\$6,028,687
	=====