

BROADWAY FINANCIAL CORP \DE\  
Form 10-Q  
July 16, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington D.C. 20549**  
**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-27464

**BROADWAY FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-4547287**  
(I.R.S. Employer  
Identification No.)

**4800 Wilshire Boulevard, Los Angeles, California**  
(Address of principal executive offices)

**90010**  
(Zip Code)

**(323) 634-1700**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required 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

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to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated, or a smaller reporting company. See the definition of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,743,965 shares of the Company's Common Stock, par value \$0.01 per share, were outstanding as of June 30, 2010.

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**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets**

	March 31, 2010 (Unaudited)	December 31, 2009
	<i>(Dollars in thousands, except per share amounts)</i>	
<b>Assets</b>		
Cash	\$ 4,879	\$ 7,440
Federal funds sold	12,565	
Cash and cash equivalents	17,444	7,440
Securities available for sale, at fair value	13,769	14,961
Securities held to maturity (fair value of \$15,718 at March 31, 2010 and \$16,838 at December 31, 2009)	15,149	16,285
Loans receivable held for sale, net	19,321	20,940
Loans receivable, net of allowance of \$20,110 and \$20,460	435,067	432,640
Accrued interest receivable	2,456	2,419
Federal Home Loan Bank (FHLB) stock, at cost	4,536	4,305
Office properties and equipment, net	5,308	5,363
Real estate owned (REO)	2,213	2,072
Bank owned life insurance	2,442	2,418
Deferred tax assets	5,266	4,986
Other assets	5,903	7,217
Total assets	\$ 528,874	\$ 521,046
<b>Liabilities and stockholders equity</b>		
Deposits	\$ 392,747	\$ 385,488
Federal Home Loan Bank advances	88,000	91,600
Junior subordinated debentures	6,000	6,000
Other borrowings	5,000	
Advance payments by borrowers for taxes and insurance		372
Other liabilities	4,738	6,071
Total liabilities	496,485	489,531
<b>Stockholders Equity:</b>		
Senior preferred, cumulative and non-voting stock, \$1,000 par value, authorized, issued and outstanding 9,000 shares of Series D at March 31, 2010 and December 31, 2009; liquidation preference of \$9,000 at March 31, 2010 and December 31, 2009	8,963	8,963
Senior preferred, cumulative and non-voting stock, \$1,000 par value, authorized, issued and outstanding 6,000 shares of Series E at March 31, 2010 and December 31, 2009; liquidation preference of \$6,000 at March 31, 2010 and December 31, 2009	5,974	5,974
Preferred, non-cumulative and non-voting stock, \$.01 par value, authorized 1,000,000 shares; issued and outstanding 55,199 shares of Series A, 100,000 shares of Series B and 76,950 shares of Series C at March 31, 2010 and December 31, 2009; liquidation preference of \$552 for Series A, \$1,000 for Series B and \$1,000 for Series C at March 31, 2010 and December 31, 2009	2	2
Preferred stock discount	(1,662)	(1,756)
Common stock, \$.01 par value, authorized 3,000,000 shares; issued 2,013,942 shares at March 31, 2010 and December 31, 2009; outstanding 1,743,365 shares at March 31, 2010 and December 31, 2009	20	20
Additional paid-in capital	14,330	14,273
Retained earnings-substantially restricted	7,992	7,322

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Accumulated other comprehensive income, net of taxes of \$154 and \$118 at March 31, 2010 and December 31, 2009	229	176
Treasury stock-at cost, 270,577 shares at March 31, 2010 and December 31, 2009	(3,459)	(3,459)
Total stockholders' equity	32,389	31,515
Total liabilities and stockholders' equity	\$ 528,874	\$ 521,046

*See accompanying notes to unaudited consolidated financial statements.*

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Statements of Operations and Comprehensive Earnings****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<i>(Dollars in thousands, except per share amounts)</i>	
Interest and fees on loans receivable	\$ 7,427	\$ 6,254
Interest on mortgage-backed securities	270	294
Interest on investment securities	12	13
Other interest income	10	34
<b>Total interest income</b>	<b>7,719</b>	<b>6,595</b>
Interest on deposits	1,503	1,725
Interest on borrowings	795	752
<b>Total interest expense</b>	<b>2,298</b>	<b>2,477</b>
Net interest income before provision for loan losses	5,421	4,118
Provision for loan losses	574	516
<b>Net interest income after provision for loan losses</b>	<b>4,847</b>	<b>3,602</b>
Non-interest income:		
Service charges	263	347
Net gains (losses) on mortgage banking activities		17
Gain on sale of REO	26	
Provision for losses on loans receivable held for sale	(156)	(105)
Other	33	37
<b>Total non-interest income</b>	<b>166</b>	<b>296</b>
Non-interest expense:		
Compensation and benefits	1,931	1,626
Occupancy expense, net	362	345
Information services	218	198
Professional services	210	173
Office services and supplies	144	144
FDIC insurance	247	105
Other	263	235
<b>Total non-interest expense</b>	<b>3,375</b>	<b>2,826</b>
Earnings before income taxes	1,638	1,072
Income taxes	650	410
<b>Net earnings</b>	<b>\$ 988</b>	<b>\$ 662</b>

Other comprehensive income, net of tax:		
Unrealized gain on securities available for sale	\$ 89	\$ 104
Income tax effect	(36)	(41)
Other comprehensive income, net of tax	53	63
Comprehensive earnings	\$ 1,041	\$ 725
Net earnings	\$ 988	\$ 662
Dividends and discount accretion on preferred stock	(300)	(163)
Earnings available to common shareholders	\$ 688	\$ 499
Earnings per common share-basic	\$ 0.39	\$ 0.29
Earnings per common share-diluted	\$ 0.39	\$ 0.29
Dividends declared per share-common stock	\$ 0.01	\$ 0.05

*See accompanying notes to unaudited consolidated financial statements.*

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<i>(Dollars in thousands)</i>	
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 988	\$ 662
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Provision for loan losses	574	516
Provision for losses on loans receivable held for sale	156	105
Depreciation	108	107
Net amortization of premiums and discounts on loans purchased	(1)	(6)
Net amortization of deferred loan origination costs (fees)	14	(16)
Net amortization of premiums on mortgage-backed securities	59	4
Stock-based compensation expense	57	15
Net gains on mortgage banking activities		(17)
Earnings on bank owned life insurance	(24)	(23)
Gain on sale of REO	(26)	
Net change in:		
Loans receivable held for sale, net	1,544	1,181
Accrued interest receivable	(37)	(176)
Deferred income taxes	(316)	
Other assets	1,314	(127)
Other liabilities	(1,055)	(766)
Net cash provided by operating activities	3,355	1,459
<b>Cash flows from investing activities:</b>		
Available-for-sale securities:		
Maturities, prepayments and calls	1,225	142
Held-to-maturity securities:		
Maturities, prepayments and calls	1,133	1,222
Net change in loans receivable	(4,090)	(29,261)
Proceeds from sale of REO	880	
Investment in affordable housing limited partnership	(278)	
Purchase of Federal Home Loan Bank stock	(231)	(38)
Additions to office properties and equipment	(53)	(110)
Net cash used in investing activities	(1,414)	(28,045)
<b>Cash flows from financing activities:</b>		
Net change in deposits	7,259	33,914
Repayments on Federal Home Loan Bank advances	(3,600)	(2,500)
Net increase in other borrowings	5,000	
Cash dividends paid	(224)	(218)
Net change in advance payments by borrowers for taxes and insurance	(372)	(436)
Net cash provided by financing activities	8,063	30,760



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Net change in cash and cash equivalents	10,004	4,174
Cash and cash equivalents at beginning of period	7,440	7,476
Cash and cash equivalents at end of period	\$ 17,444	\$ 11,650
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 2,296	\$ 2,485
Cash paid for income taxes	\$	\$ 840
<b>Supplemental disclosures of non-cash investing and financing activities:</b>		
Transfers of loans receivable to REO	\$ 1,076	\$

*See accompanying notes to unaudited consolidated financial statements.*

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**BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES**

**Notes to Unaudited Consolidated Financial Statements**

**March 31, 2010**

**NOTE (1) Basis of Financial Statement Presentation**

The accompanying unaudited consolidated financial statements include Broadway Financial Corporation (the Company) and its wholly owned subsidiary, Broadway Federal Bank, f.s.b. (the Bank). Also included in the unaudited consolidated financial statements is Broadway Service Corporation, a wholly owned subsidiary of the Bank. All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions for Form 10-Q. These unaudited consolidated financial statements do not include all disclosures associated with the Company's consolidated annual financial statements included in its annual report on Form 10-K for the year ended December 31, 2009 and, accordingly, should be read in conjunction with such audited consolidated financial statements. In the opinion of management, all adjustments (all of which are normal and recurring in nature) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Some items in the prior period consolidated financial statements were reclassified to conform to the current presentation.

**NOTE (2) Recent Accounting Pronouncements**

In June 2009, the Financial Accounting Standards Board (FASB) amended previous guidance relating to transfers of financial assets and eliminates the concept of a qualifying special purpose entity. This guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. This guidance must be applied to transfers occurring on or after the effective date. Additionally, on and after the effective date, the concept of a qualifying special-purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities should be evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. The disclosure provisions were also amended and apply to transfers that occurred both before and after the effective date of this guidance. The effect of adopting this guidance on January 1, 2010 was not material to the Company's consolidated financial statements.

In June 2009, the FASB amended guidance for consolidation of variable interest entities by replacing the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. Additional disclosures about an enterprise's involvement in variable interest entities are also required. This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Early adoption is prohibited. The effect of adopting this guidance on January 1, 2010 was not material to the Company's consolidated financial statements.

In January 2010, the FASB updated previous guidance relating to fair value measurements and disclosures. This guidance adds new disclosures about transfers into and out of Level 1 and Level 2 measurements and the reasons for those transfers. Disclosures of gross amounts of purchases, sales, issuances, and settlements are now required in the roll-forward of Level 3 measurements, replacing the net presentation previously allowed. The update also clarifies existing disclosures guidance about the level of disaggregation to be presented and about inputs and valuation techniques used to measure fair value. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to report Level 3 roll-forward activity on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Company will adopt the disclosure related to the detailed Level 3 roll forward disclosures on January 1, 2011 and the remaining disclosure was adopted as of January 1, 2010. Since this

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guidance requires only enhanced disclosures concerning fair value measurement, adoption of this guidance did not and will not have a material effect on the Company's consolidated financial statements.

**NOTE (3) Earnings Per Common Share**

Basic earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of shares of Common Stock outstanding for the period. Diluted earnings per common share is computed by dividing earnings available to common shareholders by the weighted average number of shares of Common Stock outstanding for the period, increased for the dilutive effect of Common Stock equivalents.

The following table shows how we computed basic and diluted earnings per common share for the three months ended March 31, 2010 and 2009.

	<b>For the three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(Dollars in thousands, except per share)</b>	
<b>Basic</b>		
Net earnings	\$ 988	\$ 662
Less: Preferred stock dividends and accretion	(300)	(163)
Earnings available to common shareholders	\$ 688	\$ 499
Weighted average common shares outstanding	1,743,365	1,742,765
Basic earnings per common share	\$ 0.39	\$ 0.29
<b>Diluted</b>		
Net earnings	\$ 988	\$ 662
Less: Preferred stock dividends and accretion	(300)	(163)
Earnings available to common shareholders	\$ 688	\$ 499
Weighted average common shares outstanding	1,743,365	1,742,765
Add: dilutive effects of assumed exercises of stock options	5,778	1,982
Average shares and dilutive potential common shares	1,749,143	1,744,747
Diluted earnings per common share	\$ 0.39	\$ 0.29

Stock options and warrant for 211,763 and 402,000 shares of common stock were not considered in computing diluted earnings per common share for the three months ended March 31, 2010 and 2009 because they were anti-dilutive.



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The following table summarizes the amortized cost and fair value of the available-for-sale and held-to-maturity investment securities portfolios at March 31, 2010 and December 31, 2009 and the corresponding amounts of unrealized gains and losses which are recognized in accumulated other comprehensive income (loss), for available-for-sale investment securities, were as follows:

	Amortized Cost	Gross Unrealized Gains (In thousands)	Gross Unrealized Losses	Fair Value
<b>March 31, 2010:</b>				
<b>Available-for-sale</b>				
Residential mortgage-backed	\$ 13,386	\$ 383	\$	\$ 13,769
Total available-for-sale	\$ 13,386	\$ 383	\$	\$ 13,769
<b>Held-to-maturity</b>				
Residential mortgage-backed	\$ 14,149	\$ 476	\$	\$ 14,625
U.S. Government and federal agency	1,000	93		1,093
Total held-to-maturity	\$ 15,149	\$ 569	\$	\$ 15,718
<b>December 31, 2009:</b>				
<b>Available-for-sale</b>				
Residential mortgage-backed	\$ 14,667	\$ 294	\$	\$ 14,961
Total available-for-sale	\$ 14,667	\$ 294	\$	\$ 14,961
<b>Held-to-maturity</b>				
Residential mortgage-backed	\$ 15,285	\$ 460	\$	\$ 15,745
U.S. Government and federal agency	1,000	93		1,093
Total held-to-maturity	\$ 16,285	\$ 553	\$	\$ 16,838

The amortized cost and fair value of the investment securities portfolios are shown by contractual maturity at March 31, 2010. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily residential mortgage-backed securities, are shown separately.

Maturity	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(In thousands)				
Within one year	\$	\$	\$	\$
One to five years			1,000	1,093
Five to ten years				
Beyond ten years				
Residential mortgage-backed	13,386	13,769	14,149	14,625
Total	\$ 13,386	\$ 13,769	\$ 15,149	\$ 15,718

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2010**

At March 31, 2010 and December 31, 2009, securities pledged to secure public deposits and FHLB advances had a carrying amount of \$15.1 million and \$16.3 million, respectively. At March 31, 2010 and December 31, 2009, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity. There were no sales of securities during the three months ended March 31, 2010 and 2009.

There were no securities with unrealized losses at March 31, 2010 and December 31, 2009. We evaluate securities for other-than-temporary impairment at least quarterly, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the financial condition and near-term prospects of the issuer; the length of time and the extent to which the fair value has been less than the cost, and our intent and ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. In analyzing an issuer's financial condition, we consider whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition.

**NOTE (5) Allowance for Loan Losses and Impaired Loans**

Activity in the allowance for loan losses was as follows:

	<b>For the three months ended March 31, 2010      2009 (In thousands)</b>	
Beginning balance	\$ 20,460	\$ 3,559
Provision for loan losses	574	516
Recoveries		
Loans charged off	(924)	
Ending balance	\$ 20,110	\$ 4,075

Individually impaired loans were as follows:

	<b>March 31, 2010</b>	<b>December 31, 2009</b>
	<b>(In thousands)</b>	
Impaired loans with no allocated allowance for loan losses	\$ 20,356	\$ 17,500
Impaired loans with allocated allowance for loan losses based on fair value of collateral	15,328	16,956
Impaired loans with allocated allowance for loan losses based on present value of cash flows as a troubled debt restructure (TDR)	14,685	15,186
Total	\$ 50,369	\$ 49,642
Allowance for loan losses allocated to impaired loans based on fair value of collateral	\$ 4,950	\$ 4,831
	490	543

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Allowance for loan losses allocated to impaired loans based on present value of cash flows as a TDR

Allowance for loan losses allocated to impaired loans	\$ 5,440	\$ 5,374
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Non-accrual loans were as follows:

	March 31, 2010	December 31, 2009
	(In thousands)	
Loans receivable, held for sale	\$ 2,356	\$ 4,013
Loans receivable, net	31,677	30,908
<b>Total non-accrual loans</b>	<b>\$ 34,033</b>	<b>\$ 34,921</b>

Non-accrual loans consist of delinquent loans that are 90 days or more past due and TDRs that do not qualify for accrual status. There were no loans 90 days or more past due and still accruing.

At March 31, 2010, loans classified as a TDR totaled \$31.9 million, of which \$9.5 million were included in nonaccrual loans and \$22.4 million were on accrual status as the loans have complied with the terms of their restructured agreements for a satisfactory period of time. At December 31, 2009, loans classified as a TDR totaled \$32.5 million, of which \$11.0 million were included in nonaccrual loans and \$21.5 million were on accrual status as the loans have complied with the terms of their restructured agreements for a satisfactory period of time. The Company has allocated \$490 thousand and \$543 thousand of specific allowance allocations to TDRs as of March 31, 2010 and December 31, 2009, respectively. The net carrying value of TDRs is evaluated on at least a quarterly basis and valuation allowances are adjusted for changes in the estimated present value of the expected future cash flows discounted at the loan's effective interest rate. As of March 31, 2010 and December 31, 2009, we did not have any outstanding commitments to extend additional funds to these borrowers.

**NOTE (6) Fair Value**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of each type of financial instrument:

The fair values of securities available-for-sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Loans receivable held for sale are carried at the lower of cost or fair value, as determined by outstanding commitments, from third party investors, if available, and if not available, are based on discounted cash flows using current market rates applied to the estimated life and credit risk (Level 2 inputs). The fair value of non-performing loans receivable held for sale is generally based upon the fair value of the collateral which is obtained from recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including

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comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value.

Nonrecurring adjustments to certain commercial and residential real estate properties classified as real estate owned ( REO ) are measured at the lower of carrying amount or fair value, less costs to sell. Fair values are generally based on third party appraisals of the property, resulting in a Level 3 classification. In cases where the carrying amount exceeds the fair value, less costs to sell, an impairment loss is recognized.

Mortgage servicing rights assets are recognized on residential and non-residential mortgage loans we service for others. The fair value of mortgage servicing rights is based on a valuation model that calculates the present value of estimated future net servicing income (Level 3 inputs).

***Assets Measured on a Recurring Basis***

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at March 31, 2010 Using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities available-for-sale - residential mortgage-backed	\$ 13,769	\$	\$ 13,769	\$

	Fair Value Measurements at December 31, 2009 Using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Securities available-for-sale - residential mortgage-backed	\$ 14,961	\$	\$ 14,961	\$

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**BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES**

**Notes to Unaudited Consolidated Financial Statements (continued)**

**March 31, 2010**

*Assets Measured on a Non-Recurring Basis*

Assets measured at fair value on a non-recurring basis are summarized below:

Fair Value Measurements at March 31, 2010 Using			
Quoted Prices in			
Active Markets			
for			
Identical			
Assets			
Carrying	(Level	Significant	Significant
Value	1)	Other	Unobservable
		Observable	Inputs
		Inputs	(Level 3)
		(Level 2)	
		(	