

BROADWAY FINANCIAL CORP \DE\

Form 10-Q

September 21, 2012

Table of Contents

**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, 2012**

**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)**

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>95-4547287</b> (I.R.S. Employer Identification No.)
<b>4800 Wilshire Boulevard, Los Angeles, California</b> (Address of principal executive offices)	<b>90010</b> (Zip Code)
<b>(323) 634-1700</b> (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 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 <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>

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: 1,744,565 shares of the Company's Common Stock, par value \$0.01 per share, were outstanding as of September 6, 2012.

**Table of Contents**

**Explanatory Note**

On May 15, 2012, the Company filed a Current Report on Form 8-K regarding its first quarter 2012 earnings release. The Company has restated results for the first quarter 2012 and issued a press release announcing the revised earnings on September 19, 2012, which is attached to the Company's Current Report on Form 8-K filed on September 19, 2012.

The filing of this Quarterly Report on Form 10-Q ( this Report ) was delayed pending completion of the restatement of our audited consolidated financial statements for the year ended December 31, 2011 as described in the amendment to our Form 10-K Annual Report for that year (Form 10-K/A Amendment No. 2) that we filed with the Securities and Exchange Commission (the SEC ) on September 14, 2012. Except as otherwise indicated herein, this Report speaks as of March 31, 2012 only and does not reflect events or changes in circumstances that have occurred after that date. Certain material changes in facts and circumstances and certain material events have occurred, or may occur, after that date that are described, or may be described, in subsequent filings that we make with the SEC. Each such subsequent filing with the SEC should be read for further information regarding our financial condition, results of operations and circumstances.

**Table of Contents****TABLE OF CONTENTS**

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
<u>Consolidated Balance Sheets as of March 31, 2012 (unaudited) and December 31, 2011</u>	1
<u>Consolidated Statements of Operations and Comprehensive Earnings (Loss) (unaudited) for the three months ended March 31, 2012 and 2011</u>	2
<u>Consolidated Statements of Cash Flows (unaudited) for the three months ended March 31, 2012 and 2011</u>	3
<u>Notes to Unaudited Consolidated Financial Statements</u>	4
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
Item 4. <u>Controls and Procedures</u>	31
<b>PART II. OTHER INFORMATION</b>	
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	32
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 3. <u>Defaults Upon Senior Securities</u>	32
Item 4. <u>Mine Safety Disclosures</u>	32
Item 5. <u>Other Information</u>	32
Item 6. <u>Exhibits</u>	32
<u>Signatures</u>	34
Ex 31.1 Section 302 Certification of CEO	
Ex 31.2 Section 302 Certification of CFO	
Ex 32 Section 906 Certifications of CEO and CFO	

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

	<b>March 31, 2012</b> <b>(Unaudited)</b> <i>(Dollars in thousands, except per share amounts)</i>	<b>December 31, 2011</b>
<b>Assets</b>		
Cash	\$ 13,572	\$ 12,127
Federal funds sold	31,605	19,470
Cash and cash equivalents	45,177	31,597
Securities available-for-sale, at fair value	18,027	18,979
Loans receivable held for sale, net	12,908	12,983
Loans receivable, net of allowance of \$17,752 and \$17,299	309,578	322,770
Accrued interest receivable	1,601	1,698
Federal Home Loan Bank (FHLB) stock, at cost	3,901	4,089
Office properties and equipment, net	4,548	4,626
Real estate owned	3,958	6,699
Bank owned life insurance	2,629	2,609
Investment in affordable housing limited partnership	1,629	1,675
Deferred tax assets	772	850
Other assets	4,132	5,162
<b>Total assets</b>	<b>\$ 408,860</b>	<b>\$ 413,737</b>
<b>Liabilities and shareholders equity</b>		
Deposits	\$ 290,352	\$ 294,686
Federal Home Loan Bank advances	83,000	83,000
Junior subordinated debentures	6,000	6,000
Other borrowings	5,000	5,000
Advance payments by borrowers for taxes and insurance	335	813
Other liabilities	5,904	5,962
<b>Total liabilities</b>	<b>390,591</b>	<b>395,461</b>
<b>Shareholders Equity:</b>		
Senior preferred cumulative and non-voting stock, \$.01 par value, authorized, issued and outstanding 9,000 shares of Series D at March 31, 2012 and December 31, 2011; liquidation preference of \$9,844 at March 31, 2012 and \$9,731 at December 31, 2011	8,963	8,963
Senior preferred cumulative and non-voting stock, \$.01 par value, authorized, issued and outstanding 6,000 shares of Series E at March 31, 2012 and December 31, 2011; liquidation preference of \$6,563 at March 31, 2012 and \$6,488 at December 31, 2011	5,974	5,974
Preferred non-cumulative and non-voting stock, \$.01 par value, authorized 985,000 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, 2012 and December 31, 2011; liquidation preference of \$552 for Series A, \$1,000 for Series B and \$1,000 for Series C at March 31, 2012 and December 31, 2011	3,657	3,657
Preferred stock discount	(896)	(994)
Common stock, \$.01 par value, authorized 8,000,000 shares at March 31, 2012 and December 31, 2011; issued 2,013,942 shares at March 31, 2012 and December 31, 2011; outstanding 1,744,565 shares at March 31, 2012 and December 31, 2011	20	20
Additional paid-in capital	10,844	10,824
Accumulated deficit	(7,427)	(7,295)
	578	571

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

Accumulated other comprehensive income, net of taxes of \$400 at March 31, 2012 and December 31, 2011		
Treasury stock-at cost, 269,377 shares at March 31, 2012 and December 31, 2011	(3,444)	(3,444)
<b>Total shareholders equity</b>	<b>18,269</b>	<b>18,276</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 408,860</b>	<b>\$ 413,737</b>

*See accompanying notes to unaudited consolidated financial statements.*

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

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
	<i>(Dollars in thousands, except per share amounts)</i>	
Interest and fees on loans receivable	\$ 5,330	\$ 6,384
Interest on mortgage-backed securities and other securities	148	181
Other interest income	16	9
<b>Total interest income</b>	<b>5,494</b>	<b>6,574</b>
Interest on deposits	975	1,239
Interest on borrowings	833	989
<b>Total interest expense</b>	<b>1,808</b>	<b>2,228</b>
Net interest income before provision for loan losses	3,686	4,346
Provision for loan losses	959	1,240
Net interest income after provision for loan losses	2,727	3,106
<b>Non-interest income:</b>		
Service charges	153	182
Net losses on mortgage banking activities	(166)	(25)
Net gains (losses) on sales of REO	412	(15)
Other	24	39
<b>Total non-interest income</b>	<b>423</b>	<b>181</b>
<b>Non-interest expense:</b>		
Compensation and benefits	1,589	1,809
Occupancy expense, net	287	354
Information services	213	227
Professional services	108	168
Provision for losses on loans held for sale	(2)	20
Provision for losses on REO	(19)	80
FDIC insurance	217	283
Office services and supplies	109	142
Other	419	419
<b>Total non-interest expense</b>	<b>2,921</b>	<b>3,502</b>
Earnings (loss) before income taxes	229	(215)
Income tax expense (benefit)	75	(86)
Net earnings (loss)	154	(129)
Dividends and discount accretion on preferred stock	(286)	(283)
Loss available to common shareholders	\$ (132)	\$ (412)

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

Loss per share:		
Basic	\$ (0.08)	\$ (0.24)
Diluted	\$ (0.08)	\$ (0.24)
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on securities available-for-sale	\$ 7	\$ (15)
Income tax effect		6
Other comprehensive income (loss), net of tax	7	(9)
Comprehensive earnings (loss)	\$ 161	\$ (138)

*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>2012</b>	<b>2011</b>
	<i>(Dollars in thousands)</i>	
<b>Cash flows from operating activities:</b>		
Net earnings (loss)	\$ 154	\$ (129)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Provision for loan losses	959	1,240
Provision for losses on loans receivable held-for-sale	(2)	20
Provision for losses on REO	(19)	80
Depreciation	78	104
Net amortization of deferred loan origination (fees) costs	27	(3)
Net amortization of premiums on mortgage-backed securities	15	36
Amortization of investment in affordable housing limited partnership	46	
Stock-based compensation expense	20	23
Earnings on bank owned life insurance	(20)	(22)
Net (gains) losses on sales of REO	(412)	15
Net losses on sales of loans		29
Net change in:		
Accrued interest receivable	97	216
Deferred tax assets	78	
Other assets	1,030	(1,636)
Other liabilities	(246)	372
Net cash provided by operating activities	1,805	345
<b>Cash flows from investing activities:</b>		
Net change in loans receivable	11,389	4,593
Proceeds from sales and principal repayments of loans receivable held-for-sale	77	6,480
Available-for-sale securities:		
Maturities, prepayments and calls	944	760
Held-to-maturity securities:		
Maturities, prepayments and calls		866
Proceeds from sales of REO	3,989	130
Net redemption of Federal Home Loan Bank stock	188	
Additions to office properties and equipment		(18)
Net cash provided by investing activities	16,587	12,811
<b>Cash flows from financing activities:</b>		
Net change in deposits	(4,334)	(7,522)
Proceeds from FHLB advances		7,000
Repayments on FHLB advances		(7,000)
Net change in advance payments by borrowers for taxes and insurance	(478)	69
Net cash used in financing activities	(4,812)	(7,453)
Net change in cash and cash equivalents	13,580	5,703
Cash and cash equivalents at beginning of period	31,597	21,978

Cash and cash equivalents at end of period	\$ 45,177	\$ 27,681
--	-----------	-----------

**Supplemental disclosures of cash flow information:**

Cash paid for interest	\$ 1,608	\$ 2,037
------------------------	----------	----------

Cash paid for income taxes	\$	\$ 865
----------------------------	----	--------

**Supplemental disclosures of non-cash investing and financing activities:**

Transfers of loans receivable to REO	\$ 817	\$ 1,937
--------------------------------------	--------	----------

Transfers of loans receivable held-for-sale to REO	\$	\$ 266
--	----	--------

Transfers of loans receivable held-for-sale to other assets	\$	\$ 7,662
---	----	----------

*See accompanying notes to unaudited consolidated financial statements.*

**Table of Contents**

**BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES**

**Notes to Unaudited Consolidated Financial Statements**

**March 31, 2012**

**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 quarterly reports on 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, 2011 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, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

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

**NOTE (2) Recently Issued Accounting Pronouncements**

In May 2011, the FASB issued an amendment to achieve common fair value measurement and disclosure requirements between U.S. and International accounting principles. Overall, the guidance is consistent with existing U.S. accounting principles; however, there are some amendments that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this guidance are effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In June 2011, the FASB amended existing guidance and eliminated the option to present the components of other comprehensive income as part of the statement of changes in shareholder's equity. The amendment requires that comprehensive income be presented in either a single continuous statement or in two separate consecutive statements. The amendments in this guidance are effective as of the beginning of a fiscal reporting year, and interim periods within that year, that begins after December 15, 2011. Early adoption is permitted. The adoption of this amendment had no impact on the Company's consolidated financial statements as the prior presentation of comprehensive income was in compliance with this amendment.

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012****NOTE (3) Loss Per Common Share**

Basic loss per common share is computed by dividing loss available to common shareholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per common share is computed by dividing loss 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 the Company computed basic and diluted loss per common share for the three months ended March 31, 2012 and 2011.

	<b>For the three months ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Dollars in thousands, except per share)</b>	
<b>Basic</b>		
Net earnings (loss)	\$ 154	\$ (129)
Less: Preferred stock dividends and accretion	(286)	(283)
Loss available to common shareholders	\$ (132)	\$ (412)
Weighted average common shares outstanding	1,744,565	1,743,965
Loss per common share basic	\$ (0.08)	\$ (0.24)
<b>Diluted</b>		
Net earnings (loss)	\$ 154	\$ (129)
Less: Preferred stock dividends and accretion	(286)	(283)
Loss available to common shareholders	\$ (132)	\$ (412)
Weighted average common shares outstanding	1,744,565	1,743,965
Add: dilutive effects of assumed exercises of stock options	N/A	N/A
Average shares and dilutive potential common shares	1,744,565	1,743,965
Loss per common share diluted	\$ (0.08)	\$ (0.24)

Stock options for 227,075 shares of common stock were not considered in computing diluted earnings per common share for the three months ended March 31, 2012 and 2011 because they were anti-dilutive.

**NOTE (4) Securities**

The following table summarizes the amortized cost and fair value of the available-for-sale investment securities portfolios at March 31, 2012 and December 31, 2011 and the corresponding amounts of unrealized gains which are recognized in accumulated other comprehensive income (loss) were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
<b>March 31, 2012:</b>				
Residential mortgage-backed	\$ 16,049	\$ 919	\$	\$ 16,968
U.S. Government and federal agency	1,000	59		1,059
Total available-for-sale securities	\$ 17,049	\$ 978	\$	\$ 18,027

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
<b>December 31, 2011:</b>				
Residential mortgage-backed	\$ 17,008	\$ 902	\$	\$ 17,910
U.S. Government and federal agency	1,000	69		1,069
Total available-for-sale securities	\$ 18,008	\$ 971	\$	\$ 18,979

The amortized cost and fair value of the investment securities portfolios are shown by contractual maturity at March 31, 2012. 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	
	Amortized Cost	Fair Value
	(In thousands)	
Within one year	\$	\$
One to five years	1,000	1,059
Five to ten years		
Beyond ten years		
Residential mortgage-backed	16,049	16,968
Total	\$ 17,049	\$ 18,027

Securities pledged at March 31, 2012 and December 31, 2011 had a carrying amount of \$1.5 million and were pledged to secure public deposits. At March 31, 2012 and December 31, 2011, 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 shareholders' equity. There were no sales of securities during the three months ended March 31, 2012 and 2011.

There were no securities with unrealized losses at March 31, 2012 and December 31, 2011. 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) Loans Receivable Held-for-Sale, Net**

Loans receivable held-for-sale at March 31, 2012 and December 31, 2011 were as follows:

	March 31, 2012	December 31, 2011
	(In thousands)	
Five or more units residential	\$ 6,358	\$ 6,395

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

Commercial real estate	1,703	1,712
Church	5,514	5,550
Valuation allowance for unrealized losses	(667)	(674)
Loans receivable, held for sale, net	\$ 12,908	\$ 12,983

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012**

Loans receivable held-for-sale, net, consisted of five or more units residential, commercial real estate and church loans originated for sale and five or more units residential loans transferred from our loan portfolio. Non-performing loans receivable held-for-sale included in loans receivable held-for-sale, net, totaled \$4.2 million, net of charge-offs of \$958 thousand and a \$375 thousand valuation allowance, as of March 31, 2012 and totaled \$5.2 million, net of charge-offs of \$953 thousand and a \$382 thousand valuation allowance, as of December 31, 2011. Restructured loans receivable held-for-sale on which the borrowers have complied with the terms of their restructured agreements for a satisfactory period of time and certain performing loans receivable held-for-sale with delinquency or other weaknesses totaled \$2.2 million, net of a \$292 thousand valuation allowance, as of March 31, 2012 and December 31, 2011. During the first quarter of 2012, no loans receivable held-for-sale were transferred to REO. A loan receivable held-for-sale secured by a church building, which had a carrying amount of \$266 thousand, net of a charge-off of \$292 thousand, was transferred to REO during the first quarter of 2011.

Net lower of cost or market recovery on non-performing loans receivable held-for-sale totaled \$1 thousand for the three months ended March 31, 2012, compared to \$0 for the same period in 2011. Additionally, during the first quarter of 2012, and 2011, we increased our valuation allowance by \$1 thousand and \$20 thousand, respectively, on some of our loans held for sale that are still considered performing loans.

**NOTE (6) Loans Receivable**

Loans at March 31, 2012 and December 31, 2011 were as follows:

	March 31, 2012	December 31, 2011
	(In thousands)	
Real estate:		
One to four units	\$ 76,168	\$ 76,682
Five or more units	103,617	108,161
Commercial real estate	49,445	54,259
Church	87,413	89,099
Construction	3,746	3,790
Commercial:		
Sports	1,990	1,996
Other	4,638	4,900
Consumer:		
Loan on savings	13	821
Other	107	108
<b>Total gross loans receivable</b>	<b>327,137</b>	<b>339,816</b>
Less:		
Loans in process	117	202
Net deferred loan fees (costs)	(328)	(473)
Unamortized discounts	18	18
Allowance for loan losses	17,752	17,299
<b>Loans receivable, net</b>	<b>\$ 309,578</b>	<b>\$ 322,270</b>

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2012 and 2011:



## For the three months ended March 31, 2012

	One to four units	Five or more units	Commercial real estate	Church	Construction	Commercial	Consumer	Total
	(In thousands)							
Beginning balance	\$ 4,855	\$ 2,972	\$ 3,108	\$ 5,742	\$ 249	\$ 247	\$ 126	\$ 17,299
Provision for loan losses	336	41	(206)	979	(16)	(133)	(42)	959
Recoveries			15	4		117	2	138
Loans charged off	(355)		(58)	(231)				(644)
Ending balance	\$ 4,836	\$ 3,013	\$ 2,859	\$ 6,494	\$ 233	\$ 231	\$ 86	\$ 17,752

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012****For the three months ended March 31, 2011**

	<b>One to four units</b>	<b>Five or more units</b>	<b>Commercial</b>	<b>Church</b>	<b>Construction</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
	<b>(In thousands)</b>							
Beginning balance	\$ 4,579	\$ 2,469	\$ 3,493	\$ 6,909	\$ 74	\$ 1,300	\$ 1,634	\$ 20,458
Provision for loan losses	(564)	153	646	523	(20)	298	204	1,240
Recoveries	0	0	0	0	0	0	2	2
Loans charged off	(38)	0	(609)	(45)	0	0	(17)	(709)
Ending balance	\$ 3,977	\$ 2,622	\$ 3,530	\$ 7,387	\$ 54	\$ 1,598	\$ 1,823	\$ 20,991

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of March 31, 2012 and December 31, 2011:

	<b>March 31, 2012</b>							
	<b>One to four units</b>	<b>Five or more units</b>	<b>Commercial real estate</b>	<b>Church</b>	<b>Construction</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
	<b>(In thousands)</b>							
<b>Allowance for loan losses:</b>								
Ending allowance balance attributable to loans:								
Individually evaluated for impairment	\$ 1,564	\$ 157	\$ 250	\$ 1,781	\$ 91	\$	\$ 70	\$ 3,913
Collectively evaluated for impairment	3,272	2,856	2,609	4,713	142	231	16	13,839
Total ending allowance balance	\$ 4,836	\$ 3,013	\$ 2,859	\$ 6,494	\$ 233	\$ 231	\$ 86	\$ 17,752
<b>Loans:</b>								
Loans individually evaluated for impairment	\$ 14,035	\$ 3,814	\$ 7,839	\$ 32,901	\$ 296	\$	\$ 70	\$ 58,955
Loans collectively evaluated for impairment	62,133	99,803	41,606	54,512	3,450	6,628	50	268,182
Total ending loans balance	\$ 76,168	\$ 103,617	\$ 49,445	\$ 87,413	\$ 3,746	\$ 6,628	\$ 120	\$ 327,137

**December 31, 2011**

	<b>One to four units</b>	<b>Five or more units</b>	<b>Commercial real estate</b>	<b>Church</b>	<b>Construction</b>	<b>Commercial</b>	<b>Consumer</b>	<b>Total</b>
	<b>(In thousands)</b>							

**Allowance for loan losses:**

Ending allowance balance attributable to loans:

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

Individually evaluated for impairment	\$ 1,678	\$ 161	\$ 255	\$ 1,683	\$ 97	\$	\$ 70	\$ 3,944
Collectively evaluated for impairment	3,177	2,811	2,853	4,059	152	247	56	13,355
Total ending allowance balance	\$ 4,855	\$ 2,972	\$ 3,108	\$ 5,742	\$ 249	\$ 247	\$ 126	\$ 17,299

**Loans:**

Loans individually evaluated for impairment	\$ 13,246	\$ 3,837	\$ 7,396	\$ 31,494	\$ 302	\$	\$ 70	\$ 56,345
Loans collectively evaluated for impairment	63,436	104,324	46,863	57,605	3,488	6,896	859	283,471
Total ending loans balance	\$ 76,682	\$ 108,161	\$ 54,259	\$ 89,099	\$ 3,790	\$ 6,896	\$ 929	\$ 339,816

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012**

The following table presents information related to impaired loans by class of loans as of and for the three months ended March 31, 2012 and 2011:

	March 31, 2012				
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated (In thousands)	Average Recorded Investment	Cash Basis Interest Income Recognized
<b>With no related allowance recorded:</b>					
One to four units	\$ 9,938	\$ 7,842	\$	\$ 7,687	\$ 40
Five or more units	2,940	2,852		2,862	6
Commercial real estate	9,640	5,902		5,535	60
Church	26,154	21,979		21,479	128
Commercial:					
Sports	4,000				
Other	285				
<b>With an allowance recorded:</b>					
One to four units	6,302	6,194	1,564	5,790	84
Five or more units	962	962	157	964	16
Commercial real estate	1,936	1,936	250	1,941	24
Church	10,922	10,922	1,781	10,289	163
Construction	296	296	91	300	5
Commercial:					
Other	70	70	70	70	1
<b>Total</b>	<b>\$ 73,445</b>	<b>\$ 58,955</b>	<b>\$ 3,913</b>	<b>\$ 56,917</b>	<b>\$ 527</b>

	March 31, 2011				
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated (In thousands)	Average Recorded Investment	Cash Basis Interest Income Recognized
<b>With no related allowance recorded:</b>					
One to four units	\$ 6,920	\$ 5,758	\$	\$ 5,762	\$ 15
Five or more units	205	205		194	
Commercial real estate	7,734	7,320		7,620	20
Church	14,367	13,847		11,857	50
Construction	320	320		320	
<b>With an allowance recorded:</b>					
One to four units	6,808	3,641	475	3,603	50
Five or more units	1,673	1,673	69	1,674	

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

Commercial real estate	5,193	4,998	812	4,538	32
Church	16,943	16,806	3,086	16,097	181
Commercial:					
Sports	4,000	3,698	948	3,751	
Other	288	288	288	218	
Consumer:					
Loan on savings	1,778	1,778	1,778	2,131	
<b>Total</b>	<b>\$ 63,229</b>	<b>\$ 60,332</b>	<b>\$ 7,456</b>	<b>\$ 57,765</b>	<b>\$ 348</b>

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012**

The following table presents information related to impaired loans by class of loans as of and for year ended December 31, 2011:

	December 31, 2011				Cash Basis Interest Income Recognized
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated (In thousands)	Average Recorded Investment	
<b>With no related allowance recorded:</b>					
One to four units	\$ 6,904	\$ 4,636	\$	\$ 5,329	\$ 79
Five or more units	2,946	2,871		2,405	89
Commercial real estate	9,105	5,449		9,724	386
Church	24,680	20,560		20,757	740
Commercial:					
Sports	4,000			2,566	
Other	285			243	10
Consumer:					
Loan on savings				796	
<b>With an allowance recorded:</b>					
One to four units	8,610	8,610	1,678	5,507	407
Five or more units	966	966	161	794	64
Commercial real estate	1,947	1,947	255	1,963	97
Church	10,934	10,934	1,683	9,391	705
Construction	302	302	97	314	23
Commercial:					
Other	70	70	70	54	6
<b>Total</b>	<b>\$ 70,749</b>	<b>\$ 56,345</b>	<b>\$ 3,944</b>	<b>\$ 59,843</b>	<b>\$ 2,606</b>

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for net charge-offs. Cash-basis interest income recognized represents cash received for interest payments on accruing impaired loans. Interest income that would have been recognized for the three months ended March 31, 2012 had loans performed in accordance with their original terms was \$1.2 million.

The following table presents the recorded investment in non-accrual loans by class of loans as of March 31, 2012 and December 31, 2011:

	March 31, 2012	December 31, 2011
	(In thousands)	
<b>Loans receivable, held for sale:</b>		
Five or more units	\$ 2,473	\$ 2,496
Commercial real estate	333	338
Church	2,749	2,778
<b>Loans receivable, net:</b>		

Edgar Filing: BROADWAY FINANCIAL CORP \DE\ - Form 10-Q

One to four-units	8,792	7,974
Five or more units	3,429	3,450
Commercial real estate	5,902	5,449
Church	23,388	21,891
Construction	296	302
Consumer:		
Other	70	70
<b>Total non-accrual loans</b>	<b>\$ 47,432</b>	<b>\$ 44,748</b>

There were no loans 90 days or more delinquent that were accruing interest as of March 31, 2012 or December 31, 2011.

**Table of Contents****BROADWAY FINANCIAL CORPORATION AND SUBSIDIARIES****Notes to Unaudited Consolidated Financial Statements (continued)****March 31, 2012**

The following tables present the aging of the recorded investment in past due loans, including loans held for sale, as of March 31, 2012 and December 31, 2011 by class of loans:

	March 31, 2012				
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due (In thousands)	Total Past Due	Total Loans Not Past Due
<b>Loans receivable, held for sale:</b>					
Five or more units	\$ 658	\$	\$ 2,473	\$ 3,131	\$ 3,227
Commercial real estate			333	333	1,370
Church			2,749	2,749	2,765
<b>Loans receivable, net:</b>					
One to four units	2,804		8,792	11,596	64,572
Five or more units	499		3,429	3,928	99,689
Commercial real estate	991	835	5,902	7,728	41,717
Church	936	383	23,388	24,707	62,706
Construction			296	296	3,450
<b>Commercial:</b>					
Sports					1,990
Other		98		98	4,540
<b>Consumer:</b>					
Loan on savings					13
Other			70	70	37
<b>Total</b>	<b>\$ 5,888</b>	<b>\$ 1,316</b>	<b>\$ 47,432</b>	<b>\$ 54,636</b>	<b>\$ 286,076</b>

	December 31, 2011				
	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due (In thousands)	Total Past Due	Total Loans Not Past Due
<b>Loans receivable, held for sale:</b>					
Five or more units	\$	\$	\$ 2,496	\$ 2,496	\$ 3,899
Commercial real estate			338	338	1,374
Church			2,778	2,778	2,772
<b>Loans receivable, net:</b>					