Holly Mortgage Trust

2018 Annual Report

TO OUR SHAREHOLDERS:

The financial statements of Holly Mortgage Trust (“Holly”), audited by Melton & Melton, L.L.P. for the years ended December 31, 2018 and December 31, 2017, are included at the end of this report. In 2018, revenue increased 33% to $237,833. Net income was $91,573, which equates to $0.06 per share.

The expenses include the payment of dividends on Holly’s two classes of convertible preferred stock. Total dividends paid for 2018 was $81,400 and the total for 2017 was $94,100. All dividends are paid on a current basis. Accounting guidelines require us to report these dividends as interest expense even though they are dividends for federal income tax purposes.

The strength of the Midland, Texas oil-based economy has benefited Holly through its ownership of the general partner in the partnership that owns the Wilco office building. In 2018, Holly recorded income of $237,833 from this investment and $178,319 in 2017. The Wilco building is a 22 story office building, with 197,207 rentable square feet and an attached 10 story parking garage.

INVESTMENTS

Holly exchanged its $750,000 equity stake (33.7% of total) in North Hills Village, a 152-unit apartment complex in El Paso, Texas for a $750,000 equity stake (27.48% of total) in Casitas Investors, LLC which owns the Casitas del Este Apartments, a 78 unit complex, in El Paso, Texas. Also included in the exchange is a contingent assignment of excess cash flow of up to an additional $750,000 and a promissory note of $72,000 for which Holly receives monthly installments.

Holly owns a 25.96% interest in Global REIT, LP. Global REIT, LP is an entity set up to acquire interests in real estate throughout the world through investments in regional real estate entities. Global REIT's portfolio includes assets in the U.S., New Zealand, Ghana and Mexico.

WEBSITE

Holly's website, www.hollymortgage.com contains additional information about the trust. Earlier shareholder reports are posted on the website.

Shareholders can also contact the transfer agent below to change their mailing address, change share registration, obtain copies of IRS Form 1099, and arrange direct deposit of preferred stock dividends to their bank account:

Equiniti Trust Company
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Phone: 800-468-9716 Fax: 651-450-4033

The 2019 shareholder meeting is scheduled for Tuesday, May 14, 2019 at the offices of its manager, FCA Corp, 791 Town & Country Blvd., Suite 250, Houston, Texas. Please vote your proxy.

Robert W. Scharar
President

Robert A. Burns
Treasurer

March 19, 2019

HOLLY MORTGAGE TRUST

FINANCIAL STATEMENTS

FOR THE

YEARS ENDED DECEMBER 31, 2018 AND 2017

AND

INDEPENDENT AUDITOR'S REPORT

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

HOLLY MORTGAGE TRUST

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MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trust Managers of
Holly Mortgage Trust

We have audited the accompanying financial statements of Holly Mortgage Trust (the "Trust"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, the Trust reports its investment in A. R. Goldrick Company, Inc., a wholly owned subsidiary, on the cost method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that a majority-owned subsidiary be accounted for as a consolidated subsidiary. The effects of this departure from accounting principles generally accepted in the United States of America cannot be reasonably estimated.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Holly Mortgage Trust as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Houston, Texas
February 25, 2019

HOLLY MORTGAGE TRUST
BALANCE SHEETS
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 46,133	$ 18,842
Investments	928,800	1,000,800
Note receivable	62,000	-
	$ 1,036,933	**$ 1,019,642**
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Liabilities:		
Accounts payable and accrued expenses	$ 67,200	$ 70,104
Accounts payable - related parties	13,150	14,750
Notes payable	402,892	472,670
Preferential cumulative mandatorily redeemable shares of beneficial interest	1,350,000	1,350,000
	1,833,242	1,907,524
Shareholders' Deficit:		
Shares of beneficial interest, no par value, 20,000,000 shares authorized, 1,604,232 shares issued and outstanding	1,536,119	1,536,119
Accumulated deficit	(2,332,428)	(2,424,001)
	(796,309)	(887,882)
	$ 1,036,933	**$ 1,019,642**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenue:		
Other income	$ 237,833	$ 178,319
Costs and Expenses:		
Impairment loss on investment	-	36,202
Professional fees	41,002	42,105
Interest expense	100,568	115,373
General and administrative	4,690	7,786
	146,260	201,466
Net income (loss)	**$ 91,573**	**$ (23,147)**
Weighted average shares outstanding	**1,604,232**	**1,604,232**
Net income (loss) per share, basic and diluted	**$ 0.06**	**$ (0.01)**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
For the Years Ended December 31, 2018 and 2017

	Shares of Beneficial Interest		Accumulated	Shareholders'
	Number	**Amount**	**Deficit**	**Deficit**
Balance, December 31, 2016	1,604,232	$ 1,536,119	$ (2,400,854)	$ (864,735)
Net loss	-	-	(23,147)	(23,147)
Balance, December 31, 2017	1,604,232	1,536,119	(2,424,001)	(887,882)
Net income	-	-	91,573	91,573
Balance, December 31, 2018	**1,604,232**	**$ 1,536,119**	**$ (2,332,428)**	**$ (796,309)**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	2018	**2017**
Cash Flows from Operating Activities:		
Net income (loss)	$ 91,573	$ (23,147)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Impairment loss on investment	-	36,202
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	(4,504)	13,981
Total adjustments	(4,504)	50,183
Net cash provided by operating activities	87,069	27,036
Cash Flows from Investing Activities:		
Principal collected on note receivable	10,000	-
Net cash provided by investing activities	10,000	-
Cash Flows from Financing Activities:		
Advances to (payments from) affiliates	-	(5,250)
Payments on notes payable	(69,778)	(39,344)
Net cash used in financing activities	(69,778)	(44,594)
Net increase (decrease) in cash and cash equivalents	27,291	(17,558)
Cash and Cash Equivalents, beginning of year	18,842	36,400
Cash and Cash Equivalents, end of year	**$ 46,133**	**$ 18,842**
Supplemental Information:		
Cash paid for interest	**$ 97,987**	**$ 114,954**
Noncash Investing and Financing Activities:		
Preferential cumulative mandatorily redeemable shares of beneficial interest purchased with note payable	**$ -**	**$ 50,000**
Note origination from sale of investment	**$ 72,000**	**$ -**

(See Notes to Financial Statements)

HOLLY MORTGAGE TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Holly Mortgage Trust (the "Trust") is organized as a Texas real estate investment trust. The Trust has a termination date of December 31, 2030. The Trust is engaged primarily in the business of investing in second mortgages, equity participation mortgages, and multi-family residential properties.

Cash and Cash Equivalents

The Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Trust maintains cash balances in a bank, which at times exceed federally insured limits. The Trust monitors the financial condition of the bank and has experienced no losses associated with the account.

Accrued Interest Receivable and Allowance for Losses

Accrued interest receivable from a mortgage note receivable is carried at its unpaid balance less an allowance for losses. At December 31, 2018 and 2017, there are no outstanding mortgage notes receivable. An allowance for losses is based on management's estimate of potentially uncollectible accounts after consideration of existing economic conditions, borrowers' performance in reducing the outstanding balance, and other relevant factors. Receivables are charged off against the allowance for losses when management determines the balance is uncollectible. Subsequent interest collected is recognized as revenue. At December 31, 2018 and 2017, the allowance for losses on accrued interest receivable was $276,000 and $501,833, respectively.

The change in the accrued interest receivable allowance for losses during the years ended December 31, 2018 and 2017 is summarized as follows:

	2018	2017
Balance, beginning of year	$ 501,833	$ 658,833
Recovery of amounts previously charged off	(225,833)	(157,000)
Balance, end of year	$ 276,000	$ 501,833

Net Income (Loss) Per Share

Net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of beneficial interest outstanding during the year. The Trust has no items that give rise to antidilutive shares. Accordingly, basic and dilutive shares presented are the same.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09, as further amended by ASU 2015-14, is effective for annual reporting periods beginning after December 15, 2018.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 was issued with the intent to address certain aspects of recognition, measurement, presentation, and disclosure of financial assets and liabilities. Investments in equity securities, excluding equity method and consolidated investments, are no longer classified as trading or available-for-sale securities. All investments in equity securities with readily determinable fair values are classified as investments at fair value with changes in fair value recognized in net income (loss). Investments in equity securities without readily determinable fair values are measured using the fair value measurement alternative and are recorded at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Investments in equity securities measured using the fair value measurement alternative are reviewed for indicators of impairment each reporting period. Fair value of financial instruments for disclosure purposes is measured using exit price. The guidance is effective for annual reporting periods beginning after December 15, 2018.

Management is currently evaluating the impact these ASUs will have on the Trust's financial statements.

NOTE 2 - INVESTMENTS

Investments, recorded at cost, consist of the following at December 31, 2018 and 2017:

	2018	2017
A.R. Goldrick Company, Inc.	$ -	$ -
Global REIT, L.P.	250,800	250,800
Northeast Equity Partners, LP	-	750,000
Casitas Investors, LLC	678,000	-
	$928,800	$1,000,800

NOTE 2 - INVESTMENTS (CONTINUED)

The Trust owns 100% of the common stock of A. R. Goldrick Company, Inc. (a C corporation) ("A. R. Goldrick"). A. R. Goldrick is the general partner of Wilco Building Partners, Ltd., a limited partnership that owns and operates an office building in Midland, Texas. The financial statements of A. R. Goldrick have not been consolidated with those of the Trust. The investment in A. R. Goldrick is accounted for using the cost method of accounting. In 2018 and 2017, the Trust received $237,833 and $178,319 from A. R. Goldrick, respectively, that was recorded in other income in the statements of operations.

At December 31, 2018 and 2017, the Trust owns 836 partnership units of Global REIT, L.P. ("Global"). At December 31, 2017, the Trust owned a 33.7% partnership interest in Northeast Equity Partners, LP ("NEP"). During 2018, the investment in NEP was sold for a $72,000 note receivable; a 27.48% interest in Casitas Investors, LLC ("Casitas"); and contingent future sale proceeds from Casitas Apartments. The Trust has no control or influence on management of Global, NEP, or Casitas and accordingly, accounts for the investments using the cost method of accounting. During 2017, management determined the investment in Global was impaired. As a result, a $36,202 impairment loss on investment was recorded in 2017. There were no impairments on investments in 2018.

At December 31, 2018 and 2017, investments of $928,800 and $750,000, respectively, were not evaluated for impairment because (a) the Trust did not estimate the fair value of those investments in accordance with the FASB Accounting Standards Codification (ASC) 825, *Financial Instruments*, and (b) the Trust did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments.

NOTE 3 - FAIR VALUE MEASUREMENTS

Various inputs are used in determining fair value of certain assets and liabilities. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy, including the types of assets and liabilities that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Impaired Investment: The fair value of the impaired investment is based on the Trust's estimate of the fair value of the investment's underlying assets. The underlying assets consist primarily of investments in real estate entities and notes receivable recorded at fair value. The fair value of investments in real estate entities is derived from financial data supplied by the real estate entities and the real estate entities' audited financial statements. In the absence of audited financial statements, investment management determines the fair value by considering earnings, forecasts, and recent transactions in the equity interest of similar entities and other available indications of fair value. Investments in notes receivable are equal to the estimated collectible amount of notes receivable, as determined by investment management.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs and methodology used for valuing the assets and liabilities are not an indication of the risk associated with those assets and liabilities.

The following table sets forth by level, within the fair value hierarchy, the Trust's assets at fair value measured on a nonrecurring basis as of December 31, 2017 (there were no fair value measurements at December 31, 2018):

Description	Level 1	Level 2	Level 3	Total
Impaired investment			$250,800	$250,800

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 nonrecurring measurements. The Trust's Board of Managers assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

NOTE 4 - NOTE RECEIVABLE

In June 2018, the Trust entered into a $72,000 unsecured, non-interest bearing note receivable with an unrelated third-party. Principal is payable in monthly installments of $2,000 beginning in August 2018 with a final payment in August 2021. At December 31, 2018, the note receivable balance was $62,000.

HOLLY MORTGAGE TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 5 - NOTES PAYABLE

Notes payable consist of the following as of December 31, 2018 and 2017:

	2018	2017
Unsecured note, payable to an individual in January 2019, interest payable quarterly at 6%.	$ 50,000	$ 50,000
Three unsecured 5% notes payable to former shareholders of preferential shares of beneficial interest, payable in quarterly installments of $28,416, including principal and interest. The notes were due on demand at December 31, 2017.	-	55,773
Unsecured 4% note, payable to a former shareholder of preferential shares of beneficial interest, payable in quarterly installments of $4,424, including principal and interest, with the final payment due in March 2020.	37,892	41,897
Note, payable to a financial institution, interest payable monthly at 4% through October 2018 and 4.4% thereafter, principal due at maturity in October 2020, secured by a certificate of deposit held by First Commonwealth Mortgage Trust ("FCMT"), and guaranteed by FCMT. FCMT is related to the Trust through common management.	315,000	325,000
	$402,892	$472,670

Future maturities of notes payable at December 31, 2018 are as follows:

For the Year Ending December 31:	
2019	$ 67,090
2020	335,802
	$402,892

The Trust incurred loan guarantee fees of $3,150 and $3,250 in 2018 and 2017, respectively, which are included in general and administrative expenses in the statements of operations.

NOTE 6 - FEDERAL INCOME TAXES

The Trust operates in such a manner to qualify as a "real estate investment trust" under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. Under those sections, the Trust will not be taxed on that portion of its qualifying income distributed to shareholders so long as at least 90% of the Trust's otherwise taxable income is distributed to shareholders each year and other requirements of a qualified real estate investment trust are met. The Trust satisfied the income distribution requirements for the years ending December 31, 2018 and 2017. Management believes that all other requirements of a qualified real estate investment trust have been met.

NOTE 6 - FEDERAL INCOME TAXES (CONTINUED)

The tax status of per-share dividend distributions declared attributable to the years presented is as follows:

	2018	2017
Ordinary income	100%	100%
Return of capital	0	0
	100%	100%

As of December 31, 2018, the Trust had a federal net operating loss carryforward of approximately $2.8 million that can be deducted against future taxable income. The carryforward amount expires in 2023-2035. The Trust does not expect to pay federal income taxes, thus the tax effect of the net operating loss carryforward has been adjusted to zero by a valuation allowance of $586,248 and $567,281 at December 31, 2018 and 2017, respectively. The valuation allowance increased (decreased) by $18,967 and $(375,625) in 2018 and 2017, respectively. Included in the decrease of the valuation allowance in 2017 is the effect of change in effective tax rates of approximately $350,000. There were no changes in effective tax rates in 2018.

Management has evaluated the Trust's tax positions and concluded that the Trust has taken no uncertain income tax positions that require adjustment to the financial statements. Tax-related interest and penalties are recorded in income tax expense in the statements of operations. The Trust incurred no tax-related interest or penalties in 2018 or 2017. The Trust is subject to income tax examinations by federal and state tax authorities for years beginning in 2015 and after.

NOTE 7 - PREFERENTIAL SHARES OF BENEFICIAL INTEREST

Except for the rights and preferences in payment of dividends and in liquidations, the Preferential Shares of Beneficial Interest ("Preferential Shares") have the same voting and other rights as the Shares of Beneficial Interest ("Common Shares"). The Preferential Shares issued in 2004 are entitled to receive cumulative preferential dividends at the annual rate of five cents ($0.05) per share before any dividends are paid on the Common Shares. The Preferential Shares issued in 2009 and 2008 are entitled to receive cumulative preferential dividends at the annual rate of four cents ($0.04) and eight cents ($0.08) per share in 2018 and 2017, respectively, before any dividends are paid on the Common Shares.

In the event of liquidation of the Trust, the assets available for distribution will be distributed first to the holders of the Preferential Shares up to one dollar ($1) per share plus any deferred dividends, then second to the holders of Common Shares up to one dollar ($1) per share and then equally on all of the shares of Preferential and Common Shares.

The 2004 Preferential Shares (950,000 shares authorized and 530,000 shares issued and outstanding) are subject to redemption at any time after January 1, 2009 upon not less than 30 days' prior written notice, in whole or in part, at the election of the Trust at the redemption price of one dollar ($1) per share plus all unpaid dividends accrued to the redemption date. Any 2004 Preferential Shares issued in 2004 that are outstanding on September 30, 2020 will be redeemed on that date.

HOLLY MORTGAGE TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 - PREFERENTIAL SHARES OF BENEFICIAL INTEREST (CONTINUED)

The 2008 Preferential Shares (990,000 shares authorized and 820,000 shares issued and outstanding) are subject to redemption at any time after January 1, 2012 upon not less than 30 days' prior written notice, in whole or in part, at the election of the Trust at the redemption price of one dollar ($1) per share plus all unpaid dividends accrued to the redemption date. In 2017, 50,000 shares were redeemed. There were no redemptions in 2018. Any 2008 Preferential Shares issued in 2009 and 2008 that are outstanding on September 30, 2023 will be redeemed on that date.

ASC 480, *Distinguishing Liabilities from Equity*, establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. ASC 480 requires an issuer to classify a financial instrument issued in the form of shares that is mandatorily redeemable and embodies an unconditional obligation to redeem it by transferring its assets at a specified or determinable date or upon an event that is certain to occur as liabilities. The Trust has adopted these provisions in its financial statements and has included mandatorily redeemable preferred shares in liabilities in the balance sheets and dividends of $81,400 and $94,100 for 2018 and 2017, respectively, on the mandatorily redeemable preferred shares as interest expense in the statements of operations.

NOTE 8 - MANAGEMENT AGREEMENT AND RELATED-PARTY TRANSACTIONS

FCA Corp ("FCA") is the Trust's compensated manager and is related to the Trust through common management. Annual management fees are equal to the greater of $50,000 or 1.4% of beginning of year Trust assets. FCA waived the management fees in 2018 and 2017 and has consented to waive its management fees through May 2019.

At December 31, 2018 and 2017, accounts payable - related parties consist of the following:

	2018	2017
FCA	$10,000	$11,500
FCMT	3,150	3,250
	$13,150	$14,750

NOTE 9 - FINANCIAL CONDITION

The Trust incurred annual net losses from 2009 through 2015 and again in 2017, which has resulted in a shareholders' deficit since December 31, 2011. The Trust had net income in 2016 and 2018. In the prior years, the Trust had problems in collecting mortgage notes receivable and accrued interest and experienced a decline in value of its investments. In response, the Trust is discussing a sale of the Wilco Building that could generate a gain to A.R. Goldrick. Collection of accrued interest from A.R. Goldrick totaling approximately $1,000,000 for the Trust began in 2015. Payments of $10,000 per month are being received. Total amounts collected, including returns on investment in A.R. Goldrick, were $237,833 and $178,319 in 2018 and 2017, respectively. As a result, management believes the Trust will have sufficient resources and cash to continue as a going concern entity.

NOTE 10 - SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through February 25, 2019, the date the financial statements were available to be issued.

HOLLY MORTGAGE TRUST

Robert W. Scharar and Robert A. Burns are employees of FCA Corp and serve as officers of other entities.

TRANSFER AGENT
Equiniti Trust Company
1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120-4100
Phone: (800) 468-9716 Fax: (651) 450-4033
Website: www.shareowneronline.com

791 TOWN & COUNTRY BLVD, SUITE 250, HOUSTON, TEXAS 77024
Phone Number: (713) 781-2856 Fax Number: (713) 268-6000
Website: www.hollymortgage.com