

HOLLY MORTGAGE TRUST

Report for the Three Months Ended March 31, 2017

April 26, 2017

To Our Shareholders:

The financial statements of Holly Mortgage Trust (“Holly”) for the three months ended March 31, 2017 and March 31, 2016 (unaudited) are included on the following pages.

For the first three months of 2017, there was a net loss of \$5,517 compared to a net loss of \$19,745 for the same period of 2016.

Dividends paid on the Series 2004 and Series 2008 Preferential shares are required to be reported as interest expense on the financial statements.

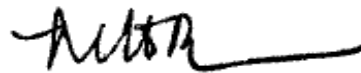
Most of the Series 2004 Preferential shareholders agreed to extend the maturity on their shares to September 30, 2020 with a rate reduction from 9% to 5%. Those shareholders not extending the maturity of their shares have been issued amortizing promissory notes in satisfaction of the preferential redemption obligation with interest at 5%.

We encourage our shareholders to avoid issues with Abandoned Property Laws and Regulations by maintaining direct contact with Wells Fargo Shareowner Services, our transfer agent. Direct contact includes cashing a dividend check, written letters, telephone calls and voting your proxy for the annual meeting. The contact information for Wells Fargo Shareowner Services is included at the end of this report.

You can find additional information and copies of prior financial reports on our website at www.hollymortgage.com.



Robert W. Scharar
President



Robert A. Burns
Treasurer

HOLLY MORTGAGE TRUST
BALANCE SHEET (unaudited)
March 31, 2017 and 2016

<u>ASSETS</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Mortgage Notes Receivable:		
Mortgage notes receivable	\$ -	\$ -
Mortgage participations	-	-
Allowance for losses	-	-
Net mortgage notes receivable	-	-
Cash and cash equivalents	33,231	19,183
Accounts receivable	-	-
Accrued interest receivable, net of participated interest of -0- and -0-	628,833	828,833
Allowance for losses	(628,833)	(828,833)
Investment in real estate entities	1,150,693	1,093,035
Allowance for losses	(113,691)	(171,633)
Other real estate owned	-	-
Total Assets	\$ 1,070,233	\$ 940,585
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities:		
Accounts payable	\$ 64,050	\$ 157,040
Accrued expenses payable	18,288	12,588
Notes payable	508,147	331,483
Series 2004 Preferential 5% and 9% cumulative mandatorily redeemable shares of beneficial interest	530,000	530,000
Series 2008 Preferential 8% cumulative mandatorily redeemable shares of beneficial interest	820,000	870,000
Total Liabilities	1,940,485	1,901,111
 Shareholders' Equity:		
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	(2,406,371)	(2,496,645)
Total Shareholders' Equity	(870,252)	(960,526)
Total Liabilities and Shareholders' Equity	\$ 1,070,233	\$ 940,585

HOLLY MORTGAGE TRUST
STATEMENT OF OPERATIONS (unaudited)
For the three months ending March 31, 2017 and 2016

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Revenue:		
Interest income	\$ -	\$ -
Other income	33,319	34,000
Total revenue	<u>33,319</u>	<u>34,000</u>
Costs and Expenses:		
General and administrative	8,788	14,116
Management fees	2,250	12,250
Professional fees	-	-
Interest expense	27,798	27,379
Total costs and expenses	<u>38,836</u>	<u>53,745</u>
Net Income	<u><u>\$ (5,517)</u></u>	<u><u>\$ (19,745)</u></u>
Weighted average shares outstanding	<u><u>1,604,232</u></u>	<u><u>1,604,232</u></u>
Net income per share, basic and diluted	<u><u>\$ (0.003)</u></u>	<u><u>\$ (0.012)</u></u>

TRUST MANAGERS

George Beatty, Jr.
Retired Environmental Consultant

William C. Brooks
Financial Consultant

Josef C. Hermans
Hotel Consultant

Robert W. Scharar
President,
FCA Corp

EXECUTIVE OFFICERS

Robert W. Scharar
President

Robert A. Burns
Treasurer

William B. LeVay
Secretary

TRANSFER AGENT

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