

HOLLY MORTGAGE TRUST

Report for the Nine Months Ended September 30, 2017

October 27, 2017

To Our Shareholders:

The financial statements of Holly Mortgage Trust (“Holly”) for the nine months ended September 30, 2017 and September 30, 2016 (unaudited) are included on the following pages.

For the first nine months of 2017, there was a net loss of \$2,278 compared to a net loss of \$44,765 for the same period of 2016. The advisor waived its advisory fees for 2017.

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

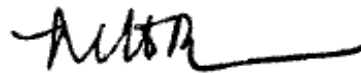
Most of the Series 2004 Preferential shareholders agreed to extend the maturity on their shares to September 30, 2020 with a rate reduction from 9% to 5%. Those shareholders not extending the maturity of their shares have been issued amortizing promissory notes in satisfaction of the preferential redemption 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)
September 30, 2017 and 2016

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
<u>ASSETS</u>		
Mortgage Notes Receivable:		
Mortgage notes receivable	\$ -	\$ -
Mortgage participations	-	-
Allowance for losses	-	-
Net mortgage notes receivable	-	-
Cash and cash equivalents	41,781	16,176
Accounts receivable	-	-
Accrued interest receivable, net of participated interest of -0- and -0-	546,833	768,833
Allowance for losses	(546,833)	(768,833)
Investment in real estate entities	1,144,693	1,092,012
Allowance for losses	(107,691)	(165,010)
Other real estate owned	-	-
Total Assets	\$ 1,078,783	\$ 943,178
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities:		
Accounts payable	\$ 68,550	\$ 170,903
Accrued expenses payable	22,488	24,588
Notes payable	504,758	333,233
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	1,945,796	1,928,724
 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	(2,403,132)	(2,521,665)
Total Shareholders' Equity	(867,013)	(985,546)
Total Liabilities and Shareholders' Equity	\$ 1,078,783	\$ 943,178

HOLLY MORTGAGE TRUST
STATEMENT OF OPERATIONS (unaudited)
For the nine months ending September 30, 2017 and 2016

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
Revenue:		
Interest income	\$ -	\$ -
Other income	121,319	100,623
Total revenue	<u>121,319</u>	<u>100,623</u>
Costs and Expenses:		
General and administrative	27	1,462
Management fees	6,750	24,500
Professional fees	31,481	38,385
Interest expense	85,339	81,041
Total costs and expenses	<u>123,597</u>	<u>145,388</u>
Net Income	<u><u>\$ (2,278)</u></u>	<u><u>\$ (44,765)</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>\$ (0.001)</u></u>	<u><u>\$ (0.028)</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

Wells Fargo Shareowner Services
1110 Centre Point Curve, Suite 101, Mendota Heights, MN 55120-4100
Phone: (800) 468-9716 Fax: (651) 450-4033
Web: www.wellsfargo.com/shareownerservices

The Wells Fargo company issue number is FZA2 for the common shares.

HOLLY MORTGAGE TRUST

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