

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**  
SEC Accession No. **0000950128-99-000617**

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FILER

**MELLON BANK PREMIUM FINANCE LOAN MASTER TRUST**

CIK: **1021949** | IRS No.: **250659306** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **10-K405** | Act: **34** | File No.: **333-11961** | Film No.: **99574617**  
SIC: **6189** Asset-backed securities

Mailing Address

ONE MELLON BANK CENTER  
PITTSBURGH PA 15258

Business Address

ONE MELLON BANK CTR  
PITTSBURGH PA 15258  
4122345000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 1998  
Commission file number 333-11961

MELLON BANK PREMIUM FINANCE LOAN MASTER TRUST  
(Exact name of registrant as specified in its charter)

NEW YORK  
(State or other jurisdiction of  
incorporation or organization)  
  
525 Washington Boulevard  
Jersey City, NJ  
(Address of principal executive offices  
of servicer of registrant)  
  
13-5647901  
(I.R.S. Employer  
Identification No. of  
servicer of registrant)  
  
07310  
(Zip Code)

Telephone number of servicer of registrant, including area code: 201-876-6601

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by a 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 X No  
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405  
of Regulation S-K is not contained herein, and will not be contained, to the  
best of Registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K. X  
---

The Registrant estimates that as of March 1, 1999, the aggregate market value of  
shares of the Registrant's Common Stock held by non-affiliates of the Registrant  
was \$0.

As of March 1, 1999, the Registrant had outstanding -0- shares of its Common  
Stock, par value \$\_\_\_\_\_ per share. ---

No documents have been incorporated by reference in this Form 10-K.

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This Annual Report on Form 10-K is filed by AFCO Credit Corporation ("AFCO Credit"), as Servicer of the Mellon Bank Premium Finance Loan Master Trust (the "Trust"), on behalf of the Trust, pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended.

The Trust was formed pursuant to a Pooling and Servicing Agreement, dated as of December 1, 1996, among Mellon Bank, N.A. ("Mellon Bank"), as Transferor, AFCO Credit and AFCO Acceptance Corporation ("AFCO Acceptance"), as Servicer, Premium Financing Specialists, Inc. and Premium Financing Specialists of California, Inc., as Back-up Servicer, and The First National Bank of Chicago, as Trustee. The Trust was formed for the purpose of acquiring certain trust assets and issuing certificates under the Pooling and Servicing Agreement and one or more supplements thereto. The property of the Trust includes a portfolio of receivables arising under selected premium finance agreements originated by either AFCO Credit or AFCO Acceptance to finance the payment of premiums and related sums on insurance policies. The receivables are transferred by AFCO Credit or AFCO Acceptance to Mellon Bank, and by Mellon Bank to the Trust.

On December 19, 1996, the Trust issued \$440,000,000 of Class A Floating Rate Asset Backed Certificates, Series 1996-1 and \$25,000,000 Class B Floating Rate Asset Backed Certificates, Series 1996-1 (together, the "Certificates").

#### PART I

ITEM 1.	BUSINESS
	Omitted.
ITEM 2.	PROPERTIES
	Omitted.
ITEM 3.	LEGAL PROCEEDINGS
	None.
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is one holder of record of each Class of Certificates.

To the knowledge of the Trust, there is an over the counter public trading market for the Certificates, although the frequency of transactions varies substantially over time.

ITEM 6. SELECTED FINANCIAL DATA

Omitted.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Omitted.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Omitted.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Omitted.

ITEM 11. EXECUTIVE COMPENSATION

Omitted.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

A nominee of The Depository Trust Company is the sole record owner of each Class of Certificates. As of December 31, 1998, based on a review of public filings with the Securities and Exchange Commission, no person was known to be the beneficial owner of more than 5% of the total principal amount of either Class of Certificates outstanding on that date.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES, AND REPORTS ON FORM 8-K

(a) Listed below are the documents filed as a part of this report:

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Exhibit Number	
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20.1	Annual Certificateholders Report
20.2	Annual Servicer's Certificate
20.3	Report of Independent Certified Public Accountants
20.4	Annual Aggregate Certificateholders Statement

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(b) Reports on Form 8-K:

On each of the following dates, the Trust filed a Form 8-K with the Commission reporting information under Items 5 and 7:

- January 15, 1998
- February 10, 1998
- February 13, 1998
- March 13, 1998
- April 15, 1998
- May 12, 1998
- May 14, 1998
- June 5, 1998
- June 15, 1998
- July 8, 1998
- July 13, 1998
- July 31, 1998
- August 10, 1998
- August 14, 1998
- September 15, 1998
- October 14, 1998
- October 16, 1998
- November 12, 1998
- November 13, 1998
- November 25, 1998
- December 15, 1998

(c) Omitted.

(d) Omitted.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, AFCO Credit Corporation, on behalf of the Trust, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MELLON BANK PREMIUM FINANCE LOAN  
MASTER TRUST

By AFCO CREDIT CORPORATION

By C. LEONARD O'CONNELL  
-----  
Name: C. Leonard O'Connell  
Title: Senior Vice President,  
Treasurer, and  
Chief Financial Officer

Date: March 26, 1999

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## EXHIBIT INDEX

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March 26, 1999

ANNUAL DISTRIBUTION SUMMARY

AFCO CREDIT CORPORATION

MELLON BANK PREMIUM FINANCE LOAN MASTER TRUST

ANNUAL PERIOD ENDING

DECEMBER 31, 1998

ANNUAL HOLDERS' DISTRIBUTION SUMMARY

Pursuant to Section 5.2, Servicer does hereby declare to the Trustee the following distributions for the calendar year 1998 as set forth below:

Interest Payments

A. Pursuant to subsection 4.11(g);

<S>	<C>	<C>
1.	Amount distributed to the Class A Holders	\$ 25,932,805.55
2.	Amount distributed to the Class B Holders	\$ 1,526,684.04
3.	Amount distributed to the Collateral Interest Holder	\$ 2,129,884.65

Principal Payments

B. Pursuant to subsection 4.11(h)(i);

<S>	<C>	<C>
1.	Amount distributed to the Class A Holders	\$ 0
2.	Amount distributed to the Class B Holders	\$ 0
3.	Amount distributed to the Collateral Interest Holder	\$ 0

AFCO CREDIT CORPORATION, as Servicer

By C. LEONARD O'CONNELL

-----  
Name: C. Leonard O'Connell

Title: Senior Vice President,  
Treasurer and  
Chief Financial Officer



## SERVICERS' CERTIFICATE

AFCO CREDIT CORPORATION

AFCO ACCEPTANCE CORPORATION

MELLON BANK PREMIUM FINANCE LOAN MASTER TRUST

The undersigned, a duly authorized representative of AFCO Credit Corporation and AFCO Acceptance Corporation (jointly "AFCO"), as Servicer, pursuant to Section 3.5 of the Pooling and Servicing Agreement dated as of December 1, 1996 (as amended, the "Agreement"), among Mellon Bank, N.A., as Transferor, AFCO Credit Corporation, as Servicer, AFCO Acceptance Corporation, as Servicer, Premium Financing Specialists, Inc., as Back-up Servicer, Premium Financing Specialists of California, Inc., as Back-up Servicer and The First National Bank of Chicago, as Trustee, does hereby certify that:

1. AFCO is, as of the date hereof, Servicer under the Agreement. Capitalized terms used in this Certificate have their respective meanings as set forth in the Agreement.
2. The undersigned is a Servicing Officer who is duly authorized pursuant to the Agreement to execute and deliver this Certificate to Trustee.
3. A review of the activities of Servicer during the fiscal year ended December 31, 1998, and of its performance under the Agreement was conducted under my supervision.
4. Based on such review, Servicer has, to the best of my knowledge, performed in all material respects its obligations under the Agreement throughout such year and no default in the performance of such obligations has occurred or is continuing.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate this 26th day of March, 1999.

AFCO CREDIT CORPORATION, as Servicer

By C. LEONARD O'CONNELL

-----

Name: C. Leonard O'Connell  
Title: Senior Vice President,  
Treasurer and  
Chief Financial Officer

AFCO ACCEPTANCE CORPORATION, as Servicer

By C. LEONARD O'CONNELL

-----  
Name: C. Leonard O'Connell  
Title: Senior Vice President,  
Treasurer and  
Chief Financial Officer

[Letterhead of KPMG LLP]

Independent Accountants' Report

Mellon Bank Premium Finance Loan Master Trust  
c/o The First National Bank of Chicago, as Trustee

AFCO Credit Corporation, as Servicer  
AFCO Acceptance Corporation, as Servicer

We have examined the accompanying assertion made by management on AFCO Credit Corporation's and AFCO Acceptance Corporation's (jointly "AFCO") compliance, as Servicer, with Sections 4.2, 4.3, 4.5 and 8.8, of the Pooling and Servicing Agreement for the Mellon Bank Premium Finance Loan Master Trust and Sections 4.7(a)(i) and 4.8 of the Supplement (Series 1996-1), both dated December 1, 1996 (as amended, collectively, the "Agreement") for the year ended December 31, 1998. Management is responsible for AFCO's compliance with the aforementioned sections of the Agreement. Our responsibility is to express an opinion on management's assertion about AFCO's compliance based upon our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about AFCO's compliance with the aforementioned sections of the Agreement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on AFCO's compliance with the Agreement.

In our opinion, management's assertion that AFCO was materially in compliance with the aforementioned sections of the Agreement for the year ended December 31, 1998, is fairly stated, in all material respects.

KPMG LLP  
-----

Pittsburgh, Pennsylvania  
March 26, 1999

[Letterhead of AFCO Credit Corporation and AFCO Acceptance Corporation]

Management Report on AFCO Credit Corporation's and AFCO Acceptance Corporation's  
Compliance, as Servicer, with the Servicing  
Requirements of the Pooling and Servicing Agreement

Management of AFCO Credit Corporation and AFCO Acceptance Corporation (jointly, "AFCO"), as Servicer, is responsible for compliance with the servicing requirements in Sections 4.2, 4.3, 4.5, and 8.8 of the Pooling and Servicing Agreement for the Mellon Bank Premium Finance Loan Master Trust and Sections 4.7(a)(i) and 4.8 of the Supplement (Series 1996-1), both dated as of December 1, 1996 (as amended, collectively, the "Agreement").

Management has performed an evaluation of AFCO's compliance with the aforementioned sections of the Agreement for the year ended December 31, 1998. Based upon this evaluation, management believes that, for the year ended December 31, 1998, AFCO, as Servicer, was materially in compliance with the aforementioned sections of the Agreement.

DARYL J. ZUPAN

-----  
Daryl J. Zupan  
President

C. LEONARD O'CONNELL

-----  
C. Leonard O'Connell  
Senior Vice President,  
Treasurer and  
Chief Financial Officer

March 26, 1999

March 26, 1999

## ANNUAL AGGREGATE CERTIFICATEHOLDERS STATEMENT

MELLON BANK PREMIUM FINANCE LOAN MASTER TRUST SERIES 1996-1

ANNUAL PERIOD ENDING

DECEMBER 31, 1998

<TABLE>		<C>
<S>		
1.	Investor Interest as of December 31, 1998	
	Class A	\$440,000,000.00
	Class B	\$25,000,000.00
	Collateral Interest Holder	\$35,000,000.00
		-----
	Total Investor Interest	\$500,000,000.00
2.	3- Month LIBOR as per reset dates:	
	March 10, 1998	5.68750%
	June 9, 1998	5.68750%
	September 9, 1998	5.50000%
	December 9, 1998	5.22063%
3.	Determination of Certificate Rates:	
	a) Class A: 3-Month LIBOR plus 11 basis points	
	b) Class B: 3-Month LIBOR plus 32 basis points	
	c) Class C: As per Loan Agreement	
4.	Servicing Fee Rate	0.50000%
5.	Receivable Balances as of December 31, 1998	
	Aggregate Receivables	\$535,130,455.26
	Finance Charge Receivables	\$14,527,140.51
	Principal Receivables	\$520,603,314.75
6.	Annual Servicers' Fee	\$2,500,000.00
7.	Aggregate Investor Default Amount	\$2,119,342.76
8.	Floating Investor Interest as of December 31, 1998	96.04242%
</TABLE>		

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<TABLE>		<C>
<S>		
9.	Transferor Interest as of December 31, 1998	\$35,603,314.75
10.	1998 Aggregate Collections	
	(a) Principal Receivables	\$1,349,552,538.85
	(b) Finance Charge Receivables (inc. net recoveries, if any)	\$52,206,447.20
	(c) Principal and Finance Charge Receivables	\$1,401,758,986.05

	(d) Late Charges	\$8,469,799.87
	(e) Total Collections	\$1,410,228,785.92
11.	Delinquencies as of December 31, 1998	
	(a) 30 days delinquent	\$4,741,124.98
	(b) 60 days delinquent	\$1,789,096.46
	(c) 90 days delinquent	\$1,281,500.92
	(d) 120 + days delinquent	\$3,436,633.43
	(e) Total 30 + days delinquent	\$11,248,355.79
12.	1998 Aggregate Default Amount	\$2,206,673.73
13.	AFCO is Servicer?	Yes
14.	1998 Aggregate Allocation and Application of Collections:	
	(a) Class A Available Funds	\$51,281,941.46
	(b) Class A Optimal Interest	\$25,661,191.47
	(c) Class A Monthly Interest	\$25,661,191.47
	(d) Class A Deficiency Amount	--
	(e) Class A Additional Interest	--
	(f) Class A Servicing Fee	\$2,200,000.00
	(g) Unpaid Class A Servicing from prior periods	\$0.00
	(h) Class A Investor Default Amount	\$1,865,021.63
	(i) Class A contribution to Excess Spread	\$21,555,728.36
	(j) Class B Available Funds	\$2,913,746.67
	(k) Class B Optimal Interest	\$1,511,251.42
	(l) Class B Monthly Interest	\$1,511,251.42
	(m) Class B Deficiency Amount	\$0.00
	(n) Class B Additional Interest	\$0.00
	(o) Class B Servicing Fee	\$125,000.00
	(p) Unpaid Class B Servicing from prior periods	\$0.00
	(q) Class B contribution to Excess Spread	\$1,277,495.25
	(r) Collateral Available Funds	\$4,079,245.34
	(s) Collateral Servicing Fee (if NOT AFCO)	--
	(t) Collateral Interest contribution to Excess Spread	\$4,079,245.34

</TABLE>

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<TABLE>

<S>	<C>
(u) Total Excess Spread	\$26,912,468.96
(v) Class A Required Amount	\$0.00
(w) Unreimbursed Class A Investor Charge-Offs	\$0.00
(x) Class B Required Amount (includes Class B Investor Default Amount)	\$105,967.14
(y) Unreimbursed Class B Investor Charge-Offs	\$0.00
(z) Collateral Monthly Interest	\$2,129,435.56
(aa) Coll. Int. Svcg Fee (if AFCO)	\$175,000.00
(ab) Collateral Interest Default Amount	\$148,353.99
(ac) Unreimbursed Collateral Interest Charge-Offs	\$0.00
(ad) Reserve Account Funding Date - month	48
(ae) Reserve Fund Cap	0.50%
(af) Required Reserve Account Amount	\$0.00
(ag) Reserve Account Balance	\$0.00
(ah) Payable under the Loan Agreement	\$0.00
(ai) Class A Shortfall Amount	\$0.00
(aj) Class B Shortfall Amount	\$0.00

</TABLE>

AFCO CREDIT CORPORATION, as Servicer

By C. LEONARD O'CONNELL

-----  
Name: C. Leonard O'Connell  
Title: Senior Vice President,  
Treasurer and  
Chief Financial Officer