

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

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

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ELLISON RAY MORTGAGE ACCEPTANCE CORP

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SIC: 6189 Asset-backed securities

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UNITED STATES
SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K405

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 1998 Commission File No. 33-76642

RAY ELLISON MORTGAGE ACCEPTANCE CORP.

(Exact name of registrant as specified in its charter)

Incorporated in Texas 74-2337351

State or other jurisdiction of (I.R.S. Employer Identification
incorporation or organization) Number)

70 N.E. Loop 410, Suite 545 San Antonio, Texas 78216

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (210) 342-1085

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
None

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 filing requirements for the past 90 days.

Yes X No
--- ----

Aggregate market value of voting stock held by non-affiliates of the registrant at March 19, 1999:

None

Number of shares of Common Stock outstanding at March 19, 1999:

10,000 shares

Item 1. Business

Ray Ellison Mortgage Acceptance Corp. ("REMAC") was incorporated in the State of Texas on October 1, 1984 and is a wholly-owned subsidiary of Ray Ellison Mortgage Investment Corp. ("REMIC"). Ray Ellison Industries, Inc. is the parent company of REMIC and the ultimate corporate parent of REMAC. REMAC's principal office is located at 70 NE Loop 410, Suite 545, San Antonio, Texas 78216. Its telephone number is (210)342-1085.

REMAC was organized for the purpose of facilitating the financing of long-term residential mortgage loans and does not intend to engage in any business or investment activities other than issuing and selling GNMA-Collateralized Bonds and acquiring, owning, holding, pledging and

dealing with GNMA securities to be pledged as collateral for such Bonds, together with any activities incidental to the foregoing. Substantially all of the assets of REMAC consist of the GNMA securities pledged to secure specific series of its GNMA-Collateralized Bonds. REMAC's term of existence is not limited under its Articles of Incorporation.

Article Three of REMAC's Articles of Incorporation limits the nature of the business to be conducted by REMAC to (a) issuing and selling its GNMA-Collateralized Bonds, notes or other obligations which a Texas corporation is authorized to issue, which Bonds shall be rated by a nationally recognized investment rating agency and given that agency's highest bond rating, (b) buying, selling, holding, transferring, pledging, assigning, refinancing or otherwise dealing in GNMA securities, and (c) doing anything else required or suitable and convenient to accomplish the foregoing.

Item 2. Properties

The Company neither owns nor leases any buildings or real estate.

Item 3. Legal Proceedings

The Company is not involved in any pending litigation, nor is the Company aware of any proceedings contemplated by governmental authorities.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

All of REMAC's outstanding common stock is owned by Ray Ellison Mortgage Investment Corp. Accordingly, there is no market for its common stock.

During the year ended December 31, 1995, the Company declared and paid \$2,000,000 in cash dividends. REMAC did not pay any dividends in 1996 or 1997. On March 2, 1998, the Company declared and paid a dividend of \$5,000,000.

<TABLE>

Item 6. Selected Financial Data

<CAPTION>

In Thousands of Dollars

	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Interest Income	\$17,657	\$29,785	\$30,701	\$35,245	\$30,928
Interest Expense	17,510	29,250	30,186	34,757	30,524
Total Assets	114,910	390,153	434,009	459,002	476,666
Bonds Payable	101,907	365,130	418,427	429,652	491,864

</TABLE>

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Year ended December 31, 1998

As of December 31, 1998, the Company has completed the issuance of ninety-one Series of its GNMA-Collateralized Bonds (Bonds). Each Series of Bonds has been assigned a bond rating of AAA by Standard & Poors Ratings Group. Proceeds from the sale of each Series of Bonds have been used by the Company to purchase GNMA (Government National Mortgage Association) securities from affiliated companies. The GNMA securities purchased are pledged as collateral for one or more Series of the Company's Bonds.

From time to time, the Company has substituted or deposited additional GNMA securities to below-market Bond Series in accordance with the Indentures under which the Bonds are issued. Management anticipates that such substitution or

deposit of additional GNMA securities in these Bond Series will defer redemptions in the Bond series affected.

Additionally, from time to time the Company has substituted or withdrawn GNMA securities securing above-market Bond Series to the extent permitted by the Indentures. Management anticipates that such substitutions or withdrawals of GNMA securities will accelerate redemptions in the Bond Series affected.

As of December 31, 1998, the Company has exercised its option to redeem all Series issued previous to 1993 as well as Series 1993A and 1994C through 1994M. These calls produced significant gains for the Company. The Company has exercised its option to redeem GNMA-Collateralized Bond Series whenever the Series were callable and the interest rate on the series was above the current market interest rate. Management anticipates calling any above-market interest rate Bond Series at the earliest date permitted under the respective prospectus supplement for such Bond Series.

The Company anticipates that receipts from the GNMA securities securing each outstanding series of Bonds together with reinvestment income thereon and funds available in any expense funds which may be established for such series, will be adequate to meet the Company's cash flow requirements to pay administrative expenses and the principal of and interest on each series of Bonds as they become due. The Company does not have, nor does management expect that the Company will have, any significant source of cash flow other than capital contributions from its parent and/or advances from its affiliates and receipts on collateral securing Bonds which have been or may be issued by the Company.

Because each series of outstanding Bonds is secured by GNMA securities paying interest and principal at specified rates backed by existing pools of mortgage loans, and because payment on outstanding Bonds issued by the Company are at fixed interest rates, management does not expect that changes in economic factors will significantly affect the Company's ability to meet its obligations as they come due.

All GNMA securities are classified as available-for-sale as of January 1, 1994. Accordingly, GNMA securities are reflected on the accompanying balance sheet at fair value, with the unrealized gains and losses, net of tax reported in a separate category of shareholders' equity. The Company wishes to emphasize that due to the nature of its business, the GNMA securities carried as available-for-sale collateralize GNMA-collateralized bonds, and the securities are not salable before the bonds are callable, at some future date. In addition, the market value of GNMA securities fluctuates significantly as interest rates change; therefore, the market values of the GNMA securities as of the future redemption dates may vary significantly from the current date, and the realization of the unrealized gains is not assured. When market is such that the value of GNMA securities is less than amortized cost, the Company has the expectation that they would be held to maturity as collateral for the related GNMA-collateralized Bonds, or until the market value rose, whichever is sooner, and the Company would not realize any unrealized losses. Thus, no tax benefit is recognized for unrealized losses for the Company's investment in GNMA's.

As has been widely reported, many computer systems process dates based on two digits for the year of a transaction and are unable to process dates in the year 2000 and beyond. In connection with its ongoing information system management efforts, REMAC has previously replaced or modified its key financial information and operational systems that were not year 2000 compliant. Remaining financial and operational systems have been assessed, and detailed plans have been developed and are being implemented to make the necessary modifications to ensure year 2000 compliance. The financial impact of making the required system changes for year 2000 compliance are not expected to have a material effect on REMAC's financial statements.

The Company may from time to time make forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) with respect to expected Year 2000 compliance program, Company objectives and other financial and business matters. The Company cautions the reader that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, including economic conditions; regulatory actions and reforms; competition; as well as other reasons, all of which change over time. Actual results may differ materially from forward-looking statements.

Item 8. Financial Statements and Supplementary Data:

See Next Page

Ray Ellison Mortgage
Acceptance Corp.

Financial Statements

Years Ended December 31, 1998, 1997, and 1996
with Report of Independent Auditors

Ray Ellison Mortgage Acceptance Corp.

Financial Statements

Years Ended December 31, 1998, 1997, and 1996

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Report of Independent Auditors

Board of Directors

Ray Ellison Mortgage Acceptance Corp.

We have audited the accompanying balance sheets of Ray Ellison Mortgage Acceptance Corp., a wholly owned subsidiary of Ray Ellison Mortgage Investment Corp., as of December 31, 1998 and 1997, and the related statements of income, changes in stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ray Ellison Mortgage Acceptance Corp. at December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

March 12, 1999
San Antonio, Texas

Ernst & Young LLP

<TABLE>

Ray Ellison Mortgage Acceptance Corp.

Balance Sheets

<CAPTION>

<S>	December 31	
	1998	1997
<C>	<C>	<C>
Assets		
Cash	\$ 20,679	\$ 91,465
Accrued interest receivable	575,004	2,201,245
Underwriting fees and bond issuance expenses	3,574,777	12,672,555
Requisite funds on deposit	128,276	188,314
Note receivable from affiliate	7,479,550	4,820,652
Investment in GNMA securities	102,678,159	368,468,267
Plus (less):		
Fair value adjustment	4,422,045	16,480,560
Unamortized discount	(3,968,055)	(14,769,194)
	103,132,149	370,179,633
Total assets	\$ 114,910,435	\$ 390,153,864
Liabilities and Stockholder's Equity		
Liabilities:		
Accounts payable	\$ 30,000	\$ 31,713
Accrued interest	571,956	2,169,492
Bonds payable	101,907,000	365,130,000
Deferred tax liability	1,481,858	5,382,153
Total liabilities	103,990,814	372,713,358
Stockholder's equity:		
Common stock, \$1.00 par value, 10,000 shares authorized, issued and outstanding	10,000	10,000
Contributed capital	4,256,119	2,317,619
Unrealized gains on available for sale securities, net of tax	2,918,550	10,877,170
Retained earnings	3,734,952	4,235,717
Total stockholder's equity	10,919,621	17,440,506
Total liabilities and stockholder's equity	\$ 114,910,435	\$ 390,153,864

See accompanying notes.

</TABLE>

<TABLE>

Ray Ellison Mortgage Acceptance Corp.

Statements of Income

<CAPTION>

<S>	Year Ended December 31		
	1998	1997	1996
<C>	<C>	<C>	<C>
Income:			
Interest income	\$ 17,657,263	\$ 29,784,733	\$ 30,700,648
Amortization of discount	1,745,220	1,903,889	1,786,809
Gain on sales of GNMA securities	14,081,320	1,350,942	1,027,836
	33,483,803	33,039,564	33,515,293
Expense:			

Interest expense	17,510,900	29,249,560	30,186,780
Amortization of underwriting fees and bond issuance expenses	9,097,778	2,802,082	2,254,593
General and administrative	237,790	293,416	312,378
	-----	-----	-----
	26,846,468	32,345,058	32,753,751
	-----	-----	-----
Income before taxes	6,637,335	694,506	761,542
Income tax expense:			
Current taxes	1,938,500	194,938	342,970
Deferred taxes	199,600	30,896	-
	-----	-----	-----
	2,138,100	225,834	342,970
	-----	-----	-----
Net income	\$ 4,499,235	\$ 468,672	\$ 418,572
	=====	=====	=====

See accompanying notes.
</TABLE>

<TABLE>

Ray Ellison Mortgage Acceptance Corp.

Statements of Changes in Stockholder's Equity

<CAPTION>

	Common Stock		Contributed Capital	Other Comprehensive Income, Net of Tax	Total Retained Earnings	Equity (Deficit)
	Shares	Dollars				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1995	10,000	\$10,000	\$ 1,911,003	\$ 14,427,611	\$ 3,348,473	\$ 19,697,087
Net income	-	-	-	-	418,572	418,572
Change in unrealized gains and (losses) on available for sale securities, net of taxes and reclassification adjustment	-	-	-	(9,540,854)	-	(9,540,854)
	-----	-----	-----	-----	-----	-----
Total Comprehensive (Loss)	-	-	-	-	-	(9,122,282)
Contribution of capital	-	-	211,678	-	-	211,678
	-----	-----	-----	-----	-----	-----
Balance December 31, 1996	10,000	10,000	2,122,681	4,886,757	3,767,045	10,786,483
Net income	-	-	-	-	468,672	468,672
Change in unrealized gains and (losses) on available for sale securities, net of taxes and reclassification adjustment	-	-	-	5,990,413	-	5,990,413
	-----	-----	-----	-----	-----	-----
Total Comprehensive Income	-	-	-	-	-	6,459,085
Contribution of capital	-	-	194,938	-	-	194,938
	-----	-----	-----	-----	-----	-----
Balance December 31, 1997	10,000	10,000	2,317,619	10,877,170	4,235,717	17,440,506
Net income	-	-	-	-	4,499,235	4,499,235
Change in unrealized gains and (losses) on available for sale securities,						

net of taxes and reclassification adjustment	-	-	-	(7,958,620)	-	(7,958,620)
Total Comprehensive (Loss)	-	-	-	-	-	(3,459,385)
Contribution of capital Dividend	-	-	1,938,500	-	-	1,938,500
	-	-	-	-	(5,000,000)	(5,000,000)
Balance December 31, 1998	10,000	\$10,000	\$ 4,256,119	\$ 2,918,550	\$ 3,734,952	\$ 10,919,621

See accompanying notes.

</TABLE>

<TABLE>

Ray Ellison Mortgage Acceptance Corp.

Statements of Cash Flows

<CAPTION>

	Year Ended December 31		
	1998	1997	1996
<S>	<C>	<C>	<C>
Operating Activities			
Net income	\$ 4,499,235	\$ 468,672	\$ 418,572
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Income tax	2,138,100	225,834	342,970
Amortization of discount	(1,745,220)	(1,903,889)	(1,786,809)
Amortization of underwriting fees and bond issuance expenses	9,097,778	2,802,082	2,254,593
Gain on sale of GNMA securities	(14,081,320)	(1,350,942)	(1,027,836)
Changes in operating assets and liabilities:			
Accrued interest receivable	1,626,241	328,835	87,171
Accounts payable	(1,713)	1,713	5,147
Accrued interest payable	(1,597,536)	(331,060)	(79,016)
Net cash (used in) provided by operating activities	(64,435)	241,245	214,792
Investing Activities			
Net increase in note receivable from affiliate	(2,658,898)	(1,306,846)	(2,269,527)
Principal payments received on GNMA securities	46,497,187	39,397,934	36,679,137
Purchase of GNMA securities	0	(12,091,679)	(35,685,120)
Proceeds from sale of GNMA securities	224,318,322	27,617,384	13,506,736
Net cash provided by investing activities	268,156,611	53,616,793	12,231,226
Financing Activities			
Cash dividend to parent	(5,000,000)	-	-
Net (increase) decrease in requisite funds on deposit	60,038	(54,517)	253,020
Increase in underwriting fees and bond issuance expenses		(466,936)	(1,426,114)
Proceeds from sales of bonds	0	12,500,000	37,000,000
Redemption of bonds payable	(263,223,000)	(65,797,000)	(48,225,000)
Net cash used in financing activities	(268,162,962)	(53,818,453)	(12,398,094)
Change in cash	(70,786)	39,585	47,924
Cash at beginning of year	91,465	51,880	3,956
Cash at end of year	\$ 20,679	\$ 91,465	\$ 51,880

See accompanying notes.

</TABLE>

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements

December 31, 1998, 1997, and 1996

1. Significant Accounting Policies

Nature of Business

Ray Ellison Mortgage Acceptance Corp. (Company) is in the business of purchasing GNMA securities for investment financed by the issuance of bonds to the public. Based on the nature of the business, the Company operates in one segment as defined in Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosure about Segments of an Enterprise and Related Information".

Basis of Presentation

The Company was incorporated in the state of Texas on October 1, 1984 and is a wholly owned subsidiary of Ray Ellison Mortgage Investment Corp. (REMIC).

Underwriting Fees, Bond Issuance Expenses, and Unamortized Discount

The Company amortizes the underwriting fees and bond issuance expenses (fees) and the discount on GNMA (Government National Mortgage Association) securities by the level yield method. Underwriting fees and bond issuance expenses at December 31, 1998 and 1997 are reported net of accumulated amortization of \$16,433,694 and \$7,335,916, respectively. Any unamortized underwriting fees and bond issuance expenses remaining upon redemption of the bonds are expensed.

Fair Values of Financial Instruments

The fair values of the Company's GNMA securities and bonds payable are estimated based on quoted market prices. The carrying values of all other financial instruments reported in the balance sheets approximate fair values.

GNMA Securities

The Company's GNMA securities are categorized as available for sale securities, as defined by SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Unrealized holding gains and losses are reflected as a separate component of stockholders' equity, net of taxes, until realized. The amortized cost of the specific security sold is used to compute gain or loss on the sale of securities. Declines in value other than temporary declines are adjusted against the security with a change to the results of operations.

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

1. Significant Accounting Policies (continued)

Comprehensive Income

In June 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income." The statement provides that all items that are required to be recognized under accounting standards as comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income includes net income as well as certain items that are reported directly within a separate component of stockholder's equity, such as unrealized gains and losses on available for sale securities, and bypass net income. The provisions of SFAS No. 130 are effective for 1998, and prior years financial statements have been restated to reflect the required provisions. The cost of securities sold and the amount reclassified out of accumulated other comprehensive income was determined using the specific identification method.

<TABLE>

The components of other comprehensive income are:

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Unrealized gains (losses) on available-for-sale securities (before income tax)	\$ 925,918	\$ 9,445,145	\$ (13,008,475)
Income tax (expense) benefit on unrealized gains and losses	(314,812)	(3,211,349)	4,422,882
Unrealized gains (losses) on available-for-sale securities net of tax	611,106	6,233,796	(8,585,593)
Reclassification adjustment for realized gains on available-for-sale securities (before income tax)	(12,984,433)	(368,762)	(1,447,364)
Income tax benefit on realized gains and losses	4,414,707	125,379	492,104
Reclassification adjustment for realized gains on available-for-sale securities net of tax	(8,569,726)	(243,383)	(955,260)
Other comprehensive income (net of tax)	\$ (7,958,620)	\$ 5,990,413	\$ (9,540,853)

</TABLE>

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Requisite Funds on Deposit

The Company is required to deposit certain requisite funds with the Trustee for each series of bonds under the terms of the Indenture. The Company's obligations to establish such requisite funds may be satisfied by either cash or letters of credit.

As of December 31, 1998 and 1997, cash in the amount of \$128,276 and \$188,314, respectively, had been deposited with the Trustee to satisfy the Company's obligations relative to such requisite funds.

3. Assets Subject to Lien

Substantially all of the assets of the Company are pledged as security for the long-term bonds payable.

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

4. Bonds Payable

The Company has filed six shelf registrations authorizing a total issuance of \$1,600,000,000 in long-term bonds. The long-term bonds payable of the Company are issued in series as follows:

<TABLE>
<CAPTION>

Series	Issued	Face of Bonds at Issue	Interest Rate	Maturity Date	Bonds Outstanding December 31	
					1998	1997
1985A	02/27/85	\$ 11,559,000	11.500%	03/28/2015	\$ -	\$ -
1985B	03/28/85	10,337,000	12.000	04/28/2015	-	-
1985C	04/24/85	10,343,000	11.850	12/28/2015	-	-
1985D	05/20/85	13,714,000	11.450	07/28/2016	-	-
1985E	06/26/85	12,784,000	10.750	08/28/2016	-	-
1985F	07/25/85	10,004,000	10.625	09/28/2016	-	-
1985G	08/28/85	9,223,000	10.750	10/28/2016	-	-
1985H	09/26/85	9,106,000	10.500	11/28/2016	-	-
1985I	10/24/85	11,753,000	10.875	12/28/2016	-	-
1985J	11/26/85	8,720,000	10.400	01/28/2017	-	-
1985K	12/26/85	8,923,000	10.250	02/28/2017	-	-
1986A	01/28/86	9,380,000	9.750	03/28/2017	-	-
1986B	02/27/86	19,512,000	9.750	04/28/2017	-	-
1986C	03/26/86	9,204,000	9.375	05/28/2017	-	-
1986D	04/23/86	9,989,000	8.500	06/28/2017	-	-
1986E	06/26/86	10,650,000	9.250	08/28/2017	-	-
1986F	07/24/86	20,600,000	9.000	09/28/2017	-	-
1986G	08/28/86	20,990,000	9.000	10/28/2017	-	-
1986H	09/25/86	14,153,000	8.625	11/28/2017	-	-
1986I	11/25/86	10,002,000	8.625	01/28/2018	-	-
1986J	12/30/86	9,390,000	8.250	02/28/2018	-	-
1987A	07/30/87	17,500,000	9.000	09/28/2018	-	-
1987B	08/27/87	18,000,000	9.000	10/28/2018	-	-
1987C	09/30/87	10,000,000	9.500	11/28/2018	-	-
1987D	10/29/87	15,000,000	9.750	12/31/2018	-	-
1987E	11/25/87	16,000,000	10.000	01/31/2019	-	-
1987F	11/25/87	16,655,000	9.500	01/31/2019	-	-
1988A	01/27/88	15,000,000	9.500	03/31/2019	-	-
1988B	02/25/88	13,925,000	9.000	04/30/2019	-	-
1988C	02/25/88	10,000,000	8.500	04/30/2019	-	-
1988D	03/30/88	14,950,000	8.750	05/31/2019	-	-
1988E	05/26/88	18,000,000	9.125	07/31/2019	-	-
1988F	06/23/88	33,000,000	9.375	08/31/2019	-	-
1988G	06/23/88	14,000,000	9.450	08/31/2019	-	-

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

4. Bonds Payable (continued)

Series	Issued	Face of Bonds at Issue	Interest Rate	Maturity Date	Bonds Outstanding December 31	
					1998	1997
1988H	07/28/88	\$ 15,000,000	9.125%	09/30/2019	\$ -	\$ -
1988I	08/25/88	25,000,000	9.375	10/31/2019	-	-
1988J	08/25/88	22,000,000	9.200	10/31/2019	-	-
1988K	09/29/88	17,000,000	9.150	11/30/2019	-	-
1988L	10/27/88	20,000,000	9.100	12/31/2019	-	-
1988M	11/23/88	30,000,000	9.000	01/31/2020	-	-
1989A	01/25/89	22,000,000	9.500	03/31/2020	-	-
1989B	01/25/89	17,000,000	9.600	03/31/2020	-	-
1990A	05/24/90	5,000,000	9.500	05/31/2021	-	-
1990B	08/30/90	15,150,000	9.000	08/31/2021	-	-
1990C	09/27/90	10,000,000	9.100	09/30/2021	-	-
1990D	09/27/90	10,000,000	9.000	09/30/2021	-	-
1990E	10/25/90	10,000,000	9.150	10/31/2021	-	-

1990F	10/25/90	14,500,000	9.050	10/31/2021	-	-
1990G	11/21/90	15,000,000	9.000	11/30/2021	-	-
1990H	12/27/90	8,000,000	8.500	12/31/2021	-	-
1991A	02/21/91	9,000,000	8.100	02/28/2022	-	-
1991B	03/28/91	5,000,000	8.100	03/31/2022	-	-
1991C	04/25/91	6,000,000	8.150	04/30/2022	-	-
1991D	05/30/91	12,650,000	8.150	05/31/2022	-	-
1991E	06/27/91	28,500,000	8.500	06/30/2022	-	-
1991F	07/25/91	18,000,000	8.450	07/31/2022	-	-
1991G	08/29/91	18,000,000	8.000	08/31/2022	-	-
1991H	09/26/91	14,000,000	7.875	09/30/2022	-	-
1991I	11/27/91	13,000,000	7.500	11/30/2022	-	-
1991J	12/23/91	7,000,000	7.500	12/31/2022	-	-
1992A	03/26/92	21,000,000	7.250	03/31/2023	-	12,313,000
1992B	04/23/92	6,500,000	7.400	04/30/2023	-	-
1992C	05/28/92	17,500,000	7.600	05/31/2023	-	-
1992D	06/25/92	24,000,000	7.400	06/30/2023	-	-
1992E	07/30/92	19,000,000	7.150	07/31/2023	-	9,565,000
1992F	08/27/92	8,000,000	6.600	08/31/2023	-	4,422,000
1992G	11/25/92	47,250,000	7.000	11/30/2023	-	34,881,000
1992H	12/23/92	23,600,000	7.100	12/31/2023	-	16,919,000
1992I	12/23/92	14,300,000	7.050	12/31/2023	-	10,283,000
1993A	01/28/93	24,000,000	7.000	01/31/2024	-	17,478,000
1993B	12/22/93	21,000,000	6.000	12/31/2024	16,914,000	18,846,000
1994A	01/27/94	15,000,000	6.000	01/31/2025	11,522,000	12,538,000
1994B	02/24/94	13,000,000	6.000	02/28/2025	9,624,000	11,139,000

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

4. Bonds Payable (continued)

Series	Issued	Face of Bonds at Issue	Interest Rate	Maturity Date	Bonds Outstanding December 31	
					1998	1997
1994C	03/24/94	\$ 10,000,000	6.500%	03/31/2025	\$ -	\$ 8,564,000
1994D	05/26/94	19,500,000	7.400	05/31/2025	-	15,206,000
1994E	05/26/94	13,950,000	7.500	05/31/2025	-	10,883,000
1994F	06/23/94	16,000,000	7.300	06/30/2025	-	12,658,000
1994G	07/28/94	16,500,000	7.125	07/31/2025	-	12,849,000
1994H	07/28/94	24,150,000	7.500	07/31/2025	-	20,015,000
1994I	08/25/94	16,050,000	7.500	08/31/2025	-	12,804,000
1994J	09/29/94	18,600,000	7.500	09/30/2025	-	14,241,000
1994K	11/23/94	15,000,000	8.000	11/30/2025	-	10,320,000
1994L	12/28/94	15,000,000	8.100	12/31/2025	-	10,936,000
1994M	12/28/94	16,500,000	8.000	12/31/2025	-	11,304,000
1995A	02/23/95	8,000,000	8.000	02/28/2026	3,508,000	5,612,000
1995B	03/30/95	21,000,000	7.500	03/31/2026	12,194,000	15,872,000
1995C	05/25/95	9,225,000	7.100	05/31/2026	6,971,000	8,010,000
1996A	04/25/96	12,500,000	7.000	04/30/2027	10,344,000	11,791,000
1996B	05/30/96	15,500,000	7.000	05/31/2027	12,697,000	14,706,000
1996C	09/26/96	9,000,000	7.100	09/30/2027	7,556,000	8,747,000
1997A	04/24/97	12,500,000	7.000	04/30/2028	10,577,000	12,228,000
		\$ 1,372,291,000			\$ 101,907,000	\$ 365,130,000

</TABLE>

The remaining bonds may be redeemed at the option of the Company, in whole or in part, at any time after the fourth anniversary of their issuance. To ensure sufficient funds to meet debt service requirements, the Indenture provides for redemption if the payments to be made on the GNMA securities will be less than the debt service requirements. The amounts of bonds to be redeemed are dependent on a number of factors such as: 1) prepayments on the GNMA securities, 2) interest earned on requisite funds, 3) deposit or substitution of collateral in lieu of bond redemption, and 4) requests for redemption by bondholders. In all redemptions described above, the redemption price will be 100% of the principal

amount of the bonds to be redeemed plus interest accrued to the date of redemption.

Cash paid for interest was \$19,108,436, \$29,580,620, and \$30,265,796 for the years ended December 31, 1998, 1997, and 1996, respectively.

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

5. Related Party Transactions

The Company was organized to facilitate the financing of long-term mortgage loans through the issuance and sale of GNMA-collateralized bonds. The bonds issued represent obligations solely of the Company and are not guaranteed by any of its affiliates.

The Company entered into a revolving note receivable with an affiliated company on October 31, 1992 for \$20,000,000. The note is due on demand, or if no demand is made, on December 31, 1999. Interest is due monthly at the prime rate. The balance outstanding relating to this note at December 31, 1998 and 1997 was \$7,479,550 and \$4,820,652, respectively.

Notes and advances to affiliated companies bear interest at the current market rates. Net interest income earned from affiliates for advances totaled \$350,506, \$333,322, and \$157,463 in 1998, 1997, and 1996, respectively.

GNMA securities are purchased and sold through an affiliated company at a cost which approximates fair value.

None of the directors or executive officers of the Company receive any direct remuneration from the Company; however, certain of the Company's executive officers participate in an employment agreement with the Company's parent and other affiliated companies. The agreement provides that such executive officers are entitled to a percentage of corporate distributions based on the accumulation of certain cash and cash equivalents of the Company over an imputed base return to the stockholder.

General and administrative services for the Company including accounting, legal, and other administrative functions are provided by affiliated companies. Fees for general and administrative services were \$96,000, \$112,124, and \$162,643 in 1998, 1997, and 1996, respectively.

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

6. Stockholder's Equity

The Company declared and paid \$5,000,000 in dividends on March 2, 1998. No dividends were paid in 1997 and 1996.

7. Federal Income Taxes

The Company files a consolidated federal income tax return with its parent. Under its legal tax sharing agreement with its parent, current federal income tax paid by the Company is based on the relationship of the Company's taxable income to the total taxable income of all profitable members of the consolidated group. Current federal income tax expense is allocated to profitable members of the consolidated group only if the consolidated group has a current federal income tax expense. Any taxes allocated to the Company under this agreement are payable to the parent.

FAS 109 requires the recognition of income taxes among members of a consolidated group as if each member had filed a separate return. The Company's income tax expense under its legal tax sharing agreement varies from that recognized under FAS 109. Charges and credits to contributed capital or retained earnings result from applying the provisions of FAS 109 when cash payments or receipts of taxes are not required to be made to or from the parent under the legal tax sharing agreement. During the years ended December 31, 1998, 1997, and 1996, a contribution of capital of \$1,938,500, \$194,938, and \$211,678, respectively, was recorded to reflect the income tax benefit that must be recorded under FAS 109 but will not be paid to the parent under the Company's legal tax sharing agreement.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The only significant components of the Company's deferred tax assets and liabilities relate to a deductible temporary difference of \$84,851 and \$867,599 at December 31, 1998 and 1997, respectively, resulting from an excess of tax basis on GNMA securities over that recorded for financial reporting purposes and a book gain of \$4,422,045 and \$16,480,560 at December 31, 1998 and 1997, resulting from the adjustment to fair value of the Company's investment in GNMA's.

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

7. Federal Income Taxes (continued)

The reconciliation of income tax attributable to continuing operations computed at the U.S. federal statutory tax rate of 34% to income tax expense is:

<TABLE>

	1998	1997	1996
<S>	<C>	<C>	<C>
Tax expense at U.S. statutory rates	\$ 2,256,694	\$ 236,132	\$ 258,925
Increase (decrease) in deferred tax asset valuation allowance	(118,594)	(10,298)	84,045
	\$ 2,138,100	\$ 225,834	\$ 342,970

</TABLE>

8. Fair Values of Financial Instruments

<TABLE>

The carrying amounts and fair values of the Company's financial instruments at December 31, 1998 and 1997 are as follows:

<CAPTION>

	December 31, 1998		December 31, 1997	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<S>	<C>	<C>	<C>	
Cash	\$ 20,679	\$ 20,679	\$ 91,465	\$ 91,465
Note receivable from affiliate GNMA securities	7,479,550	7,479,550	4,820,652	4,820,652
	98,710,104	103,132,149	353,699,073	370,179,633
Bonds payable	101,907,000	100,414,430	365,130,000	359,197,701

</TABLE>

The Company is in the business of purchasing GNMA securities for investment financed by the issuance of bonds to the public. All securities are pledged as

collateral for the bonds payable. As discussed in Note 4, the bonds can be redeemed at the option of the Company after the fourth anniversary of the particular Bond Series. All bond redemptions are at par; therefore, the Company will not realize a gain or loss on the disposition of the bonds under its optional call provisions. The fair values of the GNMA securities (see Note 1 - Fair Values of Financial Instruments) fluctuate significantly as interest rates change; therefore, fair values as of the future redemption dates may vary

Ray Ellison Mortgage Acceptance Corp.

Notes to Financial Statements (continued)

December 31, 1998, 1997, and 1996

8. Fair Values of Financial Instruments (continued)

significantly from those stated above. When the market is such that the value of GNMA securities is less than par, the Company has the expectation that they would be held to maturity as collateral for the related GNMA-collateralized Bonds, or until the market value rose, whichever is sooner, and the Company would not realize any unrealized losses. All GNMA securities contractually mature after December 31, 2007. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

9. GNMA Securities

<TABLE>

The amortized cost, estimated market values, and gross unrealized gains and losses for GNMA Securities at December 31, 1998 and 1997 are as follows:

<CAPTION>

<S>	December 31	
	1998	1997
<C>	<C>	<C>
GNMA securities:		
Amortized cost	\$ 98,710,104	\$ 353,699,073
Gross unrealized gains	4,422,045	16,636,581
Gross unrealized (losses)	-	(156,021)
Estimated market value	\$ 103,132,149	\$ 370,179,633

</TABLE>

Item 9. Disagreements on Accounting and Financial Disclosure.

None.

Item 10. Directors and Executive Officers.

The following is a list of REMAC's directors and executive officers. All of such directors and executive officers have served in their respective capacities since the dates described below.

<TABLE>

<S>	<C>	<C>
Name	Age	Position
-----	----	-----
Jack Biegler	55	President, Secretary and Director
Goodhue W. Smith, III	49	Director
Locksley Simmons	40	Director, Vice President,

</TABLE>

Jack Biegler is President of Ray Ellison Industries, Inc. He has, for more than five years prior to the date of this 10-K, served in various executive financial capacities for affiliates of the Company. Mr. Biegler is the President of Ray Ellison Mortgage Investment Corp., the parent corporation of the Company.

Goodhue W. Smith, III is Secretary and Treasurer of Duncan-Smith Co., an investment banking firm, and has served in that capacity for more than five years prior to the date of this 10-K.

Locksley Simmons is Vice President of Ray Ellison Industries, Inc and has served in various financial positions for affiliates of the Company for more than five years prior to the date of this 10-K.

Mr. Biegler was initially elected as an officer of the Company on October 1, 1984, and was most recently reelected on December 31, 1998. Ms. Simmons was initially elected as Vice President, Treasurer, and Assistant Secretary of the Company on April 11, 1988 and was reelected December 31, 1998; Ms. Simmons was initially appointed as a Director for the Company on December 31, 1996; Mr. Smith was initially elected to his position with the Company on March 30, 1990, and was reelected December 31, 1998, in each case to hold office during the term for which they are elected and until their successors are elected and qualify in accordance with the terms of REMAC's Articles of Incorporation and the laws of the State of Texas.

There are no family relationships among or between such directors and ex-executive officers.

Item 11. Executive Compensation

None of the directors and executive officers of the Company presently receive any direct remuneration (other than reimbursement of expenses) from REMAC. It is currently anticipated that the officers and directors of the Company will continue to devote substantially all of their time to their duties related to their respective positions with Ray Ellison Industries, Inc. and its affiliates. The officers and directors of the Company will devote such of their time as may be necessary to ensure that REMAC fulfills its duties under the respective Indentures governing the Bonds and such other duties as the officers and directors shall deem necessary to protect the interest of the Bondholders or which may be required by law. Certain of the Company's executive officers participate in an employment agreement with the Company's parent and other affiliated companies. The agreement provides that such executive officers are entitled to a percentage of corporate distributions based on the accumulation of certain cash and cash equivalents of the Company over an imputed base return to the shareholder.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The authorized capital stock of the Company consists of 10,000 shares of common stock, par value \$1.00 per share, (the "Common Stock"). As of the date hereof, 10,000 shares of Common Stock were issued and outstanding and were owned by Ray Ellison Mortgage Investment Corp. Such shares may be pledged from time to time to secure indebtedness of Ray Ellison Mortgage Investment Corp. and/or its affiliates.

Set forth below is certain information as to the beneficial ownership of each class of equity securities of Ray Ellison Mortgage Investment Corp., the parent corporation of the Issuer, as of March 15, 1999.

<TABLE>

<CAPTION>

Title of Class	Name of Beneficial Owner	Amount and Beneficial Ownership (1)	Percent of Class
<S>	<C>	<C>	<C>
Common Stock	Ray Ellison Grandchildren Trust (1)	10,000 Shares	100%

</TABLE>

(1) The Ray Ellison Grandchildren Trust dated March 3, 1992 beneficially owns 100% of the outstanding stock of Ray Ellison Mortgage Investment Corp. and its wholly-owned subsidiary, Ray Ellison Mortgage Acceptance Corp.

Item 13. Certain Relationships and Related Transactions.

Not Applicable.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) (1) Financial Statements

The following financial statements are included in Part II,

Item 8:

Report of Independent Auditors
Balance Sheets - December 31, 1998 and 1997
Statements of Income
 -Years ended December 31, 1998, 1997 and 1996
Statements of Changes in Stockholder's Equity (Deficit)
 -Years ended December 31, 1998, 1997, and 1996
Statements of Cash Flows
 -Years ended December 31, 1998, 1997, and 1996
Notes to financial statements

(a) (2) Financial Statement Schedules

All schedules have been omitted because they are either inapplicable or the required information has been given in the financial statements or the notes thereto.

(a) (3) Exhibits

Exhibit Number

Ex-1 -- Form of Underwriting Agreement including form of Terms Agreement (4).
Ex-3(i) -- Articles of Incorporation of the Registrant as originally filed. (1)
Ex-3(ii) -- Bylaws of the Registrant as currently in effect.(5) Ex-4.1 -- Form of Indenture between the Registrant and Trustee (containing Form of Bond).(4)
Ex-4.2 -- Form of Series Supplement. (2)
 -- Form of Guaranty Agreement (level payment and graduated payment) for GNMA I Program ("Summary of Guaranty Agreement"). (3)
Ex-4.3 -- Form of Guaranty Agreement for GNMA II Program ("Schedule of Subscribers and GNMA II Contractual Agreement"). (4)
*Ex-23 -- Consent of independent auditor
*Ex-27 -- Financial Data Schedule

* Filed herewith

1. Previously filed with the Commission as an exhibit to the Registrant's Form S-11 Registration Statement (File No. 2- 93624) on October 4, 1984, and incorporated by reference herein.
2. Previously filed with the Commission as an exhibit to the Post-Effective Amendment No. 1 to the Registrant's Form S-11 Registration Statement (File No. 2-93624) on February 14, 1985, and incorporated by reference herein.
3. Previously filed with the Commission as an exhibit to Amendment No. 1 to the Registrant's Form S-11 Registration Statement (File No. 2-93624) on January 11, 1985, and incorporated by reference herein.
4. Previously filed with the Commission as an exhibit to the Registrant's Form S-11 Registration Statement (File No. 33- 48368) on June 4, 1992, and incorporated by reference herein.
5. Previously filed with the Commission as an exhibit to the Registrants

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

Ray Ellison Mortgage
Acceptance Corp.
(Registrant)

March 23, 1999

By /s/Jack Biegler

Jack Biegler
President, (Principal Executive
Officer) Director, and Secretary

March 23, 1999

By /s/Locksley Simmons

Locksley Simmons, Director
Vice President, Treasurer,
(Chief Financial Officer and
Principal Accounting Officer)
and Assistant Secretary

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 23, 1999.

SIGNATURE -----	CAPACITY -----
/s/ Jack Biegler ----- Jack Biegler	Director
/s/Locksley Simmons ----- Locksley Simmons	Director
/s/ Goodhue W. Smith, III ----- Goodhue W. Smith, III	Director

Supplemental information to be furnished with reports filed pursuant to

section 15(d) of the act by registrants, which have not registered

Securities pursuant to Section 12 of the Act.

No annual report or proxy material has been sent to Bondholders of Ray Ellison Mortgage Acceptance Corp. GNMA-Collateralized Bonds, issued in Series.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-76642) of Ray Ellison Mortgage Acceptance Corp. and in the related Prospectus of our report dated March 12, 1999, with respect to the financial statements of Ray Ellison Mortgage Acceptance Corp. included in this Annual Report (Form 10-K) for the year ended December 31, 1998.

ERNST & YOUNG LLP

San Antonio, Texas
March 22, 1999

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEETS AND STATEMENTS OF OPERATIONS OF THE COMPANY'S 10-K FOR THE YEAR ENDED DECEMBER 31, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<CIK> 0000754591

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