

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1999-03-26** | Period of Report: **1998-09-27**
SEC Accession No. **0000785818-99-000005**

(HTML Version on secdatabase.com)

FILER

MORTGAGE SECURITIES III TRUSTS A

CIK: **785818** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-02253** | Film No.: **99573605**
SIC: **6189** Asset-backed securities

Mailing Address
33650 SIXTH AVENUE S.
WRE 2-1
FEDERAL WAY WA 98003

Business Address
33650 SIXTH AVENUE S.
WRE 2-1
FEDERAL WAY WA 98003
253-924-25

MORTGAGE SECURITIES III TRUSTS B

CIK: **799630** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-02253-01** | Film No.: **99573606**
SIC: **6189** Asset-backed securities

Mailing Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367

Business Address
C/O WEYERHAEUSER
MORTGAGE COMPANY TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367
8185922562

MORTGAGE SECURITIES III TRUSTS D

CIK: **808264** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-10942** | Film No.: **99573607**
SIC: **6189** Asset-backed securities

Mailing Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367

Business Address
C/O WEYERHAEUSER
MORTGAGE COMPANY TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367
8185922562

MORTGAGE SECURITIES III TRUSTS C

CIK: **814144** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-02253-02** | Film No.: **99573608**
SIC: **6189** Asset-backed securities

Mailing Address
C/O WEYERHAEUSER
MORTGAGE COMPANY TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367

Business Address
C/O WEYERHAEUSER
MORTGAGE COMPANY
6320 CANOGA AVE
WOODLAND HILLS CA 91367
8185922562

MORTGAGE SECURITIES III TRUSTS E

CIK: **826488** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-02253-03** | Film No.: **99573609**
SIC: **6189** Asset-backed securities

Mailing Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367

Business Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367
8185922562

MORTGAGE SECURITIES III TRUSTS F

CIK: **830431** | IRS No.: **911314537** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **033-02253-04** | Film No.: **99573610**
SIC: **6189** Asset-backed securities

Mailing Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367

Business Address
C/O WEYERHAEUSER
MORTGAGE CO TR-55
6320 CANOGA AVE
WOODLAND HILLS CA 91367
8185922562

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Thirty-nine Weeks Ended September 27, 1998 or

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 33-2253

MORTGAGE SECURITIES III TRUSTS A, B, C, D, E AND F

Delaware Trusts (IRS Employer Identification
No. 91-1314537)

Wilmington, DE 19890
Telephone (302) 651-1730

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 .

The Registrant meets the conditions set forth in General Instruction J(1)(a) and (b) of Form 10-Q and is therefore, filing this form with the reduced disclosure format.

Mortgage Securities III Trusts A, B, C, D, E and F
Index to Form 10-Q Filing
For the Thirty-nine Weeks Ended September 27, 1998

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Part II. Other Information

Item 1.	Legal Proceedings	(Not applicable)
Item 2.	Changes in Securities	(Not applicable)
Item 3.	Default upon Senior Securities	(Not applicable)
Item 4.	Submission of Matters to a Vote of Security Holders	(Not applicable)

Item 1. Financial Information

See the Company's financial statements attached hereto beginning at page 3.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Activity during the third quarter of 1998 consisted of the collection of principal and interest on the GNMA and FNMA certificates and disbursements of the required payment of principal and interest to the bondholders.

The Year 2000 challenge arises from the nearly universal practice in the computer industry of using two digits rather than four digits to designate the calendar year (e.g. DD/MM/YY). This can lead to incorrect results when computer software performs arithmetic operations, comparisons or data field sorting involving years later than 1999. The business activities of the Trusts, which consists of the collection of principal and interest on the GNMA and FNMA certificates securing the bonds issued by the Trusts and disbursing the required payment of principal and interest to the bondholders, is conducted by third party suppliers to the Trusts. Certain accounting, administrative and clerical services are provided to the Trusts by an affiliate. Consequently, the Trusts have not incurred any expenses for remediation of their internal systems and do not expect to incur any such expenses in the future.

Depending on whether suppliers on which the Trusts rely are able to successfully address the Year 2000 issue, the Trusts ability to comply with their payment obligations under the outstanding bonds could be materially adversely affected. As a result, the Trusts have requested information regarding Year 2000 readiness from such suppliers. Each such supplier has given the Trusts written assurances that the supplier expects to have completed its Year 2000 remediation before the date when Year 2000 sensitivities could materially affect its ability to perform its obligations to the Trusts. In addition, each supplier has indicated that it has developed or is developing contingency plans in the event the

supplier's significant systems are disrupted by the Year 2000 problem. The Trusts currently expect that in the event of systems failures of suppliers they would be able to continue to do business, although such operations may be at a higher cost.

SIGNATURE

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 on its behalf by the undersigned thereunto duly authorized on the 25th day of March 1999.

MORTGAGE SECURITIES III TRUSTS
A, B, C, D, E AND F

Trusts acting through Wilmington
Trust Company, not in its
capacity, but solely as Owner
Trustee

By: _____

Denise M. Geran
Financial Services Officer

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Financial Statements

The financial information included in this report has been prepared in conformity with accounting practices and methods reflected in the financial statements included in Trust A, B, C, D, E and F's annual reports (Form 10-K) filed with the Securities and Exchange Commission for the year ended December 28, 1997. Though not examined by independent public accountants, the financial information reflects, in the opinion of management, all adjustments necessary to present a fair statement of results for the interim period indicated. The results of operations for the periods ended September 27, 1998, should not be regarded as necessarily indicative of the results that may be expected for the year 1998.

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<TABLE>

<CAPTION>

Mortgage Securities III Trust A
Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997
(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>	<C>	<C>
Interest income	\$ -	\$ 258	\$ -	\$ 681
Interest expense	-	194	-	595
Net income	\$ -	\$ 64	\$ -	\$ 86

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust B

Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 272	\$ 338	\$ 881	\$ 1,247
Interest expense	244	318	894	1,180
Net income (loss)	\$ 28	\$ 20	\$ (13)	\$ 67

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust C

Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 241	\$ 285	\$ 749	\$1,039
Interest expense	156	286	743	1,152
Net income (loss)	\$ 85	\$ (1)	\$ 6	\$ (113)

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust D

Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended	Thirty-nine Weeks Ended
--	-------------------------	----------------------------

	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 241	\$ 295	\$ 762	\$ 865
Interest expense	237	292	840	914
Net income (loss)	\$ 4	\$ 3	\$ (78)	\$ (49)

</TABLE>

The accompanying notes are an integral part of these statements

- 7 -

<TABLE>

<CAPTION>

Mortgage Securities III Trust E

Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
<S>	<C>	<C>	<C>	<C>
	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
Interest income	\$ 754	\$ 899	\$ 2,399	\$ 3,125
Interest expense	872	1,033	2,773	3,726
Interest expense to an affiliate (Note 5)	-	1	-	696
Net loss	\$ (118)	\$ (135)	\$ (374)	\$ (1,297)

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust F

Statement of Operations

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>	<C>	<C>
Interest income	\$ -	\$ 292	\$ -	\$ 828
Interest expense	-	200	-	918
Interest expense to an affiliate (Note 5)		-		180
Net income (loss)	\$ -	\$ 92	\$ -	\$ (270)

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust A

Balance Sheets

September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

	Sep. 27, 1998	Dec. 28, 1997
<S>	<C>	<C>
	(Unaudited)	

Assets

Collection account (Notes 3 and 4)	\$ -	\$ 2
Receivable from Beneficial Owner	1,265	1,263
	-----	-----
TOTAL ASSETS - TRUST A	\$1,265	\$ 1,265
	=====	=====

Liabilities and Owner's Beneficial Interest

Owner's Beneficial Interest:		
Owner's beneficial interest	\$ 1	\$ 1
Retained earnings	1,264	1,264
	-----	-----
Total Owner's Beneficial Interest	1,265	1,265
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST A	\$1,265	\$ 1,265
	=====	=====

The accompanying notes are an integral part of these statements

</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust B
Balance Sheets
September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

	Sep. 27, 1998	Dec. 28, 1997
	-----	-----
<S>	<C>	<C>
	(Unaudited)	
Assets		
Cash and equivalents:		
Trust account	\$ 1	\$ 1
Collection account (Notes 3 and 4)	1,148	699
	-----	-----
	1,149	700
Interest receivable	86	105

Government National and Federal National Mortgage Association Certificates (Notes 2, 4 and 5)	11,896	14,671
	-----	-----
TOTAL ASSETS - TRUST B	\$13,131	\$15,476
	=====	=====
Liabilities and Owner's Beneficial Interest		
Interest payable	\$ 325	\$ 302
Collateralized Mortgage Obligation bonds, net (Notes 1, 2, 3, 4 and 5)	11,083	13,438
Owner's Beneficial Interest:		
Owner's beneficial interest	1	1
Retained earnings	1,722	1,735
	-----	-----
Total Owner's Beneficial Interest	1,723	1,736
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST B	\$13,131	\$15,476
	=====	=====

The accompanying notes are an integral part of these statements

- 11 -

</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust C
Balance Sheets
September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

	Sep. 27,	Dec. 28,
	1998	1997
	-----	-----
<S>	<C>	<C>
	(Unaudited)	
Assets		
Cash and equivalents:		
Trust account	\$ 1	\$ 1
Collection account (Notes 3 and 4)	10,803	889
	-----	-----

	10,804	890
Interest receivable	74	87
Government National and Federal National Mortgage Association Certificates (Notes 2, 4 and 5)	10,350	12,238
	-----	-----
TOTAL ASSETS - TRUST C	\$21,228	\$13,215
	=====	=====
Liabilities and Owner's Beneficial Interest		
Interest payable	\$ 233	\$ 274
Collateralized Mortgage Obligation bonds, net (Notes 1, 2, 3, 4 and 5)	10,367	12,241
Payable to beneficial owner (Note 5)	9,922	-
Owner's Beneficial Interest:		
Owner's beneficial interest	1	1
Retained earnings	705	699
	-----	-----
Total Owner's Beneficial Interest	706	700
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST C	\$21,228	\$13,215
	=====	=====

The accompanying notes are an integral part of these statements

- 12 -

</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust D
Balance Sheets
September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

	Sep. 27,	Dec. 28,
	1998	1997
	-----	-----
<S>	<C>	<C>
	(Unaudited)	
Assets		

Cash and equivalents:		
Trust account	\$ 1	\$ 1
Collection account (Notes 3 and 4)	647	120
	-----	-----
	648	121
Receivable from beneficial owner	78	28
Interest receivable	76	88
Government National and Federal National Mortgage Association Certificates (Notes 2, 4 and 5)	10,415	12,697
	-----	-----
TOTAL ASSETS - TRUST D	\$11,217	\$12,934
	=====	=====
Liabilities and Owner's Beneficial Interest		
Interest payable	\$ 155	\$ 90
Collateralized Mortgage Obligation bonds, net (Notes 1, 2, 3, 4 and 5)	10,790	12,494
Owner's Beneficial Interest:		
Owner's beneficial interest	1	1
Retained earnings	271	349
	-----	-----
Total Owner's Beneficial Interest	272	350
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST D	\$11,217	\$12,934
	=====	=====

The accompanying notes are an integral part of these statements

- 13 -

</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust E
Balance Sheets
September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

Sep. 27,	Dec. 28,
1998	1997
-----	-----

<S>

<C>

<C>

(Unaudited)

Assets

Cash and equivalents:

Trust account	\$ 1	\$ 1
Collection account (Notes 3 and 4)	2,935	2,312
	-----	-----
	2,936	2,313
Interest receivable	240	281
Government National Mortgage Association Certificates (Notes 2, 4 and 5)	36,033	42,071
	-----	-----
TOTAL ASSETS - TRUST E	\$39,209	\$44,665
	=====	=====

Liabilities and Owner's Beneficial Interest

Interest payable	\$ 737	\$ 858
Collateralized Mortgage Obligation bonds, net (Notes 1, 2, 3, 4 and 5)	30,858	35,819
Owner's Beneficial Interest:		
Owner's beneficial interest	36,294	36,294
Accumulated deficit	(28,680)	(28,306)
	-----	-----
Total Owner's Beneficial Interest	7,614	7,988
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST E	\$39,209	\$44,665
	=====	=====

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust F
Balance Sheets
September 27, 1998 and December 28, 1997

(Dollar amounts in thousands)

Sep. 27, Dec. 28,

	1998	1997
	-----	-----
<S>	<C>	<C>
	(Unaudited)	
Assets		
Collection account (Notes 3 and 4)	\$ -	\$ 2
Receivable from Beneficial Owner	2,834	2,832
	-----	-----
TOTAL ASSETS - TRUST F	\$2,834	\$ 2,834
	=====	=====
Liabilities and Owner's Beneficial Interest		
Owner's Beneficial Interest:		
Owner's beneficial interest	\$9,375	\$ 9,375
Accumulated deficit	(6,541)	(6,541)
	-----	-----
Total Owner's Beneficial Interest	2,834	2,834
	-----	-----
TOTAL LIABILITIES AND OWNER'S BENEFICIAL INTEREST - TRUST F	\$2,834	\$ 2,834
	=====	=====

The accompanying notes are an integral part of these statements

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</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust A

Statement of Cash Flows

For the Periods Ended September 27, 1998 and September 28, 1997
(Unaudited)

(Dollar amounts in thousands)

	Thirty-nine Weeks Ended	
	-----	-----
<S>	<C>	<C>
	Sep. 27, 1998	Sep. 28, 1997
	-----	-----
Cash flows from operations:		
Net income	\$ -	\$ 86

Non-cash charges to income:		
Amortizations	-	4
Write-offs	-	81
Changes in:		
Interest receivable	-	17
Interest payable	-	(112)
	-----	-----
Net cash flows from operations	-	76
	-----	-----
Cash flows from investing activities:		
Sale of/collections on mortgage backed certificates	-	1,468
Cash flows from financing activities:		
Receivable from beneficial owner	(2)	8,597
Payments on collateralized mortgage obligation bonds	-	(1,672)
	-----	-----
Net cash flows from financing	(2)	6,925
	-----	-----
Net (decrease) increase in cash and equivalents	(2)	8,469
Cash and equivalents at beginning of year	2	770
	-----	-----
Cash and equivalents at end of period	\$ -	\$ 9,239
	=====	=====
Supplemental disclosure:		
Cash paid during the period for interest	\$ -	\$ 631

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust B

Statement of Cash Flows

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

<CAPTION>

	Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>
Cash flows from operations:		
Net (loss) income	\$ (13)	\$ 67
Non-cash charges to income:		
Amortizations	-	3
Write-offs	-	99
Accretion of interest	-	334
Changes in:		
Interest receivable	19	27
Interest payable	23	(156)
Net cash flows from operations	29	374
Cash flows from investing activities:		
Collections on mortgage backed certificates	2,775	1,809
Cash flows from financing activities:		
Payments on collateralized mortgage obligation bonds	(2,355)	(2,153)
Net increase in cash and equivalents	449	30
Cash and equivalents at beginning of year	700	898
Cash and equivalents at end of period	\$ 1,149	\$ 928
Supplemental disclosure:		
Cash paid during the period for interest	\$ 871	\$ 674

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust C
Statement of Cash Flows

For the Periods Ended September 27, 1998 and September 28, 1997
(Unaudited)

(Dollar amounts in thousands)

	Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997
<S>	<C>	<C>
Cash flows from operations:		
Net income(loss)	\$ 6	\$ (113)
Non-cash charges to income:		
Amortizations	-	14
Write-offs	-	202
Changes in:		
Interest receivable	13	16
Interest payable	(41)	(141)
Net cash flows from operations	(22)	(22)
Cash flows from investing activities:		
Collections on mortgage backed certificates	1,888	1,489
Cash flows from financing activities:		
Payments on collateralized mortgage obligation bonds	(1,874)	(1,649)
Payable to beneficial owner	9,922	-
Cash flows from financing	8,048	(1,649)
Net increase (decrease) in cash and equivalents	9,914	(182)
Cash and equivalents at beginning of year	890	901
Cash and equivalents at end of period	\$10,804	\$ 719
Supplemental disclosure:		
Cash paid during the period for interest	\$ 784	\$ 744

</TABLE>

The accompanying notes are an integral part of these statements

<TABLE>

<CAPTION>

Mortgage Securities III Trust D
 Statement of Cash Flows
 For the Periods Ended September 27, 1998 and September 28, 1997
 (Unaudited)

(Dollar amounts in thousands)

	Thirty-nine Weeks Ended	
	----- Sep. 27, 1998 -----	Sep. 28, 1997 -----
<S>	<C>	<C>
Cash flows from operations:		
Net loss	\$ (78)	\$ (49)
Non-cash charges to income:		
Amortizations	-	6
Write-offs	-	154
Changes in:		
Interest receivable	12	11
Receivable from beneficial owner	(50)	30
Interest payable	65	(118)
	-----	-----
Net cash flows from operations	(51)	34
	-----	-----
Cash flows from investing activities:		
Collections on mortgage backed certificates	2,282	1,586
Cash flows from financing activities:		
Dividends	-	(70)
Payments on collateralized mortgage obligation bonds	(1,704)	(1,503)
Cash flows from financing	(1,704)	(1,573)
	-----	-----
Net increase in cash and equivalents	527	47
Cash and equivalents at beginning		

of year	121	240
	-----	-----
Cash and equivalents at end of period	\$ 648	\$ 287
	=====	=====
Supplemental disclosure:		
Cash paid during the period for interest	\$ 775	\$ 931

</TABLE>

The accompanying notes are an integral part of these statements

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<TABLE>

<CAPTION>

Mortgage Securities III Trust E
Statement of Cash Flows
For the Periods Ended September 27, 1998 and September 28, 1997
(Unaudited)

(Dollar amounts in thousands)

	Thirty-nine Weeks Ended	
	Sep. 27, 1998	Sep. 28, 1997
	-----	-----
	<C>	<C>
Cash flows from operations:		
Net loss	\$ (374)	\$ (1,297)
Non-cash charges to income:		
Amortizations	408	608
Accretion of interest	-	925
Changes in:		
Interest receivable	41	48
Interest payable	(121)	(91)
Interest payable to Weyerhaeuser Mortgage Company (Note 5)	-	(18,656)
	-----	-----
Net cash flows from operations	(46)	(18,463)
	-----	-----

Cash flows from investing activities:		
Collections on mortgage backed certificates	6,038	4,469
Cash flows from financing activities:		
Debt due beneficial owner	-	36,293
Payments on collateralized mortgage obligation bonds	(5,369)	(4,938)
Payments of Weyerhaeuser Mortgage Company note	-	(16,941)
Cash flows from financing activities	(5,369)	14,414
Net increase in cash and equivalents	623	420
Cash and equivalents at beginning of year	2,313	2,121
Cash and equivalents at end of period	\$ 2,936	\$ 2,541
Supplemental disclosure:		
Cash paid during the period for interest	\$ 2,486	\$ 985

The accompanying notes are an integral part of these statements

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</TABLE>

<TABLE>

<CAPTION>

Mortgage Securities III Trust F

Statement of Cash Flows

For the Periods Ended September 27, 1998 and September 28, 1997

(Unaudited)

(Dollar amounts in thousands)

Thirty-nine Weeks
Ended

-----	-----
Sep. 27, 1998	Sep. 28, 1997
-----	-----

<code><S></code>	<code><C></code>	<code><C></code>
Cash flows from operations:		
Net loss	\$ -	\$ (270)
Non-cash charges to income:		
Amortizations	-	71
Write-offs	-	260
Accretion of interest	-	415
Changes in:		
Interest receivable	-	12
Interest payable	-	(104)
Interest payable to Weyerhaeuser Mortgage Company (Note 5)	-	(8,570)
	-----	-----
Net cash flows from operations	-	(8,186)
	-----	-----
Cash flows from investing activities:		
Collections on mortgage backed certificates	-	1,151
Cash flows from financing activities:		
Contributions	-	9,374
Receivable from beneficial owner	(2)	9,096
Payments on collateralized mortgage obligation bonds	-	(1,790)
Payments of Weyerhaeuser Mortgage Company note	-	(624)
	-----	-----
Cash flows from financing activities	(2)	16,056
	-----	-----
Net (decrease)increase in cash and equivalents	(2)	9,021
	-----	-----
Cash and equivalents at beginning of year	2	649
	-----	-----
Cash and equivalents at end of period	\$ -	\$ 9,670
	=====	=====
Supplemental disclosure:		
Cash paid during the period for interest	\$ -	\$ 441

`</TABLE>`

The accompanying notes are an integral part of these statements

Note 1. Description of business:

Mortgage Securities III Trusts A, B, C, D, E and F (the "Trusts") were established under the laws of Delaware by a trust agreement. Prior to December 27, 1987, the trust agreement was among Mortgage Securities III Corporation, Weyerhaeuser Real Estate Company and Wilmington Trust Company. On December 27, 1987, Weyerhaeuser Real Estate Company dividended its beneficial interests in Mortgage Securities III Trusts A, B, C, D, E and F to Weyerhaeuser Company which in turn contributed its beneficial interests in the Trusts to Weyerhaeuser Financial Services, Inc., a wholly-owned subsidiary of Weyerhaeuser Company. The Trusts were organized to, and are engaged to raise funds through the issuance and sale of Collateralized Mortgage Obligation bonds collateralized by Government National Mortgage Association (GNMA) and Federal National Mortgage Association (FNMA) certificates. The Trusts A, B, C, D, E and F were established on April 8, 1986 and commenced business on June 30, 1986, September 30, 1986, December 30, 1986, February 27, 1987, December 22, 1987 and March 30, 1988, respectively.

Each Trust has issued a series of Collateralized Mortgage Obligations (the "Bonds") as follows:

<TABLE>

<CAPTION>

Trust <S>	Date Issued <S>	Bonds Issued <C>
B	September 30, 1986	\$100,000
C	December 30, 1986	\$100,000
D	February 27, 1987	\$ 75,600
E	December 22, 1987	\$131,600

</TABLE>

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Trust B, C and D's remaining Bonds are collateralized by GNMA and FNMA certificates and Trust E's Bonds are collateralized by GNMA certificates. Trust A and F Bonds

have been fully repaid.

Activity during the third quarter of 1998 consisted of the collection of principal and interest on the GNMA and FNMA certificates and disbursement of the required payment of principal and interest to the bondholders.

Note 2. Accounting policies:

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.

In 1997, the bonds in Trusts A and F were called and any remaining discounts were written off. The bond discounts on Trusts B, C, and D were written off as management intends to prepay the bonds at the earliest allowable prepayment date and the amounts are no longer material. The bond discount for Trust E is amortized on a straight line basis over the remaining life of the instruments. The September 1997 10-Q was issued with the Trust E bond discount written off; the discount was subsequently reinstated in the fourth quarter of the same year.

Cash and equivalents include cash held in the collection accounts and invested in short term investments with original maturities of less than three months.

The cost and estimated market values of investments in debt securities at September 27, 1998, were as follows:

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<TABLE>

<CAPTION>

Held to Maturity:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimate Market Value
<S>	<C>	<C>	<C>	<C>
Mortgage-backed Securities				
Trust B	11,896	625	-	12,521
Trust C	10,350	525	-	10,875
Trust D	10,415	528	-	10,943
Trust E	36,033	1,484	-	37,517

</TABLE>

Per the terms of the prospectus, the Trusts are legally precluded from selling the investments in debt securities, except in the case of a call of the Collateralized Mortgage Obligation bonds as discussed in Note 3.

Note 3. Collateralized Mortgage Obligation Bonds:

<TABLE>

<CAPTION>

Collateralized Mortgage Obligation Bonds at September 27, 1998 and December 28, 1997 consist of the following:

	Sep. 27, 1998	Dec. 28, 1997
	-----	-----
<S>	<C>	<C>
Trust B:		
Class 4 - 9.00%, stated maturity October 1, 2016	\$11,083	\$13,438
Trust C:		
Class 4 - 9.00%, stated maturity January 1, 2017	\$10,367	\$12,241
Trust D:		
Class 3 - 8.60%, stated maturity March 1, 2017	\$10,790	\$12,494
Trust E:		
Class 4 - 9.00%, stated maturity January 1, 2018	32,770	38,140
Unamortized discount	(1,912)	(2,321)
	-----	-----
	\$30,858	\$35,819

/TABLE>

The stated maturity is the date such class will be fully paid, assuming that scheduled interest and principal payments (with no prepayments) on the certificates are timely received.

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All collections on the certificates pledged as security for the Bonds will be remitted directly to a collection account (the "Collection Account") established with the Trustee and together with the reinvestment earnings thereon, will be

available for application to the payment of principal and interest on the bonds on the following payment date.

Each Trust's Bonds are subject to a special redemption, in whole or in part, if, as a result of substantial payments of principal on the underlying mortgage loans and/or low reinvestment yields, the Trusts determine that the amount of cash anticipated to be on deposit in the Collection Accounts on the next payment date might be insufficient to make required payments on the Bonds. Any such redemption would not exceed the principal amount of Bonds that would otherwise be required to be paid on the next payment date. As a result, a special redemption of Bonds will not result in a payment to bondholders more than two months earlier than the payment date on which such payment would otherwise have been received. The Bonds are not otherwise subject to call at the option of the Trusts except that (a) Trust B, C and E's Class 4 Bonds may be redeemed in whole, but not in part, at the Trusts' option on any payment date on or after October 1, 2001, January 1, 2002 and January 1, 2003, respectively, (or on any earlier payment date if the current principal amount of Trust B, C and E's Class 4 Bonds are less than \$6,100, \$10,500 and \$13,160, respectively) and (b) Trust D's Class 3 Bonds may be redeemed in whole, but not in part, at the Trust's option on any payment date on or after March 1, 2002, or on any earlier payment date if the aggregate outstanding principal amount of the Bonds of the class to be redeemed is less than 10 percent of its aggregate initial principal amount.

Any such redemptions at the option of the Trusts shall be at a price equal to 100 percent of the unpaid principal amount of such Bonds plus accrued interest.

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Note 4. Assets pledged:

Trust B, C and D's Bonds are collateralized by the Trusts' GNMA and FNMA certificates and the Collection Accounts (see Note 3). Trust E's Bonds are collateralized by Trust E's GNMA certificates and the Collection Account. Collections on the certificates are used to meet the quarterly Bond interest payments and to reduce the outstanding principal balance on the Bonds.

Note 5. Related parties:

Trusts A, B, C and D purchased from an affiliate, Weyerhaeuser Mortgage Company, GNMA and FNMA certificates

which were used to collateralize the Bonds. The purchases were at par value, plus Trust A and D's purchase premiums and less Trust B and C's purchase discounts. The purchases were financed with market-rate short-term debt from this affiliate until proceeds from the bond issuance were obtained.

Trust E purchased from an affiliate, Weyerhaeuser Mortgage Company, GNMA certificates which were used to collateralize the Bonds. Trust F purchased from an affiliate, Weyerhaeuser Mortgage Company, GNMA and FNMA certificates which were used to collateralize the Bonds. The purchases were at par value, less the purchase discounts. The purchases were financed with the proceeds received from the Bond issuances and notes due to Weyerhaeuser Mortgage Company. The notes accrued interest at Bank of America's prime rate and compounded interest annually. Both the principal and interest related to the Weyerhaeuser Mortgage Company payables were paid off by Weyerhaeuser Financial Services, Inc. (Beneficial Owner) in March 1997, in anticipation of the sale of Weyerhaeuser Mortgage Company to an unrelated third party by Weyerhaeuser Financial Services, Inc. and Weyerhaeuser Company. In August 1997, Weyerhaeuser Financial Services, Inc. contributed capital to Trusts E & F, increasing beneficial owner's interest.

Certain ongoing administrative and accounting functions are provided by the Beneficial Owner at no cost to each Trust.

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The Beneficial Owner advanced funds to call Trust C's bonds during the third quarter. The funds were repaid from the proceeds of the collateral sale during the fourth quarter. No interest was charged as the advance was treated as a current payable

Note 6. Results of operations:

All results of operations will be transferred to the Beneficial Owner of the Trusts. Mortgage Securities III Corporation will be responsible for all tax liabilities incurred relating to the Trusts' operations.

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</TABLE>

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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