

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

**HOUSEHOLD FINANCE CORP HOUSEHOLD AFF CRE CAR
MAS TR I**

Mailing Address

2700 SANDERS RD

PROSPECT HEIGHTS IL 60070

Business Address

2700 SANDERS RD

PROSPECT HEIGHTS IL 60070

8475645000

CIK: **906328** | IRS No.: **880300291** | State of Incorp.: **DE** | Fiscal Year End: **1231**

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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 Nos. 0-23942

HOUSEHOLD AFFINITY CREDIT CARD MASTER TRUST I
(Exact name of Registrant as specified in Department
of the Treasury, Internal Revenue Service Form SS-4)

HOUSEHOLD FINANCE CORPORATION
(Servicer of the Trust)
(Exact name as specified in Servicer's charter)

DELAWARE 36-3670374
(State or other jurisdiction of (I.R.S. Employer Identification
incorporation of Servicer) Number of Registrant)

2700 SANDERS ROAD, PROSPECT HEIGHTS, ILLINOIS 60070
(Address of principal executive offices of (Zip Code)
Servicer)

Servicer's telephone number, including area code (847) 564-5000

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 such filing requirements for the past 90 days.

Yes X No _____

The aggregate principal amount of the Certificates held by non-affiliates of the Servicer as of December 31, 1998 was approximately \$3,836.9 billion.

INTRODUCTORY NOTE

Household Affinity Funding Corporation (the "Seller") is the seller under a Pooling and Servicing Agreement dated as of April 30, 1993, as amended by the Amended and Restated Pooling and Servicing Agreement dated as of August 1, 1993 (collectively, the "Agreement") by and among the Seller, Household Finance Corporation, as Servicer (the "Servicer") and The Bank of New York, as trustee (the "Trustee"), as supplemented thereby by various series supplements, providing for the issuance of certificates in varying series (the "Certificates"), and is the originator of the trust called the Household Affinity Credit Card Master Trust I (the "Registrant" or the "Trust").

Each Certificate represents an undivided interest in a pool of receivables held by the Trust. The Certificates issued, or to be issued, may be senior ("Class A Certificates"), subordinated ("Class B Certificates") and Seller Certificate(s). The Registrant has prepared this Form 10-K in reliance upon various no-action letters issued by the Securities and Exchange Commission (the "Commission") to other trusts which are substantially similar to the Trust and as a result of the Commission's issuance of a favorable response to the Trust's Application for Exemptive Order pursuant to Section 12(h) of the Securities Exchange Act of 1934. Items designated herein as "Not Applicable" have been omitted as a result of this reliance and in anticipation of favorable action by the Commission.

PART I

Item 1. Business.

Not Applicable.

Item 2. Properties.

Not Applicable.

Item 3. Legal Proceedings.

The Servicer is not aware of any material pending legal proceedings involving either the Registrant, the Trustee, the Seller or the Servicer with respect to the Certificates or the Registrant's property.

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

No vote or consent of the holders of the Certificates (the "Certificateholders") was solicited for any purpose during the year ended December 31, 1998.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

To the best knowledge of the Servicer, there is no established public trading market for the Certificates. As of February 3, 1999, there were 127 Class A Certificateholders (no more than 42 for any one series) and 27 Class B Certificateholders, some of whom may be holding Certificates for the accounts of others.

Item 6. Selected Financial Data.

Not Applicable.

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

Not Applicable.

Item 8. Financial Statements and Supplementary Data.

Not Applicable.

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.

Not Applicable.

Item 11. Executive Compensation.

Not Applicable.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The Servicer is not aware of any Schedules 13D or 13G filed with the Securities and Exchange Commission in respect of the Certificates. All Certificates are held in the name of The Depository Trust Company (DTC). The Servicer will provide, without charge, a listing of the beneficial owners as provided by DTC as of February 3, 1999.

Item 13. Certain Relationships and Related Transactions.

None or Not Applicable.

PART IV

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

(a) List the following documents filed as a part of the report:

(1) Financial Statements

Not Applicable.

(2) Financial Statement Schedules

Not Applicable.

(3) The Servicer is obligated to prepare an Annual Statement to Certificateholders for the year 1998, and Independent Public Accountants are required to prepare an Annual Servicing Report pertaining to the compliance of the Servicer with its servicing obligations pursuant to the Agreement. Copies of said documents are or will be filed as exhibits to this Form 10-K when they are available.

(b) The Registrant filed the following current reports on Form 8-K for the fourth quarter of 1998.

Date of Reports	Items Covered
October 15, 1998	Item 7 -- Statement to Certificateholders with respect to distributions made on October 15, 1998, November 16, 1998 and December 15, 1998.
November 16, 1998	
December 15, 1998	

- (c) (1) Exhibit 99. Copy of Annual Statement to Certificateholders for the year 1998.
- (2) Exhibit 99.1. Copy of Annual Servicing Report as to Compliance for the year 1998.
- (d) Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Servicer has duly caused this report to be signed on behalf of the Household Affinity Credit Card Master Trust I by the undersigned, thereunto duly authorized.

HOUSEHOLD FINANCE CORPORATION,
as Servicer of and on behalf of the

HOUSEHOLD AFFINITY CREDIT CARD MASTER TRUST I

Date: February 25, 1999

By: /s/ John W. Blenke
John W. Blenke
Assistant Secretary

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Exhibit Index

Exhibit No.	Exhibit	Page No.
99	Copy of Annual Statement to Certificateholders for the year ended December 31, 1998.	8
99.1	Copy of Annual Servicing Report as to Compliance for the year ended December 31, 1998.	9

Exhibit 99

Household Finance Corporation
 Household Affinity Funding Corporation
 Household Affinity Credit Card
 Master Trust, Series 1993-1

Original Class A Principal	900,000,000.0	
		0
Number of Class A Bonds (000's)	900,000.00	
Original Class B Principal	52,945,000.00	
Number of Class B Bonds (000's)	52,945.00	

Sum 1/15/98 -	
12/15/98	
Total	

Distribution Date	12/15/98
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CLASS A

Beginning Class A Principal	300,000,000.0	
Outstanding		0
Beginning Class A Pool Factor	0.33333333	
Class A Principal Distributions	75,000,000.00	675,000,000.00
Class A Principal Payment Factor (per 1,000 Bond)	83.33333333	750.00000000

Ending Class A Principal	225,000,000.0
Outstanding	0
Ending Class A Pool Factor	0.25000000

Class A Interest	1,323,804.08	40,075,243.32
Class A Interest Payment Factor (per 1,000 Bond)	1.47089342	44.52804813

CLASS B

Beginning Class B Principal	52,945,000.00	
Outstanding		
Beginning Class B Pool Factor	1.00000000	
Class B Principal Distributions	0.00	0.00
Class B Principal Pymt Factor (per 1,000 per Bond)	0.00000000	0.00000000

Ending Class B Principal	52,945,000.00
Outstanding	
Ending Class B Pool Factor	1.00000000

Class B Interest	233,840.42	2,806,085.04
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Class B Interest PymtFactor (per 1,000 per Bond)	4.41666673	53.00000076
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Household Finance Corporation
Household Affinity Funding Corporation
Household Affinity Credit Card
Master Trust, Series 1993-2

Original Class A Principal	500,000,000.00
Number of Class A Bonds (000's)	500,000.00
Original Class B Principal	29,412,000.00
Number of Class B Bonds (000's)	29,412.00

		Sum 1/15/98 - 12/15/98
Distribution Date	12/15/98	Total

CLASS A

Beginning Class A Principal	500,000,000.0	
Outstanding	0	
Beginning Class A Pool Factor	1.00000000	
Class A Principal Distributions	0.00	0.00
Class A Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class A Principal	500,000,000.0
Outstanding	0
Ending Class A Pool Factor	1.00000000

Class A Interest	2,333,333.33	27,999,999.96
Class A Interest Payment Factor (per 1,000 Bond)	4.66666666	55.999999920

CLASS B

Beginning Class B Principal	29,412,000.00	
Outstanding		
Beginning Class B Pool Factor	1.00000000	
Class B Principal Distributions	0.00	0.00
Class B Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class B Principal	29,412,000.00
Outstanding	
Ending Class B Pool Factor	1.00000000

Class B Interest	144,609.00	1,735,308.00
Class B Interest Payment Factor	4.91666667	59.000000000

(per 1,000 Bond)

Household Finance Corporation
Household Affinity Funding Corporation
Household Affinity Credit Card
Master Trust, Series 1994-1

Original Class A Principal	850,000,00
	0
Number of Class A Bonds (000's)	850,000
Original Class B Principal	50,000,000
Number of Class B Bonds (000's)	50,000

		Sum 1/15/98 -
		12/15/98
Distribution Date	12/15/98	Total

CLASS A

Beginning Class A Principal	850,000,00	
Outstanding	0.00	
Beginning Class A Pool Factor	1.00000000	
Class A Principal Distributions	106,250,00	106,250,000.00
	0.00	
Class A Principal Payment Factor (per 1,000 Bond)	125.000000	125.000000000
	00	

Ending Class A Principal	743,750,00
Outstanding	0.00
Ending Class A Pool Factor	0.87500000

Class A Interest	3,716,542.	49,725,428.79
	13	
Class A Interest Payment Factor (per 1,000 Bond)	4.37240251	58.500504459

CLASS B

Beginning Class B Principal	50,000,000	
Outstanding	.00	
Beginning Class B Pool Factor	1.00000000	
Class B Principal Distributions	0.00	0.00
Class B Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class B Principal	50,000,000
Outstanding	.00

Ending Class B Pool Factor	1.00000000	
Class B Interest	252,083.33	3,024,999.96
Class B Interest Payment Factor (per 1,000 Bond)	5.04166660	60.499999200

Household Finance Corporation
Household Affinity Funding Corporation
Household Affinity Credit Card
Master Trust, Series 1995-1

Original Class A Principal	522,000,000.00
Number of Class A Bonds (000's)	522,000.00
Original Class B Principal	24,000,000.00
Number of Class B Bonds (000's)	24,000.00

		Sum 1/15/98 -
		12/15/98
Distribution Date	12/15/98	Total

CLASS A

Beginning Class A Principal	522,000,000.00	
Outstanding		
Beginning Class A Pool Factor	1.000000000	
Class A Principal Distribution	0.00	0.00
Class A Principal Payment Factor (per 1,000 Bond)	0.000000000	0.000000000

Ending Class A Principal	522,000,000.00
Outstanding	
Ending Class A Pool Factor	1.000000000

Class A Interest	2,282,394.11	30,537,263.35
Class A Interest Payment Factor (per 1,000 Bond)	4.372402510	58.500504502

CLASS B

Beginning Class B Principal	24,000,000.00	
Outstanding		
Beginning Class B Principal Factor	1.000000000	
Class B Principal Distribution	0.00	0.00
Class B Principal Payment Factor (per 1,000 Bond)	0.000000000	0.000000000

Ending Class B Principal	24,000,000.00
Outstanding	
Ending Class B Pool Factor	1.000000000

Class B Interest	154,000.00	1,848,000.00
Class B Interest Payment Factor (per 1,000 Bond)	6.416666667	77.000000000

Household Finance Corporation
Household Affinity Funding Corporation
Household Affinity Credit Card
Master Trust, Series 1997-1

Original Class A Principal	870,000,00
	0
Number of Class A Bonds (000's)	870,000
Original Class B Principal	47,500,000
Number of Class B Bonds (000's)	47,500

		Sum 1/15/98 -
		12/15/98
Distribution Date	12/15/98	Total

CLASS A

Beginning Class A Principal	870,000,00	
Outstanding	0.00	
Beginning Class A Pool Factor	1.00000000	
Class A Principal Distribution	0.00	0.00
Class A Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class A Principal	870,000,00
Outstanding	0.00
Ending Class A Pool Factor	1.00000000

Class A Interest	3,768,948.	50,454,397.22
	51	
Class A Interest Payment Factor (per 1,000 Bond)	4.33212472	57.993560023

CLASS B

Beginning Class B Prinicipal	47,500,000	
Outstanding	.00	
Beginning Class B Pool Factor	1.00000000	
Class B Principal Distribution	0.00	0.00
Class B Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class B Principal	47,500,000
Outstanding	.00

Ending Class B Pool Factor	1.00000000	
Class B Interest	212,663.42	2,841,381.58
Class B Interest Payment Factor (per 1,000 Bond)	4.47712463	59.818559579

Household Finance Corporation
Household Affinity Funding Corporation
Household Affinity Credit Card
Master Trust, Series 1998-1

Original Class A Principal	844,000,000
Number of Class A Bonds (000's)	844,000
Original Class B Principal	46,100,000
Number of Class B Bonds (000's)	46,100

		Sum 1/15/98 -
		12/15/98
Distribution Date	12/15/98	Total

CLASS A

Beginning Class A Principal	844,000,000.0	
Outstanding	0	
Beginning Class A Pool Factor	1.00000000	
Class A Principal Distribution	0.00	0.00
Class A Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class A Principal	844,000,000.0
Outstanding	0
Ending Class A Pool Factor	1.00000000

Class A Interest	3,669,911.04	9,883,213.98
Class A Interest Payment Factor (per 1,000 Bond)	4.34823583	11.709969171

CLASS B

Beginning Class B Prinicipal	46,100,000.00	
Outstanding		
Beginning Class B Pool Factor	1.00000000	
Class B Principal Distribution	0.00	0.00
Class B Principal Payment Factor (per 1,000 Bond)	0.00000000	0.000000000

Ending Class B Principal	46,100,000.00
Outstanding	

Ending Class B Pool Factor	1.00000000	
Class B Interest	207,880.89	559,550.13
Class B Interest Payment Factor (per 1,000 Bond)	4.509346855	12.137746855

Independent Accountants' Report on Applying Agreed-Upon Procedures

To Household Finance Corporation:

We have performed procedures enumerated below in items A. and B. in conjunction with Section 3.06 of the Pooling and Servicing Agreement, dated August 1, 1993, as amended and supplemented (the "Agreement").

A. We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Household Finance Corporation (the "Servicer") and subsidiaries as of December 31, 1998, and have issued our report thereon dated January 20, 1999. We have not audited any financial statements of the Servicer as of any date or for any period subsequent to December 31, 1998, or performed any audit procedures subsequent to the date of our report on those statements.

In connection with our audit, nothing came to our attention that caused us to believe that the Servicer was not in compliance with any of the terms, covenants, provisions, or conditions in Sections 3.01, 3.02, 3.04, 3.09, 3.10, 4.02, 4.03, 4.04, and 8.08 (to the extent such sections are applicable to Household Finance Corporation as Servicer) of the Agreement, or Sections 3, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, and 4.17 (to the extent such sections are applicable to Household Finance Corporation as Servicer) of the Series 1993-1, Series 1993-2, Series 1994-1, Series 1995-1, Series 1996-A, Series 1996-B, Series 1997-A, Series 1997-B, Series 1997-1, Series 1998-A, and Series 1998-1 Supplements, in conjunction with the servicing of consumer revolving credit card receivables owned by the Household Affinity Credit Card Master Trust I insofar as they relate to accounting matters. It should be noted, however, that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

As a part of our audit, we obtained an understanding of the Servicer's internal control structure over the Servicer's entire consumer revolving credit card portfolio, including those loans serviced under the Agreement, and the related Supplements, to the extent considered necessary in order to assess control risk as required by generally accepted auditing standards. The purpose of our consideration of the internal control structure, which includes the accounting systems, was to determine the nature, timing, and

extent of the auditing procedures necessary for expressing an opinion on the financial statements. Such audit procedures, however, were not performed in order to express a separate opinion on the Household Affinity Credit Card Master Trust I.

Our audit disclosed no exceptions or errors in records relating to credit card receivables serviced by the Servicer that, in our opinion, Section 3.06 of the Agreement required us to report.

B. We have performed the procedure described in the following paragraph, which was agreed to by the management of the Servicer, the Bank of New York as Trustee, and the Credit Enhancement Provider (together, the "Specified Users"), with respect to Section 3.06 of the Agreement, in conjunction with the servicing of consumer revolving credit card receivables owned by the Household Affinity Credit Card Master Trust I. This agreed-upon procedure was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of the Specified Users of the report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

The procedure and associated findings are as follows:

From the Monthly Servicer's Certificates prepared by the Servicer between January, 1998 and December, 1998, we selected the following months and performed the following procedure:

We compared the mathematical calculation of each amount set forth in the Monthly Servicer's Certificates to the Servicer's accounting records for the month of November, 1998, for Series 1993-1, Series 1993-2, Series 1994-1, Series 1995-1, Series 1996-A, Series 1996-B, Series 1997-1, Series 1997-A, Series 1998-1, Series 1998-A, and for month of September, 1998, for Series 1997-B and found them to be in agreement. Our comparisons were based on records provided to us by the Servicer and the methodology set forth in the Agreement.

With respect to the procedure performed in item B. above, we were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Monthly Servicer's Certificates described above. Accordingly, we do not express such an opinion. Had we been engaged to perform additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Specified Users and should not be used for any other purpose.

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 24, 1999