

# 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 CONSUMER LOAN TRUST 1997-1

CIK: **1030621** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **10-K** | Act: **34** | File No.: **000-23241** | Film No.: **99574346**  
SIC: **6189** Asset-backed securities

Mailing Address	Business Address
2700 SANDERS ROAD PROSPECT HEIGHTS IL 60070	2700 SANDERS RD PROSPECT HEIGHTS IL 60070 8475645000

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 No. 333-20147

HOUSEHOLD CONSUMER LOAN TRUST 1997-1  
(Exact name of Registrant as specified in Department  
of the Treasury, Internal Revenue Service Form SS-4)

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

DELAWARE  
(State or other jurisdiction of  
incorporation of Administrator)

36-3670374  
(I.R.S. Employer  
Identification Number of  
Registrant)

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

Administrator'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 Notes held by non-affiliates of the Administrator as of December 31, 1998 was approximately \$840 million.

#### INTRODUCTORY NOTE

Household Consumer Loan Trust 1997-1 (the "Issuer") is the issuer of Household Consumer Loan Asset-Backed Notes, Series 1997-1 (the "Notes") were issued pursuant to an indenture, dated as of March 1, 1997 between the Issuer and The Bank of New York, as indenture trustee. The Notes were secured by a participation interest (the "Series 1997-1 Participation") in certain consumer loan receivables held by Household Consumer Loan Deposit Trust I (the "Deposit Trust"). The Deposit Trust was formed pursuant to a Pooling and Servicing Agreement, dated as of September 1, 1995, by and among Household Consumer Loan Corporation, as Seller (the "Seller"), Household Finance Corporation, as servicer (the "Servicer") and The Chase Manhattan Bank, N. A., as deposit trustee (the "Deposit Trustee").

The Issuer was formed pursuant to a Trust Agreement, dated as of March 1, 1997 (the "Trust Agreement") between the Seller and The Chase Manhattan Bank Delaware, as owner trustee (the "Owner Trustee"). In addition to the Notes, pursuant to the Trust Agreement, the Issuer also issued the Household Consumer Loan Asset-Backed Certificates, Series 1997-1 (the "Certificates") which were not registered under the Securities Act of 1933, as amended.

On behalf of the Issuer Household Finance Corporation, as Administrator, 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 Issuer. Items designated herein as "Not Applicable" have been omitted as a result of this reliance.

#### 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 Notes 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 Notes (the "Noteholders") 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 Administrator, there is no established public trading market for the Notes. As of February 26, 1999, there were 10 Class A-1 Noteholders, 4 Class A-2 Noteholders and 5 Class A-3 Noteholders, some of whom may be holding Notes 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 following table sets forth (i) the name and address of each entity owning more than 5% of the outstanding principal amount of the Class A-1, Class A-2 or Class A-3 Notes; (ii) the principal amount of Notes owned by each and (iii) the percent that the principal amount of Notes owned represents of the outstanding principal amount of the Class A-1, Class A-2 or Class A-3 Notes. The information set forth in the table is based upon information obtained by the Administrator from the Trustee and from The Depository Trust Company as of February 26, 1999. The Administrator is not aware of any Schedules 13D or 13G filed with the Securities and Exchange Commission in respect of the Notes.

Amount Owned  
All dollar amounts are  
in thousands

Name and Address	Principal	Percent
Class A-1 Noteholders		
Bank of New York 925 Patterson Plank Road Secaucus, NJ 07094	\$ 75,000	10.28

Republic National Bank of New York Investment Account One Hanson Place, Lower Level Brooklyn, NY 11243	\$ 46,000	6.30
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State Street Bank & Trust Company Global Corp. Action Dept. JAB5W P. O. Box 1631 Boston, MA 02105-1631	\$463,600	63.54
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Class A-2 Noteholders

Bankers Trust Company c/o BT Services Tennessee Inc. 648 Grassmere Park Drive Nashville, TN 37211	\$ 20,000	41.67
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Boston Safe Deposit and Trust Company c/o Mellon Bank N.A. Three Mellon Bank Center Room 153-3015 Pittsburgh, PA 15259	\$ 7,500	15.63
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Bankers Trust/Dealer Clearance 16 Wall Street New York, NY 10005	\$ 9,500	19.79
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Citibank, N.A. P. O. Box 30576 Tampa, FL 33630-3576	\$ 11,000	22.92
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Amount Owned  
All dollar amounts are  
in thousands

Name and Address	Principal	Percent
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Class A-3 Noteholders

Bankers Trust Company c/o BT Services Tennessee Inc. 648 Grassmere Park Drive Nashville, TN 37211	\$ 17,400	27.88
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Boston Safe Deposit and Trust Company	\$ 24,000	38.46
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c/o Mellon Bank N.A.  
Three Mellon Bank Center  
Room 153-3015  
Pittsburgh, PA 15259

Bankers Trust/Corporate Clearance	\$ 16,000	25.64
130 Liberty Street		
New York, NY 10006		

Norwest Bank Minnesota N.A.	\$ 4,500	7.21
733 Marquette Avenue		
Minneapolis, MN 55479-0056		

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 Administrator, on behalf of the Issuer, is obligated to prepare, and has so prepared, an Annual Statement for the year 1998, and the Independent Public Accountants are required to prepare an Annual Report as to Compliance for such year. 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 14, 1998	Item 7. - Statement to Noteholders with respect to the distributions on October 14 and 15, 1998, November 13 and 16, 1998, and December 14 and 15, 1998.
November 13, 1998	
December 14, 1998	

- (c) (1) Exhibit 99. Copy of Annual Statement for the year ended December 31, 1998.
- (2) Exhibit 99.1. Copy of Annual Report as to Compliance for the year ended December 31, 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 Consumer Loan Trust 1997-1 by the undersigned, thereunto duly authorized.

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

HOUSEHOLD CONSUMER LOAN TRUST 1997-1  
(Registrant)

Date: March 4, 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 for the year ended December 31, 1998	10
99.1	Copy of Annual Report as to Compliance for the year ended December 31, 1998	11

Household Finance Corporation  
 Household Consumer Loan Corporation  
 Household Consumer Loan Trust 1997-1

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Original Principal Class A	840,000,000.00
Class A-1	729,600,000.00
Class A-2	48,000,000.00
Class A-3	62,400,000.00
Number of Class A Bonds (000's)	840,000.00
Class A-1	729,600.00
Class A-2	48,000.00
Class A-3	62,400.00
Original Principal Class B	45,600,000.00
Number of Class B Bond (000's)	45,600.00

Distribution Date	Total 1998
Days	

CLASS A

Class A-1 Principal Distribution	211,667,724.73
Principal Payment Factor (per 1,000 Bond)	290.114754295
Class A-1 Interest Distribution	26,363,832.72
Class A-1 Interest Payment Factor (per 1,000 Bond)	36.134639151

Class A-2 Principal Distribution	0.00
Principal Payment Factor (per 1,000 Bond)	0.000000000

Class A-2 Interest Distribution	2,856,690.88
Class A-2 Interest Payment Factor (per 1,000 Bond)	59.514393333

Class A-3 Principal Distribution	0.00
Principal Payment Factor (per 1,000 Bond)	0.000000000

Class A-3 Interest Distribution	3,776,964.81
Class A-3 Interest Payment Factor (per 1,000 Bond)	60.528282222

CLASS B

Principal Distribution	0.00
Principal Payment Factor (per 1,000 Bond)	0.000000000

Interest Distribution	2,898,789.67
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Interest Payment Factor (per 1,000 Bond)

63.569948889

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 September 1, 1995, as 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, 4.11, and 4.12, (to the extent such sections are applicable to Household Finance Corporation as Servicer) of the Series 1995-1, Series 1996-1, Series 1996-2, Series 1997-1, Series 1997-2, Series 1997-A, and Series 1998-B Supplements in conjunction with the servicing of revolving unsecured consumer lines of credit owned by the Household Consumer Loan Deposit 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 revolving unsecured consumer lines of credit 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 Consumer Loan Deposit Trust I.

Our audit disclosed no exceptions or errors in records relating to revolving unsecured consumer lines of credit 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, and the Chase Bank of Texas National Association, formerly known as the Texas Commerce Bank as Trustee (together, the "Specified Users"), with respect to Section 3.06 of the Agreement, in conjunction with the servicing of revolving unsecured consumer lines of credit owned by the Household Consumer Loan Deposit 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 have compared the mathematical calculation of each amount set forth in the Monthly Servicer's Certificates to the Servicer's accounting records for the months of May, 1998, and September, 1998, for Series 1995-1, Series 1996-1, Series 1996-2, Series 1997-1, Series 1997-2, Series 1997-A and for the month of September for Series 1998-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