

EMPIRE FUNDING™

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Lending A Hand.

EMPIRE FUNDING

Who We Are

Austin, Texas-based Empire Funding Corp. is one of the nation's leading consumer finance companies, specializing in the origination, purchasing and servicing of consumer loans.



A History to Remember
A Future to Anticipate

We've made great strides to stay the lead. In 1997, our loan volume quadrupled over 1996 figures.

Our assets, products played no small part. Our concentration on debt consolidation and home improvement loans (including our popular Equalizer, a 12% High LTV claim recast).

A Message From The Chairman
A Decade In the Making

Looking back, it's hard to believe that today's Empire Funding is the same fledgling company that was incorporated little more than a decade ago. And to maintain our edge, we're constantly re-inventing ourselves.

The goal is to be the lender of choice — every time. And the only means of achieving that objective is superior service. That's why we've staffed Empire Funding with 800 of what I believe are the most talented, dedicated employees in the industry — and invested heavily in training and

We're also changing the way we do business. In late 1996, we made a major shift in our overall financial strategy. As a result, the Company focus has shifted from whole loan sales, which are used to generate cash proceeds, to asset securitization, which focuses on building the value of Empire Funding.

Increases in warehouse and residual financing capacity from four major Wall Street banking firms have enhanced our ability to execute and maintain our securitization strategy.

The numbers tell it all. Our current monthly loan volume is over \$200 million. The loan portfolio as of June 30, 1998, consists of nearly 115,000 loans with a value of \$2.7 billion — a substantial increase over what Empire Funding was servicing just one year ago.

And, we have no plans to slow down. In fact, Empire Funding is now the second largest lender in the conventional 12.5% High LTV business.

Looking ahead, we have every intention of adhering to the



Because if there's anything we've learned in recent years, it's that anything is possible.

James N. Jones
James N. Jones
Chairman

Company Overview

Correspondent and Broker Operations

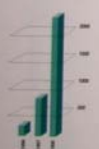
Correspondent Lending Operations

The market for loans is dynamic, fast-paced and fiercely competitive. As a result, it's vital that a lender maintains close working relationships with all of its Correspondents.

And we do. At Empire Funding, we purchase closed loans from all our Correspondents — from large, nationally recognized financial institutions to even the smallest lenders — these loans are underwritten using our underwriting guidelines.

Our Correspondent lenders have migrated from the FHA Title I to conventional loan products as their primary focus. In fact, all of the loans originated through the Correspondent Lending Operation today are conventional loans.

Correspondent/Broker Growth
As of June 30, 1998



The Equalizer 12.5% LTV has been our showcase product, leading the growth of the Correspondent Operation since its introduction. Used for home improvements, debt consolidation or both, the Equalizer allows qualified borrowers to combine debts of up to 125% of the value of their home. It also provides an opportunity for homeowners with little or no equity in their homes to ease their financial burden, allowing the freedom to improve their homes, pay off high interest debt and lower their monthly payments.

To keep up with demand for the Equalizer 12.5% LTV, we've opened several new Correspondent Branches. This brings our total to five strategically located Correspondent Branch Offices for loan processing, as part of our long-term goal of geographic diversification. In the coming years, we intend to continue our efforts to diversify and insulate our operations from the inevitable fluctuations of regional economies.

In addition, Correspondent Marketing Managers are being added across the nation to promote new business and oversee the continuing education of our lenders. We've invested heavily in training — individualized, customized programs designed to educate Correspondents on Empire Funding products' underwriting the entire process, from loan submission through funding. The ultimate objective: make Empire Funding the most desirable line of loan products available.

Broker Lending Operations

At Empire Funding, we define "Brokers" as lenders who don't close and fund loans in their own names. Our Brokers can market our conventional loans, for which Empire Funding eventually assumes full responsibility for processing as well as funding (Broker loans are funded in the Empire Funding name).



Brokers make up a growing portion of our business. Over the years, we've acquired a thorough understanding of their needs. In fact, Empire Funding operates a National Broker Network, along with three offices which work closely with Brokers to meet their needs. In addition, we continue to support and grow our Broker business through a national marketing effort.