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Southern Pacific Funding Corporation

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (date of earliest event reported): September 11,
1998

SOUTHERN PACIFIC FUNDING CORPORATION
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation) No.)	1-11785 (Commission File No.)	33-0636924 (I.R.S. Employer Identification
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4949 Meadows Road, Suite 600 Lake Oswego, OR (Address of principal executive offices)	97035 (Zip code)
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(503) 303-5400
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year,
if changed since last report)

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Item 5. Other Events

In light of recent adverse conditions in the global asset-backed securities, debt and equity markets and related issues facing the registrant, management is focusing its attention on the impact that these conditions may have on earnings for the third quarter ended September 30, 1998. Specifically, management is seeking to assess the viability of additional loan securitization transactions for the foreseeable future, as well as the effect of market conditions on the carrying value of the registrant's interest-only and residual certificate assets. Although the registrant has not completed its evaluation of these issues, among the actions currently being considered by management are

whole loan sale transactions to address liquidity requirements and a write-down in the value of its residual assets. The registrant therefore anticipates that earnings for the 1998 third quarter, and as a result, the fiscal year, will be substantially below published analyst expectations and that the registrant may incur a loss.

SIGNATURE

Pursuant to the requirements 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.

SOUTHERN PACIFIC FUNDING CORPORATION

By:/s/ Peter F. Makowiecki
Name: Peter F. Makowiecki
Title: Chief Financial Officer