

Equity Release Funding (No. 2) plc
Report for the immediately preceding interest period.

20-May-04

Loans

£

Outstanding Balance of Loans at Closing Date	276,369,747
Outstanding Balance of Loans @ start of immediately preceding calculation period	288,024,001
Accrued Interest @ start of Calculation Period	52,646,317

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period	3,868,636	Since Inception 26,147,647
Principal Balance of Loans redeemed by cause:-		
Death	1,117,102	5,945,930
Borrower enters Long Term Care	64,900	689,940
Voluntary Repayment	2,659,003	19,250,704
Move to Lower Value Property	27,631	261,073
Number of Loans redeemed in the immediately preceding Calculation period	113	777
Number of Loans redeemed by cause:-		
Death	27	147
Borrower enters Long Term Care	2	23
Voluntary Repayment	81	577
Move to Lower Value Property	3	30
Redemption monies received	4,825,629.15	31,207,096

Equivalent Value Test this Calculation Period :-
S&P model this Calculation Period :-

PASS
PASS

Substitution

Substituted in the immediately preceding Calculation Period (O/S amount @	454,553
Substituted in the immediately preceding Calculation Period as a % of aggregate	
Outstanding Balance of the Loans @ Closing Date	0.16%
Substituted to date as a % of aggregate Outstanding Balance of the Loans @	
Closing Date	0.71%

Early Amortisation Test

Aggregate Loan Amount (in respect of all Outstanding Loans, the Outstanding Balance as at the Closing Date and in respect of substitute Loans, the Outstanding Balance as at the Loan Entry date)	N/A as prior to Feb 05
Weighted Averaged GIC Rate	N/A as prior to Feb 05

Outstanding Balance of Loans

Outstanding Accrued Interest	57,125,199
Outstanding Gross Balance	288,905,457
Outstanding number of loans	7,333

Product Breakdown by Loan O/S

At Closing

FIRP %	2.7%	At Calculation date for this report 2.8%
FCRP %	97.3%	97.2%

Weighted Average Age of Borrowers @ Closing Date	72
Weighted Average Age of borrowers - at Calculation date for this Quarterly report	74

Age of Borrowers:-

Single Female	77
Single Male	76
Joint Borrowers by Age of Younger	72

Properties Sold / repayments (case by case):-

Time to Sale (where available - time from death/assessment to repayment) (Days)	N/A
Initial Valuation	N/A
Indexed Valuation (Initial Valuation + Hpi)	N/A
Sale Price (where available)	N/A
Gross Mortgage Outstandings	N/A
Shortfall	N/A
Loan Outstandings as a % of Sale Price	N/A
Claim Submitted to No Negative Equity	N/A
Claim Paid	N/A
Claim O/S	N/A

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Liquidity Facility Ledger

Initial Balance	£0
Last Calculation Period Closing Outstanding	£0
Available @ next IPD	£70,000,000
Amount to be drawn at next IPD	£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing	£25,000,000
Outstanding as at the date of this Quarterly Report	£21,541,000
Accrued Interest to immediately succeeding interest payment date	£212,393
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£21,603,393
Amount to be drawn at next IPD	£212,393
Closing balance	£21,541,000

Deficiency Ledger

Opening Balance	£648
Losses this Quarter	£6
Closing Balance	£654

Optional Guarantee Ledger

Opening Balance on Closing Date	£500,000
Claims Submitted as at date of this Quarterly Report	£0
Claims Paid as at date of this Quarterly Report	£0
Claims Not recovered from NULAP this calculation period	£0
Total Claims not recovered from NULAP as at date of this Quarterly Report	£0

CCA Reserve	£500,000
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Surplus after payment of all payments due in the Waterfall (a) to (h)	£0
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Replenishment Amount as recorded in Replenishment Ledger
Years 2002 to 2026

The greater of :-

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ IPD) and
the amount (if any) necessary to maintain the Required Ratio of
(a) the sum of the Aggregate Portfolio Amount and Adjusted Cash, and
(b) the Principal Amount Outstanding of the Class A Notes
(net of redemptions @ IPD)

N/A - A1 Notes O/S

Years 2027 to 2031

The greater of:-

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ IPD),

aggregate of all scheduled payments of interest and principal on the Class A Notes payable on the 4 immediately succeeding IPD's, and

the amount (if any) necessary to maintain the Required Ratio of
(a) the sum of the Aggregate Portfolio Amount and Adjusted Cash, and
(b) the Principal Amount Outstanding of the Class A Notes
(net of redemptions @ IPD).

N/A

Voluntary Repayment Rate

3.81%

The "Voluntary Prepayments Rate" is the [annualised value of the ratio expressed as a percentage] calculated by dividing:-

(x) the aggregate of the initial outstanding balances of the Loans prepaid up to the relevant Calculation Date by
(y) the aggregate of the initial outstanding balances of all Loans in the Portfolio on the Closing Date.

Deferred Consideration released to Originator

Deferred Consideration paid to Originator prior to the date of this Quarterly Report date	£0
Deferred Consideration paid to Originator during the calculation period	£0
Total Deferred Consideration paid to Originator.	£0

Equity Release Funding (No.2) plc

Name of Issuer
Date of Issue

Equity Release Funding (No.2) plc
11-Jun-2002

Moody's Current Rating
S&P Current Rating

A1	A2
Aaa	Aaa
AAA	AAA

Initial Note Balance
Note Principal @ start of period
Note Redemptions @ IPD
Outstanding Note Principal

45,000,000.00	255,000,000.00
42,093,000.00	255,000,000.00
985,500.00	-
41,107,500.00	255,000,000.00

Note Interest Margins
Step Up Dates
Step Up Margins

LIBOR + 0.44%	Fixed Rate (5.88%)
IPD May 2012	N/A
LIBOR + 1.50%	N/A

Interest Payment Cycle
Interest Payment Date
Next Interest Payment Date

Quarterly
26th or Next Business Day
26-Aug-2004

Pool Factor

0.913500
