

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

21-Aug-06

Loans

£

Outstanding Balance of Loans at Closing Date	276,369,747
Outstanding Balance of Loans @ start of immediately preceding calculation period	296,995,888
Accrued Interest @ start of Calculation Period	90,756,720

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period
Principal Balance of Loans redeemed by cause:-
 Death
 Borrower enters Long Term Care
 Voluntary Repayment
 Move to Lower Value Property
 Substitutions

3,264,254
1,109,890
73,400
2,067,280
13,684
-

Since Inception

53,610,997
14,237,029
2,918,783
40,123,266
175,873
- 3,843,954

Number of Loans redeemed in the immediately preceding Calculation period
Number of Loans redeemed by cause:-

90
31
3
56
3
-

1,550
362
74
1,174
47
- 60

Redemption monies received

5,886,265

77,058,731

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 @ Closing Date)
 Substituted in the immediately preceding Calculation Period as a % of aggregate Outstanding Balance of the Loans @ Closing Date
 Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date

-
0.00%
3.00%

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 A1 notes outstanding

Weighted Averaged GIC Rate

N/A as A1 notes outstanding

Outstanding Balance of Loans

Outstanding Accrued Interest
 Outstanding Gross Balance
 Outstanding number of loans

94,634,361
297,609,275
6,522

Product Breakdown by Loan O/S

At Closing

FIRP %	2.7%
FCRP %	97.3%

At Calculation date for this report

2.7%
97.3%

Weighted Average Age of Borrowers @ Closing Date

72

Weighted Average Age of borrowers - at Calculation date for this Quarterly report

76

Age of Borrowers:-

Single Female
 Single Male
 Joint Borrowers by Age of Younger

79
78
74

Properties Sold / repayments (case by case):-

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

N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A

For all Mortgages repaid to date:-

Weighted Average:-

Time to Sale (where available - time from death/assessment to repayment) (Days)
 Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)
 Shortfall as % of Mortgage Outstandings

254
N/A
N/A

Properties in Possession
 Repossessed
 Sold
 Number Carried Forward

-
-
-
-

Average Time from Possession to Sale
 Average Shortfall at Sale

N/A
N/A

Insurance

No Negative Equity Claims made total
 Claims Paid
 Claims O/S
 Claims not settled in full by number
 Claims not settled in full by amount of shortfall
 Average Time from Claim to Payment

-
-
-
-
-
N/A

Local Search Claims made (number)
Claims Paid
Claims O/S
Claims not settled in full by number
Claims not settled in full by amount of shortfall
Average Time from Claim to Payment

-
-
-
-
-
N/A

Contingent Building Insurance claims made (number)
Claims Paid
Claims O/S
Claims not settled in full by number
Claims not settled in full by amount of shortfall
Average Time from Claim to Payment

-
-
-
-
-
N/A

Average Loan Outstanding
Weighted Average LTV
Weighted Average Indexed LTV

£45,632
37.2%
20.5%

Weighted Average Interest Rate
FIRP
FCRP

8.29%
8.14%

LTV Levels Breakdown (based on original valuation using P+I at date of report)

0 - 29.99%
30 - 34.99%
35 - 39.99%
40 - 44.99%
45 - 49.99%
50 - 54.99%
55 - 59.99%
60 - 64.99%
65 - 69.99%
70 - 74.99%
75 - 79.99%
80 - 84.99%
85 - 89.99%
90 - 94.99%
95 - 99.99%
100% +

77,252,247
64,477,392
53,707,908
41,418,983
17,000,292
25,195,039
8,560,347
9,997,065
-
-
-
-
-
-
-
-
-
-
-
-
-

LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation date)

0 - 30%
30 - 35%
35 - 40%
40 - 45%
45 - 50%
50 - 55%
55 - 60%
60 - 65%
65 - 70%
70 - 75%
75 - 80%
80 - 85%
85 - 90%
90 - 95%
95 - 100%
100% +

275,689,210
16,832,512
4,222,577
369,937
163,158
331,880
-
-
-
-
-
-
-
-
-
-
-
-
-
-

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
Aaa
AAA

A2
Aaa
AAA

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

45,000,000.00	255,000,000.00
31,576,500.00	255,000,000.00
2,133,000.00	-
29,443,500.00	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
27-Nov-2006

Pool Factor

0.654300

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Liquidity Facility Ledger

Initial Balance
Last Calculation Period Closing Outstanding
Available @ next IPD
Amount to be drawn at next IPD

£0
£0
£70,000,000
£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing
Outstanding as at the date of this Quarterly Report
Accrued Interest to immediately succeeding interest payment date

£25,000,000
£21,541,000
£252,401

Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£21,643,401
Amount to be drawn at next IPD	£252,401
Closing balance	£21,541,000

Deficiency Ledger

Opening Balance	£841
Losses this Quarter	-£3
Closing Balance	£839

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

3.78%

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
Deferred Consideration paid to Originator during the calculation period
Total Deferred Consideration paid to Originator.

	£0
	£0
	£0