

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

21-May-07

**Loans**

£

Outstanding Balance of Loans at Closing Date 276,369,747

Outstanding Balance of Loans @ start of immediately preceding calculation period 294,588,496

Accrued Interest @ start of Calculation Period 101,029,084

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period 3,962,177

**Principal Balance of Loans redeemed by cause:-**

Death	1,087,137
Borrower enters Long Term Care	494,650
Voluntary Repayment	2,374,002
Move to Lower Value Property	6,389
Substitutions	-

Number of Loans redeemed in the immediately preceding Calculation period 108

**Number of Loans redeemed by cause:-**

Death	33
Borrower enters Long Term Care	13
Voluntary Repayment	62
Move to Lower Value Property	2
Substitutions	-

Redemption monies received 6,404,940

Equivalent Value Test this Calculation Period :- PASS

S&P model this Calculation Period :- 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 0.00%

Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date 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 104,581,646

Outstanding Gross Balance 294,178,881

Outstanding number of loans 6,187

**Product Breakdown by Loan O/S**

At Closing

FIRP % 2.7%

FCRP % 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 79

Single Male 79

Joint Borrowers by Age of Younger 75

**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

Since Inception

66,988,678

17,794,725

4,662,003

48,009,393

366,510

- 3,843,954

1,888

456

106

1,386

58

- 60

97,885,132

At Calculation  
date for this  
report

2.7%

97.3%



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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	£273,274
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£21,664,274
Amount to be drawn at next IPD	£273,274
Closing balance	£21,541,000

**Deficiency Ledger**

Opening Balance	£843
Losses this Quarter	-£7
Closing Balance	£836

**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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<b>Surplus after payment of all payments due in the Waterfall (a) to (h)</b>	£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

<b>A1</b>	<b>A2</b>
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
22,302,000.00	255,000,000.00
2,961,000.00	-
19,341,000.00	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 28-Aug-2007
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Pool Factor

0.429800
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