

**Equity Release Funding (No. 3) plc**  
**Report for the immediately preceding interest period**

20-Jan-04

**Note:**

As used in this report, "Quarter" means the period from (and including) the Calculation Date immediately preceding the Calculation Date as at which this report is (but excluding) the Calculation Date as at which this report is prepared, save that the first Quarter shall mean the period from and including the Closing Date to but

**Loans**

£

Outstanding Balance of Loans at Closing Date	404,247,009
Outstanding Balance of Loans @ start of this Quarter	410,864,789
Accrued Interest @ start of Calculation Period	31,350,665

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation	3,916,014	Since Inception 6,248,782
<u>Principal Balance of Loans redeemed by cause:-</u>		
Death	1,030,311	1,454,661
Borrower enters Long Term Care	608,650	842,150
Voluntary Repayment	2,162,537	3,750,533
Move to Lower Value Property	114,516	201,438
Number of Loans redeemed in the immediately preceding Calculation period	78	148
<u>Number of Loans redeemed by cause:-</u>		
Death	19	30
Borrower enters Long Term Care	3	5
Voluntary Repayment	48	95
Move to Lower Value Property	8	18
Redemption monies received	4,401,139.82	6,834,940

**Outstanding Balance of Loans**

Outstanding Accrued Interest	38,596,012
Outstanding Gross Balance	414,194,121
Outstanding number of loans	9,643
Equivalent Value Test this Calculation Period :-	N/A
S&P model this Calculation Period :-	N/A

**Repayment Rate**

2.48%
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The "Repayments 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 repaid up to the  
(y) the aggregate of the initial outstanding balances of all Loans in the Portfolio on

**Substitutions**

Substituted in this Quarter (O/S amount @ Closing Date)	-
Substituted in this Quarter as a % of aggregate Outstanding Balance of the	0.00%
Substituted to date as a % of aggregate Outstanding Balance of the Loans @	0.00%

**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	N/A as prior to Jul 06
Weighted Averaged GIC Rate	N/A as prior to Jul 06

**Product Breakdown by Loan O/S**

At Closing

At Calculation  
date for this

ILCRP %	27.2%	27.0%
FCRP %	72.8%	73.0%

Weighted Average Age of Borrowers @ Closing Date	71
Weighted Average Age of borrowers - at Calculation date for this Quarterly report	71

**Age of Borrowers:-**

Single Female	75
Single Male	74

**Properties Sold / repayments (case by case):-**

Time to Sale (where available - time from death/assessment to repayment)  
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

**For all Mortgages repaid to the Calculation Date for this Quarterly Weighted Average:-**

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

162 Days  
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**

£42,953  
28.9%  
23.9%

**Weighted Average Interest Rate**

ILCRP  
FCRP

4.89%  
7.68%

**Annualised Rate of HPI (since closing)**

Halifax (Non seasonally adjusted)  
Nationwide (Non seasonally adjusted)

12.49%  
10.64%

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

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%

247,484,642  
77,285,436  
48,250,974  
20,781,015  
11,028,710  
9,363,344  
-  
-  
-  
-  
-  
-  
-  
-

95 - 99.99%	-
100% +	-

**LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation**

0 - 30%	340,187,789
30 - 35%	44,705,471
35 - 40%	17,270,482
40 - 45%	7,718,550
45 - 50%	4,311,830
50 - 55%	-
55 - 60%	-
60 - 65%	-
65 - 70%	-
70 - 75%	-
75 - 80%	-
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

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**Liquidity Facility Ledger**

Initial Balance  
Last Quarter Closing Outstanding  
Available @ next Interest Payment Date  
Amount to be drawn at next Interest Payment Date

Barclays	Citibank
£0	£0
£0	£0
£140,000,000	£45,000,000
£0	£0

**Liquidity Reserve Fund Ledger**

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

Less Mortgage Registration Reserve

Available Liquidity Reserve Fund  
Amount to be drawn at next IPD  
Closing balance

£35,000,000
£30,172,000
£279,925
£150,000
£30,301,925
£591,425
£29,860,500

**Deficiency Ledger**

Opening Balance  
Losses this Quarter  
Closing Balance

£0
£0
£0

**Optional Guarantee Ledger**

Opening Balance on Closing Date  
Claims Submitted as at the date of this Quarterly Report  
Claims Paid as at date of this Quarterly Report  
Claims Not recovered from NULAP this calculation period  
Total Claims not recovered from NULAP as at date of this Quarterly Report

£0
£0
£0
£0
£0

**Surplus after payment of all payments set out paragraphs (a) to (k) of the F** £0  
**Priority of Payments (Excess Available Receipts)**

**Replenishment Amount as recorded in Replenishment Ledger**

**Excess Available Receipts**

N/A - A1 Notes O/S

**Years 2003 to 2028**

N/A - A1 Notes O/S

The greater of :-

10% of Principal Amount O/S of Class A Notes @ IPD (net of redemptions @ Interest Payment Date)  
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 Notes (net of redemptions @ Interest Payment Date).

**Years 2028 onwards**

N/A

The greater of:-

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

aggregate of all scheduled payments of interest and principal on the Notes which are 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 Notes (net of redemptions @ Interest Payment Date).

#### Voluntary Repayment Rate (Replenishment Amount)

1.55%

Annualised value of the ratio expressed as a percentage calculated by dividing :-

(x) the aggregate of the Outstanding Balance as at the Closing Date of all Loans prepaid up to the relevant Calculation Date by

(y) the aggregate Outstanding Balance of all Loans on the Closing Date.

#### Class B Notes Payment Test

Asset / Liability Ratio @ next IPD

Prior to Year 10 IPD

Class B Notes Required Ratio @ next IPD

Prior to Year 10 IPD

Pass / Fail

Deemed Pass

#### Substitution Voluntary Repayment Rate

Aggregate Outstanding Balance (as at the Closing Date or Loan Entry Date) of all Loans

1.55%

Aggregate Outstanding Balance (as at the Closing Date or Loan Entry Date) of all Loans

#### Subordinated Loan Ledger

Opening Balance on Closing Date

£14,000,000

Opening Balance at start of Quarter

£14,246,600

Payments this Quarter

£0.00

Interest Accrued this Quarter

£201,440.00

Closing Balance

£14,448,040

#### Indexation Ledger (April and October IPD's only)

Class A3 Note Interest Amount / principal due on next IPD (prior to adjustment)

N/A

Limited Index Factor to be applied on next IPD

N/A

Class A3 Note Interest Amount / principal post adjustment due on next IPD

N/A

#### 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 Quarter

£0

Total Deferred Consideration paid to Originator.

£0

#### Equity Release Funding (No.3) plc

Name of Issuer

Equity Release  
Funding (No.3) plc

Date of Issue

27-Jun-2003

Moody's Current Rating

A1

Aaa

A2

Aaa

A3

Aaa

B

Aa3

S&P Current Rating

AAA

AAA

AAA

AA

Initial Note Balance

60,000,000.00

310,000,000.00

50,000,000.00

42,000,000.00

Note Principal @ start of period

60,000,000.00

310,000,000.00

50,000,000.00

42,000,000.00

Note Redemptions @ IPD

-

-

-

-

Outstanding Note Principal

60,000,000.00

310,000,000.00

50,000,000.00

42,000,000.00

Note Interest Margins

Step Up Dates

Step Up Rate

LIBOR + 0.52%

Fixed Rate (5.05%)

Fixed Rate (2.45%)

LIBOR + 1.4%

IPD Apr 2013

N/A

N/A

IPD Apr 2010

LIBOR + 1.50%

N/A

N/A

LIBOR + 3.5%

Interest Payment Cycle

Quarterly

Quarterly

Semi Annually

Quarterly

Interest Payment Date

26th Jan, Apr, Jul

26th Jan, Apr, Jul

26th Apr & Oct or

26th Jan, Apr,

Next Interest Payment Date

& Oct or Next

& Oct or Next

Next Business

Jul & Oct or Next

26-Apr-2004

26-Apr-2004

26-Apr-2004

26-Apr-2004

Pool Factor

1.000000