

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

20-Jul-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 prepared to

(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 excluding the Calculation Date as at which the first report is prepared.

Loans

£

Outstanding Balance of Loans at Closing Date	404,247,009
Outstanding Balance of Loans @ start of this Quarter	417,692,400
Accrued Interest @ start of Calculation Period	45,556,566

Redemptions

		Since Inception
Principal Balance of Loans redeemed in the immediately preceding Calculation period	4,140,262	13,851,319
<u>Principal Balance of Loans redeemed by cause:-</u>		
Death	834,485	3,169,096
Borrower enters Long Term Care	67,600	1,028,230
Voluntary Repayment	3,171,762	9,351,730
Move to Lower Value Property	66,414	302,262
Number of Loans redeemed in the immediately preceding Calculation period	104	356
<u>Number of Loans redeemed by cause:-</u>		
Death	17	74
Borrower enters Long Term Care	2	10
Voluntary Repayment	77	236
Move to Lower Value Property	8	36
Redemption monies received	4,056,542.23	14,957,323

Outstanding Balance of Loans

Outstanding Accrued Interest	53,597,238
Outstanding Gross Balance	421,562,950
Outstanding number of loans	9,453

Equivalent Value Test this Calculation Period :-

N/A
N/A

S&P model this Calculation Period :-

Repayment Rate

2.99%

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 relevant Calculation Date by

(y) the aggregate of the initial outstanding balances of all Loans in the Portfolio on the Closing Date.

Substitutions

Substituted in this Quarter (O/S amount @ Closing Date)	-
Substituted in this Quarter 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	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 Outstanding Balance as at the Loan Entry date)

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
report

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

72

Age of Borrowers:-

Single Female

75

Single Male

74

Joint Borrowers by Age of Younger

70

Properties Sold / repayments (case by case):-

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

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

For all Mortgages repaid to the Calculation Date for this Quarterly Report:-

Weighted Average:-

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

183

Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)

N/A

Shortfall as % of Mortgage Outstandings

N/A

Properties in Possession

-

Reposessed

-

Sold

-

Number Carried Forward

-

Average Time from Possession to Sale

N/A

Average Shortfall at Sale

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	£44,596
Weighted Average LTV	30.0%
Weighted Average Indexed LTV	22.2%

Weighted Average Interest Rate	
ILCRP	4.89%
FCRP	7.68%

Annualised Rate of HPI (since closing)	
Halifax (Non seasonally adjusted)	6.29%
Nationwide (Non seasonally adjusted)	8.10%

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

0 - 29.99%	227,430,863
30 - 34.99%	87,516,540
35 - 39.99%	51,848,116
40 - 44.99%	28,248,475
45 - 49.99%	14,691,033
50 - 54.99%	11,827,922
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% +	-

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

0 - 30%	370,533,201
30 - 35%	33,643,157
35 - 40%	10,758,309
40 - 45%	6,628,283
45 - 50%	-
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

	Barclays	Citibank
Initial Balance	£0	£0
Last Quarter Closing Outstanding	£0	£0
Available @ next Interest Payment Date	£140,000,000	£45,000,000
Amount to be drawn at next Interest Payment Date	£0	£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing Date	£35,000,000
Outstanding as at the date of this Quarterly Report	£29,860,500
Accrued Interest to immediately succeeding interest payment date	£314,212
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£30,024,712

Amount to be drawn at next IPD	£1,262,112
Closing balance	£28,912,600

Deficiency Ledger

Opening Balance	-£33
Losses this Quarter	£33
Closing Balance	£0

Optional Guarantee Ledger

Opening Balance on Closing Date	£0
Claims Submitted as at the 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

Surplus after payment of all payments set out paragraphs (a) to (k) of the Pre-Enforcement Priority of Payments (Excess Available Receipts)

£0

Replenishment Amount as recorded in Replenishment Ledger

Excess Available Receipts

N/A - A1 Notes O/S

Years 2003 to 2028

The greater of :-

N/A - A1 Notes O/S

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

The greater of:-

N/A

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)

2.29%

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

Class B Notes Required Ratio @ next IPD

Prior to Year 10 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 prepaid up the Substitution Date /

2.29%

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	£14,658,740
Payments this Quarter	£0.00
Interest Accrued this Quarter	£225,510.00
Closing Balance	£14,884,250

Indexation Ledger (April and October IPD's only)

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

£612,500

Limited Index Factor to be applied on next IPD

£12,500

1.02

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

£625,000

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

LIBOR + 0.52%

Fixed Rate (5.05%)

Fixed Rate
(2.45%)

LIBOR + 1.4%

Step Up Dates

IPD Apr 2013

N/A

N/A

IPD Apr 2010

Step Up Rate

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 & Oct or Next Business Day

26th Jan, Apr, Jul & Oct or Next Business Day

26th Apr & Oct or Next Business Day

26th Jan, Apr, Jul & Oct or Next Business Day

Next Interest Payment Date

26-Oct-2004

26-Oct-2004

26-Oct-2004

26-Oct-2004

Pool Factor

1.000000