

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

20-Oct-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	421,562,950
Accrued Interest @ start of Calculation Period	53,597,238

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period	5,559,717.25
Principal Balance of Loans redeemed by cause:-	
Death	2,072,725.00
Borrower enters Long Term Care	- 364,400.00
Voluntary Repayment	3,816,497.58
Move to Lower Value Property	34,894.67

Number of Loans redeemed in the immediately preceding Calculation period	130
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**Number of Loans redeemed by cause:-**

Death	26
Borrower enters Long Term Care	2
Voluntary Repayment	98
Move to Lower Value Property	4

Redemption monies received	7,350,809.21
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**Outstanding Balance of Loans**

Outstanding Accrued Interest	60,472,948
Outstanding Gross Balance	422,904,402
Outstanding number of loans	9,327

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

**Repayment Rate**

2.66%
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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 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%

Since Inception

19,411,036
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5,241,821.00
663,830.00
13,168,228.00
337,156.95

Reclassification of historic cases.

486
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100
12
334
40

22,308,132
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**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%

27.1%

FCRP %

72.8%

72.9%

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

75

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)

178

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**

£45,342

**Weighted Average LTV**

30.6%

**Weighted Average Indexed LTV**

22.3%

**Weighted Average Interest Rate**

ILCRP

4.89%

FCRP

7.68%

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

Halifax (Non seasonally adjusted)

3.63%

Nationwide (Non seasonally adjusted)

5.95%

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

0 - 29.99%	218,177,616
30 - 34.99%	88,006,693
35 - 39.99%	56,438,531
40 - 44.99%	30,247,042
45 - 49.99%	17,367,317
50 - 54.99%	12,667,204
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%	370,848,036
30 - 35%	34,282,882
35 - 40%	11,088,662
40 - 45%	6,684,822
45 - 50%	-
50 - 55%	-
55 - 60%	-
60 - 65%	-
65 - 70%	-
70 - 75%	-
75 - 80%	-
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

**Equity Release Funding (No. 3) plc****Report for the immediately preceding interest pe****20-Oct-04****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	£28,912,600
Accrued Interest to immediately succeeding interest p	£343,882
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£29,106,482
Amount to be drawn at next IPD	£1,868,882
Closing balance	£27,387,600

**Deficiency Ledger**

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

**Optional Guarantee Ledger**

Opening Balance on Closing Date	£0
Claims Submitted as at the date of this Quarterly Rep	£0
Claims Paid as at date of this Quarterly Report	£0
Claims Not recovered from NULAP this calculation pe	£0
Total Claims not recovered from NULAP as at date of	£0

**Surplus after payment of all payments set out pa** £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 Amc** 2.66%

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 Da 2.66%

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	£14,884,250
Payments this Quarter	£0.00
Interest Accrued this Quarter	£250,190.00
Closing Balance	£15,134,440

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

Class A3 Note Interest Amount / principal due on nex	£625,000	
Limited Index Factor to be applied on next IPD	£8,000	1.03
Class A3 Note Interest Amount / principal post adjust	£633,000	

**Deferred Consideration released to Originator**

Deferred Consideration paid to Originator prior to the	£0
Deferred Consideration paid to Originator during the C	£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

	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>B</u>
Moody's Current Rating	Aaa	Aaa	Aaa	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	1,380,000.00	-	-	-
Outstanding Note Principal	58,620,000.00	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 26th Jan, Apr, Jul & Oct or Next Business Day	Quarterly 26th Jan, Apr, Jul & Oct or Next Business Day	Semi Annually 26th Apr & Oct or Next Business Day	Quarterly 26th Jan, Apr, Jul & Oct or Next Business Day
Interest Payment Date	26-Jan-2005	26-Jan-2005	26-Apr-2005	26-Jan-2005
Next Interest Payment Date				

Pool Factor 0.977000