

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

20-Jan-05

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	422,904,402
Accrued Interest @ start of Calculation Period	60,472,948

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period

4,446,744

Since Inception

23,857,780

Principal Balance of Loans redeemed by cause:-

Death	1,037,800
Borrower enters Long Term Care	100,000
Voluntary Repayment	2,876,891
Move to Lower Value Property	18,263
Substitutions	413,690

6,279,721
763,830
16,045,119
355,420
413,690

Number of Loans redeemed in the immediately preceding Calculation period

104

590

Number of Loans redeemed by cause:-

Death	19
Borrower enters Long Term Care	1
Voluntary Repayment	71
Move to Lower Value Property	3
Substitutions	13

119
13
405
43
13

Redemption monies received

5,378,278

27,686,410

Outstanding Balance of Loans

Outstanding Accrued Interest	67,772,201
Outstanding Gross Balance	425,756,912
Outstanding number of loans	9,223

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

Repayment Rate

2.83%

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)

444,841

Substituted in this Quarter as a % of aggregate Outstanding Balance of the Loans @ Closing Date

0.11%

Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date

0.40%

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%
FCRP %	72.8%

27.1%
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	76
Single Male	75
Joint Borrowers by Age of Younger	71

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)

196

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

N/A

Shortfall as % of Mortgage Outstandings

N/A

Properties in Possession

-

Repossessed

-

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**Weighted Average LTV****Weighted Average Indexed LTV**

£46,163
31.1%
22.9%

Weighted Average Interest Rate

ILGRP

FCRP

4.89%
7.68%

Annualised Rate of HPI (since closing)

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

-2.84%
-6.78%

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% +

208,264,601
93,500,724
57,215,400
33,339,566
18,326,081
8,220,239
5,130,378
1,759,922
-
-
-
-
-
-
-
-
-
-
-

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% +

365,270,410
37,846,313
14,882,940
7,156,765
590,483
-
-
-
-
-
-
-
-
-
-
-
-
-
-

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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	Clitibank
£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

£35,000,000
£27,387,600
£324,018

Less Mortgage Registration Reserve

£150,000

Available Liquidity Reserve Fund

£27,561,618

Amount to be drawn at next IPD

£324,018

Closing balance

£27,387,600

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 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

N/A

The greater of:-

10% of Principal Amount Q/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)

2.83%

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 prepaid up to the S

2.83%

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

£15,134,440

Payments this Quarter

£0.00

Interest Accrued this Quarter

£253,440.00

Closing Balance

£15,387,880

Indexation Ledger (April and October IPD's only)

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

£0

Limited Index Factor to be applied on next IPD

£0

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

£0

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

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Name of Issuer

Date of Issue

Moody's Current Rating

S&P Current Rating

Initial Note Balance

Note Principal @ start of period

Note Redemptions @ IPD

Outstanding Note Principal

Note Interest Margins

Step Up Dates

Step Up Rate

Interest Payment Cycle

Interest Payment Date

Next Interest Payment Date

Pool Factor

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(No.3) plc

27-Jun-2003

A1

Aaa

AAA

A2

Aaa

AAA

A3

Aaa

AAA

60,000,000.00	310,000,000.00	50,000,000.00
58,620,000.00	310,000,000.00	50,000,000.00
672,000.00	-	-
57,948,000.00	310,000,000.00	50,000,000.00

LIBOR + 0.52%	Fixed Rate (5.05%)	Fixed Rate (2.45%)
IPD Apr 2013	N/A	N/A
LIBOR + 1.50%	N/A	N/A

Quarterly	Quarterly	Semi Annually
26th Jan, Apr, Jul & Oct or Next Business Day 26-Apr-2005	26th Jan, Apr, Jul & Oct or Next Business Day 26-Apr-2005	26th Apr & Oct or Next Business Day 26-Apr-2005

0.965800
