

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

19-Oct-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	433,153,902
Accrued Interest @ start of Calculation Period	81,967,434

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period

4,967,927

Since Inception

35,623,950

Principal Balance of Loans redeemed by cause:-

Death	2,576,741
Borrower enters Long Term Care	200,190
Voluntary Repayment	2,345,710
Move to Lower Value Property	111,836
Substitutions	266,510

10,748,771
1,242,475
23,111,854
583,496
62,646

Number of Loans redeemed in the immediately preceding Calculation period

78

794

Number of Loans redeemed by cause:-

Death	36
Borrower enters Long Term Care	3
Voluntary Repayment	55
Move to Lower Value Property	6
Substitutions	16

197
23
586
49
12

Redemption monies received

6,530,408.93

42,841,463

Outstanding Balance of Loans

Outstanding Accrued Interest	88,433,077
Outstanding Gross Balance	434,651,618
Outstanding number of loans	8,979

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

Repayment Rate

4.08%

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)	986,308
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Substituted in this Quarter as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.24%
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Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.91%
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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%
FORP %	72.8%

26.8%
73.2%

Weighted Average Age of Borrowers @ Closing Date

71

Weighted Average Age of borrowers - at Calculation date for this Quarterly report

73

Age of Borrowers:-

Single Female	76
Single Male	71
Joint Borrowers by Age of Younger	71

Properties Sold / repayments (case by case):-

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

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)	-
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

£48,408

Weighted Average LTV

32.7%

Weighted Average Indexed LTV

23.5%

Weighted Average Interest Rate

ILCRP	4.89%
FORP	7.68%

Annualised Rate of HPI (since closing)

Halifax (Non seasonally adjusted)	-3.19%
Nationwide (Non seasonally adjusted)	9.99%

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

0 - 29.99%	184,019,072
30 - 34.99%	93,246,522
35 - 39.99%	67,536,105
40 - 44.99%	45,287,818
45 - 49.99%	20,963,344
50 - 54.99%	14,197,833
55 - 59.99%	5,452,727
60 - 64.99%	3,948,197
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%
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% +

361,955,364
46,055,011
17,958,147
6,980,772
2,253,872
348,454
-
-
-
-
-
-
-
-
-
-
-

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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

£35,000,000
£27,387,600
£305,682

Less Mortgage Registration Reserve

£150,000

Available Liquidity Reserve Fund

£27,543,282

Amount to be drawn at next IPD

£305,682

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 Q/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 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 IPDs, 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)

2.76%

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

2.92%

Subordinated Loan Ledger

Opening Balance on Closing Date
Opening Balance at start of Quarter
Payments this Quarter
Interest Accrued this Quarter
Closing Balance

£14,000,000
£15,899,660
£0.00
£255,610.00
£16,155,270

Indexation Ledger (April and October IPD's only)

Class A3 Note Interest Amount / principal due on next IPD (prior to adjustment)
Limited Index Factor to be applied on next IPD
Class A3 Note Interest Amount / principal post adjustment due on next IPD

£0
£0
£0

Deferred Consideration released to Originator

Deferred Consideration paid to Originator prior to the date of this Quarterly Report date
Deferred Consideration paid to Originator during the Quarter
Total Deferred Consideration paid to Originator.

£0
£0
£0

Name of Issuer

Equity Release Funding
(No.3) plc

Date of Issue

27-Jun-2003

Moody's Current Rating
S&P Current Rating

A1
Aaa
AAA

A2
Aaa
AAA

A3
Aaa
AAA

B
Aa3
AA

Initial Note Balance
Note Principal @ start of period
Note Redemptions @ IPD
Outstanding Note Principal

60,000,000.00	310,000,000.00	50,000,000.00	42,000,000.00
57,870,000.00	310,000,000.00	50,000,000.00	42,000,000.00
528,000.00	-	-	-
57,342,000.00	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
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
26-Jan-2006	26-Jan-2006	26-Apr-2006	26-Jan-2006

Interest Payment Date
Next Interest Payment Date

Pool Factor

0.955700