

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

19-Jan-06

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	434,651,618
Accrued Interest @ start of Calculation Period	88,433,077

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period
Principal Balance of Loans redeemed by cause:-

Death	1,346,188
Borrower enters Long Term Care	543,660
Voluntary Repayment	2,782,591
Move to Lower Value Property	151,629
Substitutions	325,951
	-

Since Inception

40,122,066
12,094,958
1,786,135
25,894,445
735,126
388,597
-

Number of Loans redeemed in the immediately preceding Calculation period

Number of Loans redeemed by cause:-

Death	30
Borrower enters Long Term Care	6
Voluntary Repayment	73
Move to Lower Value Property	8
Substitutions	11
	-

892

227
29
659
57
23
-

Redemption monies received

6,918,746.38

49,760,209

Outstanding Balance of Loans

Outstanding Accrued Interest	94,998,752
Outstanding Gross Balance	436,719,177
Outstanding number of loans	8,881

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

Repayment Rate

3.99%

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)	1,122,246
Substituted in this Quarter as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.28%
Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date	0.78%

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%

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	76
Joint Borrowers by Age of Younger	72

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
N/A
N/A
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)

Shortfall as % of Mortgage Outstandings

249
N/A
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	£49,175
Weighted Average LTV	31.0%
Weighted Average Indexed LTV	23.8%

Weighted Average Interest Rate

ILCRP	4.89%
FCRP	7.67%

Annualised Rate of HPI (since closing)

Halifax (Seasonally adjusted)	9.30%
Nationwide (Seasonally adjusted)	10.80%

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

0 - 29.99%	174,134,617
30 - 34.99%	95,216,790
35 - 39.99%	70,882,551
40 - 44.99%	46,345,751
45 - 49.99%	24,388,788
50 - 54.99%	15,286,040
55 - 59.99%	5,469,544
60 - 64.99%	4,995,097
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%	359,914,939
30 - 35%	48,025,941
35 - 40%	18,945,426
40 - 45%	6,500,324
45 - 50%	2,972,019
50 - 55%	360,529
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	Barclays	£0
Last Quarter Closing Outstanding		£0
Available @ next Interest Payment Date		£140,000,000
Amount to be drawn at next Interest Payment Date		£0

Citibank	£0
	£0
	£45,000,000
	£0

Liquidity Reserve Fund Ledger

Initial Balance on Closing Date	£35,000,000
Outstanding as at the date of this Quarterly Report	£27,387,600
Accrued Interest to immediately succeeding interest payment date	£304,085

Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£27,541,685
Amount to be drawn at next IPD	£304,085
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
 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

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)

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.

2.65%

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

2.91%

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
£16,155,270
£0.00
£258,780.00
£16,414,050

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	A2 Aaa	A3 Aaa	B Aa3
AAA	AAA	AAA	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
57,342,000.00	310,000,000.00	50,000,000.00	42,000,000.00
2,256,000.00	-	-	-
55,086,000.00	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	26th Apr & Oct or Next Business Day	26th Jan, Apr, Jul & Oct or Next Business Day
26-Apr-2006	26-Apr-2006	26-Apr-2006	26-Apr-2006

Interest Payment Date
 Next Interest Payment Date

Pool Factor

0.918100
