

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

19-Jan-07

**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 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

446,694,712

Accrued Interest @ start of Calculation Period

116,107,505

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period

4,748,253

Since Inception

56,003,536

Principal Balance of Loans redeemed by cause:-

Death

898,193.00

16,736,491

Borrower enters Long Term Care

730,825.42

3,128,658

Voluntary Repayment

3,010,014.07

35,690,761

Move to Lower Value Property

109,220.35

1,279,966

Substitutions

-

832,340

Number of Loans redeemed in the immediately preceding Calculation period

99

1,288

Number of Loans redeemed by cause:-

Death

22

342

Borrower enters Long Term Care

9

55

Voluntary Repayment

68

919

Move to Lower Value Property

11

93

Substitutions

-

28

Redemption monies received

6,561,094.04

72,408,325

**Outstanding Balance of Loans**

Outstanding Accrued Interest

123,199,045

Outstanding Gross Balance

449,037,999

Outstanding number of loans

8,485

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

**Repayment Rate**

3.74%

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

1.00%

**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 A1 note O/S

Weighted Averaged GIC Rate

N/A as A1 note O/S

**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

74

**Age of Borrowers:-**

Single Female

77

Single Male

76

Joint Borrowers by Age of Younger

73

**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

**Weighted Average:**

	249
N/A	
N/A	

	-
	-
	-
	-

N/A
N/A

	-
	-
	-
	-
	-
N/A	

	-
	-
	-
	-
N/A	-

	-
	-
	-
	-
	-
N/A	

*Weighted Average Indexed LTV*

£52,921
35.8%
23.1%

## ILCRP

4.89%
7.67%

Halifax (Seasonally adjusted)  
Nationwide (Seasonally adjusted)

10.55%
9.59%

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% +

140,313,613
87,282,188
87,445,915
55,270,162
37,109,826
19,092,000
13,084,638
9,439,658
-
-
-
-
-
-

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% +

[illegible]

**Equity Release Funding (No. 3) plc**  
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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	
	£0
	£0
	£140,000,000
	£0

Citibank	
	£0
	£0
	£45,000,000
	£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
	£24,837,600
	£311,574
	£150,000
	£24,999,174
	£311,574
	£24,837,600

Less Mortgage Registration Reserve

Available Liquidity Reserve Fund  
 Amount to be drawn at next IPD  
 Closing balance

**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-Enforcermer**  
**Priority of Payments (Excess Available Receipts)**

	£0
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**Replenishment Amount as recorded in Replenishment Ledger**

**Excess Available Receipts**

N/A - A1 Notes O/S
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**Years 2003 to 2028**

The greater of :-

N/A - A1 Notes O/S
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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.

2.46%
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**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
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**Substitution Voluntary Repayment Rate**

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

3.00%
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**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
£17,214,500
£0
£300,560
£17,515,060

**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

**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  
 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
54,348,000.00	310,000,000.00	50,000,000.00	42,000,000.00
1,932,000.00	-	-	-
52,416,000.00	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 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
26-Apr-2007	26-Apr-2007	26-Apr-2007	26-Apr-2007

Interest Payment Date  
 Next Interest Payment Date

Pool Factor

0.873600
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