

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

21-Oct-08

**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	451,907,336
Accrued Interest @ start of Calculation Period	154,446,261

**Redemptions**

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

Death	1,040,355
Borrower enters Long Term Care	471,851
Voluntary Repayment	1,772,427
Move to Lower Value Property	255,255
Substitutions	-

Since Inception

87,898,203
26,596,580
4,930,199
54,879,465
2,324,299
832,340

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

Death	28
Borrower enters Long Term Care	12
Voluntary Repayment	46
Move to Lower Value Property	6
Substitutions	-

1,992
574
95
1,351
130
28

Redemption monies received

5,668,921
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123,369,487
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**Outstanding Balance of Loans**

Outstanding Accrued Interest	151,998,577
Outstanding Gross Balance	445,919,764
Outstanding number of loans	7,781

Equivalent Value Test this Calculation Period :-

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

N/A
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**Repayment Rate**

4.08%
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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)

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

0.00%
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Substituted to date as a % of aggregate Outstanding Balance of the Loans @ Closing Date

1.00%
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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 A1 note O/S
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Weighted Averaged GIC Rate

N/A as A1 note O/S
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**Product Breakdown by Loan O/S**

At Closing

ILCRP %	27.2%
FCRP %	72.8%

At Calculation date for this report

27.7%
72.3%

Weighted Average Age of Borrowers @ Closing Date

71
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Weighted Average Age of borrowers - at Calculation date for this Quarterly report

79
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**Age of Borrowers:-**

Single Female	79
Single Male	78
Joint Borrowers by Age of Younger	74

**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
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Loan Outstandings as a % of Sale Price

N/A
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Claim Submitted to No Negative Equity

N/A
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Claim Paid

N/A
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Claim O/S

N/A
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**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)

239
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Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)

N/A
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Shortfall as % of Mortgage Outstandings

N/A
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Properties in Possession	1
Reposessed	-
Sold	-
Number Carried Forward	1

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	£57,309
Weighted Average Indexed LTV	40.4%
	25.4%

#### Weighted Average Interest Rate

ILCRP	4.89%
FCRP	7.67%

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

0 - 29.99%	95,415,028
30 - 34.99%	77,197,920
35 - 39.99%	81,371,524
40 - 44.99%	74,419,854
45 - 49.99%	45,089,569
50 - 54.99%	32,211,422
55 - 59.99%	16,685,600
60 - 64.99%	12,548,332
65 - 69.99%	4,744,218
70 - 74.99%	3,922,796
75 - 79.99%	2,172,822
80 - 84.99%	140,479
85 - 89.99%	-
90 - 94.99%	-
95 - 99.99%	-
100% +	-

#### LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation date)

0 - 30%	335,275,803
30 - 35%	61,617,131
35 - 40%	28,892,629
40 - 45%	14,022,965
45 - 50%	3,870,531
50 - 55%	1,788,199
55 - 60%	231,102
60 - 65%	45,182
65 - 70%	59,904
70 - 75%	116,118
75 - 80%	-
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

#### 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
	£342,389
	£150,000
	£25,029,989
	£342,389
	£24,837,600

Less Mortgage Registration Reserve

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

#### Deficiency Ledger

Opening Balance	-£107
Losses this Quarter	-£78
Closing Balance	-£185

**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
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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
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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)**

2.77%
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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
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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
£19,602,270
£0
£364,470
£19,966,740

**Indexation Ledger**

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

<b>A1</b>	<b>A2</b>	<b>A3</b>
Aaa	Aaa	Aaa
AAA	AAA	AAA

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
39,550,000.00	310,000,000.00	50,000,000.00
	-	-
39,550,000.00	310,000,000.00	50,000,000.00

Note Interest Margins  
 Step Up Dates  
 Step Up Rate

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

Interest Payment Cycle

Quarterly	Quarterly	Semi Annually
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
26-Jan-2009	26-Jan-2009	26-Apr-2009

Interest Payment Date  
 Next Interest Payment Date

Pool Factor

0.659167
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