

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

19-Jan-09

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	445,919,764
Accrued Interest @ start of Calculation Period	151,998,577

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period

Principal Balance of Loans redeemed by cause:-

Death	978,660
Borrower enters Long Term Care	252,340
Voluntary Repayment	1,466,531
Move to Lower Value Property	75,114
Substitutions	-

Since Inception

90,670,848
27,575,240
5,182,539
56,345,996
2,399,412
832,340

Number of Loans redeemed in the immediately preceding Calculation period

Number of Loans redeemed by cause:-

Death	27
Borrower enters Long Term Care	9
Voluntary Repayment	46
Move to Lower Value Property	3
Substitutions	-

2,074
601
104
1,397
133
28

Redemption monies received

4,823,359

128,192,846

Outstanding Balance of Loans

Outstanding Accrued Interest	151,386,630
Outstanding Gross Balance	442,535,172
Outstanding number of loans	7,699

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

Repayment Rate

4.03%

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 %	27.5%
FCRP %	72.5%

27.7%
72.3%

Weighted Average Age of Borrowers @ Closing Date

71

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

80

Age of Borrowers:-

Single Female	79
Single Male	78
Joint Borrowers by Age of Younger	75

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

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

214
N/A
N/A

Properties in Possession

Repossessed

Sold

Number Carried Forward

1
-
-
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	£57,480
Weighted Average LTV	40.7%
Weighted Average Indexed LTV	25.6%

Weighted Average Interest Rate	4.89%
ILCRP	7.67%
FCRP	

LTV Levels Breakdown (based on original valuation using P+I at date of report)	
0 - 29.99%	93,928,328
30 - 34.99%	77,421,686
35 - 39.99%	81,105,712
40 - 44.99%	72,929,818
45 - 49.99%	45,118,164
50 - 54.99%	32,392,928
55 - 59.99%	17,245,313
60 - 64.99%	12,474,164
65 - 69.99%	3,873,006
70 - 74.99%	4,038,275
75 - 79.99%	1,802,718
80 - 84.99%	205,061
85 - 89.99%	-
90 - 94.99%	-
95 - 99.99%	-
100% +	-

LTV Levels Breakdown (based on HPI adjusted valuation @ Calculation date)	
0 - 30%	332,198,903
30 - 35%	61,236,261
35 - 40%	28,790,449
40 - 45%	14,090,663
45 - 50%	3,776,048
50 - 55%	1,988,338
55 - 60%	231,632
60 - 65%	45,407
65 - 70%	60,258
70 - 75%	117,215
75 - 80%	-
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

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Liquidity Facility Ledger	Barclays
Initial Balance	£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	£24,837,600
Accrued Interest to immediately succeeding interest payment date	£352,379
Less Mortgage Registration Reserve	£150,000
Available Liquidity Reserve Fund	£25,039,979
Amount to be drawn at next IPD	£352,379
Closing balance	£24,837,600

Deficiency Ledger	
Opening Balance	-£185
Losses this Quarter	-£10
Closing Balance	-£195

Optional Guarantee Ledger	
Opening Balance on Closing Date	£0
Claims Submitted as at the date of this Quarterly Report	£0
Claims Paid as at date of this Quarterly Report	£0
Claims Not recovered from NULAP this calculation period	£0
Total Claims not recovered from NULAP as at date of this Quarterly Report	£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	N/A - A1 Notes O/S
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The greater of :-

- 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 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)

2.72%

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

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
£19,966,740
£0
£379,280
£20,346,020

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

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
39,550,000.00	310,000,000.00	50,000,000.00	42,000,000.00
500,000.00	-	-	-
39,050,000.00	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
27-Apr-2009	27-Apr-2009	27-Apr-2009	27-Apr-2009

Interest Payment Date

Next Interest Payment Date

0.650833

Pool Factor