

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

19-Oct-10

**Loans**

£

Outstanding Balance of Loans at Closing Date	404,247,009
Outstanding Balance of Loans @ start of this Quarter	480,139,942
Accrued Interest @ start of Calculation Period	212,274,388

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period

Principal Balance of Loans redeemed by cause:-

Death	3,123,025	Since Inception 117,076,861
Borrower enters Long Term Care	1,373,868	40,140,093
Voluntary Repayment	441,500	8,704,693
Move to Lower Value Property	1,180,966	66,003,945
Substitutions	126,692	3,060,470
	-	832,340

Number of Loans redeemed in the immediately preceding Calculation period

Number of Loans redeemed by cause:-

Death	73	2,705
Borrower enters Long Term Care	35	888
Voluntary Repayment	7	179
Move to Lower Value Property	31	1,666
Substitutions	5	192
	-	28

Redemption monies received

5,983,276

168,948,319

**Outstanding Balance of Loans**

Outstanding Accrued Interest	218,942,949
Outstanding Gross Balance	483,685,478
Outstanding number of loans	7,068

Equivalent Value Test this Calculation Period :-

N/A
N/A

**Repayment Rate**

2.38%

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

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

0.00%

0.00%

**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

ILCRP %	27.5%
FCRP %	72.5%

At Calculation  
date for this  
report

28.0%
72.0%

Weighted Average Age of Borrowers @ Closing Date

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

71

77

**Age of Borrowers:-**

Single Female

Single Male

Joint Borrowers by Age of Younger

80

79

76

**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

**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

239

N/A
N/A

Properties in Possession

Repossessioned

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

Weighted Average LTV	£68,433
Weighted Average Indexed LTV	42.6%
	29.3%

#### 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%	104,095,269
30 - 34.99%	59,261,813
35 - 39.99%	63,145,245
40 - 44.99%	61,981,959
45 - 49.99%	54,093,076
50 - 54.99%	46,867,391
55 - 59.99%	31,235,067
60 - 64.99%	24,734,703
65 - 69.99%	14,560,968
70 - 74.99%	10,858,863
75 - 79.99%	7,229,683
80 - 84.99%	2,850,783
85 - 89.99%	1,692,329
90 - 94.99%	828,678
95 - 99.99%	249,651
100% +	-

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

0 - 30%	269,695,408
30 - 35%	80,156,790
35 - 40%	58,128,265
40 - 45%	36,147,784
45 - 50%	21,801,534
50 - 55%	10,862,697
55 - 60%	3,613,591
60 - 65%	2,683,831
65 - 70%	298,874
70 - 75%	200,971
75 - 80%	95,735
80 - 85%	-
85 - 90%	-
90 - 95%	-
95 - 100%	-
100% +	-

#### Equity Release Funding (No.3) plc

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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	£24,035,138
Accrued Interest to immediately succeeding interest payment date	£32,433

Less Mortgage Registration Reserve	£150,000
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Available Liquidity Reserve Fund	£23,917,572
Amount to be drawn at next IPD	£32,433
Closing balance	£24,035,138

#### Deficiency Ledger

Opening Balance	-£8,711
Losses this Quarter	-£64
Closing Balance	-£8,774

#### 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

**Replenishment Amount as recorded in Replenishment Ledger**

Excess Available Receipts

N/A - A1 Notes O/S

Years 2003 to 2028

N/A - A1 Notes O/S

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)**

2.38%

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

Prior to Year 10 IPD

Class B Notes Required Ratio @ next IPD

Prior to Year 10 IPD

Pass / Fail

Deemed Pass

**Subordinated Loan Ledger**

Opening Balance on Closing Date

£14,000,000

Opening Balance at start of Quarter

£21,216,390

Payments this Quarter

£0

Interest Accrued this Quarter

£131,780

Closing Balance

£21,348,170

**Indexation Ledger**

Class A3 Note Interest Amount / principal due on next IPD (prior to adjustment)

£0

Limited Index Factor to be applied on next IPD

£0

Class A3 Note Interest Amount / principal post adjustment due on next IPD

£0

**Deferred Consideration released to Originator**

Deferred Consideration paid to Originator prior to the date of this Quarterly Report date

£0

Deferred Consideration paid to Originator during the Quarter

£0

Total Deferred Consideration paid to Originator.

£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

A1	A2	A3	B
Aaa	Aaa	Aaa	Aa3
AAA	AAA	AAA	AA

S&P Current Rating

Initial Note Balance

60,000,000.00

Note Principal @ start of period

31,650,000.00

Note Redemptions @ IPD

-

Outstanding Note Principal

31,650,000.00

Note Interest Margins

LIBOR + 0.52%

Step Up Dates

Fixed Rate (5.05%)

Step Up Rate

Fixed Rate (2.45%)

Interest Payment Cycle

LIBOR + 1.4%

Interest Payment Date

LIBOR + 3.5%

Next Interest Payment Date

Quarterly

Pool Factor

0.527500

Deferred Amount at start of quarter

220080

Interest Amount deferred / (paid) this quarter

222,180

Interest on Deferred amount this quarter

2352.715496

Deferred Amount at end of quarter

444.613