

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

19-Jan-11

**Loans**

£

Outstanding Balance of Loans at Closing Date

404,247,009

Outstanding Balance of Loans @ start of this Quarter

483,685,478

Accrued Interest @ start of Calculation Period

218,942,949

**Redemptions**

Principal Balance of Loans redeemed in the immediately preceding Calculation period

3,804,937

Since Inception

120,881,797

Principal Balance of Loans redeemed by cause:-

Death

1,771,164

41,911,257

Borrower enters Long Term Care

401,550

9,106,243

Voluntary Repayment

1,429,300

67,433,245

Move to Lower Value Property

202,922

3,263,392

Substitutions

-

832,340

Number of Loans redeemed in the immediately preceding Calculation period

87

2,792

Number of Loans redeemed by cause:-

Death

43

931

Borrower enters Long Term Care

9

188

Voluntary Repayment

35

1,701

Move to Lower Value Property

11

203

Substitutions

-

28

Redemption monies received

7,285,166

176,233,485

**Outstanding Balance of Loans**

Outstanding Accrued Interest

225,188,055

Outstanding Gross Balance

486,125,647

Outstanding number of loans

6,981

Equivalent Value Test this Calculation Period :-

N/A

S&P model this Calculation Period :-

N/A

**Repayment Rate**

2.36%

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

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%

28.0%

FCRP %

72.5%

72.0%

Weighted Average Age of Borrowers @ Closing Date

71

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

77

**Age of Borrowers:-**

Single Female

80

Single Male

79

Joint Borrowers by Age of Younger

76

**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

**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)

242

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

N/A

Shortfall as % of Mortgage Outstandings

N/A

Properties in Possession

-

Reposessed

-

Sold

-

Number Carried Forward

-

At Calculation  
date for this  
report

Average Time from Possession to Sale  
Average Shortfall at Sale

N/A  
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**

**Weighted Average Indexed LTV**

£69,636  
43.4%  
29.9%

**Weighted Average Interest Rate**

ILCRP  
FCRP

4.89%  
7.67%

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

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% +

99,344,574  
57,712,916  
64,266,250  
58,681,320  
54,264,959  
48,343,779  
32,338,981  
25,349,194  
19,772,361  
9,620,234  
8,412,199  
4,203,195  
2,541,096  
1,019,695  
254,895  
-

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

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% +

263,966,182  
80,823,530  
57,820,139  
39,729,299  
21,600,442  
14,486,906  
4,359,921  
2,578,333  
528,131  
-  
135,302  
97,463  
-  
-  
-  
-

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

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19-Jan-11

**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  
£23,617,600  
£31,982

Less Mortgage Registration Reserve

£150,000

Available Liquidity Reserve Fund

£23,499,582

Amount to be drawn at next IPD

£31,982

Closing balance

£23,617,600

**Deficiency Ledger**

Opening Balance  
Losses this Quarter  
Closing Balance

-£8,774  
£7  
-£8,767

**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

£0  
£0  
£0  
£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**

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)**

2.36%

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

£21,348,170

£0

£133,840

£21,482,010

**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

31,650,000.00

2,500,000.00

29,150,000.00

310,000,000.00

310,000,000.00

-

310,000,000.00

50,000,000.00

50,000,000.00

-

50,000,000.00

42,000,000.00

42,000,000.00

-

42,000,000.00

Note Interest Margins

Step Up Dates

Step Up Rate

LIBOR + 0.52%

IPD Apr 2013

LIBOR + 1.50%

Fixed Rate (5.05%)

N/A

N/A

Fixed Rate (2.45%)

N/A

N/A

LIBOR + 1.4%

IPD Apr 2010

LIBOR + 3.5%

Interest Payment Cycle

Interest Payment Date

Next Interest Payment Date

Pool Factor

Quarterly

26th Jan, Apr, Jul & Oct or Next Business Day

26-Apr-2011

Quarterly

26th Jan, Apr, Jul & Oct or Next Business Day

26-Apr-2011

Semi Annually

26th Apr & Oct or Next Business Day

26-Apr-2011

Quarterly

26th Jan, Apr, Jul & Oct or Next Business Day

26-Apr-2011

0.485833

Deferred Amount at start of quarter

Interest Amount deferred / (paid) this quarter

Interest on Deferred amount this quarter

Deferred Amount at end of quarter

222180.00

222,180.00

4,748.55

671,541.26