

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

19-Jul-12

Loans

Outstanding Balance of Loans at Closing Date	£	404,247,009
Outstanding Balance of Loans @ start of this Quarter		501,007,820
Accrued Interest @ start of Calculation Period		257,441,075

Redemptions

	Last Quarter	Since Inception
Principal Balance of Loans redeemed in the immediately preceding Calculation period	2,396,983	140,484,530
<u>Principal Balance of Loans redeemed by cause:-</u>		
Death	1,097,860	50,876,519
Borrower enters Long Term Care	449,556	12,118,643
Voluntary Repayment	723,650	73,499,739
Move to Lower Value Property	125,917	4,262,003
Substitutions	-	272,374
	64	3,259
Number of Loans redeemed in the immediately preceding Calculation period		
<u>Number of Loans redeemed by cause:-</u>		
Death	33	1,154
Borrower enters Long Term Care	12	257
Voluntary Repayment	19	1,850
Move to Lower Value Property	9	254
Substitutions	-	2
Redemption monies received	5,128,413	207,275,985

Outstanding Balance of Loans

Outstanding Accrued Interest	265,473,775
Outstanding Gross Balance	506,643,537
Outstanding number of loans	6,514
Equivalent Value Test this Calculation Period :-	N/A
S&P model this Calculation Period :-	N/A

Repayment Rate

1.88%

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	0.91%

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%	29.0%
FCRP %	72.5%	71.0%

Weighted Average Age of Borrowers @ Closing Date
Weighted Average Age of borrowers - at Calculation date for this Quarterly report

71
78

Age of Borrowers:-

Single Female	81
Single Male	81
Joint Borrowers by Age of Younger	78

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)	237
Sale Price as % of Indexed Valuation (Initial Valuation + Hpi) (where available)	N/A
Shortfall as % of Mortgage Outstandings	N/A
Properties in Possession	4
Reposessed	-
Sold	4
Number Carried Forward	-

Average Time from Possession to Sale	188
Average Shortfall at Sale	-

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

£77,778
48.7%
33.8%

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% +

70,660,781
47,391,428
56,176,618
60,359,813
53,732,879
50,781,880
43,446,509
36,675,117
25,562,124
21,409,528
14,348,186
10,781,336
6,986,756
4,478,905
1,322,468
2,529,208

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% +

209,088,615
78,837,287
76,665,252
54,832,043
36,075,241
23,463,069
15,550,141
6,839,127
2,862,006
1,866,727
317,181
92,030
154,819
-
-
-

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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
£22,177,600
£44,960

Less Mortgage Registration Reserve

£150,000

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

£22,072,560
£44,960
£22,177,600

Deficiency Ledger

Opening Balance
 Losses this Quarter
 Closing Balance

-£3,829
£0
-£3,829

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)

£90,782

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)

1.88%

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

£22,230,420

Payments this Quarter

£0

Interest Accrued this Quarter

£153,140

Closing Balance

£22,383,560

Indexation Ledger (April and Oct only)

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

£0

Limited Index Factor to be applied on next IPD

0.00

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

S&P Current Rating

Aaa

Aaa

Aaa

Aa3

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
21,550,000.00	310,000,000.00	50,000,000.00	42,000,000.00
400,000.00	-	-	-
21,150,000.00	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
26-Oct-2012	26-Oct-2012	26-Oct-2012	26-Oct-2012

Interest Payment Date

Next Interest Payment Date

Pool Factor

0.352500

Interest Amount paid this quarter

Deferred Amount at start of quarter

Interest Amount deferred / (paid) this quarter

Interest on Deferred amount this quarter

Deferred Amount at end of quarter

82,200.00	3,899,831.00	-	252,840.00
			1,836,296
			220,080
			20,662
			2,077,038