

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

21-Jan-13

Loans

Outstanding Balance of Loans at Closing Date	£	404,247,009
Outstanding Balance of Loans @ start of this Quarter		506,007,158
Accrued Interest @ start of Calculation Period		269,099,365

Redemptions

Principal Balance of Loans redeemed in the immediately preceding Calculation period

Principal Balance of Loans redeemed by cause:-

Death

Borrower enters Long Term Care

Voluntary Repayment

Move to Lower Value Property

Substitutions

Last Quarter

Since Inception

Number of Loans redeemed in the immediately preceding Calculation period

Number of Loans redeemed by cause:-

Death

Borrower enters Long Term Care

Voluntary Repayment

Move to Lower Value Property

Substitutions

Redemption monies received

Outstanding Balance of Loans

Outstanding Accrued Interest

Outstanding Gross Balance

Outstanding number of loans

Equivalent Value Test this Calculation Period :-

S&P model this Calculation Period :-

Repayment Rate

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

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)

Weighted Averaged GIC Rate

Product Breakdown by Loan O/S

ILCRP %

FCRP %

Weighted Average Age of Borrowers @ Closing Date

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

Age of Borrowers:-

Single Female

Single Male

Joint Borrowers by Age of Younger

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

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

Properties in Possession

Reposessed

Sold

Number Carried Forward

Average Time from Possession to Sale

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

At Closing

At Calculation date for this report

27.5%
72.5%

29.1%
70.9%

71
79

81
81
78

N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A
N/A

232
N/A
N/A

4
-
4
-

188
-

-
-
-
-
-
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

£80,417
50.3%
35.7%

Weighted Average Interest Rate
 ILCRP
 FCRP

4.89% + LPI
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% +

62,281,603
46,013,536
52,039,994
58,062,595
52,505,524
54,622,602
44,272,558
39,662,475
29,348,335
21,414,158
17,973,439
11,537,301
9,266,388
4,817,850
3,957,944
2,708,612

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% +

179,874,679
84,366,923
72,575,973
59,569,629
44,237,290
29,116,956
20,352,481
10,390,045
6,101,879
3,151,383
161,780
329,280
95,441
161,174
-
-

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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
£18,741

Less Mortgage Registration Reserve

£150,000

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

£22,046,341
£18,741
£22,177,600

Deficiency Ledger

Opening Balance
 Losses this Quarter
 Closing Balance

-£3,829
-£87,869
-£91,698

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)

£25,946

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)

1.76%

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

£22,524,830

£0

£132,150

£22,656,980

Indexation Ledger (April and Oct only)

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

0.00

£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

A

A2

Aaa

A

A3

Aaa

A

B

Aa3

A

Initial Note Balance

Note Principal @ start of period

Note Redemptions @ IPD

Outstanding Note Principal

60,000,000.00

17,550,000.00

1,450,000.00

16,100,000.00

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

Quarterly

26th Jan, Apr, Jul & Oct

or Next Business Day

26-Apr-2013

Quarterly

26th Jan, Apr, Jul & Oct

or Next Business Day

26-Apr-2013

Semi Annually

26th Apr & Oct or Next

Business Day

26-Apr-2013

Quarterly

26th Jan, Apr, Jul & Oct

or Next Business Day

26-Apr-2013

Interest Payment Date

Next Interest Payment Date

Pool Factor

0.268333

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

47,400.00

3,953,895.00

-

208,740.00

2,321,489

227,220

24,083

2,572,791