

**LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE**

Loan Program Bulletin

TO: Lenders, Guarantors and Schools

DATE: June 30, 2006

TOPIC: Interest Rates for Stafford and Plus Loans in the Direct Loan and Federal Family Education Loan Programs
Effective July 1, 2006

To assure that your Common Manual remains current, please record this document on your LPM/LPB index, and retain it in Appendix E of your manual.

The attached charts show the variable interest rates applicable to the Federal Stafford, Federal SLS, Federal PLUS, and Federal Consolidation loan programs for the period **July 1, 2006 – June 30, 2007**. Interest rates for variable-rate loans under these programs are determined annually, and are based on the following:

- **Stafford Loans** – based on the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year. The bond equivalent rate for 91-day Treasury Bills auctioned on May 30, 2006 is 4.843 percent, which rounds to **4.84** percent.
- **PLUS/SLS Loans** – based on either the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year, or the weekly average of the one-year constant maturity Treasury yield as published for the last calendar week ending on or before June 26th of each year. The bond equivalent rate for 91-day Treasury Bills auctioned on May 30, 2006, is 4.843 percent, which rounds to **4.84** percent. The weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26th is **5.24** percent.
- **Consolidation Loans** – for which the loan application was received by an eligible lender on or after 11/13/97 but prior to 10/1/98 are based on the bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before June 1st of each year, or **4.84** percent. For the HEAL portion of consolidation loans for which the loan application was received by an eligible lender on or after 11/13/97, the rate is based on the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30th of each year, or 4.828 percent which rounds to **4.83** percent.

These rates do not affect new Federal Stafford or Federal PLUS loans made on or after July 1, 2006 that are subject to fixed-rates of 6.8% and 8.5%, respectively.

**FFEL “Converted” Variable-rate Stafford Loan Interest Rates for the Period July 1, 2006 through June 30, 2007
(Loans That Were Subject to the “Windfall Profits” Provisions of §427A(i) of the HEA)
(Table 1)**

COHORT	CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)				
		91-Day Treasury Bill Rate	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/06 – 6/30/2007
Type of Loan	Higher Education Act of 1965, As Amended					
8/10% Loans	§427A(i)(1) §427A(i)(7)(A)	4.84%	3.25%	8.09%	10%	8.09%
7% Loans	§427A(i)(3) §427A(i)(7)(A)	4.84%	3.1%	7.94%	7%	7.00%
8% Loans	§427A(i)(3) §427A(i)(7)(A)	4.84%	3.1%	7.94%	8%	7.94%
9% Loans	§427A(i)(3) §427A(i)(7)(A)	4.84%	3.1%	7.94%	9%	7.94%
8/10% Loans	§427A(i)(3) §427A(i)(7)(A)	4.84%	3.1%	7.94%	10%	7.94%

**FFEL Regular Variable-rate Stafford Loan Interest Rates for the Period July 1, 2006 through June 30, 2007
(Table 2)**

<u>COHORT</u>			<u>CITATION</u>	<u>INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)</u>					
Type of Borrower	First Disbursement Made On or After	First Disbursement Made Before	Higher Education Act of 1965, As Amended	During	91-Day Treasury Bill Rate	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/06 – 6/30/2007
"New" Borrower	10/1/92	7/1/94	§427A(e)(1)		4.84%	3.1%	7.94%	9%	7.94%
"New" Borrower	7/1/94 (for a period of enrollment ending prior to 7/1/94)		§427A(e)(1)		4.84%	3.1%	7.94%	9%	7.94%
All Borrowers (regardless of prior borrowing)	7/1/94 (for a period of enrollment that includes or begins on or after 7/1/94)	7/1/95	§427A(f)(1)		4.84%	3.1%	7.94%	8.25%	7.94%

All Borrowers (regardless of prior borrowing)	7/1/95	7/1/98	§427A(g)(2)	In-school, grace and deferment periods	4.84%	2.5%	7.34%	8.25%	7.34%
			§427A(f)(1)	All other periods	4.84%	3.1%	7.94%	8.25%	7.94%
All Borrowers (regardless of prior borrowing)	7/1/98	7/1/2006	§427A(j)(2) §427A(k)(2)	In-school, grace and deferment periods	4.84%	1.7%	6.54%	8.25%	6.54%
			§427A(j)(1) §427A(k)(1)	All other periods	4.84%	2.3%	7.14%	8.25%	7.14%

**FFEL Variable-rate PLUS and SLS Loan Interest Rates for the Period July 1, 2006 through June 30, 2007
(Table 3)**

<u>COHORT</u>			<u>CITATION</u>	<u>INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)</u>					
Type of Loan	First Disbursement Made On or After	First Disbursement Made Before	Higher Education Act of 1965, As Amended	91-Day Treasury Bill Rate	One-year Constant Maturity	Additional Sum	Total	Maximum Rate	INTEREST RATE FOR THE PERIOD 7/1/05 – 6/30/2006
PLUS/SLS*		10/1/92	§427A(c)(4)(B)		5.24%	3.25%	8.49%	12%	8.49%
SLS*	10/1/92 (for a period of enrollment beginning prior to 7/1/94)		§427A(c)(4)(D)		5.24%	3.1%	8.34%	11%	8.34%
PLUS*	10/1/92	7/1/94	§427A(c)(4)(D)		5.24%	3.1%	8.34%	10%	8.34%
PLUS	7/1/94	7/1/98	§427A(c)(4)(E)		5.24%	3.1%	8.34%	9%	8.34%
PLUS*	7/1/98	1/1/2000	§427A(j)(3) §427A(k)(3)	4.84%		3.1%	7.94%	9%	7.94%
PLUS	1/1/2000	7/1/2006	§427A(k)(3)	4.84%		3.1%	7.94%	9%	7.94%

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2006 through June 30, 2007
(Table 4)**

<u>COHORT</u>				<u>CITATION</u>	<u>INTEREST RATE FORMULA</u>	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
	7/1/94			§428C(c)(1)(B)	The interest rate is the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent, but may not be less than 9 percent.	
7/1/94			11/13/97	§428C(c)(1)(C)	The interest rate is the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest whole percent.	

		11/13/97	10/1/98	§427A(f) §428C(c)(1)(D)	The interest rate is determined annually, and equals the bond equivalent rate of 91-Day Treasury Bills auctioned on the final auction held before June 1 st of each year, plus 3.10 percent. The interest rate may not exceed the maximum rate. (For the period July 1, 2006 through June 30, 2007 the interest rate for these loans is 4.84 percent plus 3.10 percent or 7.94 percent.)	8.25%
		10/1/98	Indefinite	§427A(k)(4)(A) §428C(c)(1)(A)	The interest rate is the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8 th of one percent. The interest rate may not exceed the maximum rate.	8.25%

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2006 through June 30, 2007
(Table 4)**

<u>COHORT</u>				<u>CITATION</u>	<u>INTEREST RATE FORMULA</u>	
Consolidation Loans Made On or After	Consolidation Loans Made Before	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender On or After	Consolidation Loans for Which the Loan Application Was Received by an Eligible Lender Before	Higher Education Act of 1965, As Amended	Method Used to Determine Interest Rate	Maximum Rate
HEAL Portion of the Consolidation Loan		11/13/97	Indefinite	§428C(d)(2)(B)	The interest rate for the HEAL portion of the consolidation loan is determined annually, and equals the average of the bond equivalent rates of the 91-Day Treasury Bills auctioned for the quarter ending June 30, plus 3.0 percent. There is no maximum rate on this portion of the loan. (For the period July 1, 2006 through June 30, 2007 the interest rate for these loans is 4.83 percent plus 3.00 percent or 7.83 percent.)	N/A