

LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE
Loan Program Bulletin

TO: Lenders and Schools

DATE: January 30, 2007

TOPIC: Federal Family Education Loan Program Special Allowance Rates for the Quarter Ending December 31, 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 Treasury Department has published the average of the bond equivalent rates of the ninety-one day Treasury bills auctioned during the quarter ending **December 31, 2006**, as **5.03** percent. Further, the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in the quarter ending **December 31, 2006**, is **5.38** percent.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE*	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD*
Loans prior to 10/1/81		
7%	.01625	.004063
9%	.00	.000000
Loans from 10/1/81 to 11/16/86		
7%	.0153	.003825
8%	.0053	.001325
9%	.00	.000000
12%	.00	.000000
14%	.00	.000000
Loans from 11/16/86 to 10/1/92		
7% ¹	.0128	.003200
7.94% ^{2,3}	.0034	.000850
8%	.0028	.000700
8.09% ⁴	.0019	.000475
9% -14%	.00	.000000

¹ Fixed-rate 7% Stafford loans (1992 Amendments).

² (a) Fixed-rate 8% Stafford loans, and (b) 8/10 Stafford loans (prior to the 49th month of repayment) (1992 Amendments).

³ (a) Fixed-rate 9% Stafford loans, and (b) 8/10% Stafford loans (on/after the 49th month of repayment) (1992 Amendments).

⁴ Fixed-rate 8/10% Stafford loans (on/after the 49th month of repayment) (1986 Amendments).

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
Loans from 10/1/92 to 10/1/98		
6% ⁵	.0213	.005325
7% ⁶	.0113	.002825
7.94% ^{7, 8}	.0019	.000475
7.94% ⁹	.0019	.000475
8%	.0013	.000325
8.34% ¹⁰	.00	.000000
9% -14%	.00	.000000
Stafford loans from 7/1/95 to 7/1/98, only during in-school, grace and deferment.		
7.34%	.0019	.000475
Stafford loans from 7/1/98 to 1/1/00, only during in-school, grace and deferment.		
6.54%	.0069	.001725
Stafford loans from 7/1/98 to 1/1/00, except during in-school, grace and deferment.		
7.14%	.0069	.001725

Consolidation Loans made on/after 10/1/98 but prior to 1/1/00: **Formula:** (5.03%) plus (3.1%) less (applicable interest rate) = special allowance rate.

Note: The interest rate for these consolidation loans is determined by taking the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8th of one percent. Therefore, due to the wide range of possible applicable interest rates, no further calculations are shown here.

⁵ The 6% interest and special allowance rates *only* apply to Consolidation loans made on/after 7/1/94 with tax-exempt funds; the 10%, 11%, 13% and 14% interest and special allowance rates *only* apply to Consolidation loans made with tax-exempt funds.

⁶ Fixed-rate 7% Stafford Loans (1992 Amendments).

⁷ (a) Fixed-rate 8% Stafford loans, and (b) 8/10% Stafford loans (prior to the 49th month of repayment) that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate (1992 Amendments).

⁸ (a) All Stafford loans made for periods of enrollment that either begin on/after 7/1/94 or include that date for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95, (b) Stafford loans for which the first disbursement is made on/after 7/1/95 and before 7/1/98, *except during the in-school, grace, and deferment periods*, and (c) consolidation loans for which the loan application was received on/after 11/13/97 and prior to 10/1/98.

⁹ (a) Stafford loans, made to new borrowers, for which the first disbursement is made on/after 10/1/92 but prior to 7/1/94, (b) fixed-rate 9% Stafford loans that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate; see 427A(i)(7)(D) of the Act and (c) 8/10% Stafford loans (on/after the 49th month of repayment) that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate (1992 Amendments).

¹⁰ PLUS loans made on/after 7/1/94 but prior to 7/1/98.

Tax-exempt Loans

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
Tax-exempt loans made on/after 10/1/80, but prior to 10/1/81		
7%	.025	.00625
9%	.005	.00125
Tax-exempt loans made on/after 10/1/81		
6.00% ¹¹	.0350	.008750
6.54% ¹²	.0296	.007400
6.80% ¹³	.0270	.006750
7.00% ¹⁴	.0250	.006250
7.14% ¹⁵	.0236	.005900
7.34% ¹⁶	.0216	.005400
7.94% ^{17, 18, 19}	.0156	.003900
8.00%	.015	.003750
8.09% ²⁰	.0141	.003525
8.34% ²¹	.0116	.002900
8.50% ²²	.010	.002500
9%	.005	.001250
10% -14%	.00	.000000

¹¹ The 6% interest rates and special allowance rates *only* apply to Consolidation loans made on/after 7/1/94 with tax-exempt funds; the 10%, 11%, 13% and 14% interest and special allowance rates *only* apply to Consolidation loans made with tax-exempt funds.

¹² Stafford loans made on/after 7/1/98 but prior to 7/1/06, *only* during the in-school, grace, and deferment periods.

¹³ Fixed-rate Stafford loans made on/after 7/1/06.

¹⁴ Fixed-rate 7% Stafford loans that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate

¹⁵ Stafford loans made on/after 7/1/98 but prior to 7/1/06, *except* during the in-school, grace and deferment periods.

¹⁶ Stafford loans for which the first disbursement is made on/after 7/1/95 and before 7/1/98, *only* during the in-school, grace, and deferment periods.

¹⁷ (a) Stafford loans, made to new borrowers, for which the first disbursement is made on/after 10/1/92 but prior to 7/1/94 and (b) fixed-rate 8% Stafford loans, and 8/10% Stafford loans (prior to the 49th month of repayment) that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate. Also, see 427A(i)(7)(D) of the Act. (1992 Amendments)

¹⁸ (a) Fixed-rate 9% Stafford loans that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate; see 427A(i)(7)(D) of the Act and (b) 8/10% Stafford loans (on/after the 49th month of repayment) that were subject to the "windfall profits" provisions of 427A(i)(3) of the Act and that have been converted to a variable rate. (1992 Amendments).

¹⁹ (a) *All* Stafford loans made for periods of enrollment that either begin on/after 7/1/94 or include that date for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95, (b) Stafford loans for which the first disbursement is made on/after 7/1/95 and before 7/1/98, *except during the in-school, grace, and deferment periods*, and (c) all PLUS loans made on/after 1/1/00 but prior to 7/1/06.

²⁰ Fixed-rate 8/10% Stafford loans that were subject to the "windfall profits" provisions of 427A(i)(1) of the Act and that have been converted to a variable rate; see 427A(i)(7)(D) of the Act (1986 Amendments).

²¹ PLUS loans made on/after 7/1/94 but prior to 7/1/98.

²² Fixed-rate PLUS loans made on/after 7/1/06.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
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Stafford loans from 1/1/00 but prior to 4/1/06, **only** during in-school, grace and deferment.

6.54%	.0058	.001450
6.80% ²³	.0032	.000800

Stafford loans from 1/1/00 but prior to 4/1/06, **except** during in-school, grace and deferment.

6.80% ²³	.0092	.002300
7.14%	.0058	.001450

Special allowance rate for PLUS loans - Formula: (5.38%) plus (2.64%) less (applicable interest rate) = annual special allowance rate.

7.94%	.0008	.000200
8.50% ²⁴	-.0048	-.001200

Consolidation loans – for applications received on/after 1/1/00

Formula: (5.38%) plus (2.64%) less (applicable interest rate) = annual special allowance rate.

Note: The interest rate for these consolidation loans is determined by taking the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8th of one percent. Therefore, due to the wide range of possible applicable interest rates, no further calculations are shown here.

²³ All Stafford loans made on or after 7/1/06.

²⁴ All PLUS loans made on or after 7/1/06. Because this formula resulted in an amount less than zero, these loans will not receive special allowance. The rate shown is for the recapture of excess interest.

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