



June 28, 2005

Subject: Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Interest Rate Calculations for the Period July 1, 2005 – June 30, 2006

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, 2005 – June 30, 2006**. 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 31, 2005 is 2.998 percent, which rounds to **3.00** 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 31, 2005, is 2.998 percent, which rounds to **3.00** percent. The weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26th is **3.40** 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 **3.00** percent. For the HEAL portion of consolidation loans for which the loan

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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 2.943 percent which rounds to **2.94** percent.

Accounting Division
Office of the Chief Financial Officer

Attachment

**FFEL “Converted” Variable-rate Stafford Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(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 7/1/05 – 6/30/2006
Type of Loan	Higher Education Act of 1965, As Amended					
8/10% Loans	§427A(i)(1) §427A(i)(7)(A)	3.00%	3.25%	6.25%	10%	6.25%
7% Loans	§427A(i)(3) §427A(i)(7)(A)	3.00%	3.1%	6.10%	7%	6.10%
8% Loans	§427A(i)(3) §427A(i)(7)(A)	3.00%	3.1%	6.10%	8%	6.10%
9% Loans	§427A(i)(3) §427A(i)(7)(A)	3.00%	3.1%	6.10%	9%	6.10%
8/10% Loans	§427A(i)(3) §427A(i)(7)(A)	3.00%	3.1%	6.10%	10%	6.10%

**FFEL Regular Variable-rate Stafford Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 2)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
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 7/1/05 – 6/30/2006
“New” Borrower	10/1/92	7/1/94	§427A(e)(1)		3.00%	3.1%	6.10%	9%	6.10%
“New” Borrower	7/1/94 (for a period of enrollment ending prior to 7/1/94)		§427A(e)(1)		3.00%	3.1%	6.10%	9%	6.10%
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)		3.00%	3.1%	6.10%	8.25%	6.10%

**FFEL Regular Variable-rate Stafford Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 2)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
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 7/1/05 – 6/30/2006
All Borrowers (regardless of prior borrowing)	7/1/95	7/1/98	§427A(g)(2)	In-school, grace and deferment periods	3.00%	2.5%	5.50%	8.25%	5.50%
			§427A(f)(1)	All other periods	3.00%	3.1%	6.10%	8.25%	6.10%
All Borrowers (regardless of prior borrowing)	7/1/98	7/1/2006	§427A(j)(2) §427A(k)(2)	In-school, grace and deferment periods	3.00%	1.7%	4.70%	8.25%	4.70%
			§427A(j)(1) §427A(k)(1)	All other periods	3.00%	2.3%	5.30%	8.25%	5.30%

**FFEL Variable-rate PLUS and SLS Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 3)**

COHORT			CITATION	INTEREST RATE FORMULA (T-Bill Rate + Additional Sum = Total)					
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)		3.40%	3.25%	6.65%	12%	6.65%
SLS*	10/1/92 (for a period of enrollment beginning prior to 7/1/94)		§427A(c)(4)(D)		3.40%	3.1%	6.50%	11%	6.50%
PLUS*	10/1/92	7/1/94	§427A(c)(4)(D)		3.40%	3.1%	6.50%	10%	6.50%
PLUS	7/1/94	7/1/98	§427A(c)(4)(E)		3.40%	3.1%	6.50%	9%	6.50%
PLUS*	7/1/98	7/1/2006	§427A(j)(3) §427A(k)(3)	3.00%		3.1%	6.10%	9%	6.10%

* These loans will not be subject to special allowance payments during the four quarters ending 9/30/05, 12/31/05, 3/31/2006, and 6/30/2006. See Sections 438(b)(2)(C)(i); 438(b)(2)(C)(ii); 438(b)(2)(G)(v); and 438(b)(2)(H)(v) of the Higher Education Act of 1965, as amended.

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
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.	

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
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
		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, 2005 through June 30, 2006 the interest rate for these loans is 3.00 percent plus 3.10 percent or 6.10 percent.)	8.25%

**FFEL Variable-rate and Fixed-rate Consolidation Loan Interest Rates for the Period July 1, 2005 through June 30, 2006
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
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
		10/1/98	7/1/2006	§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, 2005 through June 30, 2006
(Table 4)**

COHORT				CITATION	INTEREST RATE FORMULA	
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	7/1/2006	§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, 2005 through June 30, 2006 the interest rate for these loans is 2.94 percent plus 3.00 percent or 5.94 percent.)	N/A