



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

TO: Lenders and Schools

DATE Oct. 20, 2008

TOPIC: Federal Family Education Loan Program Special Allowance Rates for the Quarter Ending Sept. 30, 2008

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 **September 30, 2008**, as **1.63** 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 **September 30, 2008**, is **2.87** percent.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
Loans prior to 10/1/81		
7%	.00	.000000
9%	.00	.000000
Loans from 10/1/81 to 11/16/86		
7%	.00	.000000
8%	.00	.000000
9%	.00	.000000
12%	.00	.000000
14%	.00	.000000
Loans from 11/16/86 to 10/1/92		
5.01% <sup>1, 2, 3</sup>	.00	.000000
5.16% <sup>4</sup>	.00	.000000
7%	.00	.000000
8%	.00	.000000
9% - 14 %	.00	.000000

<sup>1</sup> Fixed-rate 7% Stafford loans (1992 Amendments).

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

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

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

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
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Loans from 10/1/92 but prior to 7/1/98 and Consolidation Loans from 10/1/92 but prior to 10/1/98.

5.01% <sup>5, 6, 7, 8</sup>	.0000	.000000
5.67% <sup>9</sup>	.00	.000000
6% <sup>10</sup>	.00	.000000
7%	.00	.000000
8%	.00	.000000
9% - 14%	.00	.000000
Stafford loans from 7/1/95 to 7/1/98, <b>only</b> during in-school, grace and deferment.		
4.41%	.0000	.000000
Stafford loans from 7/1/98 to 1/1/00, <b>only</b> during in-school, grace and deferment.		
3.61%	.0022	.000550
Stafford loans from 7/1/98 to 1/1/00, <b>except</b> during in-school, grace and deferment.		
4.21%	.0022	.000550

Consolidation Loans made on/after 10/1/98 but prior to 1/1/00: **Formula:** (1.63%) 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 1/8<sup>th</sup> of one percent. Therefore, due to the wide range of possible applicable interest rates, no further calculations are shown here.

<sup>5</sup> Fixed-rate 7% Stafford Loans (1992 Amendments).

<sup>6</sup> (a) Fixed-rate 8% Stafford loans, and (b) 8/10% Stafford loans (prior to the 49<sup>th</sup> 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).

<sup>7</sup> (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.

<sup>8</sup> (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 49<sup>th</sup> 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).

<sup>9</sup> PLUS loans made on/after 7/1/94 but prior to 7/1/98.

<sup>10</sup> 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.

**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		
3.61% <sup>11</sup>	.0589	.014725
4.21% <sup>12</sup>	.0529	.013225
4.41% <sup>13</sup>	.0509	.012725
5.01% <sup>14, 15, 16</sup>	.0449	.011225
5.01% <sup>17</sup>	.0449	.011225
5.16% <sup>18</sup>	.0434	.010850
5.67% <sup>19</sup>	.0383	.009575
6% <sup>20</sup>	.035	.008750
6.80% <sup>21</sup>	.027	.006750
7%	.025	.006250
8%	.015	.003750
8.50% <sup>22</sup>	.01	.002500
9%	.005	.001250
10 – 14%	.00	.000000

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- <sup>11</sup> Stafford loans made on/after 7/1/98 but prior to 7/1/06, *only* during the in-school, grace, and deferment periods.
  - <sup>12</sup> Stafford loans made on/after 7/1/98 but prior to 7/1/06, *except* during the in-school, grace and deferment periods.
  - <sup>13</sup> 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.
  - <sup>14</sup> 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
  - <sup>15</sup> Fixed-rate 8% Stafford loans, and 8/10% Stafford loans (prior to the 49<sup>th</sup> 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)
  - <sup>16</sup> (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, (b) 8/10% Stafford loans (on/after the 49<sup>th</sup> 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, and (c) Stafford loans, made to new borrowers, for which the first disbursement is made on/after 10/1/92 but prior to 7/1/94. (1992 Amendments).
  - <sup>17</sup> (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.
  - <sup>18</sup> 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).
  - <sup>19</sup> PLUS loans made on/after 7/1/94 but prior to 7/1/98.
  - <sup>20</sup> (a) The 6% interest rates and special allowance rates 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, and (b) Undergraduate subsidized Stafford loans made on/after 7/1/08 and before 7/1/09.
  - <sup>21</sup> Fixed-rate Stafford loans made on/after 7/1/06.
  - <sup>22</sup> 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 10/1/07, **only** during in-school, grace and deferment.

3.61% <sup>23</sup>	.0100	.002500
6.80% <sup>24</sup>	-.0219	-.005475

Stafford loans from 1/1/00 but prior to 10/1/07, **except** during in-school, grace and deferment.

4.21% <sup>25</sup>	.0100	.002500
6.80% <sup>26</sup>	-.0159	-.003975

Special allowance rate for PLUS loans from 1/1/00 but prior to 10/1/07

Formula: **(2.87%)** plus (2.64%) less (applicable interest rate) = annual special allowance rate.

5.01% <sup>27</sup>	.0050	.001250
8.50% <sup>28</sup>	-.0299	-.007475

Consolidation loans – for applications received on/after 1/1/00; made on/after 4/1/06 but prior to 10/1/07.

**Formula:** (2.87%) 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 1/8<sup>th</sup> of one percent. Therefore, due to the wide range of possible applicable interest rates, no further calculations are shown here.

<sup>23</sup> Stafford loans made on or after 1/1/00 but prior to 7/1/06.

<sup>24</sup> Stafford loans made on or after 7/1/06 but prior to 10/1/07. 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 .

<sup>25</sup> Stafford loans made on or after 1/1/00 but prior to 7/1/06.

<sup>26</sup> Stafford loans made on or after 7/1/06 but prior to 10/1/07. 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.

<sup>27</sup> PLUS loans made on or after 1/1/00 but prior to 7/1/06.

<sup>28</sup> PLUS loans made on or after 7/1/06 but prior to 10/1/07. 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.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
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Stafford loans from 10/1/07 **only** during in-school, grace and deferment.

6.0% <sup>29</sup>	-.0194	-.004850
6.80% <sup>30</sup>	-.0274	-.006850

Stafford loans from 10/1/07 **except** during in-school, grace and deferment.

6.0% <sup>29</sup>	.0134	-.003350
6.80% <sup>30</sup>	-.0214	-.005350

Special allowance rate for PLUS loans from 10/1/07 - Formula: **(2.87%)** plus (1.79%) less (applicable interest rate) = annual special allowance rate.

8.50% <sup>31</sup>	-.0384	-.009600
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Consolidation loans -- for loans made on or after 10/1/07 which are subject to repayment of excess interest as required under the Higher Education Reconciliation Act (HERA).

**Formula:** **(2.87%)** plus (2.09%) 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 1/8<sup>th</sup> of one percent. Therefore, due to the wide range of possible applicable interest rates, no further calculations are shown here.

<sup>29</sup> Undergraduate subsidized Stafford loans made on/after 7/1/08 and before 7/1/09. 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.

<sup>30</sup> Stafford loans made on/after 10/1/07, *except* undergraduate subsidized Stafford loans made on/after 7/1/08. 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.

<sup>31</sup> 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.