



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

TO: Lenders and Schools

DATE: June 1, 2005

TOPIC: Special Allowance Rates calculated from quarter ending March 31, 2005

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 **March 31, 2005**, as **2.60** 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 **March 31, 2005**, is **2.78** percent.

**SPECIAL ALLOWANCE RATES FOR THE QUARTER ENDING March 31, 2005**

Applicable Annual Interest Rate	Special Allowance at Annual Rate	Special Allowance For 3-Month Period
Loans prior to 10/1/81		
7%	.0000	.000000
9%	.0000	.000000
Loans from 10/1/81 to 11/16/86		
7% - 14%	.0000	.000000
Loans from 11/16/86 to 10/1/92		
4.17% <sup>1,2,3</sup>	.0168	.004200
4.32% <sup>4</sup>	.0153	.003825
7% - 14%	.0000	.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		
4.17% <sup>5,6,7</sup>	.0153	.003825
4.17% <sup>8</sup>	.0153	.003825
5.26% <sup>9</sup>	.0044	.001100
6% <sup>10</sup>	.0000	.000000
7% - 14%	.0000	.000000
Stafford loans from 7/1/95 to 7/1/98, <b>only</b> during in-school, grace and deferment.		
3.57%	.0153	.003825
Stafford loans from 7/1/98 to 1/1/00, <b>only</b> during in-school, grace and deferment.		
2.77%	.0203	.005075
Stafford loans from 7/1/98 to 1/1/00, <b>except</b> during in-school, grace and deferment.		
3.37%	.0203	.005075

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

6 ( 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).

7 (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, and (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.

8 (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).

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

10 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 .

Consolidation loans made on/after 10/1/98 but prior to 1/1/00. **Formula:** (2.60%) plus (3.1%) less (applicable interest rate) = special allowance rate.

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.

**Tax-exempt Loans**

Tax-exempt loans prior to 10/1/81

7%	.0250	.006250
9%	.0050	.001250
2.77% <sup>11</sup>	.0673	.016825
3.37% <sup>12</sup>	.0613	.015325
3.57% <sup>13</sup>	.0593	.014825
4.17% <sup>14</sup>	.0533	.013325
4.17% <sup>15,16</sup>	.0533	.013325
4.32% <sup>17</sup>	.0518	.012950
5.26% <sup>18</sup>	.0424	.010600
6% <sup>19</sup>	.0350	.008750
7%	.0250	.006250
8%	.0150	.003750
9%	.0050	.001250
10-14%	.0000	.000000

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- 11 Stafford loans made on/after 7/1/98 but prior to 7/1/06, *only* during the in-school, grace, and deferment periods.
  - 12 Stafford loans made on/after 7/1/98 but prior to 7/1/06, *except* during the in-school, grace and deferment periods.
  - 13 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.
  - 14 (a) 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, and (b) 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).
  - 15 (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).
  - 16 (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, and (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.*
  - 17 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).
  - 18 PLUS loans made on/after 7/1/94 but prior to 7/1/98.
  - 19 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.

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 to 7/1/06, <b>only</b> during in-school, grace and deferment.		
2.77%	.0175	.004375

Stafford loans from 1/1/00 to 7/1/06, <b>except</b> during in-school, grace and deferment.		
3.37%	.0175	.004375

Special allowance rate for PLUS loans - Formula: (2.78%) plus (2.64%) less (applicable interest rate) = annual special allowance rate. Since the current interest rate for PLUS loans is 5.26%, and does not exceed the 9% cap, no special allowance will be paid during the period 7/1/04 through 6/30/05.

Special allowance rate for consolidation loans – Formula: (2.78%) plus (2.64%) less (applicable interest rate) = annual special allowance rate.

The interest rate for consolidation loans for applications received on/after 1/1/00 but prior to 7/1/06 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.

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