

June 2006

DLB-06-05

Subject: Interest Rates for Direct Loan Program Loans

Dear Partner:

This bulletin provides the new interest rates for variable rate Direct Loan Program loans that will be in effect from July 1, 2006 through June 30, 2007. The bulletin also provides the interest rates for fixed rate Direct Loan Program loans.

Attached are charts that show the new interest rates for variable rate Direct Subsidized Loans, Direct Unsubsidized Loans, Direct Subsidized Consolidation Loans, Direct Unsubsidized Consolidation Loans, Direct PLUS Loans, and Direct PLUS Consolidation Loans. The charts also show how the new interest rates were determined using either the 91-day Treasury bill rate or the weekly average of a 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System and the appropriate add-on percentages.

All Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans with a first disbursement date on or after July 1, 2006, and all Direct Consolidation Loans for which the application was received on or after February 1, 1999 have a fixed interest rate. The interest rates for these loans are also included in the attached charts.

The interest rates are determined in accordance with Section 455(b) of the Higher Education Act of 1965, as amended (HEA). You can find the regulations for Direct Loan Program interest rates at 34 CFR 685.202(a).

Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Bill Leith
General Manager, Program Operations Channel