

DEC 28 2004

To: Lenders and Schools Participating in the Health Education Assistance Loan (HEAL) Program

Subject: Maximum HEAL Interest Rates for the Quarter Ending March 31, 2005 Lender Policy Memorandum L-2005-3

Section 60.13 (a)(4) of the HEAL Regulations requires the Secretary of Health and Human Services to announce the maximum quarterly interest rate in effect for HEAL loans.

For loans made before January 27, 1981, the variable interest rate is **5 5/8 percent.**

For variable rate loans executed on or after January 27, 1981 through October 21, 1985, the interest rate is **5 5/8 percent.**

For variable rate loans executed on or after October 22, 1985, the interest rate is **5 1/8 percent.**

The average bond equivalency rate for 91-day U.S. Treasury Bills during the period October 1, 2004 through December 31, 2004 was **2.056 percent.**

We have enclosed HEAL quarterly interest rates for the last four quarters. Interest rates since the inception of the program are available upon request.

If you have any questions regarding the HEAL interest or Treasury Bill rates, please do not hesitate to contact Mr. Richard Rind at (301) 443-3872.

Nancy Durham
Chief, HEAL Branch
Division of Health Careers Diversity
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Attachment

HEAL Variable Interest Rates

HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM

Division of Health Careers Diversity and Development

<u>Rates for</u> <u>Quarter Ending</u>	<u>Loans Made</u> <u>Prior to</u> <u>01/27/1981</u>	<u>Loans Made</u> <u>On or After</u> <u>01/27/1981*</u>	<u>Loans Made</u> <u>On or After</u> <u>10/22/1985**</u>
March 31, 2005	5 5/8%	5 5/8 %	5 1/8 %
December 31, 2004	5 1/8%	5 1/8 %	4 5/8 %
September 30, 2004	4 5/8%	4 5/8 %	4 1/8 %
June 30, 2004	4 1/2%	4 1/2 %	4 %

*Legislation Amended - 12 percent annual interest cap repealed - quarterly interest rate on loans made on or after 01/27/1981, became a floating rate based on 91-day T-Bill rate plus 3 1/2 percent.

**Legislation Amended - Variable interest rate calculation amended - quarterly interest rate on loans made on or after 10/22/1985 is based on loans made on a floating rate of the average 91-day T-Bill rate plus 3 percent.