

June 2003

DLB-03-24

**Subject: Interest Rates on Direct PLUS Loans and Direct PLUS Consolidation Loans
Disbursed before July 1, 1998**

Dear Partner,

This bulletin gives the new interest rate for Direct PLUS Loans and Direct PLUS Consolidation Loans disbursed before July 1, 1998. The interest rate in effect for the period July 1, 2003 through June 30, 2004 for Direct PLUS Loans and Direct PLUS Consolidation Loans disbursed before July 1, 1998 is 4.05 percent for all loan status.

The new interest rate is based on the interest rate formula given by statutory and regulatory authority defined in Section 455(b) of the Higher Education Act of 1965, as amended by the Consolidated Appropriations Act of 2001 and 34 CFR 685.202.

The attached chart shows the interest rate in effect for the period July 1, 2003 through June 30, 2004. The chart also shows how the new interest rate was derived using the weekly average of a 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System for the last calendar week ending on or before June 26 and the appropriate add-on percentage of 3.1 percent. On June 20, the weekly average of the 1-year constant maturity Treasury yield was 0.95 percent.

Sincerely,



Jane Holman
Acting Director, Title IV Delivery
Schools Channel

Attachment