

**New Interest Rates for Stafford and Parent Loans in the Direct Loan and
Federal Family Education Loan Programs
Effective July 1, 2003**

Below are interest rates that apply, effective July 1, 2003, to FFEL and Direct Loan Stafford (Student) and PLUS (Parent) loans that were disbursed on or after July 1, 1998. These rates were calculated based upon statutory formulas and equal the bond equivalent of the 91-day Treasury bills auctioned on May 28, 2003 plus certain statutory percentage add-ons. The 91-day Treasury bills were auctioned at 1.121 percent, rounded to 1.12 percent.

Loan Type	Status	Program			
		Direct Loans		FFEL	
		7/1/2002 to 6/30/2003	7/1/2003 to 6/30/2004	7/1/2002 to 6/30/2003	7/1/2003 to 6/30/2004
Subsidized Loans	Repayment or Forbearance	4.06	3.42	4.06	3.42
	In-school, Grace, or Deferment	3.46	2.82	3.46	2.82
Unsubsidized Loans	Repayment or Forbearance	4.06	3.42	4.06	3.42
	In-school, Grace, or Deferment	3.46	2.82	3.46	2.82
PLUS Loans (Parent Loans)	All	4.86	4.22	4.86	4.22

Notes:

- Interest rates on Stafford and PLUS loans disbursed before July 1, 1998 are calculated using different statutory formulas and or percentage add-ons.
- Generally, interest rates on Consolidation Loans are fixed rates calculated based on the weighted average of the loans being consolidated rounded up to the next higher 1/8 percent, not to exceed 8.25%.