

<b>AUCTION DATE</b>	<b>BOND EQUIVALENT RATE</b>
07/06/98	5.094%
07/13/98	5.114%
07/20/98	5.081%
07/27/98	5.053%
08/03/98	5.114%
08/10/98	5.073%
08/17/98	5.040%
08/24/98	5.050%
08/31/98	4.925%
09/08/98	4.917%
09/14/98	4.863%
09/21/98	4.757%
09/28/98	4.543%
<b>TOTAL</b>	64.624%
<b>AVERAGE = 4.97%</b>	

**Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

**Attachment B Includes:** Loans made or purchased with (a) funds obtained by the holder from the issuance, or refinancing, of obligations originally issued on/after 10/1/93, or (b) funds derived from default reimbursements, collections, interest, or other income resulting from loans made or purchased with such tax-exempt funds.

- I. -- Stafford (subsidized and unsubsidized), PLUS (fixed-rate; includes student-borrower component of the PLUS Program), and Consolidation loans:
- made prior to 10/1/81.

**Formula:** (4.97) plus (3.5%) less (applicable interest rate), rounded up to the nearest 1/8th of 1% = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE <sup>1</sup>	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD <sup>1</sup>
7%	.015	.00375
9%	.00	.000000

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<sup>1</sup> The "Special Allowance at Annual Rate" and "Special Allowance for 3-month Period" figures are shown as decimals throughout this memo, e.g., 0.5% (one-half of one percent) is shown as ".005", 1.5% (one and one-half percent) is shown as ".015", etc.

**Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

- II. -- Stafford (subsidized only) and PLUS (fixed-rate, includes student borrower component of the PLUS program) loans:
- made on/after 10/1/81, but prior to 10/17/86.
  - made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning prior to 11/16/86.
- Consolidation loans:
- made on/after 10/1/81, but prior to 11/16/86.
- Also, certain taxable obligations of South Carolina and Maine.

**Formula:** (4.97%) plus (3.5%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7%	.0147	.003675
8%	.0047	.001175
9%	.00	.000000
12%	.00	.000000
14%	.00	.000000

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- III. -- Stafford loans:
- (subsidized) made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning on/after 11/16/86.
  - (subsidized) made on/after 11/16/86, but prior to 10/1/92.
  - (unsubsidized, made pursuant to §428H of the Act) made prior to 10/1/92 for periods of enrollment beginning on/after 10/1/92.
- PLUS/SLS loans:
- (fixed-rate) made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning on/after 11/16/86.
  - (fixed-rate) made on/after 11/16/86, but prior to 7/1/87.
  - (variable-rate) made on/after 7/1/87, but prior to 10/1/92, *only* if the variable-rate for each July 1 - June 30 period reaches the statutory maximum of 12%.
- Consolidation loans:
- made on/after 11/16/86, but prior to 10/1/92.

**Formula:** (4.97%) plus (3.25%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7% <sup>1</sup>	.0122	.00305
8% <sup>2</sup>	.0022	.00055
8.26% <sup>3</sup>	.00	.000000
8.41% <sup>4</sup>	.00	.000000
9%	.00	.000000
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

**Also included for the period 7/1/98 - 6/30/99 (Fixed-rate Stafford loans that were subject to the "windfall profits" provisions of §427A(i)(3) or §427A(i)(1) of the Act and that have been converted to a variable rate):**

<sup>1</sup> Fixed-rate 7% Stafford loans (1992 Amendments).

<sup>2</sup> (a) Fixed-rate 8% Stafford loans and (b) 8/10% Stafford loans (prior to the 49<sup>th</sup> month of repayment)

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<sup>3</sup> (a) Fixed-rate 9% Stafford loans and (b) 8/10% Stafford loans (on/after the 49<sup>th</sup> month of repayment) (1992 Amendments).

<sup>4</sup> Fixed-rate 8/10% Stafford loans (on/after the 49<sup>th</sup> month of repayment) (1986 Amendments).

**See §427A(i)(7)(D) of the Act.**

- IV. -- Stafford loans:
- (subsidized) made on/after 10/1/92, but prior to 7/1/95.

**Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

- (unsubsidized) made on/after 10/1/92, but prior to 7/1/95, for periods of enrollment beginning on/after 10/1/92.
  - (subsidized and unsubsidized) made on/after 7/1/95 but prior to 7/1/98, *except* during the in-school, grace, and deferment periods.
- PLUS/SLS loans:
- (variable-rate) made on/after 10/1/92 but prior to 7/1/94, *only* if the variable-rate for each July 1 - June 30 period reaches the statutory maximum of 11% (SLS) or 10% (PLUS).
- PLUS loans:
- (variable-rate) made on/after 7/1/94 but prior to 7/1/98.
  - (variable-rate) made on or after 7/1/98 but prior to 10/1/98 (special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap).
- Consolidation loans:
- made on/after 10/1/92.

**Formula:** (4.97%) plus (3.1%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6% <sup>5</sup>	.0207	.005175
7% <sup>6</sup>	.0107	.002675
8% <sup>7</sup>	.0007	.000175

[continued...]

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<sup>5</sup> The 6% interest 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.

***Also included for the period 7/1/98 - 6/30/99 (Fixed-rate 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):***

<sup>6</sup> Fixed-rate 7% Stafford loans.

<sup>7</sup> (a) Fixed-rate 8% Stafford loans and (b) 8/10% Stafford loans (prior to the 49<sup>th</sup> month of repayment) (1992 Amendments).

***See §427A(i)(7)(D) of the Act.***

**Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

IV. [...continued]

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
8.25% <sup>8</sup>	.00	.000000
8.26% <sup>9</sup>	.00	.000000
8.53% <sup>10</sup>	.00	.000000
9%	.00	.000000
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

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***For the period 7/1/98 - 6/30/99:***

<sup>8</sup> (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, *except* during the in-school, grace & deferment periods.

<sup>9</sup> (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, and (b) fixed-rate 9% Stafford loans and 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; see §427A(i)(7)(D) of the Act (c) PLUS loans made on/after 7/1/98 but prior to 10/1/98.

<sup>10</sup> PLUS loans made on/after 7/1/94 but prior to 7/1/98.

**Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

- V. -- Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/95 but prior to 7/1/98, *only* during the in-school, grace, and deferment periods.

**Formula:** (4.97%) plus (2.5%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7.66%	.00	.000000

- VI. --Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/98 but prior to 10/1/98 *only* during the in-school, grace, and deferment periods.

**Formula:** (4.97%) plus (2.2%) less (applicable interest rate) = special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6.86%	.0031	.000775

- VII. --Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/98 but prior to 10/1/98, *except* during the in-school, grace, and deferment periods.

**Formula:** (4.97%) plus (2.8%) less (applicable interest rate) = special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7.46%	.0031	.000775

**Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

**Attachment C Includes:** Loans made or purchased with (a) funds obtained by the holder from the issuance, or refinancing, or obligations originally issued prior to 10/1/93, or (b) funds derived from default reimbursements, collections, interest, or other income resulting from loans made or purchased with such tax-exempt funds.

- I. -- Tax-exempt loans, otherwise eligible for special allowance, made on/after 10/1/80, but prior to 10/1/81.

**Formula:** (**4.97%**) plus (3.5%) less (applicable interest rate), rounded up to the nearest 1/8th of 1%, divided by two = annual special allowance rate, *however* the annual special allowance rate is *not less than* 2.5% (for 7% loans) and 0.5% (for 9% loans).

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7%	.025	.00625
9%	.005	.00125



**Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

II. -- Tax-exempt loans, otherwise eligible for special allowance, made on/after 10/1/81.

**Formula:** (4.97%) plus (3.5%) less (applicable interest rate), divided by two = annual special allowance rate, *however* the annual special allowance rate is *not less than*:

- For loans made prior to 10/1/92, 2.5% (for 7% loans), 1.5% (for 8% loans), and 0.5% (for 9% loans).
- For loans made on/after 10/1/92, 9.5% less the applicable interest rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6% <sup>12</sup>	.035	.00875
6.86% <sup>13</sup>	.0264	.0066
7% <sup>14</sup>	.025	.00625
7.46% <sup>15</sup>	.0204	.0051
7.66% <sup>16</sup>	.0184	.0046
8% <sup>17</sup>	.015	.00375

[continued...]

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<sup>12</sup> The 6% interest 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.

<sup>13</sup> **For the period 7/1/98 - 6/30/99:** Stafford loans made on/after 7/1/98 but prior to 10/1/98, *only* during the in-school, grace, and deferment periods.

<sup>14</sup> **Also included for the period 7/1/98 - 6/30/99:** 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, see §427A(i)(7)(D) of the Act.

<sup>15</sup> **For the period 7/1/98 - 6/30/99:** Stafford loans made on/after 7/1/98 but prior to 10/1/98, *except* during the in-school, grace and deferment periods.

<sup>16</sup> **For the period 7/1/98 - 6/30/99:** Stafford loans for which the first disbursement is made on/after 7/1/95, *only* during the in-school, grace, and deferment periods.

<sup>17</sup> **Also included for the period 7/1/98 - 6/30/99:** (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; see §427A(i)(7)(D) of the Act.

**Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)**

II. [...continued]

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
8.25% <sup>18</sup>	.0125	.003125
8.26% <sup>19</sup>	.0124	.0031
8.41% <sup>20</sup>	.0109	.002725
8.53% <sup>21</sup>	.0097	.002425
9%	.005	.00125
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

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***For the period 7/1/98 - 6/30/99:***

<sup>18</sup> (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, *except* during the in-school, grace & deferment periods.

<sup>19</sup> (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, and (b) fixed-rate 9% Stafford loans and 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; see §427A(i)(7)(D) of the Act (c ) PLUS loans made on/after 7/1/98 but prior to 10/1/98.

<sup>20</sup> 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.

<sup>21</sup> PLUS loans made on/after 7/1/94 but prior to 7/1/98.