



Unified Student Loan Policy

**Policy Proposal Approved at Governing Board Meeting
May 18, 2023**

To: *Common Manual* Governing Board Representatives
Interested Industry Groups and Others

From: Nancy Masten
Common Manual Policy Development and Maintenance Contractor (PDMC)

Re: *Common Manual* Policy Update
Batch 228: Proposal #1341

Date: May 18, 2023

In its May 18, 2023, meeting, the *Common Manual* Governing Board approved the policy proposal in Batch 228 (proposal number noted above).

The approved policy may now be implemented based on the effective date. The policy will be published in the following forums:

- Common bulletin language will be distributed for publication in about 10 days.
- The revised policy language will be included in the [Year] electronic (ECM) version of the *Common Manual*.

If you have any questions about the enclosed proposal please contact Nancy Masten via phone at 608-733-2581 or via email at policy@ascendiumeducation.org.

Enclosures:

Policy Proposal Transmittal
Common Manual Policy Proposal #1341

Common Manual Policy Proposal Batch 228 Transmittal**May 18, 2023**

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1341		The Manual is being updated to clarify that if a lender is charging a reduced rate based on the Servicemember Civil Relief Act (SCRA) and the loan was disbursed on or after July 1, 2008, the interest rate used for calculating special allowance payments is the 6% rate. The Manual is also being revised in Appendix A and related Figures to explain the use of the London Interbank Offered Rate (LIBOR) and the replacement Secured Overnight Financing Rate (SOFR) rates for calculating special allowance rates. It is also being revised to update information and references related to submitting the Lender's Interest and Special Allowance Request and Report (LaRS) form.	Federal	Lender's Interest and Special Allowance Request and Reports (LaRS reports) submitted for quarters ending on or after July 1, 2023.

Batch 228 (Approved)

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: May 11, 2023

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	No Changes	May 18, 2023

SUBJECT: Special Allowance Rates

AFFECTED SECTIONS: Appendix A Interest Benefits and Special Allowance
Figure A-1 Special Allowance Formulas
Figure A-3 Excess Interest Formulas
Figure A-5 LaRS Special Allowance and Interest Rate Reporting for FFELP Loans

POLICY INFORMATION: Y001/1341/Batch 228

EFFECTIVE DATE/TRIGGER EVENT: Lender’s Interest and Special Allowance Request and Reports (LaRS reports) submitted for quarters ending on or after July 1, 2023.

BASIS:

Consolidated Appropriations Act, 2012 (Pub. L. 112-74); Adjustable Interest Rate (LIBOR) Act, as part of the Consolidated Appropriations Act, 2022 (Pub. L. 117-103); HEA 438(b)(2)(I); 34 CFR 682.302(h); Dear Colleague Letter (DCL) GEN-22-12; LaRS form.

CURRENT POLICY:

Current policy states that if the lender charges the reduced SCRA interest rate for loans first disbursed on or after July 1, 2008, the lender *may* determine the applicable special allowance payment based on the loan’s actual 6% interest rate.

Current policy does not list the London Interbank Offered Rate (LIBOR) or the replacement Secured Overnight Financing Rate (SOFR) in Appendix A as rates used for calculating special allowance payments. Figures that outline special allowance rates do not list SOFR rates.

Current policy also contains outdated information and references related to LaRS reporting.

REVISED POLICY:

Revised policy states that if the lender charges the reduced SCRA interest rate for loans disbursed on or after July 1, 2008, the interest rate used for calculating special allowance payment is the actual 6% rate.

Revised policy incorporates the LIBOR and SOFR rates, including in the reference charts (Figures). It also updates information and references about submitting the LaRS form.

REASON FOR CHANGE:

To update the policy on the interest rate used to calculate special allowance when SCRA applies to loans first disbursed on or after July 1, 2008. Also, to incorporate the statutory changes that brought in the LIBOR and SOFR rates as replacement rates for the 3-month commercial paper rate, and update LaRS submission information and online Department references.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection A.2, page 4, column 2, paragraph 1, as follows:

If the lender charges the reduced interest rate based on SCRA provisions, and the loan was first disbursed on or after July 1, 2008, ~~then the lender may determine the applicable special allowance payment is based on the loan's actual 6% interest rate.~~ However, if the loan was disbursed prior to July 1, 2008, then the lender must continue to determine the special allowance payment based on the applicable (maximum) interest rate permitted in statute. See Subsection 10.9.B for more details regarding the parameters for granting the reduced interest rate.
[HEA 438(g); §682.302(h)]

Revise Subsection A.2.A, page 4, column 2, paragraphs 1 & 2, as follows:

Special Allowance Rates

Generally, the amount of special allowance that is payable on an eligible loan is determined by multiplying the average daily balance of principal and capitalized interest on the loan by the applicable special allowance rate. However, the lender also receives special allowance payment based on the average daily balance of the unpaid accrued interest for a loan on which the borrower has a partial financial hardship (PFH) as determined under the income-based repayment (IBR) plan.
[§682.302(a) and §682.215(b)(7)]

Special allowance rates are calculated and published quarterly by the Department. The formulas used to calculate the rates are exhibited on the following pages. The following factors are considered in the calculation of special allowance rates for a loan:

- The average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in the quarter (also called the 3-month commercial paper rate) for Stafford and PLUS loans first disbursed on or after January 1, 2000, and for Consolidation loans made from applications received by lenders on or after January 1, 2000.
 - For the calendar quarter beginning April 1, 2012, and each subsequent quarter through June 30, 2023, the 1-month London Interbank Offered Rate (LIBOR) is permitted as a substitute for the 3-month commercial paper rate.
 - For the calendar quarter beginning July 1, 2023, and each subsequent quarter, the Secured Overnight Financing Rate (SOFR) must be used for loans that had their special allowance payments based on LIBOR. The daily rate is determined by adding the tenor spread adjustment of 0.11448 percent to the 30-day SOFR quoted rate. However, adjustments of previously reported special allowance will be calculated based on the special allowance rate in effect during that quarter.
- The average bond equivalent of the 91-day Treasury bills auctioned during the quarter (also called the T-bill rate) for Stafford and PLUS loans first disbursed prior to January 1, 2000, and for Consolidation loans made from applications received by lenders before January 1, 2000.
- A factor prescribed by law for each category of loans. This factor is added to the applicable T-bill or 3-month commercial paper rate (or substitute LIBOR rate or SOFR rate and the spread of 0.11448 percent, as applicable) for the quarter.

Revise Subsection A.2.A, page 5, column 1, paragraph 1, as follows:

- The applicable statutory interest rate for the loan. However, the applicable interest rate for the unpaid accrued interest on a loan subject to IBR is zero. This rate is subtracted from the sum of the appropriate factor and the applicable T-bill or 3-month commercial paper rate (or substitute LIBOR rate or SOFR rate and the spread of 0.11448 percent, as applicable).

Revise Subsection A.3.A, page 15, column 2, paragraph 1, as follows:

Completing the LaRS Report

...

An on-line version of the report and its instructions can be found at the ~~Department's~~ Financial Partners Portal section of the Department's Knowledge Center. General instructions, and instructions for completing page 1 and each part of the paper LaRS report are included after the last page of the report.

Revise Subsection A.3.A, page 15, column 2, paragraph 6, as follows:

Submitting the LaRS Report

...

If a lender is submitting a paper LaRS report, the report should be ~~sent to the Processing Center at the address on the first page of the report. Because the Processing Center uses a post office box number, the lender must send its reports via the U.S. Postal Service (commercial couriers such as Federal Express, Airborne, and United Parcel Service cannot make deliveries to post office boxes). If the lender wants to send reports by overnight mail, it must use the Express Mail service provided by the U.S. Postal Service (in some cities, overnight delivery may not be available) emailed to the Department at FSA_LR@ed.gov. Faxed and mailed copies of the LaRS report are not accepted.~~

Revise Subsection A.3.A, page 16, column 1, paragraph 1, as follows:

Lenders may refer to the *LaRS External Users Guide* on the ~~Department's~~ Financial Partners Portal at <http://www.fp.ed.gov/Manuals.html> section of the Department's Knowledge Center. Lenders needing further assistance may also contact the Department's office of Federal Student Aid (FSA) at 1-800-275-3477, ~~Option 3,~~ or by email at FMSOperations@ed.gov FSA_LR@ed.gov.

Revise Subsection A.3.A, page 16, column 1, paragraph 4, as follows:

Part I: Loan Origination and Lender Loan Fees

In this part, the lender reports ~~the amount of funds disbursed during the quarter and the amount of loan origination fees and lender loan fees due to the Department on disbursements of FFELP loans~~ any adjustment activity that may be necessary. For more information on origination fees and reporting requirements, see Subsection 3.5.A and Section 7.9.

Revise Figures A-1, A-3, and A-5 – see attachments.

PROPOSED LANGUAGE - COMMON BULLETIN:

Special Allowance Rates

The Manual is being updated to clarify that if a lender is charging a reduced rate based on the Servicemember Civil Relief Act (SCRA) and the loan was disbursed on or after July 1, 2008, the interest rate used for calculating special allowance payments is the 6% rate. The Manual is also being revised in Appendix A and related Figures to explain the use of the London Interbank Offered Rate (LIBOR) and the replacement Secured Overnight Financing Rate (SOFR) rates for calculating special allowance rates. It is also being revised to update information and references related to submitting the Lender's Interest and Special Allowance Request and Report (LaRS) form.

GUARANTOR COMMENTS:

None

IMPLICATIONS:

Borrower: None.

School: None.

Lender/Servicer: Lenders and servicers have more up-to-date and accurate information related to special allowance rates and submitting the LaRS report.

Guarantor: None.

U.S. Department of Education: None.

To be completed by the Policy Development and Maintenance Contractor (PDMC)

POLICY CHANGE PROPOSED BY:

PDMC

DATE SUBMITTED TO POLICY DEVELOPMENT AND MAINTENANCE CONTRACTOR:

August 2022

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

May 11, 2023

PROPOSAL DISTRIBUTED TO:

CM Governing Board

CM Guarantor Designees

Interested Industry Groups and Others

Comments Received from:

PHEAA, PPSV, and VSAC

Responses to Comments

All commenters supported the proposal as written.

Special Allowance Formulas

Figure A-1

FORMULA 1

ELIGIBLE NOT-FOR-PROFIT HOLDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.34% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

OTHER ELIGIBLE LENDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.19% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- Stafford loans first disbursed on or after October 1, 2007, when such loans are in periods of in-school, grace, or deferment (during all other periods, special allowance is calculated using Formula 2 below).

FORMULA 2

ELIGIBLE NOT-FOR-PROFIT HOLDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.94% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

OTHER ELIGIBLE LENDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.79% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- Stafford loans first disbursed on or after October 1, 2007, except when such loans are in periods of in-school, grace, or deferment (in which case special allowance is calculated using Formula 1 above).

FORMULA 3

NOT-FOR-PROFIT HOLDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.94% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

OTHER ELIGIBLE LENDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.79% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- PLUS Loans first disbursed on or after October 1, 2007.

FORMULA 4

ELIGIBLE NOT-FOR-PROFIT HOLDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.24% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

OTHER ELIGIBLE LENDERS
 (AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.09% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- Consolidation loans first disbursed on or after October 1, 2007

FORMULA 5

(AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.74% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- Stafford loans first disbursed on or after January 1, 2000, when such loans are in periods of in-school, grace, or deferment (during all other periods, special allowance is calculated using Formula 6 below).

FORMULA 6

(AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.34% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- Stafford loans first disbursed on or after January 1, 2000, except when such loans are in periods of in-school, grace, or deferment (in which case special allowance is calculated using Formula 5 above).

FORMULA 7

(AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.64% – APPLICABLE INTEREST RATE OF THE LOAN) ÷ 4

- PLUS loans first disbursed on or after January 1, 2000
- Consolidation loans made from applications received by lenders on or after January 1, 2000.

¹ Substitute LIBOR or SOFR rate and the spread of 0.11448%, as applicable

FORMULA 8

$$(\text{AVERAGE 91-DAY T-BILL} + 2.2\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Stafford loans first disbursed on or after July 1, 1998, but before January 1, 2000, when such loans are in periods of in-school, grace, or deferment (during all other periods, special allowance is calculated using Formula 9 below).

FORMULA 9

$$(\text{AVERAGE 91-DAY T-BILL} + 2.8\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Stafford loans first disbursed on or after July 1, 1998, but before January 1, 2000, except when such loans are in periods of in-school, grace, or deferment (in which case special allowance is calculated using Formula 8 above).

FORMULA 10

$$(\text{AVERAGE 91-DAY T-BILL} + 2.5\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Stafford loans first disbursed on or after July 1, 1995, but before July 1, 1998, when such loans are in periods of in-school, grace, or deferment (during all other periods, special allowance is calculated using Formula 11 below).

FORMULA 11

$$(\text{AVERAGE 91-DAY T-BILL} + 3.1\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Subsidized and unsubsidized Stafford loans first disbursed on or after July 1, 1995, but before July 1, 1998, except when such loans are in periods of in-school, grace, or deferment (in which case special allowance is calculated using Formula 10 above).
- Subsidized Stafford loans first disbursed on or after October 1, 1992, but before July 1, 1995.
- Unsubsidized Stafford loans first disbursed on or after October 1, 1992, but before July 1, 1995, for periods of enrollment beginning on or after October 1, 1992.
- PLUS loans first disbursed on or after October 1, 1992, but before January 1, 2000.
- SLS loans first disbursed on or after October 1, 1992.
- Consolidation loans made on or after October 1, 1992, from applications received by lenders before January 1, 2000.

FORMULA 12

$$(\text{AVERAGE 91-DAY T-BILL} + 3.25\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Subsidized Stafford loans first disbursed on or after November 16, 1986, but before October 1, 1992.
- Unsubsidized Stafford loans first disbursed before October 1, 1992, for periods of enrollment beginning on or after October 1, 1992.
- Variable rate PLUS/SLS loans first disbursed before October 1, 1992.
- Fixed rate PLUS/SLS loans first disbursed on or after November 16, 1986, but before July 1, 1987.
- Subsidized Stafford loans and fixed-rate PLUS/SLS loans first disbursed on or after October 17, 1986, but before November 16, 1986, for periods of enrollment beginning on or after November 16, 1986.
- Consolidation loans made on or after November 16, 1986, but before October 1, 1992.

FORMULA 13

$$(\text{AVERAGE 91-DAY T-BILL} + 3.5\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

- Subsidized Stafford loans and fixed-rate PLUS/SLS loans first disbursed on or after October 17, 1986, but before November 16, 1986, for periods of enrollment beginning before November 16, 1986.
- Subsidized Stafford loans and fixed-rate PLUS loans first disbursed on or after October 1, 1981, but before October 17, 1986.
- Consolidation loans made on or after October 1, 1986, but before November 16, 1986.

FORMULA 14

$$(\text{AVERAGE 91-DAY T-BILL} + 3.5\% - \text{APPLICABLE INTEREST RATE OF THE LOAN}) \div 4$$

This amount should be rounded up to the nearest 1/8 of 1%*, and the result should be divided by 4.

- Subsidized and Nonsubsidized Stafford loans, and fixed-rate PLUS loans, first disbursed before October 1, 1981.
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- Decimal equivalents are: 0.125, 0.250, 0.375, 0.500, 0.625, 0.750, 0.875, or the next whole percent.

FORMULA 1

ELIGIBLE NOT-FOR-PROFIT HOLDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.94%*) ÷ 4

OTHER ELIGIBLE LENDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.79%*) ÷ 4

- Stafford loans first disbursed on or after October 1, 2007, when such loans are in repayment.

FORMULA 2

ELIGIBLE NOT-FOR-PROFIT HOLDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.34%*) ÷ 4

OTHER ELIGIBLE LENDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.19%*) ÷ 4

- Stafford loans first disbursed on or after October 1, 2007, when such loans are in an in-school, grace, or deferment period.

FORMULA 3

ELIGIBLE NOT-FOR-PROFIT HOLDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.94%*) ÷ 4

OTHER ELIGIBLE LENDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.79%*) ÷ 4

- PLUS Loans first disbursed on or after October 1, 2007.

FORMULA 4

ELIGIBLE NOT-FOR-PROFIT HOLDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.24%*) ÷ 4

OTHER ELIGIBLE LENDERS

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.09%*) ÷ 4

- Consolidation loans first disbursed on or after October 1, 2007.

FORMULA 5

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.34%*) ÷ 4

- Stafford loans first disbursed on or after April 1, 2006, and prior to October 1, 2007, when such loans are in repayment.

FORMULA 6

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 1.74%*) ÷ 4

- Stafford loans first disbursed on or after April 1, 2006, and prior to October 1, 2007, when such loans are in an in-school, grace, or deferment period.

FORMULA 7

(APPLICABLE INTEREST RATE OF THE LOAN – AVERAGE 3-MONTH COMMERCIAL PAPER RATE¹ + 2.64%*) ÷ 4

- Consolidation and PLUS loans first disbursed on or after April 1, 2006, and prior to October 1, 2007.

- The average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in the quarter (also called the 3-month commercial paper rate) as reported by the Federal Reserve in Publication H-15 for each quarter plus the indicated percentage is known as the special allowance support level.

¹ Substitute LIBOR rate or SOFR rate and the spread of 0.11448%, as applicable

LaRS Special Allowance and Interest Rate Reporting for FFELP Loans

Figure A-5

LaRS Special Allowance and Interest Rate Reporting For FFELP Loans			
Loan Type Code		Special Allowance Factor	
SF 1	Subsidized Stafford and Subsidized FISL loans	SA	3.50% round up to 1/8%
PL	PLUS (parent) loans and Grad PLUS loans	SL	3.10%
PL 2	PLUS (student) and ALAS loans	SB	3.50%
SU	Unsubsidized Stafford loans	CA, CE, LA, LE, EA, FE	1.74%
SL	SLS loans	SD	3.25%
SL 3	PLUS (student) and ALAS loans	SE, SG	3.10%
CL	Consolidation loans	SH	2.50% / 3.10% (see below)
		SJ	2.20%
		SK	2.80%
		CB, CF, LB, LF, FB, FF	2.34%
		CC, CG, LC, LG, FC, FG	2.64%
		CD, CH, LD, LH, FD, FH	2.64
		CJ, CM, LJ, LM, EJ, EM	1.79%
		CI, LI, FI, ENFP 6	1.34%
		CJ, CM, LJ, LM, FI, FM, ENFP 6	1.94%
		CK, LK, FK, ENFP 6	2.24%
		X* 4,7	3.5%
Special Allowance Codes - For loans made or purchased with taxable funds or tax-exempt funds not subject to the minimum/maximum rules ⁴			
SA	All loans first disbursed prior to 10-1-1981. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)	SB	All loans first disbursed on/after 10-1-1981 through 10-16-1986 and loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date prior to 11-16-1986. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4)
SC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods included 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)	SD	All loans first disbursed on/after 10-17-1986 through 11-15-1986 with a loan period begin date on/after 11-16-1986, and loans first disbursed on/after 11-16-1986 through 9-30-1992. (Formula: Average 91-day Tbill + 3.25% - Interest Rate / 4)
SE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 91-day Tbill + 3.10% - Interest Rate / 4)	SG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 91-day Tbill + 3.10% - Interest Rate / 4)
SH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment status, and PLUS loans first disbursed on/after 7-1-1998 through 12-31-1999. (Stafford Formula: Average 91-day Tbill + 2.50% - Interest Rate / 4) (PLUS Formula: Average 91-day Tbill + 3.10% - Interest Rate / 4)	SJ	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in school, grace, or deferment status. (Formula: Average 91-day Tbill + 2.20% - Interest Rate / 4)
SK	All Stafford loans first disbursed on/after 7-1-1998 through 12-31-1999 while in a status other than in-school, grace or deferment status. (Formula: Average 91-day Tbill + 2.80% - Interest Rate / 4)	SL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through 12-31-1999. (Formula: Average 91-day Tbill + 3.10% - Interest Rate / 4)
CA	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4)	CB	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4)
LA ⁹	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average 1-month LIBOR + 1.74% - Interest Rate / 4)	LB ⁹	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average 1-month LIBOR + 2.34% - Interest Rate / 4)
FA ¹⁰	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in school, grace, or deferment status. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.74% - Interest Rate / 4)	FB ¹⁰	All Stafford loans first disbursed on/after 1-1-2000 through 3-31-2006 while in a status other than in-school, grace, or deferment status. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.34% - Interest Rate / 4)
CC	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)	CD	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4)
LC ⁹	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average 1-month LIBOR + 2.64% - Interest Rate / 4)	LD ⁹	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average 1-month LIBOR + 2.64% - Interest Rate / 4)
FC ¹⁰	Consolidation loans based on applications received by the lender on/after 1-1-2000 through first disbursed on/before 3-31-2006. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.64% - Interest Rate / 4)	ED ¹⁰	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.64% - Interest Rate / 4)
CE	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in school, grace, or deferment status. (Formula: Average 3-month CP + 1.74% - Interest Rate / 4, subject to excess interest rebates)	CF	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in a status other than in-school, grace, or deferment status. (Formula: Average 3-month CP + 2.34% - Interest Rate / 4, subject to excess interest rebates)
LE ⁹	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in school, grace, or deferment status. (Formula: Average 1-month LIBOR + 1.74% - Interest Rate / 4, subject to excess interest rebates)	LF ⁹	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in a status other than in-school, grace, or deferment status. (Formula: Average 1-month LIBOR + 2.34% - Interest Rate / 4, subject to excess interest rebates)
FE ¹⁰	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in school, grace, or deferment status. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.74% - Interest Rate / 4, subject to excess interest rebates)	EF ¹⁰	All Stafford loans first disbursed on/after 4-1-2006 through 9-30-2007 while in a status other than in-school, grace, or deferment status. (Formula: Averages of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.34% - Interest Rate / 4, subject to excess interest rebates)
CG	Consolidation loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)	CH	PLUS loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average 3-month CP + 2.64% - Interest Rate / 4, subject to excess interest rebates)
LG ⁹	Consolidation loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average 1-month LIBOR + 2.64% - Interest Rate / 4, subject to excess interest rebates)	LH ⁹	PLUS loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average 1-month LIBOR + 2.64% - Interest Rate / 4, subject to excess interest rebates)
FG ¹⁰	Consolidation loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.64% - Interest Rate / 4, subject to excess interest rebates)	EH ¹⁰	PLUS loans first disbursed on/after 4-1-2006 through 9-30-2007. (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.64% - Interest Rate / 4, subject to excess interest rebates)
CI	All Stafford loans first disbursed on/after 10-1-2007 through 6-30-2010 while in school, grace, or deferment status, including loans held by an ENFP ⁶ . (Formula: Average 3-month CP + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.34% - Interest Rate / 4, subject to excess interest rebates)	CJ	All Stafford loans first disbursed on/after 10-1-2007 through 6-30-2010 while in a status other than in-school, grace, or deferment status, including loans held by an ENFP ⁶ . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)

LI ⁹	All Stafford loans first disbursed on/after 10-1-2007 through 6-30-2010 while in school, grace, or deferment status, including loans held by an ENFP ⁶ . (Formula: Average 1-month LIBOR + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 1-month LIBOR + 1.34% - Interest Rate / 4, subject to excess interest rebates)	LJ ⁹	All Stafford loans first disbursed on/after 10-1-2007 through 6-30-2010 while in a status other than in-school, grace, or deferment status, including loans held by an ENFP ⁶ . (Formula: Average 1-month LIBOR + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 1-month LIBOR + 1.94% - Interest Rate / 4, subject to excess interest rebates)
FI ¹⁰	All Stafford loans first disbursed on/after 10-1-2007 through 6-30-2010 while in school, grace, or deferment status, including loans held by an ENFP ⁶ . (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.19% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding the tenor spread adjustment of 0.11448% + 1.34% - Interest Rate / 4, subject to excess interest rebates)	EI ¹⁰	All Stafford first disbursed on/after 10-1-2007 through 6-30-2010 while in a status other than in-school, grace or deferment status, including loans held by an ENFP ⁶ . (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.94% - Interest Rate / 4, subject to excess interest rebates)
CK	Consolidation loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average 3-month CP + 2.09% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 2.24% - Interest Rate / 4, subject to excess interest rebates)	CM	PLUS loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average 3-month CP + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 3-month CP + 1.94% - Interest Rate / 4, subject to excess interest rebates)
LK ⁹	Consolidation loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average 1-month LIBOR + 2.09% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 1-month LIBOR + 2.24% - Interest Rate / 4, subject to excess interest rebates)	LM ⁹	PLUS loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average 1-month LIBOR + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average 1-month LIBOR + 1.94% - Interest Rate / 4, subject to excess interest rebates)
FK ¹⁰	Consolidation loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.09% - Interest Rate / 4, subject to excess interest rebates. (ENFP Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 2.24% - Interest Rate / 4, subject to excess interest rebates)	FM ¹⁰	PLUS loans first disbursed on/after 10-1-2007 through 6-30-2010, including loans held by an ENFP ⁶ . (Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.79% - Interest Rate / 4, subject to excess interest rebates) (ENFP Formula: Average of the quotes of the 30-day SOFR rate adjusted daily by adding tenor spread adjustment of 0.11448% + 1.94% - Interest Rate / 4, subject to excess interest rebates)

LaRS Special Allowance and Interest Rate Reporting for FFELP Loans (continued)

Special Allowance Codes - For loans made or purchased with tax exempt funds subject to the minimum/maximum rules ⁴			
SA	All loans first disbursed prior to 10-1-1980. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4, rounded up to the nearest 1/8 percent)	XA	All loans first disbursed on/after 10-1-1980 through 9-30-1981. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XB	All loans first disbursed on/after 10-1-1981 through 9-30-1992. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	XC	All loans first disbursed during sequester periods (1st four quarters after first disbursement). These sequester periods include 3-1-1986 to 9-30-1986 and 10-1-1989 to 12-31-1989. (Formulas no longer in effect)
XE	All loans first disbursed on/after 10-1-1992 through 6-30-1994, and consolidation loans based on applications received by the lender prior to 11-13-1997. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	XG	All Stafford and PLUS loans first disbursed on/after 7-1-1994 through 6-30-1998 (except Stafford loans while in school, grace, or deferment) and consolidation loans based on applications received by the lender on/after 11-13-1997 through 9-30-1998. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XH	All Stafford loans first disbursed on/after 7-1-1995 through 6-30-1998 while in school, grace, or deferment, and PLUS loans first disbursed on/after 7-1-1998 through 3-31-2006 ^{4,7} , for quarters prior to 4-1-2006. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	XJ	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 ^{4,7} while in school, grace, or deferment. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XK	All Stafford loans first disbursed on/after 7-1-1998 through 3-31-2006 ^{4,7} while in a status other than in-school, grace or deferment. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)	XL	Consolidation loans based on applications received by the lender on/after 10-1-1998 through first disbursement on/before 3-31-2006 ^{4,7} . (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)
XM	All Stafford loans first disbursed on/after 4-1-2006 through 6-30-2010 while in school, grace, or deferment, held by lenders eligible for the HERA of 2005 special exemptions ⁷ . (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)	XN	All Stafford loans first disbursed on/after 4-1-2006 through 6-30-2010 while in a status other than in-school, grace or deferment, held by lenders eligible for the HERA of 2005 special exemptions ⁷ . (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XO	Consolidation loans first disbursed on/after 4-1-2006 through 6-30-2010, held by lenders eligible for the HERA of 2005 special exemptions ⁷ . (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)	XP	PLUS loans first disbursed on/after 4-1-2006 through 6-30-2010, held by lenders eligible for the HERA of 2005 special exemptions ⁷ . (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater, subject to excess interest rebates)
XQ	PLUS loans first disbursed on/after 1-1-2000 through 3-31-2006 ^{4,7} , for quarters beginning on/after 4-1-2006, which loans would have been reported under the "XH" category for quarters prior to 4-1-2006. (Formula: Average 91-day Tbill + 3.50% - Interest Rate / 4 / 2, or 9.50% - Interest Rate, whichever is greater)		

Interest Rate Codes	
.07	Fixed-rate Stafford loans for borrowers who acquired their first loan for a period of enrollment that began prior to 1-1-1981.
Fixed	All fixed-rate Stafford, FISL, PLUS, SLS, and ALAS loans made prior to 7-1-1994, other than the Stafford loans listed above, and all Consolidation loans based on applications received by the lender prior to 11-13-1997. Report the applicable rate with two decimal places.
Fixed	Consolidation loans based on applications received by the lender on or after 10-1-1998 where the fixed interest rate is a weighted average of the underlying loan interest rates rounded up to the nearest 1/8 of a percent. Report the applicable fixed interest rate of the loan with five decimal places.
CVAR	PLUS and SLS loans made prior to 7-1-1987 that were refinanced to a calendar-year variable rate, where the interest rate changes each January 1.
VAR	PLUS and SLS loans with first made on or after 7-1-1987, but before 10-1-1992, and PLUS and SLS loans made prior to 7-1-1987 that were refinanced to a standard variable rate, where the interest rate changes each July 1.
EVAR	All Stafford, PLUS, and SLS loans that were guaranteed as variable rate loans with first disbursements on or after 10-1-1992, where the interest rate changes each July 1. Also, Consolidation loans (non-HEAL portions) based on applications received by the lender between 11-13-1997 and 9-30-1998, inclusive, and HEAL portions of Consolidation loans based on applications received by the lender on or after 11-13-1997, where the interest rate changes each July 1.
FVAR#	Stafford loans that were originally guaranteed as fixed rate loans, but were converted to a variable rate, where the interest rate now changes each July 1. Includes 8/10% loans except for those that fall under the FVARX category. FVAR# includes FVAR7, FVAR8, FVAR9, FVAR10.
FVARX	FFELP Stafford loans with an 8/10% interest rate first disbursed to prior borrowers on or after 7-23-1992 but before 10-1-1992, when such loans reach the 49 th month of repayment and beyond.
.068	Stafford loans (subsidized and unsubsidized) made on or after 7-1-2006 (except subsidized Stafford loans made to undergraduate students as noted below).
.085	All PLUS loans (parent and Grad) made on or after 7-1-2006.
.060	Subsidized Stafford loans made to undergraduate students on or after 7-1-2008 through 6-30-2009.
.060 ⁸	All FFELP loan types first disbursed on or after 7-1-2008 that are subject to the SCRA interest rate limitation.
.056	Subsidized Stafford loans made to undergraduate students on or after 7-1-2009 through 6-30-2010.

FLSF_060 ¹⁰									
FLSF_060 ¹⁰									
FLSF_056 ¹⁰									
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LaRS Special Allowance and Interest Rate Reporting for FFELP Loans *(continued)*

Notes	
1	Stafford Nonsubsidized and FISL Nonsubsidized loans disbursed prior to 10-1-1981 are included within SF loan types.
2	Loans disbursed prior to 10-17-1986 and unable to be distinguished from PLUS (parent) loans.
3	Loans disbursed prior to 10-17-1986 and able to be distinguished from PLUS (parent) loans.
4	Loans originally made or purchased with tax-exempt funds originally issued prior to 10-1-1993 receive ½ the regular special allowance rate but not less than 9.5% minus the applicable interest rate. Loans made or purchased with tax-exempt funds originally issued on or after 10-1-1993, loans held in tax-exempt bond issues that were refunded on or after 10-1-2004, and loans made or purchased on or after 2-8-2006 regardless of funding source (except those held by lenders eligible for the HERA of 2005 special exemptions), receive regular special allowance and must be reported using the taxable special allowance codes.
5	PLUS and SLS loans first disbursed on/after 7-1-1987 but before 7-1-1994, and PLUS loans first disbursed on/after 7-1-1998 but before 1-1-2000 do not receive any special allowance if the annual interest rate calculation does not exceed the applicable maximum interest rate. PLUS loans first disbursed on/after 1-1-2000 will receive special allowance for quarters beginning 4-1-2006, even if the annual interest rate calculation does not exceed the applicable maximum interest rate.
6	Eligible Not-For-Profit (ENFP) holders may receive the increased Special Allowance Factor on loans made on or after October 1, 2007 if they meet the statutory and regulatory requirements for ENFP holders and are designated as such in the Department of Education's Lender Reporting System (LaRS).
7	The HERA created a special exception for loans made or purchased through December 31, 2010, if the holder (1) Was, as of February 8, 2006, and during the quarter for which the special allowance is paid, a unit of the state or local government or a nonprofit private entity; (2) Was, as of February 8, 2006, and during the quarter, not owned or controlled by, or under the common ownership or control with, a for-profit entity; and (3) Held, directly or through any subsidiary, affiliate, or trustee, a total unpaid balance of principal equal to or less than \$100 million on loans for which special allowances were paid under section 438(b)(2)(B) in the most recent quarterly payment prior to September 30, 2005. Loans eligible for this special exception must have been first disbursed on or after April 1, 2006 but before July 1, 2010.
8	FFELP loans first disbursed on/after 7-1-2008 must be reported at the 6% rate when a borrower's interest rate is limited to 6% under the Servicemembers Civil Relief Act if the loan's applicable rate is higher than 6%. This also includes subsidized Stafford loans to graduates that have a 6.8% applicable rate.
9	Section 309(e) of the Consolidated Appropriations Act, 2012 (Public Law 112-74) amended section 438(b)(2)(I) of the HEA to allow lenders or beneficial owners of FFEL Program loans to substitute the 1-month London Inter Bank Offered Rate (LIBOR) for the 3-month commercial paper rate for the purposes of Special Allowance Payment calculations on certain FFEL Program loans, for the calendar quarter beginning April 1, 2012 and each subsequent quarter. All loans for which the first disbursement was made on or after January 1, 2000 and before July 1, 2010 are eligible for the LIBOR calculation if a valid waiver was filed with the Department by the April 1, 2012 deadline.
10	<u>Section 109 of the Adjustable Interest Rate (LIBOR) Act, as part of the Consolidated Appropriations Act, 2022 (Public Law 117-103), amended section 438(b)(2)(I) of the HEA to require holders (or beneficial owners) of FFELP Program loans using LIBOR for the purposes of Special Allowance Payment calculations on certain FFELP Program loans to substitute the average of the 30-day Secured Overnight Financing Rate (SOFR) rate that is adjusted daily by adding the tenor spread adjustment of 0.11448% for the LIBOR rate, effective for the calendar quarter beginning July 1, 2023.</u>