

MAR 3 1 1998

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

Subject: Maximum **HEAL** Interest Rates for the Quarter Ending
June 30, 1998
Lender Policy Memorandum L-1998-9
School Policy Memorandum S-1998-6

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 **8 3/4 percent**.

For variable rate loans executed on or after January 27, 1981 through October 21, 1985, the interest rate is **8 3/4 percent**.

For fixed rate loans executed during the period April 1, 1998 through June 30, 1998 and for variable rate loans executed on or after October 22, 1985, the interest rate is **8 1/4 percent**.

The average bond equivalency rate for 91-day U.S. Treasury Bills during the period January 1, 1998 through March 31, 1998 was **5.19 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 interest or Treasury Bill rates, please do not hesitate to contact Ms. Sarah Moore at (301) 443-0603 or Ms. Anna E. Gatling at (301)443-1023.

Stephen J. Boehlert
Associate Division Director, **HEAL**
Division of Student Assistance

Attachment

HEAL Variable Interest Rates

HEALTH EDUCATION ASSISTANCE LOAN (HEAL) PROGRAM

Division of Student Assistance

Rates for Quarter Ending	Loans Made Prior to 01/27/1981	Loans Made On or After 01/27/1981*	Loans Made On or After 10/22/1985**
June 30, 1998	83/4%	83/4%	81/4%
March 31, 1998	83/4%	83/4%	81/4%
December 31, 1997	83/4%	83/4%	81/4%
September 30, 1997	83/4%	83/4%	81/4%

*Legislation Amended - 12 percent annual interest cap repealed - quarterly interest rate on loans made on or after 01/27/1981, became a floating rate based on 91-day T-Bill rate plus 3 1/2 percent.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