

## Loan Explanation

## 2019 – 2020

**FEDERAL DIRECT STUDENT LOAN PROGRAM**

The low-interest loan program is administered by Yale and provided by the U.S. government directly to students. The basic eligibility requirements are; you must be a U.S. citizen or permanent resident, not be in default on a federal loan, be enrolled or plan to enroll at least half-time, and maintain satisfactory academic progress.

**FEDERAL DIRECT UNSUBSIDIZED LOAN PROGRAM**

Available to students regardless of need. The interest on a Federal Direct Unsubsidized Loan accrues from the day the loan is disbursed and is always the responsibility of the borrower. Students can choose to let this in-school interest accrue or pay it quarterly. In order to minimize the cost of borrowing, students are encouraged to pay the quarterly interest if at all possible. Unpaid accrued interest will be capitalized (i.e. added to the outstanding principal balance) at the end of the grace period, prior to the onset of repayment.

The federal government charges an origination fee equal to 1.062% of the loan amount as of October 1, 2018. Loan origination fees are subject to change based on funding uncertainties at the federal level.

YEAR IN SCHOOL	LOAN LIMIT UNSUBSIDIZED	INTEREST RATES UNSUBSIDIZED
MD 1 <sup>st</sup> and 4 <sup>th</sup> year ( <i>nine-month budget</i> )	\$40,500	6.6%*
MD 2 <sup>nd</sup> 3 <sup>rd</sup> and 5 <sup>th</sup> year ( <i>twelve-month budget</i> )	\$47,167	6.6%*
PA	\$20,500	6.6%*

\*Interest rate as of July 1, 2018 subject to change on July 1.

**YALE SCHOOL OF MEDICINE ALUMNI LOAN (YUSL)** *Medical School Only*

The loan is made with School of Medicine funds and is not subject to federal guarantees or interest subsidies. The basic eligibility requirements are: you must be a U.S. citizen or permanent resident, not be in default on a federal loan, be enrolled or plan to enroll at least half-time, and maintain satisfactory academic progress. The YUSL is based on demonstrated financial need and the Financial Aid Office determines eligibility for the loan. The current interest rate is fixed at 7.5%. The University requires a credit worthy cosigner for the loan. The cosigner must be a U.S. citizen or permanent resident and at least 21 years old, and may be a parent or other financially responsible person (but may not be a student or your spouse). The loan is interest free while you are in school and for the six month grace period before repayment begins. The loan can be deferred for up to two years during medical residency. If you are eligible for the YUSL, you will be notified on your financial aid award letter.

**FEDERAL DIRECT GRADUATE PLUS LOAN**

The loan is available to students regardless of need. You must demonstrate good credit in order to qualify for the loan. You can not borrow more than the difference between the cost of attendance and all forms of financial aid, including any Direct Unsubsidized Loan. The interest accrues from the day the loan is disbursed and is always the responsibility of the borrower. The current interest rate is fixed at 7.6% as of July 1, 2018 and is subject to change on July 1. The interest rate will be established based on the 10-year Treasury bill rate as of June 1, 2018. There is a 4.248% origination fee as of October 1, 2018. Loan origination fees are subject to change based on funding uncertainties at the federal level.

