



STUDENT FINANCIAL SERVICES

The Foundation of the Pennsylvania Medical Society

Frequently Asked Questions

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Applying for a Medical Student Loan

1. **Am I eligible for a Foundation medical student loan?**

You qualify for a Foundation medical student loan if you meet the following criteria:

- Are a United States citizen
- Are a bona fide resident of Pennsylvania for at least 12 months before registering as a medical student (not including time spent attending an undergraduate/graduate school in Pennsylvania)
- Are enrolled full time in an accredited Pennsylvania medical school
- Are in good standing with other creditors
- Are a student member of the Pennsylvania Medical Society (Free for students); if needed, the Foundation will provide application upon funding
- Have completed a Free Application for Federal Student Aid (FAFSA) form

2. **When is the medical student loan application deadline?**

There are two different deadlines, depending upon which Pennsylvania medical school you are attending.

If you are enrolled and/or attending Lake Erie College of Osteopathic Medicine, you must submit a completed Foundation loan application to the Foundation's office between March 1 and June 1 of the current year.

If you are enrolled and/or attending any other accredited medical school in Pennsylvania, you must submit a completed Foundation loan application to your school's financial aid office by May 15 of the current year.

3. **How can I obtain a Foundation medical student loan application?**

- Students attending Lake Erie College of Osteopathic Medicine (LECOM) should mail the [LECOM application](#) to the Foundation by June 1, 2018.
- Students attending any other Pennsylvania medical school should mail the [medical student application](#) to their school's financial aid office by May 15, 2018.

4. **What amount might I receive if granted a Foundation medical student loan?**

Individual loan awards are up to \$10,000 with a minimum loan of \$6,000. Loan allocations are based upon financial need and cannot exceed your school's cost of attendance.

5. **Is the Foundation medical student loan automatically renewed for the remaining medical school years?**

No, loans are for a single academic year and applications must be submitted prior to the upcoming school year.

6. **Does interest accrue on my Foundation medical student loan while I am in school?**

Yes. You are charged interest at a percentage rate not to exceed 6 percent from January 1 following disbursement through June 30 of the year you graduate from medical school or upon earlier termination of your enrollment. The rate is calculated using the 91-day T-Bill note, published on June 1, plus a margin based upon the first academic year that loan funds were obtained from the Foundation. NOTE: school interest does not compound until repayment terms are made.

7. **When does the Foundation medical student loan become due?**

The promissory note that was signed when the loan was allocated matures July 1 of the year you graduate from medical school or upon the date of separation from medical school.

8. **May I defer my Foundation loan from repayment while I complete additional medical training (i.e., internship, residency, and/or fellowship programs) upon graduation from medical school?**

Yes. Your loan repayments can be deferred annually for up to five years upon written request.

9. **Will interest accrue while my Foundation loan is deferred from repayment for additional training?**

Yes. The interest rate for each deferment period will be calculated on June 1 using the 91-day T-bill rate on June 1 plus the margin established with your first loan disbursement. The rate determined on June 1 will be the rate in effect for the following July 1 through June 30 of the next year. The annual calculated deferment rate will not exceed 6 percent. An invoice for the total accrued interest amount will be mailed at the end of each deferment year. You may or may not elect to pay this interest when billed. Any portion that is not paid by June 30 of each deferment year will be added to the principal balance of your loan.

10. **Am I required to make interest payments while in school and while completing internship, residency, and/or fellowship training?**

No, payments are not required during school or during additional medical training (i.e., internship, residency, and/or fellowship). However, if you choose to make payments there are no penalty fees. Any monies received by the Foundation while you are in school or additional medical training will first be applied to accrued interest and any remaining amount will be applied to principal.

11. Can I repay my Foundation student loan by making installment payments over time?

Yes. To do this, an Amortizing Note must be signed. This note allows for a repayment period of up to 10 years with a minimum principal payment of \$500 per year. The repayment interest rate will not be less than 4.5% and will not exceed 8.0%. The rate in effect at the time you enter repayment is the rate that will remain throughout the repayment period of your loan.

Deferring Your Medical Student Loan from Repayment

1. When does the Foundation medical student loan become due?

The promissory note that was signed when the loan was allocated matures July 1 of the year you graduate from medical school or upon the date of separation from medical school.

2. Who is eligible to defer their loan from repayment?

A medical student graduate who is obtaining full-time additional medical training (i.e., internship, residency, or fellowship programs).

3. How long can the loan be deferred from repayment?

Repayment can be annually deferred up to five years upon written request because of additional medical training (i.e., internship, residency, or fellowship programs).

4. How can a deferment from repayment be obtained?

There are two ways in which a deferment from repayment can be requested; however, both ways require that the request be in writing.

Option 1: Each spring an Update Form is sent to all nonpaying, active borrowers. This form allows the borrower to keep the Foundation informed of any additional training and all changes of address. This form also gives the borrower the opportunity to request a deferment from repayment. (NOTE: Foundation loans need to be deferred from repayment on an annual basis - using the form is an excellent way to do so.)

Option 2: A borrower may elect to send us a letter requesting a deferment from repayment. This letter must include:

- 1) The reason for deferment from repayment;
- 2) The name and address of the institution the internship, residency, or fellowship program is taking place;
- 3) The beginning and ending dates of the additional medical training;
- 4) Any other changes in the borrower's information such as name, address, telephone number, contact address, etc.;
- 5) And the borrower must also include a letter from the institution verifying the residency information.

5. How will I know if the deferment from repayment was granted?

A letter is sent to you informing you of the decision made and the deferment period end date.

6. Does interest accrue while the loan is deferred from repayment?

Yes. The interest rate for each deferment period will be calculated on June 1 using the 91-day T-bill rate on June 1 plus the margin established with your first loan disbursement.. The rate determined on June 1 will be the rate in effect for the following July 1 through June 30 of the next year. The annual calculated deferment rate will not exceed 6 percent. An invoice for the total accrued interest amount will be mailed at the end of each deferment year. You may or may not

elect to pay this interest when billed. Any portion that is not paid by June 30 of each deferment year will be added to the principal balance of your loan.

Repayment of Your Medical Student Loan

1. **When does the Foundation medical student loan become due?**

The promissory note that was signed when the loan was allocated matures July 1 of the year you graduate from medical school, or upon the date of separation from medical school, and/or upon completion of additional medical training (i.e., internship, residency, fellowship programs); at which time the note becomes due.

2. **Can I repay my Foundation medical student loan by making installment payments over time?**

Yes and to do this, an amortizing note must be signed. Otherwise, the total amount of your loan disbursement(s) plus interest is payable in full.

3. **What is an Amortizing Note?**

An amortizing note is a repayment promissory note, which replaces the original promissory note that you signed while in school. This note allows you to make monthly installments for a repayment period of up to 10 years with a minimum principal payment of \$500 per year.

4. **Will the interest rate differ from the interest rate I had during school and additional medical training?**

Yes, the repayment interest rate will not be less than 4.5% and will not exceed 8.0%. The rate in effect at the time you enter into repayment is the rate that will remain throughout the repayment period of the loan.

5. **How can I obtain an Amortizing Note?**

Upon maturity of your promissory note, a letter and amortizing note will be mailed to you. The letter will explain your repayment options, such as repaying the loan in full or by making monthly installment payments. If monthly installments are chosen, the amortizing note will need to be signed and returned to the Foundation.

6. **Will I be invoiced each month for payments due?**

No, the Foundation will provide you with a coupon booklet, which you may use when remitting manual payments to us.

7. **Can monthly payments be made directly through my bank account?**

Yes, our Automatic Direct Debits Repayment Plan (ADDRP) allows your loan payment to be automatically "debited" from your bank account and credited into our bank account on your due date. For details, please review the Automatic Direct Debits Repayment Plan information below.

Repayment Terms

1. **Can I repay my Foundation student loan by making installment payments over time?**

Yes. To do this, an amortizing note must be signed. An amortizing note is a repayment promissory note, which replaces the original promissory note that you signed while in school. The note allows you to make monthly installments for a repayment period of up to 10 years.

2. **Will my payment schedule be monthly, quarterly, yearly, etc.?**

All borrowers are set up onto a monthly repayment schedule.

3. **Can I choose the day that each month's payment becomes due?**

No, all payments are due on the first of each month.

4. **How may I remit my payments to the Foundation?**

Payments can be manually remitted to the Foundation. For your convenience, a coupon booklet will be sent to you once a signed amortizing note is received in our office. Or, you may choose to have your payments automatically deducted from your bank account. For details, please review the Automatic Direct Debits Repayment Plan information below.

5. **How will my payments be applied to my loan balance?**

When a payment is received, it is first applied towards outstanding late charges and accrued interest, with the remaining amount applied to principal.

6. **Do you charge fees for prepayment of principal?**

No. Prepayment of principal is permitted at any time without penalty. Additional payments are welcomed; however, your regular payment will be due as scheduled. Additional payments cannot be posted into our computer system more than one month ahead of the scheduled due date.

Collection Procedures

1. **What happens if I miss sending a payment?**

Days Overdue	Action taken by the Foundation	Late Fee Addressed?
15	A notice is sent informing you of the missed payment.	No
30	A notice is sent informing you of the total amount overdue, including the late fee assessed.	Yes
45	A letter is sent requesting payment of overdue amount and/or an explanation for the late payment.	No
60	A letter is sent requesting total amount overdue, including an additional assessed late fee. If there is not a response to this letter, the account will be submitted to an outside collection agency.	Yes

Prior to submitting your account to a collection agency, the Foundation will attempt to make personal contact with you to help resolve the defaulted account. Please note, it is your responsibility to keep the Foundation informed of any changes of address and/or phone numbers.

2. **If my payment is late, how much will I be charged in late fees?**

The late fee amount assessed totals 6 percent of the total overdue payment amount. Please note, late fees are assessed on the total overdue payment once the account becomes 30 days past due and again when the account becomes 60 days past due.

3. **What happens if I do not respond to your notices and letters?**

If you allow your account to become more than 75 days past due and do not communicate with the Foundation office, your account will be sent to an outside collection agency. A service charge of 33.33 percent will be added to your remaining loan balance and your credit rating could be jeopardized. Other penalties may include notification to credit bureaus and legal action.

4. **If I have not received your notices and letters, will my account still be sent to a collection agency if it becomes more than 75 days overdue?**

Yes, your account will still be sent to a collection agency. Prior to submitting your account to a collection agency, the Foundation does attempt to make personal contact with you to help resolve the defaulted account. It is your responsibility to keep the Foundation informed of any changes of address and phone numbers.

5. **What is a delinquent or defaulted account?**

An account is considered to be delinquent when a payment is 30 days overdue. And an account is considered to be in default when a payment is 60 days overdue.

Sending Payments

1. **How may I remit my payments to the Foundation?**

Payments can be manually remitted to the Foundation. For your convenience, a coupon booklet will be sent to you once a signed amortizing note is received in our office. Or, you may choose to have your payments automatically deducted from your bank account. For details, please review the Automatic Direct Debits Repayment Plan information below.

2. **To whom do I make the check payable?**

Please make check payable to: The Foundation.

3. **Where do I send my manual payments?**

Please mail to:

The Foundation
777 East Park Drive
P.O. Box 8820
Harrisburg, PA 17105-8820

4. **Must a coupon accompany my payment?**

No. You may send a check without a coupon but please include your account number in the memo section of the check so that we may be sure to apply the payment to the correct account.

5. **I have misplaced my coupon booklet, how may I obtain another one?**

You may call us at (717) 558-7854 or (800) 228-7823 (in PA only) or e-mail studentservices-foundation@pamedsoc.org and we will gladly send you a new one. When requesting a new booklet, please remember to inform the Foundation of your current mailing address along with your loan account number.

Automatic Direct Debits Repayment Plan

1. **What is the Automatic Direct Debits Repayment Plan?**

The Automatic Direct Debits Repayment Plan (ADDRP) is a way of making your loan payments without physically writing and mailing a check. The reason it is called "direct debits" is because the amount of your loan payment is automatically debited from your bank account and credited in our bank account on your due date. Even when you are out of town, your monthly loan payment will be automatically paid. [Automatic payments save time and money, reduce paperwork, eliminate lost or late payments, and decrease check writing.]

2. **Will my due date be monthly as it states on my current repayment note?**

Yes.

3. **When will my loan payments be debited from my account?**
Your loan payments will be debited from your bank account on the first of each month.
4. **If I elect to sign up for ADDRP will I need to sign a different repayment note than the one I currently have?**
No.
5. **How do I get started on automatic payments?**
Complete and return an [Authorization Agreement for Pre-Arranged Payments \(Debits\) form](#). You can obtain an authorization agreement by downloading the form or contacting our office.

Enclose a voided check, along with the authorization agreement form, to verify your bank account information.

Send a check for your next monthly installment due. The manual payment is necessary in order to allow us ample time to complete the necessary paperwork and to make arrangements with our financial institution.
6. **How will I know when the first payment will be deducted from my bank account?**
When the completed authorization agreement (with attached voided check) and your next monthly installment is received in the Foundation office, the Foundation will then send you a confirmation letter informing you of the date your first automatic direct debit will occur.
7. **Why do I need to attach a voided check to the authorization agreement?**
Attaching a voided check is the best way to ensure that all the bank account information is correct. The voided check will help to prevent mistakes that may occur while setting up your account onto automatic payments and slowing down the enrollment process.
8. **Can I attach a deposit slip from my bank account instead of an actual check?**
No. A deposit slip from your account does not have all the required information.
9. **Will I have to pay a fee for automatic payments?**
No, it's FREE!
10. **What if the first of the month falls on a weekend or holiday?**
The payment will be deducted from your bank account on the next available banking day.
11. **What if I change banks?**
If you plan to change banks, please notify the Foundation promptly in writing. You may either send a letter listing the new bank's name and address, new account number, and voided check from the new account; or you may call the Foundation, at (717) 558-7854 or (800) 228-7823 (in PA only), and request an Authorization Agreement Form and then complete and return with a voided check from the new bank account.

Please allow the Foundation time to switch your automatic payments to the new bank. Therefore, we recommend that you leave enough funds in the old bank account to cover the next monthly payment due. Once the Foundation has successfully switched your automatic payments to your new bank, we will send you a letter informing you of the date your automatic payments will begin to be deducted from the new bank account.
12. **Who will have control over my bank account?**
You are the only person who has control over your bank account. When you sign up for

automatic payments, you are only authorizing a payment to be made to the Foundation each month, you are not giving the Foundation control over your account.

13. Will I get a monthly record of payments deducted from my bank account?

Yes. Your payment amount will appear on your bank statement. Also each January, the Foundation mails a Statement of Account to each borrower listing all payments received during the prior year.

14. What if there is a problem with my bank account?

If an automatic payment is refused by your bank for any reason, including insufficient funds, closed, or unauthorized accounts, you will be notified and it will be necessary for you to mail us a check to replace the rejected payment. If this occurs, we have the right to discontinue the automatic payments service. Your bank may also deduct fees from your account for the rejected payment.



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If you have additional questions, please call Deborah Monko, Director of Student Financial Services at (717) 558-7854, or email her at dmonko@pamedsoc.org