

ADDENDUM TO RESIDENCY AGREEMENT

MIDOCS Program

THIS ADDENDUM TO RESIDENCY AGREEMENT (“Addendum”) is made effective as of _____, by _____ (“Institution”), MiDocs Consortium, a Michigan public body corporate (“MIDOCS”), the _____ Residency Program (“Program”), and _____ (“Resident”).

BACKGROUND

Resident is employed as a resident physician pursuant to a residency agreement (“Residency Agreement”).

MIDOCS, Program and Institution desire to provide Resident with financial assistance in the form of repayment of Resident’s medical education student loans in an amount up to Seventy-Five Thousand Dollars (\$75,000.00) in exchange for Resident’s completion of the Program and two (2) years of practice in an Underserved Community (as defined below) post-residency, under the terms and conditions of this Addendum. Resident currently possesses or will possess as of the effective date of this Addendum a medical degree and with full knowledge and intention, hereby voluntarily commits to enrollment in and completion of the Program and the two years of practice in an Underserved Community, subject to the terms and conditions stated herein.

NOW THEREFORE, in consideration of the above, and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE 1 – GENERAL TERMS

1.1 **Resident Status.** Resident is employed as a resident physician in accordance with the terms of the Residency Agreement. Resident agrees to be bound by the terms of the Residency Agreement as modified and supplemented by this Addendum.

1.2 **Practice Requirement.** Resident acknowledges and agrees that MIDOCS was established and funded for the purpose of providing physicians with medical residency training to practice in certain Underserved Communities (as defined below). As a condition of acceptance into the MIDOCS Consortium and receipt of the Loan Assistance Amount (as defined below), Resident agrees to (i) practice general medicine in an Underserved Community for a minimum period of two (2) years commencing within thirty (30) days after completion of the medical residency program; and (ii) forego any sub-specialty training during such two (2) year period (the “Practice Requirement”). Resident will not perform another service obligation concurrently with his or her MIDOCS service obligation for Loan Assistance. Residents who have an outstanding service obligation to another entity, such as the federal government, the State or any other entity, may complete such other service obligation after the MIDOCS service obligation is fulfilled.

1.3 **Underserved Communities.** Resident shall commit to fulfilling the Practice Requirement in an underserved area of Resident’s choosing within the State of Michigan (an “Underserved Community”). For purposes of this Addendum, an “Underserved Community” shall include:

- A. a Health Professional Shortage Area, as designated by the Health Resources & Services Administration;

B. a Medically Underserved Area/Population, as designated by the Health Resources & Services Administration; or

C. an underserved area identified through community needs assessment, Michigan Physician Supply and Demand, Michigan Physician Rural Health Profile, or other data approved by the Executive Committee.

ARTICLE 2 – FINANCIAL ASSISTANCE

2.1 Loan Assistance. MIDOCS shall provide to Resident for the sole purpose of the repayment of Resident's medical education student loans a total amount not to exceed Seventy-Five Thousand Dollars (\$75,000.00) ("Loan Assistance Amount"). Payment shall be made by MIDOCS directly to Resident in three lump sum payments based on the submission of proof of qualifying loans. The first payment will be \$5,000 upon receipt of a copy of Resident's signed employment contract. The second payment will be up to \$35,000 (or the lesser of the current balance on qualifying loans) at the start of the first year of the two year Practice Requirement. The final payment will be up to \$35,000 (or the lesser of the current balance on qualifying loans) upon verified completion of the first year of the Practice Requirement, and at the start of the second year. Resident will be required to provide proof that payments have been applied to qualified loans.

2.2 Completion of MIDOCS Program. Resident must commence the Program no later than 7/1/___ and must complete the Program by no later than 6/30/__. Resident must commence the two years of practice in an underserved Community no later than 7/31/___ and complete the two years of practice no later than 7/31/___, unless mutually agreed to by all parties.

2.3 Material Inducement. MIDOCS, Program and Institution each agrees to enter into this Addendum with Resident based on Resident's voluntary assertions and representations that Resident will complete the Practice Requirement. Such representation is a material inducement for MIDOCS, Program and Institution to enter into this Addendum and to agree to provide such educational opportunity to Resident. It is further understood and agreed that without such commitment by Resident neither MIDOCS, Program nor Institution would enter into this Addendum.

2.3 Insurance Option. Resident agrees to permit MIDOCS or the Institution, at their discretion and cost, to obtain a term life insurance policy on the life of Resident.

ARTICLE 3 – REPAYMENT

3.1 Wage and Tax Treatment of Loan After Completion of Training. Resident is advised to consult his or her own legal counsel, accountants and advisors regarding the tax implications of this Addendum.

3.2 Premature Termination. MIDOCS will use reasonable efforts to assist Resident in fulfilling his or her obligations for Loan Assistance pursuant to this Addendum. In the event of Resident's voluntary termination of this Addendum prior to full satisfaction of Resident's obligations for Loan Assistance hereunder, unless mutually agreed to by all parties, Resident shall:

A. Pay to MIDOCS any Loan Assistance amounts paid to Resident representing the Practice Requirement term not completed,

B. \$11,250 multiplied by the number of months of obligated service not completed;

C. interest on the above amounts at the maximum amount authorized by legal authority; and

D. Forfeit any right to future payments from the MIDOCS program.

The minimum amount that MIDOCS is entitled to recover from a Resident who breaches a commitment will not be less than \$46,500.

Resident understands that Program shall not accept nor be required to accept any form of partial, periodic or monthly payments to pay off the total amount due. Institution shall pay to MIDOCS any amounts received from Resident under this Section 3.2.

3.3 Termination During Program. If Resident is terminated for any reason or no reason from Institution, as determined solely by Institution, during the MIDOCS Program, Resident and Institution will receive no advance funds for such Resident beyond that which has already been received from MIDOCS. Further, Resident expressly and voluntarily agrees to repay immediately to MIDOCS any Loan Assistance Amounts paid to Resident for any portion of loan assistance amounts representing the Practice Requirement term not completed prior to such termination, and Resident shall not be liable for any termination penalty or payment per 3.2 thereof. Resident understands that MIDOCS shall not accept nor be required to accept any form of partial, periodic or monthly payments to pay off the total amount due.

3.4 Interest on Outstanding Balance. Any amount due under Sections 3.2 or 3.3 shall bear interest on the unpaid balance at the greater of (a) ten percent (10%) per annum or (b) the maximum rate allowed by law, calculated from the date of termination until paid in full.

3.5 Deferral or Waiver. For good cause, Resident may request in writing that the Practice Requirement be deferred or waived in whole or in part. Any such request shall be granted in MIDOCS' sole discretion.

3.6 Voluntary Undertaking. With a complete understanding of Article 3 of this Addendum, Resident specifically, freely, unequivocally and voluntarily requests that deductions be made from Resident's final paycheck in accordance with the provisions of Article 3. Resident agrees to execute any documents required for such deductions, which shall be made in accordance with and as permitted by Michigan law.

ARTICLE 4 – GENERAL PROVISIONS

4.1 No Employment Guaranty. Resident understands and agrees that this Addendum does not in any way guaranty that Resident will be employed for any specified length of time whatsoever.

4.2 Term of Agreement. This Addendum shall be effective on the date first set forth above and shall continue through the end of the Practice Requirement period.

4.3 Survival of Termination or Expiration of Agreement. Resident agrees that the obligations, covenants and agreements of Resident and the rights of MIDOCS, Program and Institution as set forth in this Addendum shall survive any termination or expiration of this Addendum.

4.4 Entire Agreement. This Addendum, along with the Residency Agreement, constitutes the entire agreement between Resident, Program, Institution, and MIDOCS concerning MIDOCS. In the event of any conflict between the terms of this Addendum and the Residency Agreement, the terms of this Addendum shall control. Any modification of this Addendum will be effective only if it is communicated in writing and signed by the parties to be charged.

4.5 Notices. All notices, demands and requests required or permitted to be given under this Addendum shall be in writing and shall be deemed given (a) when personally delivered to the party to be given such notice or other communication, (b) on the business day that such notice or other communication is sent by facsimile or similar electronic device, fully prepaid, which facsimile or similar electronic communication shall promptly be confirmed by written notice, (c) on the third business day following the date of deposit in the United States mail if such notice or other communication is sent by certified or registered mail with return receipt requested and postage thereon fully prepaid, or (d) on the business day following the day such notice or other communication is sent by reputable overnight courier, to the Institution, Program, MIDOCS and Resident.

4.6 Assignment. Neither this Addendum nor any duties or obligations under this Addendum may be assigned or transferred without prior written consent of the other party.

4.7 Successors. The terms contained herein shall be binding upon and shall inure to the benefit of the parties, their respective assigns, executors, administrators, heirs, and successors.

4.8 Third-Party Beneficiary. The parties agree that there are no third-party beneficiaries to this Addendum.

4.9 Partial Invalidity. If any provision in this Addendum is held by a Court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will, nevertheless, continue in full force and effect without being impaired or invalidated in any way.

4.10 Michigan Law. This Addendum shall be governed by, construed and interpreted under and according to the laws of the State of Michigan, without regard to conflict or choice of laws principles. Resident specifically and voluntarily agrees to such jurisdiction.

4.11 Arbitration. Any and all controversies, claims or disputes in which Resident is a necessary party and which arise out of or relate to this Addendum or the Residency Agreement shall be resolved through arbitration filed with the American Arbitration Association (“AAA”) before a single arbitrator in accordance with the Employment Arbitration Rules of the AAA, which are incorporated herein by reference. The parties shall share in the payment of all arbitrator fees and expenses, with Resident being responsible for fifty (50) percent of such fees and the other parties involved in the arbitration being responsible on an equal basis for the remaining fifty (50) percent of such fees. The arbitrator shall be empowered to resolve all collateral matters relating to the arbitration, including whether this section and the provisions for arbitration hereunder are properly invoked and applicable, to the end that all questions, disputes and controversies be resolved and determined by the arbitrator. The award of the arbitrator shall be final and binding upon the parties and there will be no right to appeal. The parties shall comply voluntarily with the award of the arbitrator. However, if a party is required to enforce the arbitration award, judgment on the arbitration award may be sought and entered in any court with appropriate jurisdiction.

4.12 Force Majeure. If any party is unable to perform its duties under this Addendum due to strikes, lock-outs, labor disputes, inability to obtain labor, governmental restrictions, regulations or controls, civil commotion, fire or other casualty, emergency or any other cause beyond the reasonable control of the party, such non-performing party shall be excused the performance by the other parties, and shall not be in breach of this Addendum, for a period equal to any such prevention, delay or stoppage.

4.13 Signature. By Resident’s signature hereto, Resident acknowledges that he or she fully and completely understands this Addendum and consents to each and every term and condition contained in this Addendum without reservation. Resident further has been allowed the opportunity to have this Addendum reviewed by legal counsel of his or her choice prior to signing this Addendum. Resident freely, voluntarily, and with full knowledge of the intent and requirements herein has executed this Addendum by signing below.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum to the Residency Agreement as of the date first written above.

MIDOCS:

MIDOCS

By: _____

Its: _____

INSTITUTION:

_____ School of Medicine

By: _____

Its: _____

RESIDENT:

Name: _____

PROGRAM

_____ Program Director

By: _____

Its: _____