

ADDENDUM TO RESIDENCY AGREEMENT

(MIDOCS Program)

THIS ADDENDUM TO RESIDENCY AGREEMENT (“Addendum”) is made effective as of _____, 20__, by [Central Michigan University][Michigan State University][Wayne State University][Western Michigan University Homer Stryker M.D. School of Medicine] (“Institution”), MIDOCS, and _____ (“Resident”).

BACKGROUND

Institution and Resident have entered into a Residency Agreement as of the date hereof pursuant to which Resident is an employed resident physician of Institution (the “Residency Agreement”).

MIDOCS 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 a medical residency through Institution and two (2) years of practice in an Underserved Community (as defined below) post-residency (the “Program”) 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 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 an employed resident physician of Institution in accordance with the terms of the Residency Agreement. Resident further 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 the Program 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 Program 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”).

1.3 **Underserved Communities.** Resident shall commit to fulfilling the Practice Requirement in an underserved area 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 pay to [Institution/Resident] for the sole purpose of the repayment of Resident’s medical education student loans in the 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 full upon Resident’s completion of the Practice Requirement.

2.2 Completion of Program. Resident must commence the Program no later than _____, 20__, and must complete the Program by no later than _____, 20__.

2.3 Material Inducement. MIDOCS 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 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 nor Institution would enter into this Addendum.

2.3 Insurance Option. Resident agrees to permit Institution, at its 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 tax implications of this Addendum.

3.2 Premature Termination. In the event that Resident voluntarily terminates participation in the Program at any time prior to completion of the Practice Requirement, regardless of the reason, Resident shall:

A. Pay to [Institution/MIDOCS] any Loan Assistance Amounts paid to Resident for any portion of the Practice Requirement term not completed prior to such termination, multiplied by a factor of 1.5; and

B. Forfeit any right to future payments stemming from the MIDOCS program or any other state or federal funded loan repayment program.

Resident understands that [Institution/MIDOCS] 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 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 [Institution/MIDOCS] any Loan Assistance Amounts paid to Resident for any portion of the Practice Requirement term not completed prior to such termination. Resident understands that [Institution/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 MIDOC's sole discretion.

3.6 Voluntary Undertaking. With a complete understanding of such provision, Resident specifically, freely, unequivocally and voluntarily requests that deductions be made from Resident's final paycheck according to the provisions stated herein. RESIDENT HAS READ, UNDERSTANDS, AND AGREES TO THE ABOVE STATED PROVISION.

ARTICLE 4 – GENERAL PROVISIONS

4.1 No Employment Guaranty. Resident understands that this Addendum is not an employment agreement and does not in any way guaranty that Resident will be employed by Institution 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 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, Institution, and MIDOCS concerning the Program. 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 the provisions of 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 following:

Institution: _____

MIDOCS: _____

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: If Institution and Resident are unable to agree on any and all controversies, claims or disputes arising out of or related to this Addendum, or any breach or default hereunder, such controversy, claim or dispute shall be settled by arbitration in Lansing, Michigan before a single arbitrator in accordance with the rules of commercial arbitration then pertaining of the American Arbitration Association (but not under its control). The parties shall endeavor to resolve any dispute first among themselves; provided, however, if the parties fail to resolve the dispute within thirty (30) days, then any party to the dispute may file a demand for arbitration. The arbitrator shall be mutually selected and approved by the parties. 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 decision of the arbitrator shall be final and binding upon the parties, and judgment on such decision may be entered in any court having jurisdiction.

4.12 Legal Fees. Resident agrees to pay all of MIDOCS and Institution's legal fees and costs in the event it becomes necessary for MIDOCS or Institution to legally enforce the terms of the Addendum.

4.13 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.

4.14 Signatures. By Resident's signature hereto, Resident states that Resident has fully and completely read, understands and hereby consents to each and every term and condition contained in this

Addendum without reservation. Resident freely, voluntarily, and with full knowledge of the intent and requirements herein has executed this Addendum by signing below.

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

MIDOCS:

INSTITUTION:

MIDOCS

[NAME OF INSTITUTION]

By: _____
Its: _____

By: _____
Its: _____

RESIDENT:

Name: _____