SCHOLARSHIP AGREEMENT

This Scholarship Agreement ("**Agreement**") is among Mercy Health, a nonprofit Ohio corporation which operates a health care system dedicated to serving the primary care needs of the poor and underserved ("**Mercy**"), Northeast Ohio Medical University, a publicly funded state institution of higher education ("**NEOMED**"), as to Parts II and III of this Agreement only, and _____ ("**Student**"), an individual who is a student at NEOMED (each a "**Party**" and collectively, the "**Parties**").

RECITALS

A. Mercy has or will make contributions to NEOMED to fund scholarships ("**Contributions**"), as described and subject to the conditions specified in this Agreement, available to defray Student's costs of annual tuition and fees (as approved by the NEOMED Board of Trustees each year) for enrollment in NEOMED's College of Medicine ("**COM**") and provide Student a stipend of $15,000 ("**Scholarship**").

B. Student desires to receive, subject to the terms and conditions of this Agreement and in return for agreeing to be bound by and fulfilling all obligations of Student set forth in this Agreement, a Scholarship for each year of enrollment in the COM.

C. NEOMED desires to be party to this Agreement solely to indicate its willingness to accept the Contributions and administer, in accordance with and only to the extent specified in Part II of this Agreement ("**Administrative Provisions**"), a program for the award and administration of the Scholarships, it being explicitly understood and agreed that NEOMED is bound solely by the Administrative Provisions and shall have no obligations, liabilities or duties related to Student's obligations set forth in this Agreement or under the promissory note described in Section I.B.(4) of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the exchange of mutual and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, the Parties agree as follows:

Part I. Agreements between Mercy and Student

I. A. <u>Participation Under Terms and Conditions of the Scholarship Program</u>.

Student is the recipient of a Scholarship in the amount of $_____ through the Education for Service Alliance ("**Program**"). The terms and conditions of the Program ("**Program Conditions**"), as stated in the Letter Agreement – Education for Service Alliance, are incorporated into this Agreement by reference.

Student may continue as a Scholarship recipient for so long as Student satisfies all Program Conditions and the terms of this Agreement. Student affirms that the Program Conditions include, though are not limited to:

I.A.(1) as of August 2015, Student must have been admitted as a candidate in the College of Medicine at Northeast Ohio Medical University;

I.A.(2) Student forfeits eligibility and will forfeit a Scholarship if Student is suspended from the curriculum for any period time for conduct-related activity, or if Student withdraws, or is dismissed from the curriculum;

I.A.(3) Scholarship benefits are intended to provide a modest stipend and defray the cost of tuition, fees, and books associated with Student's course of study at NEOMED and scholarship benefits will be paid in accordance with NEOMED's Student Financial Aid Policies and Procedures ("**Policy**"), as the same may be from time to time amended, provided, however:

I.A.3.(a) no amendment to the Policy shall apply if it would increase the cost of Student's participation in the Program; and

I.A.3.(b) Student acknowledges that while the Program is designed to cover the full annual tuition and fees as approved by the NEOMED Board of Trustees each year and a stipend of $15,000 subject to inflationary increases, a Scholarship might not cover all expenses incurred by Student during a course of study.

I.A.(4) if Student fails an aggregate number of courses which were funded by the Scholarship, the Scholarship will cease during the time of repeated coursework and Student shall be responsible for payment of any repeated coursework, but Student remains eligible for the Scholarship in subsequent years;

I.A.(5) if Student is approved for a leave of absence or to pursue coursework outside of the medical curriculum, Student remains eligible for the Scholarship in subsequent years;

I.A.(6) within 30 days of completing each course the costs of which were funded by a Scholarship, Student will submit to the attention of Mercy's designated representative, Dr. G. Anton Decker, M.B.B.Ch., official grade reports documenting evidence of satisfactory completion of that course; and

I.A.(7) upon receipt of a degree funded in whole or in part by a Scholarship (or other triggering event under the Program Conditions) Student shall become a physician employee of an affiliate of Mercy (any such affiliate "**Mercy Health**") and remain so employed for the duration of the period required by the Program Conditions and this Agreement.

I. B. <u>Additional Obligations of Student</u>.

In consideration of Student's receipt of a Scholarship, Student shall:

I.B.(1) use Student's best efforts to dedicate adequate time to studies funded by the Scholarship and to completion of course work required for and receipt of Student's medical degree on schedule;

I.B.(2) permit NEOMED to release Student's grades to Mercy Health in conjunction with this Agreement;

I.B.(3) following successful graduation with a medical degree and completion of all physician licensure or similar requirements, a Student shall provide one year of service through employment by Mercy Health in a primary care, general surgery and other needed specialty in underserved, rural and disadvantaged communities served by Mercy Health ("**Service Year**") for each year the Student received a Scholarship ("**Work Commitment**"), i.e., a Student who received a Scholarship for all 4 years of training at NEOMED shall provide for 4 Service Years to Mercy Health;

I.B.(4) remain employed by Mercy Health for the entire period of the Work Commitment, provided that leaves of absence or similar periods when a Student is not working will not count towards satisfaction of the Work Commitment, and the length of an absence will extend the Work Commitment;

I.B.(5) upon each advance of funds under a Scholarship, execute a promissory note substantially in the form attached to this Agreement as Exhibit A or an amendment of a principal amount grid attached thereto ("**Promissory Note**"), requiring monthly amortization of the full amount of the Scholarship benefits under the terms set forth in the Note, whereupon the Scholarship amount received shall be treated as a loan, provided that for each month of Student's employment by Mercy Health in fulfillment of the Work Commitment, one month's amortization payment shall be forgiven, subject to the them applicable rules of the Internal Revenue Code concerning discharge of indebtedness income;

I.B.(6) upon any failure to commence or fulfill Student's Work Commitment, or in the event Student is dismissed or withdraws from the curriculum, Student shall, as of the first day of the month following such event, commence making monthly payments on the full amount then owing under the Promissory Note; and

I.B.(7) be solely and exclusively responsible for all reporting for income tax purposes associated with and payment of any and all taxes arising from Student's receipt of a Scholarship and shall hold NEOMED, Mercy and Mercy Health harmless as to any attempt to collect taxes, interest or penalties due from a Student on account of a Scholarship.

I. C. <u>Compensation During Work Commitment</u>.

Student's compensation for each Service Year shall be targeted at 80% of the then current median in the specialty in the geographic area where the Student is working. A Student shall also receive then standard Mercy Health benefits during each Service Year.

I. D. <u>Acknowledgement Regarding Tax Matters</u>.

Student acknowledges and understands that:

I.D.(1) while benefits under the Program are designated a Scholarship, Scholarship funds awarded are not tax free to the Student and, but for the Work Commitment, would be immediately taxable to the Student;

I.D.(2) forgiveness of amounts owed under the Promissory Note will constitute discharge of indebtedness and be treated as required by and taxed under the then current rules of the Internal Revenue Code concerning discharge of indebtedness income; and

I.D.(3) Student is solely and exclusively responsible for all reporting for income tax purposes associated with and payment of any and all taxes arising from Student's receipt of a Scholarship.

I.D.(4) neither NEOMED nor Mercy have provided tax advice concerning the tax ramifications of accepting a Scholarship and the terms and conditions of this Agreement.

I. E. <u>Representations of Student</u>.

Student represents that Student:

I.E.(1) has had an adequate opportunity to seek financial, tax or other advice or counsel concerning the tax and other ramifications of receiving a Scholarship and the terms and conditions of this Agreement and the Promissory Note; and

I.E.(2) whether having obtained such counsel, Student desires to enter freely into this Agreement and assume all obligations of Student set forth in this Agreement and the Promissory Note; and

I.E.(3) Student understands that in providing Scholarship benefits to Student, NEOMED and Mercy are relying on the representations of Student in this Section I.E. of this Agreement.

I. F. Additional Commitments of Mercy

Mercy shall:

I.F.(1) make a representative available to Student to discuss the tax ramifications of this Agreement and the Promissory Note, provided, that all Parties acknowledge and warrant their understanding that if acting in such capacity, Mercy shall not be deemed to be providing tax or financial advice of any kind to Student or any other Party;

I.F.(2) have all responsibilities for enforcing the terms of this Agreement of the Promissory Note; and

I.F.(3) have all responsibilities for tax withholdings and similar obligations with respect to Student's employment by Mercy.

Part II. Agreements between NEOMED and Mercy

In order to provide for efficient administration of these Scholarships, the Parties agree to the following division of administrative responsibilities, which may be modified by mutual written agreement of the Parties:

II. A. NEOMED Responsibilities

NEOMED shall:

II.A.(1) advertise the program to eligible Students;

II.A.(2) develop and distribute Scholarship Applications to eligible Students, as well as verify the accuracy and completeness of all Scholarship Applications received;

II.A.(3) create a Scholarship Selection Committee to select Students for Scholarship awards, consistent with the Letter of Agreement in place between NEOMED and Mercy;

II.A.(4) issue Scholarship award notices to Students as well as Scholarship funds, while ensuring that Scholarship funds are paid in accordance with NEOMED's Student Financial Aid Policies and Procedures, as the same may be from time to time amended and the terms of this Agreement;

II.A.(5) obtain Student's signature on this Agreement and a Promissory Note and not disburse any funds to Students, until it has received said funds from Mercy and Student has executed the Mercy Promissory Note;

II.A.(6) submit to Mercy's designated representative Dr. G. Anton Decker, M.B.B.Ch., within thirty (30) days of Student completing each term, the costs of which were funded by a Scholarship, the official grade reports of the Student, documenting evidence of satisfactory completion of that course; and

II.A.(7) notify Mercy should any of the following events occur:

II.A.7.(a) Student withdraws from or is dismissed by NEOMED; or

II.A.7.(b) Student is required to repeat any portion of the NEOMED curriculum.

II. B. Activities Not Requiring NEOMED Involvement

NEOMED shall not be responsible for:

II.B.(1) recognition of any income or payment of any taxes as to any amount of discharge of indebtedness or similar income arising under the terms of the Promissory Note;
II.B.(2) performance or repayment of the Promissory Note;
II.B.(3) performing any collection or enforcement activities of any kind with respect to the Promissory Note; or
II.B.(4) enforcing any of Mercy's rights under this Agreement of the Promissory Note.

Part III. Miscellaneous

In the event of a conflict between the terms of this Agreement and Program Conditions, the terms of this Agreement shall control. This Agreement is the final and complete expression of the Parties' intent related to the subject matter of this Agreement. This Agreement shall be governed by Ohio law and may not be modified unless in a writing signed by all Parties.

Mercy Health Foundation	**Northeast Ohio Medical University**	**Student**
_____	_____	_____
(signature of officer)	*(signature of officer)*	*(signature of officer)*
_____	_____	_____
(printed name of officer)	*(printed name of officer)*	*(printed name of officer)*
_____	_____	_____
(title of officer)	*(title of officer)*	*(title of officer)*
_____ ___, 20____	_____ ___, 20____	_____ ___, 20____
(date signed)	*(date signed)*	*(date signed)*

EXHIBIT A

Grid Promissory Note

The undersigned individual ("**Maker**") promises to pay to the order of Mercy Foundation or an affiliate thereof designated by Mercy Foundation ("**Mercy**") the final Aggregate Principal Amount Due Under Note as set forth on the Principal Amount Grid below at the principal office of Mercy, or at such other place as the holder hereof may direct in writing, with interest thereon, at an annual rate equal to the prime rate reported in the Wall Street Journal on the date payments commence hereunder, plus one percent (1%) until paid, with attorneys' fees and costs of collection, and without relief from valuation and appraisement laws. The Maker waives demand, presentment, protest, notice of protest, and notice of nonpayment or dishonor of this Note, and consents to extensions of time of payment of this Note. No delay or omission on the part of the holder hereof in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the holder hereof of any right or remedy shall preclude other or further exercise thereof or of any other right or remedy. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Scholarship Agreement by and among Maker, Northeast Ohio Medical University and Mercy.

The Principal Sum and accumulated interest is subject to forgiveness in equal increments for each full month during which Maker fulfills Maker's Work Commitment. In the event Maker does not fulfill Maker's Work Commitment, any portion of the Principal Sum and accumulated interest that has not been forgiven pursuant to the terms of the Scholarship Agreement and this Promissory Note and remains due and payable shall be repaid by being amortized over the number of remaining and unfulfilled months in Maker's Work Commitment.

Maker acknowledges that Mercy's forgiveness of any amounts pursuant to this Note Agreement is taxable income to Maker. Maker acknowledges that, for amounts loaned to the Maker under this Promissory Note, the Maker is responsible for the applicable income and employment tax withholding related to the amounts forgiven (both Principal and accumulated interest). Mercy shall cooperate with Maker to adjust any income tax withholdings made by Mercy to account for income from discharge of indebtedness.

Signed and delivered at _____ this ____day of _____, 20__.

Maker's Name: _____ Maker's Signature: _____

Address: _____

PRINCIPAL AMOUNT GRID

Date of Scholarship Advance	**Amount of Advance**	**Aggregate Principal Amount Due Under Note**	**Signature of Maker**