



MIDOCs Loan Repayment Policy

Residents in the MIDOCs Program may receive cash awards for the repayment of qualifying loans.

Qualifying Loans

A MIDOCs participant will receive loan repayment funding to be applied to the principal, interest, and related expenses of outstanding US Government (Federal, State, or local) and US commercial (i.e., private) student loans for undergraduate or graduate education obtained by the participant for school tuition, other reasonable educational expenses, and reasonable living expenses. The educational loans must be obtained prior to beginning a MIDOCs residency.

Consolidated or refinanced loans may be considered for repayment, so long as they are from a US Government (Federal, State, or local) or US private student loan lender and include only qualifying educational loans of the applicant. If an otherwise eligible educational loan is consolidated or refinanced with ineligible (non-qualifying) debt of the applicant, no portion of the consolidated or refinanced loan will be eligible for loan repayment. For loans to remain eligible, applicants and/or participants must keep their eligible educational loans segregated from all other debts. Eligible educational loans consolidated with loans owed by any other person, such as a spouse or child, are ineligible for repayment.

Loans that do not qualify for loan repayment include, but are not limited to:

- Loans for which the applicant incurred a service obligation.
- Loans for which the associated documentation cannot identify that the loan was solely applicable to the undergraduate or graduate education of the applicant.
- Loans not obtained from a US Government entity or US private student loan lending institution. Most loans made by private foundations to individuals are not eligible for repayment.
- Loans that have been repaid in full.
- Parent PLUS Loans (loans made to parents).
- Personal lines of credit.
- Loans subject to cancellation.
- Residency loans.
- Credit Card debt.
- Mortgage loans.

Loan Documentation

Documentation of loans will be required. Qualifying educational loans must have documentation to establish that they were contemporaneous with the education received. Loan documentation may be verified by contacting lenders/holders and possibly reviewing the applicant's credit report. You must submit loan documentation to the MIDOCs program director prior to, or within 18 months of, completing residency. MIDOCs program director will provide the loan documentation form and instructions to you.

Distribution of Funds

The student loan payments are made directly to the resident so that you have the ability to apply it to your loans in the way that is most advantageous to your financial situation. The money may be applied to your loan(s) as a lump sum or used for monthly payments.

The loan repayment award is disbursed in 3 installments:

- The first is paid when you present a signed employment contract
- The second when you start your job
- The third at the completion of one year of employment

The job must meet the practice requirements as outlined by MIDOCs and be in an underserved area of Michigan. The total loan award cannot exceed the outstanding balance of your qualified loans (e.g. If the total outstanding balance of your qualifying loans is \$115,000 you would receive a total of \$115,000 in loan repayment).

Deadline to Apply

You may submit loan documentation to the MIDOCs program director any time after your acceptance into the MIDOCs residency program. The deadline to apply for loan repayment is 18 months after completing residency. The necessary loan documentation forms and instructions will be provided to you by MIDOCs after your acceptance into the MIDOCs residency program.

Failure to Complete Service Obligation (Practice Requirement)

If you fail to complete the requirements of your service obligation and you have received MIDOCs Loan assistance, you must return to MIDOCs any loan assistance amounts paid to you representing the Practice Requirement term not completed, interest on the amounts at the maximum amount authorized by legal authority; and forfeit any right to future payments from the MIDOCs program.

Tax Treatment of MIDOCs Payments

MIDOCs loan repayment funds are exempt from gross income, employment, state, and local taxes. Generally, loan reimbursement awards received under a State loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas are excluded from wages for FICA, FUTA, and federal income tax withholding purposes. For tax purposes, you may want to keep receipts showing that the money was applied to your loans; you may want to consult your tax adviser on this.

**** MIDOCs reserves the right to update this policy at any time. ****