

RECENT GRADUATE LOAN FORGIVENESS AGREEMENT ("Agreement")

BY AND BETWEEN

INDIANA REGIONAL MEDICAL CENTER, a wholly-owned subsidiary of Indiana Healthcare Corporation, with its principal place of business in Indiana, Pennsylvania (hereinafter referred to as the "**Hospital**"),

AND

_____, who resides at _____,
_____ (hereinafter referred to as the "**Candidate**").

WHEREAS, the Candidate has graduated or is scheduled to graduate from an approved nursing program with a diploma or degree in nursing during the period from December, 2002 through December, 2004;

WHEREAS, the Candidate currently possesses a Pennsylvania nursing license or is eligible to take the Pennsylvania Nursing Boards;

WHEREAS, the Candidate wishes to become employed as a Registered Nurse with the Hospital; and

WHEREAS, the Hospital, in its efforts to recruit qualified and experienced nurses, wishes to provide a loan and a loan forgiveness arrangement to the Candidate.

Therefore, in consideration of the mutual covenants set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. The Hospital will provide a loan (the "**Loan**") to the Candidate in the amount of Two Thousand Dollars (\$2,000.00) for purposes of (i) paying off Candidate's educational loans and/or other necessary expenses and (ii) encouraging the Candidate to become employed at the Hospital.

2. The Loan shall be considered a loan to the Candidate by the Hospital and in anticipation of the Candidate's employment with the Hospital as a Registered Nurse.

3. In consideration of this loan made by Hospital to Candidate and in recognition of the legal obligation to reimburse Hospital for the Loan, the Candidate shall accept and begin employment at the Hospital within four (4) weeks of accepting the position, pending the results of the pre-employment physical. Disbursement of the Loan will not occur until the Candidate is in possession of a valid nursing license from the Commonwealth of Pennsylvania and actually begins employment with the Hospital.

4. (a) In lieu of cash repayment of the amount of the Loan, the Hospital has agreed to discharge and forgive the Loan in exchange for the Candidate providing services as an RN to the Hospital for a period of eighteen (18) consecutive

months of uninterrupted employment, which covers the period running from _____, 200_ through and including _____, 200_ (the "**Vesting Date**"). No portion of the Loan or any accrued interest thereon will be forgiven prior to the Vesting Date. The Loan and all accrued interest thereon will be forgiven on the Vesting Date only if (i) the Candidate provides services as an RN to the Hospital, and has uninterrupted employment with the Hospital, throughout the eighteen (18) consecutive month period ending on the Vesting Date. If the Candidate's employment with the Hospital is terminated (for any reason or no reason) prior to the Vesting Date, then the full amount of the Loan and all accrued interest thereon will be due and payable on the date of the termination of the Candidate's employment with the Hospital.

(b) The Candidate understands that if all or any portion of the Loan is forgiven by the Hospital then (i) the amount which has been forgiven (the "**Loan Forgiveness Amount**") will constitute taxable compensation income to the Candidate for federal, state and local income tax purposes for the year in which such amount is forgiven, (ii) the Loan Forgiveness Amount will be included in an IRS Form W-2 or an IRS Form 1099 to be issued to the Candidate by the Hospital for the year in which such amount is forgiven and (iii) the Hospital will notify the Candidate of the amount of any federal, state and local income taxes and employment taxes required to be withheld by the Hospital in respect of the Loan Forgiveness Amount, and the Hospital in its sole discretion may either (A) require the Candidate to provide the funds necessary to satisfy such withholding obligation or (B) withhold the appropriate income taxes and employment taxes from the Candidate's wages.

(c) The Candidate desires to establish a reserve account on the Hospital's books for purposes of either (i) funding and satisfying his/her future liability for income taxes and employment taxes in respect of the Loan Forgiveness Amount or (ii) satisfying part or all of the Candidate's liability for the Loan if the Candidate's employment with the Hospital should terminate before the Vesting Date. The Candidate hereby irrevocably directs the Hospital to withhold from his/her wages \$_____ for each pay period and deposit all such amounts so withheld in an account established and maintained on the Hospital's books (the "**Account**"). Following the Vesting Date, the Candidate directs the Hospital to withdraw the full balance of the Account and use such funds to apply to (i.e. offset) the Candidate's liability (the "**Loan Forgiveness Tax Liability**") for income taxes and employment taxes in respect of the Loan Forgiveness Amount. The Candidate understands that if the balance in the Account on the Vesting Date is less than the Loan Forgiveness Tax Liability, then the Hospital in its sole discretion may either (A) require the Candidate to provide the funds necessary to satisfy the remaining withholding obligation or (B) withhold the remaining obligation from the Candidate's wages. Conversely, if the balance in the Account on the Vesting Date is greater than the Loan Forgiveness Tax Liability, then the excess will be paid to the Candidate by the Hospital. The Candidate acknowledges and agrees that no interest will accrue on, or will be paid with respect to, the balance of the Account.

(d) If the Candidate should leave the employ of the Hospital on or before the Vesting Date, the Candidate directs the Hospital to withdraw the balance in the Account and apply such amount towards the amount of the Loan and accrued interest thereon. The Candidate acknowledges and agrees that (i) the Candidate will not be permitted to withdraw any of the funds in the Account for any reason, (ii) the Account will not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, except, however, by or for the Hospital, and any attempt to do so by or on behalf of any person other than the Hospital shall be void and of no effect, (iii) the Account shall not be subject to attachment or legal process for the Candidate's debts or other obligations, except, however, for (A) the Loan and/or the Candidate's debts or other obligations to the Hospital, if any, or (B) the Loan Forgiveness Tax Liability, and (iv) nothing contained in this Agreement shall be interpreted or construed to give the Candidate any right or claim to continuing employment by the Hospital or any interest, lien, or claim against any specific assets of the Hospital.

5. The Candidate recognizes and understands that employment with the Hospital may be in either a full-time or part-time status and that, in either event, the above periods of employment necessary to completely forgive the Loan and accrued interest thereon will not be affected by full-time/part-time status.

6. In the event the Candidate does not maintain his/her employment, or wishes to leave the employment of the Hospital prior to the Vesting Date, or otherwise defaults as set forth in paragraph 7, the Candidate agrees:

(a) To repay the Hospital in full the full amount of the Loan and all accrued interest thereon as of the date of termination of his/her employment.

(b) The Hospital will compute the interest due on the full amount of the Loan based upon the prime interest rate (as published in the *Wall Street Journal* on the date of disbursement) plus 1% from the date of disbursement. The Loan's interest rate shall be re-computed and semi-annually adjusted to the prevailing prime interest rate (as published in the *Wall Street Journal*) plus 1% on January 1, 200__, and each January 1st and July 1st thereafter.

(c) The Candidate agrees that his/her final paycheck and any accrued but unused benefit or vacation time balance owed Candidate on the date of notice shall be applied to reduce the amount of the Loan and accrued interest thereon.

(d) The Candidate agrees to make full repayment of the Loan's principal and interest thereon within thirty (30) days of the date his/her employment at the Hospital is terminated.

7. In the event of the occurrence of any of the following, the Candidate shall be considered to be in default of this Agreement:

(a) The Candidate's failure to receive a license within six (6) months of accepting employment or failure to maintain his/her RN license within the Commonwealth of Pennsylvania

(b) The Candidate's failure to receive a competent rating or above in all of the Candidate's performance appraisals or to remain satisfactory to the Hospital in the performance of all his/her duties as a Hospital employee;

(c) The Candidate is discharged from his/her employment with the Hospital; or

(d) The discovery that any misrepresentation was made to the Hospital **{or the School}** by or on behalf of the Candidate.

8. In the event of the occurrence of a default by the Candidate of this Agreement, the total Loan amount plus accrued interest thereon shall become due, owing and payable immediately by the Candidate to the Hospital without demand or notice.

9. The principal and interest due and owing the Hospital shall be calculated as provided for in paragraph 6(b) above.

10. The Candidate agrees to pay all expenses incurred by the Hospital in any attempt to collect amounts due under this Agreement, including all costs of legal action and reasonable attorneys' fees.

11. No extension of time for payment granted by the Hospital for all or any part of the amount owing under this Agreement at any time shall affect the liability of the Candidate. Acceptance by the Hospital of any installment after any default shall not operate to extend the time of payment of any amount then remaining unpaid or constitute a waiver of any of the other rights of the Hospital under this Agreement. No delay by the Hospital in exercising any power or right shall operate as a waiver of any power or right, shall preclude other or further exercise of the power or right, or the exercise of any other power or right. The waiver of any default or grounds for acceleration by the Hospital shall not operate as a waiver of any subsequent default or grounds for acceleration, or of any power or right that the Hospital may have under this Agreement.

12. To the extent permitted by applicable law the Candidate waives demand and presentment for payment, notice of dishonor, notice of protest, and protest of this Agreement.

13. No waiver or modification of the terms of this Agreement shall be valid unless in writing, signed by the Candidate and the Hospital. Any modification shall be valid only to the extent set forth in writing.

14. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, with out regard to conflict of laws provisions.

15. The Candidate understands that neither the making of the Loan, nor any provision contained in this Agreement, shall be interpreted as an obligation on the part of the Hospital to extend an offer of employment to the Candidate. The Candidate further acknowledges that in the event the Candidate becomes employed by the Hospital, the execution of this Agreement shall not limit in any way the Hospital's right to terminate the Candidate's employment with Hospital at any time without cause in accordance with Hospital's rights as provided by law and/or as specified in any collective bargaining agreement covering the Candidate.

16. Upon full completion of all terms contained in this Agreement, or in the event of the death or permanent disability of the Candidate, the Candidate shall have no further obligation to the Hospital.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this ____ day of _____, 200_.

ATTEST: INDIANA REGIONAL MEDICAL CENTER

By: _____

WITNESS:

[Candidate's Name]