

283—37.4(261) Administrative wage garnishment procedures. The commission shall apply administrative wage garnishment procedures established under the federal Higher Education Act of 1965, as amended and codified in 20 U.S.C. § 1071 et seq., in the collection of all defaulted student loans owed to the commission.

37.4(1) *Notice prior to wage withholding.* A debtor shall receive a “notice prior to wage withholding” from the commission inviting the debtor to enter into voluntary monthly payments with the commission within 30 days after receipt of the notice.

37.4(2) *Right to hearing.* A debtor is entitled to a hearing before an administrative law judge if a petition is filed requesting a hearing on or before the fifteenth day following mailing of the “notice prior to wage withholding.”

37.4(3) *Repayment agreement.* A debtor who negotiates a monthly payment with the commission shall receive a “repayment agreement in lieu of wage withholding” reflecting the payment amount and payment date agreed upon (20-day grace period) for the debtor’s signature and return to the commission.

37.4(4) *Debtor’s failure to arrange timely voluntary payments.*

a. The employer of a debtor who is financially capable of paying, but who fails to make voluntary payments after receiving a “notice prior to wage withholding” from the commission, or who signs a “repayment agreement in lieu of wage withholding” but subsequently fails to make regular monthly payments, shall receive an “order of withholding from earnings” from the commission, directing the debtor’s employer to deduct and pay to the commission from the debtor’s wages an amount that does not exceed the amount authorized by federal legislation, unless the debtor provides the commission with written consent to deduct a greater amount. A duplicate copy of the order shall be provided to the debtor by the employer.

b. The employer also shall receive from the commission an “employer acknowledgment of wage withholding” which should be completed and returned to the commission within ten business days.

c. The employer shall notify the commission if the debtor changes employment. The employer shall provide the debtor’s date of termination, last-known address, and current employer and telephone number (if known).

d. The commission will send the employer a “release of order of withholding from earnings” when the debtor’s loan being collected by the commission is paid in full.