

**481—8.2(261) Student loan default/noncompliance with agreement for payment of obligation.**

**8.2(1) Definitions.** For the purposes of these rules, the following definitions shall apply.

*“Certificate of noncompliance”* means written certification from the college student aid commission to the licensing authority certifying that the licensee has defaulted on an obligation owed to or collected by the commission.

*“Commission”* means the college student aid commission.

*“Department”* means department of inspections and appeals.

*“Licensing authority”* means the department of inspections and appeals.

**8.2(2) Denial of issuance or renewal of a license.** The department shall deny the issuance or renewal of a license upon receipt of a certificate of noncompliance from the college student aid commission according to the procedures set forth in Iowa Code sections 261.121 to 261.127. In addition to the procedures contained in those sections, the following shall apply:

a. In order to process the certificate of noncompliance received by the department, the department will maintain records of licensees by name, current known address and social security number.

b. Upon receipt of a certificate of noncompliance duly issued by the commission, the department shall initiate procedures for denial of issuance or renewal of a license.

c. The notice required by Iowa Code section 261.126(4) shall be served by restricted certified mail, return receipt requested, or by personal service in accordance with the Iowa Rules of Civil Procedure. Alternatively, the applicant or licensee may accept service personally or through authorized counsel.

d. The department’s notice referred to in Iowa Code section 261.126(4) shall state all of the following:

(1) The licensing authority intends to deny issuance or renewal of an applicant’s/licensee’s license due to the receipt of a certificate of noncompliance from the commission.

(2) The applicant/licensee must contact the commission to schedule a conference or to otherwise obtain a withdrawal of a certificate of noncompliance.

(3) Unless the commission furnishes a withdrawal of a certificate of noncompliance to the licensing authority within 30 days of the issuance of the notice under 8.2(2) “c,” the applicant’s/licensee’s license or application shall be denied.

e. The applicant or licensee served with a notice under 8.2(2) “c” shall not have a right to a hearing before the department but may request a court hearing pursuant to Iowa Code section 261.127. Such court hearing must be requested within 30 days of providing notice.

f. The effective date of the denial of the issuance or renewal of a license, as specified in the notice under 8.2(2) “c” and required by Iowa Code section 261.126(4), shall be 60 days following service of the notice upon the applicant or licensee.

g. The department is authorized to prepare and serve the notice required by Iowa Code section 261.126(4) upon the applicant or licensee.

h. All department fees required for application, license renewal, or license reinstatement must be paid by an applicant or licensee and all continuing education requirements must be met before a license will be issued, renewed, or reinstated after the department has denied the issuance or renewal of a license pursuant to Iowa Code sections 261.121 to 261.127.

i. In the event an applicant or licensee timely files a district court action following service of a department notice pursuant to Iowa Code section 261.126(4), the department shall continue with the intended action described in the notice upon the receipt of a court order lifting the stay, dismissing the action, or otherwise directing the department to proceed.

j. Upon the filing of a district court action, the applicant or licensee shall promptly file with the department a copy of the petition filed with the district court. In addition, the applicant or licensee shall provide the department with copies of all court orders and rulings entered in such action, including copies of any order entered dismissing the action, and shall provide such copies to the department within seven days of the action taken by the district court.

k. For purposes of determining the effective date of the denial of the issuance or renewal of a license, the department shall count the number of days before the action was filed and the number of days after the action was disposed of by the court.