

283—37.3(261) License sanction program.

37.3(1) Service of notice. The notice described in Iowa Code section 261.121(2) shall be served by restricted certified mail, return receipt requested, addressed to the debtor at the debtor's last-known residence or principal place of business. If the debtor signs for the notice, the return post office receipt shall be proof of service. If the debtor fails to sign for the notice, the commission may personally serve the debtor in accordance with Iowa Rules of Civil Procedure.

37.3(2) Exclusions from license sanction process. The commission may determine that the issuance of a certificate of noncompliance is not appropriate pursuant to Iowa Code section 261.122(5) "c," or that a certificate of noncompliance should be withdrawn pursuant to Iowa Code section 261.124(5) "d," during periods in which any of the following conditions exist:

a. Written verification that the debtor has been deemed eligible for and is receiving supplemental security income (SSI), similar state- or federal-funded assistance, or county assistance, such as general relief or general assistance.

b. Verified economic hardship which the commission determines from the debtor's sworn financial statement and other relevant evidence would likely qualify for hardship discharge of student loans under the Bankruptcy Code.

c. A verified temporary illness or disability of the debtor or of another household member which prevents the debtor from working or requires the presence of the debtor in the home as a caretaker.

d. Verified incarceration.

e. Verified participation on an in-treatment basis in a chemical dependency program licensed by the department of public health or a similar program.

37.3(3) Written agreement. A debtor may, at any time, with or without a requested conference, enter into a satisfactory written repayment agreement to either avoid the issuance of a certificate of noncompliance or to secure a withdrawal of an issued certificate of noncompliance. In determining whether the terms of a proposed repayment agreement are satisfactory, the commission shall take into account the debtor's ability to pay. Repayment terms shall be deemed satisfactory if the debtor agrees to pay at least the maximum amount which would be subject to an administrative wage withholding procedure, or the equivalent for a self-employed person. In addition, the commission may take into consideration the recent existence of any of the conditions outlined in subrule 37.3(2), if verified, and if the debtor can demonstrate that insufficient time has passed for the debtor to regain an ability to repay obligations owed to the commission.

37.3(4) Right to court hearing. The debtor may request a hearing before the district court in the debtor's county of residence. The scope of the court's review is limited to whether the debt is in default, whether the amount of the default is misstated, or whether a mistake has been made in the identity of the debtor.