

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-23
PROCEDURES AFFECTING PROFESSIONAL LICENSES**

TABLE OF CONTENTS

1640-01-23-.01	Introduction	1640-01-23-.05	Hearings and Order or Notice of Default
1640-01-23-.02	Definitions	1640-01-23-.06	Order to Terminate Suspension or Notice of Compliance
1640-01-23-.03	Determination of Default		
1640-01-23-.04	Notice Prior To Issuing an Order or Notice of Default	1640-01-23-.07	Subsequent Suspensions or Defaults

1640-01-23-.01 INTRODUCTION.

- (1) These rules implement the process whereby professional licenses, certificates, and registrations authorized by the state of Tennessee may be subject to disciplinary action for default on a repayment or service obligation under any Federal Family Education Loan program, a student loan guaranteed or administered by TSAC, or any other state or federal educational loan or service-conditional scholarship program.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.
Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.02 DEFINITIONS.

- (1) Borrower: An individual who owes a balance on a federal family education loan program loan, a student loan guaranteed or administered by TSAC, or any other state or federal educational loan or service-conditional scholarship program.
- (2) Default: The failure of a borrower to make installment payments when due on a repayment or service obligation under any federal family education loan program, a student loan guaranteed or administered by TSAC, or any other state or federal educational loan program, provided that this failure persists for the most recent period of 270 consecutive days (for a loan repayable in monthly installments) or the most recent period of 330 consecutive days (for a loan repayable in less frequent installments).

Default may also occur if a borrower has failed to enter into a payment plan, fulfill a service obligation, or comply with a payment plan previously approved by TSAC.

- (3) Delinquency: A period that begins on the first day following the due date of a payment when the borrower fails to make the equivalent of one full payment as established in the approved payment agreement.
- (4) Discharge: The release of a borrower from all or a portion of the borrower's loan obligation due to school closure, death, total and permanent disability, false certification, or other conditions specified by court order.
- (5) Due Date: The date that payment is due as established by the lender or TSAC.
- (6) Eligible Payment: A fully negotiated voluntary payment made by the borrower, which may include administrative wage garnishment, but does not include U.S. or state of Tennessee Treasury offsets.

(Rule 1640-01-23-.02, continued)

- (7) FFELP: Federal Family Education Loan Program.
- (8) License: A license, certification, registration, permit, approval or other similar document issued by the state of Tennessee to an individual evidencing admission to or granting authority to engage in a profession, trade, occupation, business, or industry.
- (9) Licensee: An individual who holds a license, certification, registration, permit, approval or other similar document issued by a granting authority in the state of Tennessee to engage in a profession, trade, occupation, business, or industry.
- (10) Licensing Authority: A department, division, board, commission, committee, agency or other state of Tennessee governmental entity that has been established by statute or regulation to oversee the issuance and regulation of any license.
- (11) Notice of Compliance: A notice issued by TSAC to the Tennessee Supreme Court or the Tennessee State Board of Education that the borrower has paid the debt in full, entered into a payment plan, complied with a payment plan previously entered into and approved by TSAC, is otherwise in satisfactory compliance, or has entered into a service obligation.
- (12) Notice of Default: A notice issued by TSAC to the Tennessee Supreme Court or the Tennessee State Board of Education advising that the borrower has been determined to be in default on a repayment or service obligation under any federal family education loan program, a student loan guaranteed or administered by TSAC, or any other state or federal educational loan or service-conditional scholarship program.
- (13) Notice of Intent to File an Order of Default: A notice issued to the borrower by TSAC advising the borrower of its intent to file an order with the appropriate licensing authority to suspend, deny, or revoke the borrower's license unless certain conditions are met.
- (14) Notice of Intent to issue a Notice of Default: A notice issued to the borrower by TSAC advising the borrower whose license is issued by the Tennessee Supreme Court or the Tennessee Board of Education of its intent to issue a notice with the appropriate licensing authority unless certain conditions are met.
- (15) Order of Default: An order issued by TSAC to the appropriate licensing authority requesting to suspend, deny, or revoke the license of the licensee determined to be in default, and, further requesting the borrower to refrain from engaging in the activity for which a license has been issued.
- (16) Order to Terminate Suspension: An order issued by TSAC to the appropriate licensing authority to terminate the suspension, denial, or revocation of a license upon TSAC's determination that the borrower has paid the debt in full, entered into a payment plan, complied with a payment plan previously entered into and approved by TSAC, is otherwise in satisfactory compliance, or has entered into a service obligation.
- (17) Regularly: As it relates to requesting names of licensees from licensing authorities and generating lists of those in default or eligible for reinstatement, a frequency that both TSAC and each individual licensing authority agree upon but no less than annually.
- (18) Satisfactory Payment Agreement: An arrangement between the borrower and TSAC which satisfies the borrower's payment obligation, which may include voluntary payments, administrative wage garnishment, deferment, or forbearance.
- (19) Service-Conditional Scholarship Program: A state or federal loan forgiveness program that requires the recipient of an educational loan to sign a promissory note stipulating a service obligation in exchange for loan forgiveness.

(Rule 1640-01-23-.02, continued)

(20) TSAC: Tennessee Student Assistance Corporation.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.03 DETERMINATION OF DEFAULT.

- (1) TSAC shall regularly request a list of licenses from those licensing authorities authorized by the state of Tennessee to issue any license granting an individual authority to engage in a profession, trade, or occupation.
- (2) TSAC shall request that the licensing authority submit the licensee information in a format acceptable to TSAC and contain, if collected by the licensing authority, the following information:
 - (a) Name, (Last, First, Middle Initial);
 - (b) A minimum of the last four digits of the Social Security Number, provided that the Social Security Number is not a public record and shall only be used by TSAC for purposes related to the administration of these rules;
 - (c) Address (Street, City, State, and ZIP-Plus4-Plus2);
 - (d) Date of Birth (MMDDYYYY);
 - (e) Professional License Number;
 - (f) Type of license held; and
 - (g) Licensing Authority.
- (3) TSAC shall regularly generate a list of all defaulted borrowers to match against the list of licensees to determine those licensees that are in default.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.04 NOTICE PRIOR TO ISSUING AN ORDER OR NOTICE OF DEFAULT.

- (1) Following a match against the list of licenses from a licensing authority, TSAC shall serve notice to the licensee, personally or by certified mail with return receipt requested. Service of process will be considered sufficient if the return receipt requested is refused or unclaimed as noted by the postal authority. The notice shall advise the borrower of TSAC's intent to file an Order of Default with the appropriate licensing authority ninety (90) days after service to suspend, deny or revoke the borrower's license unless the borrower:
 - (a) Pays the entire debt as stated in the notice;
 - (b) Enters into a payment plan or service obligation, or complies with a payment plan previously entered into and approved by TSAC;
 - (c) Requests and qualifies for deferment, forbearance, or other satisfactory compliance; or

(Rule 1640-01-23-.04, continued)

- (d) Requests a hearing before TSAC.
- (2) The service and compliance requirements of this Rule 1640-01-23-.04 shall apply to those borrowers whose license has been issued by the Tennessee Supreme Court or the Tennessee State Board of Education, except that upon failure to comply with the requirements stated in the notice TSAC shall issue a Notice of Default to the appropriate licensing authority, advising only that the borrower is in default.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.05 HEARINGS AND ORDER OR NOTICE OF DEFAULT.

- (1) Hearing requests by the borrower must be made in writing and received by TSAC within twenty (20) days of the date the initial notice of default or delinquency is served.
- (2) Upon receipt of a request for a hearing from the borrower, TSAC shall schedule a hearing to determine whether determination of delinquency or default which could result in suspension, denial, or revocation of the license is appropriate. The borrower's license may not be suspended, denied, or revoked until a determination is reached following the hearing. The issues that may be determined in the hearing are:
 - (a) The amount of the debt, if any;
 - (b) Whether the borrower is delinquent or in default; or
 - (c) Whether the borrower:
 - 1. Has entered into a payment plan or service obligation approved by TSAC;
 - 2. Is willing to enter into a payment plan or service obligation approved by TSAC;
 - 3. Is willing to comply with a payment plan or service obligation previously entered into and approved by TSAC or the guarantee agency; or
 - (d) Whether the debtor is eligible for deferment, forbearance, or other satisfactory compliance.
- (3) If a borrower, without good cause, fails to respond to the notice of intent, fails to timely request a hearing, or fails to appear at a regularly scheduled hearing, the borrower's defenses, objections, or request for a payment plan or compliance with a payment plan may be determined to be without merit; and TSAC shall enter a final decision and order, requesting suspension, denial, or revocation of the borrower's license, and further requesting the licensing authority to order the borrower to refrain from engaging in the activity for which a license has been issued.
- (4) Paragraphs (1), (2), and (3) of this rule 1640-01-23-.05 shall apply to those borrowers licensed under the Tennessee Supreme Court or Tennessee State Board of Education, except TSAC shall enter a final determination and issue a Notice of Default to the appropriate licensing authority.
- (5) TSAC shall send a copy of the Order or Notice of Default to the licensing authority and the borrower.

(Rule 1640-01-23-.05, continued)

- (6) The administrative hearings shall be conducted in accordance with the rules and regulations adopted under the Uniform Administrative Procedures.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.06 ORDER TO TERMINATE SUSPENSION OR NOTICE OF COMPLIANCE.

- (1) Once the debt has been paid in full, a payment plan acceptable to TSAC has been entered into and a payment has been received by TSAC, or a service obligation is fulfilled, the borrower shall be eligible for reinstatement and TSAC shall issue an Order to Terminate Suspension to the appropriate licensing authority to terminate the suspension, denial, or revocation, restoring or reinstating the license that was previously suspended, revoked, or denied, except that
 - (a) TSAC shall issue a Notice of Compliance to the Tennessee Supreme Court or the Tennessee State Board of Education.
- (2) TSAC shall send a copy of the Order to Terminate Suspension to the borrower notifying the borrower that the suspension, denial, or revocation has been rescinded and puts the borrower on notice for actions of subsequent defaults, except that
 - (a) TSAC shall send a copy of the Notice of Compliance to those borrowers whose license has been issued by the Tennessee Supreme Court or the Tennessee State Board of Education.
- (3) TSAC shall regularly compile a list of all borrowers determined to be eligible for reinstatement.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.

1640-01-23-.07 SUBSEQUENT SUSPENSIONS OR DEFAULTS.

- (1) Following an initial reinstatement, should a licensee fail to comply with the agreed payment plan or service obligation, a subsequent Order of Default shall immediately be issued to the appropriate licensing authority requesting the suspension, revocation, or denial of the borrower's license, and further requesting the licensing authority to order the licensee to refrain from engaging in the activity for which a license has been issued, except that
 - (a) For those licensed by the Tennessee Supreme Court or the Tennessee State Board of Education who fail to comply with the agreed payment plan or service obligation, a subsequent Notice of Default shall immediately be issued to the Tennessee Supreme Court or the Tennessee State Board of Education.
- (2) A second default or delinquency by the same borrower will result in the requirement of three (3) consecutive monthly payments before the borrower can be eligible for reinstatement. All subsequent defaults or delinquencies by the same borrower will result in the requirement of four (4) consecutive monthly payments before the borrower can be eligible for reinstatement, except that
 - (a) For those licensed by the Tennessee Supreme Court or the Tennessee State Board of Education who have a second Notice of Default issued to the Tennessee Supreme Court or the Tennessee State Board of Education, three (3) consecutive monthly

(Rule 1640-01-23-.07, continued)

payments shall be required before TSAC will issue a Notice of Compliance. Furthermore, all subsequent Notices of Default by the same borrower will result in the requirement of four (4) consecutive monthly payments before a Notice of Compliance will be issued.

- (3) The borrower shall be notified in both the initial Order or Notice of Default and the payment agreement plan that all subsequent defaults or delinquencies will result in an immediate issuance of an Order or Notice of Default to the appropriate licensing authority.

Authority: T.C.A. §§ 49-4-203, 49-4-204, 56-1-312, 63-1-141, and 2012 Public Acts, Chapter 519.

Administrative History: Emergency rule filed March 1, 2013; effective through August 28, 2013. Original rule filed March 1, 2013; effective August 29, 2013.