164.772 Default in repayment obligation under financial assistance program -- Professional licensing and certification -- Notification.

(1) For purposes of this section, "licensing agency" means an agency, board, or commission created by the state, including the Kentucky Supreme Court, that has the power to issue, renew, revoke, or suspend any occupational or professional certification, license, or registration required to engage in an occupation, profession, or trade.

(2) The Kentucky Higher Education Assistance Authority shall declare that a person is in default if he or she is not meeting the repayment obligation under any financial assistance program in KRS Chapters 164 and 164A administered by the Kentucky Higher Education Assistance Authority.

(3) A licensing agency may require that an applicant certify that he or she is not ineligible for an initial or renewed occupational or professional certification, license, or registration pursuant to subsection (2) of this section.

(4) A licensing agency shall not issue or renew a license of any person who is in default of the repayment obligation under any financial assistance program in KRS Chapters 164 and 164A unless the authority has verified that:

(a) The borrower in default has entered a satisfactory repayment agreement on the defaulted loan;

(b) The financial obligation has been waived for cause or discharged by the authority; or

(c) The financial obligation has been satisfied or paid in full.

(5) The authority shall notify the licensing agencies of the requirements of this section and enter into an agreement with the licensing agencies to establish procedures regarding the exchange of information on persons who have defaulted on repayment obligations, the form and frequency of exchanging information on borrowers in default, and notification to the borrowers in default of the repayment obligation.

(6) A licensing agency or the authority shall notify, in writing, the borrower of a defaulted loan that failure to repay the obligation may result in the denial of the issuance of an initial or renewed license, or the suspension or revocation of a license to practice a profession, occupation, or trade in accordance with the rules and policies established by the licensing agency. The notice shall provide time frames in which the borrower shall respond to the notification and enter into a satisfactory agreement to repay the obligation. If the borrower fails to enter into a satisfactory agreement, the authority may notify the appropriate licensing agency that the license of the borrower in default is not subject to issuance or renewal or may be suspended or revoked in accordance with the administrative regulations of the licensing agency.

(7) The authority shall promptly notify a licensing agency that a formerly reported borrower is no longer in default and has achieved satisfactory repayment status as determined by the authority, repaid the obligation in full, or the authority has taken other action including waiver of the obligation for cause or discharging the borrower of the responsibility for repayment. Upon receiving notice from the authority, the licensing agency may issue an initial or renewed license or reinstate the certificate, license, or registration in accordance with

administrative regulations adopted by the licensing agency.

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