§ 630. Penalties. 1. If after providing notice and an opportunity for a hearing the department determines that a covered institution or lending institution has violated any terms or provisions of this article, then the covered institution or lending institution may be liable for a civil penalty. Regardless of the department's determination that a covered institution or lending institution is liable for a single violation or a series of violations under this article, the maximum penalty shall not exceed fifty thousand dollars. In taking action against a covered institution or lending institution, consideration shall be given to the nature and severity of violations of this article.

2. If after providing notice and an opportunity for a hearing the department determines that a covered institution employee has violated any terms or provisions of this article, then the covered institution employee may be liable for a civil penalty. Regardless of the department's determination that a covered institution employee is liable for a single violation or a series of violations under this article, the maximum penalty shall not exceed seven thousand five hundred dollars. In taking action against a covered institution employee, consideration shall be given to the nature and severity of violations of this article.

3. If after providing notice and an opportunity for a hearing the department determines that a lending institution has violated a term or provision of this article, such lending institution shall not be placed or remain on any covered institution's preferred lender list unless notice of such violation is provided to all potential borrowers of the covered institution.

4. Nothing in this section shall prohibit the department from reaching a settlement agreement with a covered institution, covered institution employee or lending institution in order to effectuate the purposes of this section. Provided, however, if such settlement agreement is reached with a covered institution or lending institution, the department shall provide notice of such action to all potential borrowers in a form and manner prescribed by the department.

5. The department shall deposit the funds generated from this section

into the student lending education account, created by section ninety-seven-hhhh of the state finance law. Such funds shall be given to covered institutions upon application to the department for the purposes of:

a. Educating borrowers and potential borrowers on the educational loan process, including, but not limited to, available educational loan options, understanding rates and terms of student loans, managing costs and credit responsibilities, student loan repayment and loan consolidation; and

b. Reimbursing borrowers from inflated educational loan prices caused by revenue sharing agreements between such covered institution and a lending institution.