§ 681-a. Guaranteed student loans; special requirements. 1. As used in this section:

(a) "Federal guaranteed student loan program" shall mean the program of the United States government making low interest loans available to students or parents of students to pay for their cost of attending post-secondary institutions established under Title IV, Part B of the Higher Education Act of nineteen hundred sixty-five, as amended, or any successor statute.

(b) "Guaranteed student loan" shall mean a loan made by a lender to a student who is resident of and is attending an institution in this state or a parent of such a student under and pursuant to the federal guaranteed student loan program.

(c) "Lender" shall mean a bank, savings and loan association, credit union, pension fund, insurance company, school or state lending agency participating in such federal guaranteed student loan program.

(d) "Guarantee agency" shall mean any state agency or not-for-profit corporation which has entered into an agreement with the United States secretary of education to guarantee loans made under the federal guaranteed student loan program and which guarantees loans made to residents of this state attending institutions in this state.

(e) "Institution" shall mean any post-secondary institution, including a vocational school, participating in the federal guaranteed student loan program.

2. (a) Any individual, institution, lender or guarantee agency which shall provide a student with an application for a guaranteed student loan shall advise the student prior to his or her execution of such application that it is for such a loan. Any application for such a loan provided to a student shall contain, on its face in bold faced, sixteen point size print, the following statement: "This is an application for a guaranteed student loan. The money loaned to you must be repaid by you in full, with interest, in accordance with the terms of the loan. Failure to repay the loan can adversely affect your credit and result in legal action against you."

3. No institution shall accept from a student an application for a guaranteed student loan if the name of the lender is not prominently set

forth in the application.

4. An institution shall not require a student to make an application for a guaranteed student loan to a particular lender or otherwise select for the student such lender. An institution may recommend a lender, however, in such case, at such time it shall deliver to the student a statement supplied by the president as to the student's right and ability to obtain such loan from other lenders and as to the insurance premiums charged by guarantee agencies on such loans.

5. The corporation, pursuant to its authority to coordinate the state's administrative effort in student financial aid and loan programs with those of other levels of government shall develop and maintain records of the guaranteed student loans made by lenders to students who are residents of the state attending institutions in this state which are guaranteed by guarantee agencies other than the corporation. It shall obtain and collect from other guarantee agencies, at such times and in such form as the president shall determine, information as to such guaranteed student loans which shall include the following: (i) the number and total dollar amount of such loans made during the period reported, shown by lender and by institution; (ii) the number and total dollar amount of loans made to students while attending institutions in this state which were purchased in default during the period reported, shown by lender and by institution; and (iii) the current default rate for such loans by lender and by institution.

6. Where a violation of this section by a guarantor or an institution other than a public institution of higher education is alleged to have occurred, the attorney general may apply in the name of the people of the state of New York to the supreme court of the state of New York within the judicial district in which such violations are alleged to have occurred, on notice of five days, for an order enjoining or restraining commission or continuance of the alleged unlawful acts. In any such proceeding, the court may impose a civil penalty in an amount not to exceed five thousand dollars. Enforcement of any violation by a public institution shall be as otherwise authorized by law.