

(2) A copy of the notice, signed by the applicant, shall accompany any executed application for a loan.

12-120.

(a) This section applies to any loan, OTHER THAN A COMMERCIAL LOAN, to be secured by ~~owner occupied residential real property~~ A MORTGAGE OR DEED OF TRUST ON A BORROWER'S PRIMARY RESIDENCE.

(b) A lender may require the borrower to pay for services rendered by the lender's attorney in connection with a loan described in subsection (a) of this section only if:

(1) The attorney's fee is limited to legal services attributable to processing and closing the loan and not to unrelated services performed by the attorney for the lender;

(2) The amount of the attorney's fee, if in excess of \$100, is supported by a statement, provided to the borrower at or prior to settlement, that:

(i) Describes the services performed;

(ii) Sets forth the time spent by the attorney and the hourly rate or other basis for determining the fee;

(iii) States that the legal services are being performed on behalf of the lender and not on behalf of the borrower; and

(iv) States that the services are being paid for by the borrower;

(3) The amount of the attorney's fee is reasonable on the basis of the legal services performed; and

(4) The attorney's fee is separately itemized on the loan settlement sheet and identified as a fee to the lender's attorney.

(c) (1) A lender may not require as a condition of settlement that a borrower employ a particular attorney or title insurance company to perform a title search, examination of title, or closing if:

(i) The borrower notifies the lender, within 7 days after application for the loan, of the name and business address of the borrower's choice of attorney or title insurance company to perform the title search, examination of title, or closing; and

(ii) The lender does not reject the borrower's choice of attorney or title insurance company for good cause within 7 days after the receipt of the notice under item (i) of this paragraph.

(2) Subject to the requirements of subsection (b) of this section, this subsection may not be construed to prohibit a lender from requiring a borrower to pay for:

(i) Preparation of loan closing documents;