

SAMPLE

LOMAS Administrative Form

Form No. 096141, page 1 of 3

TERMS OF ENGAGEMENT AGREEMENT

This statement sets forth the standard terms of our engagement as your lawyers. Unless modified in writing by mutual agreement, these terms will be an integral part of our agreement with you. Therefore, we ask that you review this statement carefully and contact us promptly if you have any questions. We suggest that you retain this statement in your file.

The Scope of Our Work

You should have a clear understanding of the legal services we will provide. Any questions that you have should be dealt with promptly.

We will at all times act on your behalf to the best of our ability. Any expressions on our part concerning the outcome of your legal matters are expressions of our best professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

Who Will Provide the Legal Services

Customarily, each client of the firm is served by a principal attorney contact. The principal attorney should be someone in whom you have confidence and with whom you enjoy working. You are free to request a change of principal attorney at any time. Subject to the supervisory role of the principal attorney, your work or parts of it may be performed by other lawyers and legal assistants in the firm. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise in a given area or for the purpose of providing services on the most efficient and timely basis. Whenever practicable, we will advise you of the names of those attorneys and legal assistants who work on your matters.

How Fees Will Be Set

In determining the amount to be charged for the legal services we provide to you we will consider:

- * The time and effort required, the novelty and complexity of the issues presented, and the skill required to perform the legal services promptly
- * The fees customarily charged in the community for similar services and the value of the services to you
- * The amount of money or value of property involved and the results obtained
- * The time constraints imposed by you as our client and other circumstances, such as an emergency closing, the need for injunctive relief from court, or substantial disruption of other office business
- * The nature and longevity of our professional relationship with you
- * The experience, reputation, and expertise of the lawyers performing the services

SAMPLE

LOMAS Administrative Form

Form No. 096141, page 2 of 3

- * The extent to which office procedures and systems have produced a high quality product efficiently.

Among these factors, the time and effort required are typically weighted most heavily. We will keep accurate records of the time we devote to your work, including conferences (both in person and over the telephone), negotiations, factual and legal research and analysis, document preparation and revision, travel on your behalf, and other related matters. We record our time in units of tenths of an hour.

The hourly rates of our lawyers and legal assistants have an important bearing on the fees we charge. These rates are reviewed annually to reflect current levels of legal experience, changes in overhead costs, and other factors. Many of our attorneys have developed special expertise in particular areas of law and are able to deliver services in their specialty areas with greater efficiency. These lawyers are assigned both regular and specialty rates. Their time will be charged at a specialty rate when they provide services in their specialty areas.

We are often requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible we will furnish such an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation. The ultimate cost frequently is more or less than the amount estimated.

For certain well defined services—a simple business incorporation or an uncontested marriage dissolution, for example we will quote a flat fee. It is our policy not to accept representation on a flat fee basis except in such defined-services areas or pursuant to a special arrangement tailored to the needs of a particular client. In all such situations, the flat fee arrangement will be expressed in a letter, setting forth both the amount of the fee and the scope of the services to be provided.

In undertaking representation of a client with a personal injury or wrongful death claim, we will, in appropriate circumstances, provide legal services on a contingent fee basis. Any such contingent fee arrangement must be reflected in a written contingent fee agreement approved by our contingent fee review committee.

Out-of-Pocket Expenses

We typically incur and pay on behalf of our clients a variety of out-of-pocket costs arising in connection with legal services. These include charges made by government agencies and service vendors as well as clerical charges. Whenever such costs are incurred, we will carefully itemize and bill them. Typical of such costs are long distance telephone charges; messenger, courier, and express delivery charges; telecopy and telex charges; printing and reproduction costs; filing fees; deposition and transcript costs; witness fees; travel expenses; charges made by outside experts and consultants, including accountants, appraisers, and other legal counsel (unless arrangements for direct billing have been made); and charges for automated document production (word processing). We incur outside costs as agents for our clients and incur internal expenses on behalf of our clients, who agree that these costs will always be paid on a regular basis.

SAMPLE

LOMAS Administrative Form

Form No. 096141, page 3 of 3

Retainer and Trust Deposits

New clients of the firm are commonly asked to deposit a retainer with the firm. Typically, the retainer is equal to the fees and costs likely to be incurred during a two-month period. The retainer deposit is charged for fees as our legal services are provided. Regular statements will be furnished to you for purposes of restoring the retainer deposit. At the conclusion of our legal representation or at such time as the deposit is unnecessary or is appropriately reduced, the remaining balance or an appropriate part of it will be returned to you. If the retainer deposit proves insufficient to cover current expenses and fees on at least a two-month basis, it may have to be increased.

Deposits that are received to cover specific items will be disbursed as provided in our agreement with you, and you will be notified from time to time of the amounts applied or withdrawn. Any amount remaining after disbursement will be returned to you.

All trust deposits we receive from you, including retainers, will be placed in a trust account for your benefit. By court rule, your deposit must be placed in a pooled account if it is not expected to earn a net return, taking into consideration the size and anticipated duration of the deposit and the transaction costs. Other trust deposits will also be placed in the pooled account unless you request a segregated account. By court rule, interest earned on the pooled account is payable to a charitable foundation established by the State Supreme Court. Interest earned on a segregated trust account will be added to the deposit for your benefit and will be includable in your taxable income.

Termination

You may terminate our representation at any time, with or without cause, by notifying us.