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How To Cut Costs On Legal Fees

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Legal fees are a necessary association expense. But many homeowner associations pay more than they should. Perhaps your association has been using a reliable law firm for several years but you're troubled by the size of the bills. Or maybe you're looking for a lawyer to provide legal services to your association. In either situation, you may be able to save hundreds - even thousands - of dollars in legal fees without compromising the quality of the services you receive.

Here are some cost-cutting techniques that can help your association.

Talk About Fees At The Start

If your lawyer doesn't bring up the subject of fees, you should. Don't be shy about it. And remember, lawyers are in business for themselves and are free to set their own fees. It's often appropriate for you to negotiate regarding these charges. The best time to discuss fees is at the beginning of a new legal matter. Some firms offer incentives or special privileges to their clients, such as an initial free call or meeting. You can ask if any incentives are available.

Reach An Understanding With Your Lawyer About How You Will Be Charged

The three most common ways of charging fees are:

By the hour. The rate will often depend on where the lawyer practices and on his or her skill and experience. Generally, competent legal services for an association will range from \$150 to \$250 an hour. Designate a specific person or two within your association whose responsibility it is to interface with the attorney. Have the attorney understand that he should only deal with these people. Explain that you don't expect to be billed if the lawyer provides services based on any request from anyone other than those designated.

Flat fee. Sometimes a lawyer will quote a fee for a specific task or service. For example, \$200 to review a particular contract or \$2,500 to represent you before the Civil Rights Commission. You pay the flat fee amount regardless of how much time the lawyer spends on the task.

Contingent Fee. This is a percentage (such as one-third) of the amount the lawyer is able to obtain for you in a negotiated settlement or through a trial. If the lawyer recovers nothing, there's no fee. In addition to fees for services, lawyers generally expect reimbursement for out of pocket expenses such as filing fees, long distance phone calls and photocopies. This type of fee arrangement is popular in construction defect cases.

Try To Settle Cases Rather Than Litigate

Don't give in to the impulse to fight for the last dollar because "a matter of principle" is involved. Usually, it's better to compromise a conflict than to fight it through trial. You may even be able to settle some minor matters yourself without the lawyer's help.

Have Your Lawyer Design Forms That You Can Use In Routine Transactions

You simply fill in the blanks. Your lawyer can give you language to use in the most common situations that you'll face in your association. You can consult with the lawyer in special cases. Examples include assessment liens, liability waiver for volunteer days and a workers compensation agreement and affidavit of exemption.

GUARANTEE A MINIMUM NUMBER OF HOURS OF WORK DURING THE YEAR OR GO ON RETAINER

A \$200 an hour lawyer may be willing to work for \$175 an hour if you're a major client who provides a significant number of hours of work each year or ask your lawyer if he or she has a retainer program that provides certain billing reductions.

DESIGNATE A SINGLE PERSON TO BE THE CONTACT WITH YOUR LAWYER

This can be your manager or a board member and can be done for all legal matters or on a case by case basis. By having one contact person, not only will communication be enhanced, but there will be less likelihood of duplicate conversations and the like that increase legal fees.

GIVE YOUR LAWYER COPIES OF ALL PERTINENT RECORDS IN A NEW CASE

Bring the records to the first meeting so there won't be unnecessary phone calls about missing items. Also, prepare a chronological summary of the records so your lawyer can have ready access to the most important documents.

INSIST ON AN ITEMIZED STATEMENT

You are entitled to know exactly what services were performed and what expenses were incurred. If something seems incorrect or unclear on the statement, ask your lawyer for an explanation.

ASK FOR PROGRESS REPORTS DURING PROLONGED CASES

As a part of these reports, your lawyer should estimate what the remaining legal expenses will be. This will help you decide whether to intensify your efforts to settle or seek other ways to conclude the case promptly.

SAVING TIME IS SAVING MONEY

Try to arrange for meetings in your lawyer's office or over the phone. It's often wasteful to pay for your lawyer's travel time. When meeting with your lawyer, make the most of the time. Prepare for the meeting by listing all your concerns in priority order and weeding out those topics that are not necessary for the meeting. It is surprising how many topics can be covered in an hour. Have all your information ready and do not hesitate to insist that everyone stick to the point. Remember you are paying for the time.

CONSULT WITH YOUR LAWYER ON SEVERAL MATTERS AT ONE TIME

If you're well organized you can cover three or four items in a one-hour conference. This usually costs much less than making several visits or phone calls.

PURSUE MATTERS OF REAL CONCERN

Sometimes it doesn't pay to pursue cases legally that may conclude in a dead end. For example, it may cost more in legal fees to seek administrative expenses from a bankruptcy court than the amount you might win.

This is also true in pursuing items in a small claims court where a lawyer is not always necessary. Ask you lawyer if it really pays to pursue such items and how they can be followed up without the services of a lawyer. The advice may cost less than full legal service with the same results. Most important is to remember that full knowledge of your own documents will always save money. Many questions are answered in the governing documents without the need for legal interpretation. If your interpretation is challenged or questioned, then a legal opinion might be necessary.

SPEND MONEY TO SAVE MONEY

Don't be afraid to spend money initially to save money later. Be proactive by having your lawyer review contracts and documents before signing them. Lawyers will insist on clear wording, cancellation provisions, an indemnification clause and other safeguards for the association that are typically missing in contracts and documents drafted by the other side.

SHOP AROUND, BUT DON'T LAWYER HOP

Speak to other managers in your area. Call or visit a number of lawyers and ask them about their fees. Comparison shopping will help you avoid overpaying. But keep in mind that the cheapest hourly rate isn't necessarily the best.

For example, a novice who charges only \$175 an hour may take five hours to research and write an opinion letter or draft a document. A more experienced lawyer who charges \$225 an hour may do the same job in half the time. Even at the lower hourly rate, the first lawyer is no bargain.

When possible work with a lawyer or firm whose emphasis is in community association law. Their experience and expertise will save your association considerable expense, both in the short and long term.

Once you find a good lawyer, stick with that person or firm. A lawyer who's familiar with your association business, documents and history can handle your affairs much more efficiently than a succession of lawyers, each of whom must learn them from scratch.