

Alternative Fee Structures and Legal Services Management

We recognize that the recent economic times have been more challenging and different for our clients and our Firm. Recently, several institutional clients have communicated that the law firm selection process has changed, and now hinges on two factors: (1) law firms who have provided alternative fee arrangements from the standard hourly rate system for billing; and (2) the willingness and capability of law firms to be in partnership with clients.

When seeking legal resources, institutions are requesting modified rates for different types of matters. The Lamm Group believes that when it is necessary to accommodate this request, our clients still have a choice of a Firm capable of:

- providing value-added legal services management
- combining resources with local counsel in the primary jurisdictions
- focus on understanding the client's needs
- providing an agreed upon estimate for legal services

The enclosed document describes how The Lamm Group is addressing the need for Alternative Fee Structures and Legal Services Management. Since our experience and hallmark in Alternative Fee Structures and National and Regional Legal Services Management parallels your budget-dictated decisions concerning the selection of counsel, we invite you to meet at your convenience to discuss our success and experience with these methods.

I look forward to arranging an informational discussion to learn how we might be able to serve your particular needs.

Respectfully yours,



Anthony L. Lamm, Esquire
Managing Partner

Enclosures

Recovery Litigation, Workouts, Loan/Lease Enforcements, Mortgage Foreclosure, Bankruptcy and Collection

A true law firm Partnership recognizes that there needs to be a joint-risk approach to deciding upon a rate structure. For certain matters, legal fees may include a percentage of the overall recovery along with a base flat rate. Pricing for other matters may have a fixed flat rate where the legal tasks can be replicated or matters are repetitive and frequently handled by paralegals and junior associates. Another option is a blended rate, whereby one rate is charged no matter the attorney level. Other customized and negotiated rate structures include:

Flat Fee Rate Structure

1. One predetermined fee for the entire matter with flat fee based on a defined settlement amount and a limited time period by which the result must be achieved; and

Contingency Fee Rate Structure

2. A significantly reduced hourly rate, with an added contingency fee that is adjustable according to the amount of the settlement and any additional legal tasks performed by the law firm to achieve the desired client result; or

Capped Fee Rate Structure

3. Negotiation of an appropriate hourly rate based on complexity of the matter. The hourly rate will have an agreed upon cap for one of the following:
 - a. The entire transactional matter
 - b. Specific legal transactions:
 - i. Where certain parts of a matter can be replicated by similar matters the firm has previously handled and are appropriate for capped fee arrangements
 - ii. Where unique parts of the same case would not be appropriate for a capped fee due to unpredictability of the matter's outcome

Attorney-Prepared Loan/Lease Documentation

All of the dynamics and issues regarding law firm and client partnerships, in addition to Alternative Fee Arrangements are applicable to attorney-prepared loan or lease matters. However, as a result of the unique nature of the goals in transactional loan or lease documentation, The Lamm Group sees an opportunity for our clients and our firm to discuss a cost-efficient modified fee for certain individual sets of circumstances.

Short Form Fee Structure

A Short Form legal review has a negotiated flat fee based on volume. In this circumstance, the client is only provided with review of the legal terms and conditions of loan documents.

1. Client conducts and is responsible for due diligence items and assembling the Loan or Lease Documentation in house
2. Law firm reviews and comments upon legal terms and provisions of the client-prepared Loan or Lease Documentation only that may be inapplicable, inaccurate or lacking of key provisions
3. Client handles all aspects of closing (such as obtaining life insurance, etc.) and attends closing

Complex Form Fee Structure

A more involved Loan or Lease Documentation Partnership between the client and the law firm would provide the client with a more in depth review of Deal Approval documents at a slightly higher flat rate.

1. The law firm reviews the client Deal Approval documents and issues a Document and Due Diligence Checklist
2. Client gathers recommended Due Diligence items and prepares Loan or Lease Documentation for specific legal review of Loan or Lease Documentation
3. Law firm handles all aspects of closing (such as obtaining life insurance, etc.) and attends closing

Hourly-Success Fee Structure

When there is a more complex structure of Loan or Lease Documentation involving multiple, interwoven obligations and parties services would be provided on a predetermined, reduced hourly rate with a success fee for successful conclusion of the deal:

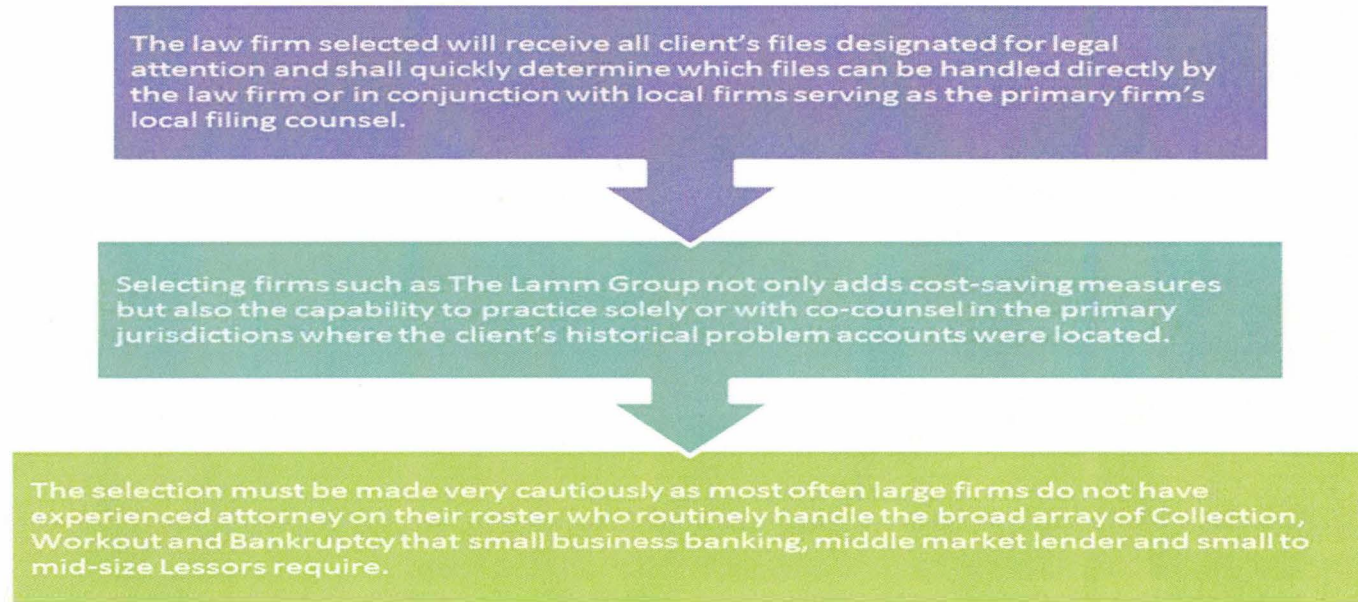
1. Services outlined in the Complex Form Fee Structure above, would be provided at a reduced hourly rate; and
2. When the deal is closed in the time period requested by the client and Borrower or Lessor, a success fee would be paid, but also in the event of circumstances beyond the law firm's control, and those circumstances precipitated by the client causing postponement in closing the deal
3. Client's customer shall be responsible for standard hourly rates in the event of unusual, unreasonable or unnecessary customer negotiation itself or through counsel thereby creating unexpected and additional legal work

Legal Services Management

Today, internal regulators and cost initiatives require that Managed Assets Groups control their budgets for legal fees. Often, the business units originating a loan that has now become nonperforming are responsible within their own budgets for the legal fees to collect that loan. Therefore, the business units are playing a significant role in evaluating which law firms to hire and evaluating certain criteria such as, the law firm's areas of coverage and what reduced rates the firm can offer.

In determining the reduced hourly rate required for a law firm to be selected, the Lender or Lessor must rely on their historical data from the previous year's overall legal fees to evaluate a reduced budget for the upcoming year.¹ The reduced budget will equal the number of legal service hours needed in the upcoming year multiplied by a reduced hourly rate of the law firm selected.

By adopting this method of Legal Services Management for law firm selections, our clients are able to control their risk of the total amount of legal fees to be spent in the upcoming year by eliminating multiple firm invoices with varying hourly rates. This is beneficial to clients who must report to Board Members, Shareholders and Government regulators forecasted legal fees for the fiscal year and the method or formula used to arrive at that figure.



The Lamm Group, with a large law firm referral network, has a known and successful track record as a full service financial law firm equipped to provide the lender or lessor seeking to engage a full service financial firm at reduced rates.

The Lamm Group Bar membership in Pennsylvania, New Jersey, Delaware, New York and Florida (co-counsel affiliation) and its 200 law firm referral network enables The Lamm to handle our clients' matters nationwide.

¹ For example, if company A used 4000 hours of legal services in 2012 at an average rate of \$300 per hour, this company was able to determine that their legal fees and expenses for 2012 would have been \$1,200,000.00