

LAWYERS PROFESSIONAL RESPONSIBILITY BOARD

Repealed: October 25, 2002

OPINION NO. 16

INTEREST AND LATE CHARGES ON ATTORNEYS FEES

A lawyer's fee shall be reasonable. *See* Rule 1.5(a), Minnesota Rules of Professional Conduct. An illegal fee is unreasonable. In Minnesota, the assessment of interest or late charges on attorney's fees is unreasonable, and a violation of Rule 1.5(a), if: (1) the rate of interest is usurious; or (2) Minnesota law requires that the client agree in writing to the imposition of the interest charges, and there is no such written agreement; or (3) federal truth-in-lending disclosures for consumer credit sales are required and have not been made.

The Lawyers Professional Responsibility Board hereby issues this opinion which incorporates its interpretation and prosecutorial position concerning interest or late charges on attorney's fees. This opinion is not intended to bind or influence any trial court or other adjudicatory body in determining civil liability under truth-in-lending or usury laws.

1. An attorney who charges a client interest at an annual rate of 6 percent or less on outstanding attorney's fees, without obtaining advance written agreement from the client, will not be subject to lawyer discipline for failure to comply with the truth-in-lending requirements or disclosures.
2. An attorney who charges a client interest at an annual rate of 8 percent or less, pursuant to a written agreement with the client, will not be subject to lawyer discipline for failure to comply with truth-in-lending requirements or disclosures.
3. An attorney who charges a client interest at an annual rate of more than 8 percent will be subject to lawyer discipline for failure to comply with any truth-in-lending requirements or disclosures.

Adopted: March 26, 1993.

Repealed: October 25, 2002.