

Work for Rent Arrangements

Good morning sezzers,

What are your thoughts on work for rent arrangements? I know Foonberg isn't crazy about them, due to the potential for complications (what is credited as "work", use of shared resources, arrangements when work exceeds amount agreed upon).

I ask because I came across an ad for such an arrangement in a desirable practice area. Private office in exchange for five hours of work per week, between "municipal appearances, will signings, other legal/crim work and criminal law website updates". Frankly, that doesn't sound like that much, ASSUMING that it actually doesn't exceed the agreed upon five hours. I also wonder how the hours "roll over". If there is only an hour of work one week, could one be asked to do 9 the following? On the other hand, getting some time in municipal court seems like it could end up being beneficial as far as experience and drumming up clients of your own. I wonder what happens if a client you represent in municipal court as part of the rent arrangement then conducts you directly for help in the future? Obviously you want all of that worked out in advance, but I don't disagree with Foonberg as far as the existence of complications.

That is just one situation though, I'm interested in people's thoughts in general on these arrangements, particularly for very new attorneys going solo.

Evan Marx, Law Student

Was the ad you saw from fellow ABA member Ken Vercammen in Edison? He does this sort of thing for new attorneys all the time. He's a good guy. It might be worth talking to him about. He is a fountain of knowledge and would be a good person to know throughout your career.

Jason Komninos

Let's say you bill \$250/hr. Five hours of work a week is \$1,250. Your "rent" would be \$5,416/mo. That's more than I pay for my entire office suite in a pretty sweet location.

If you work more than the required hours for rent, how would you be compensated? You are correct, lots more questions to ask.

Deb Matthews, Virginia

Let's say you're a brand new lawyer just out of law school. No way is your time worth \$250/hr. :-)

Miriam N. Jacobson, Pennsylvania

You would you say no way. Wouldn't that depend on the jurisdiction or locale?

Joyce Ann Williams

Joyce, what newly minted lawyer would you consider worth that kind of an hourly rate? In what locale or jurisdiction?

Miriam N. Jacobson

For what it's worth, I charged that much right out of law school and clients were happy to pay, even knowing that I was a new attorney. I practice in Los Angeles and have a non-legal background in the industries that I serve, so maybe that helped. However, I could only bill for a certain portion of the time that I spent on a client project - I remember spending all day at the law library learning how to do something so that I could bill an hour or two. But still, my billable rate was \$250 and that seemed OK.

Either way, they are still my clients years later and I continue to receive referrals from them so I guess it was worth it to them.

Jonathan Tobin, California

My billing rate as a newly minted lawyer at a large law firm my first year out of law school was \$250/hour...more than 10 years ago.

Cynthia V. Hall, Florida

I agree that it would depend on the jurisdiction, however, this is more of contract work which may justify a lower rate for the work.

Phil A. Taylor, Massachusetts

That doesn't a first year's time was worth \$250 an hour, just that the law firm was basically going to make its clients pay for the new lawyer's training. (And that's not a jab at you, Cynthia, just a statement about the value of a first year associate's time generally.). That's also why some big firm clients don't allow the firms to put 1st years on their matters any more--or won't pay for their time if they do.

Kevin W. Grierson, Virginia

I have known some that have done this without issues. Document everything. I think they are best handled as two separate arrangements. T agrees upon a set amount of rent and LL agrees to provide credit against the rent based on a certain number of hours and hourly rate. You can limit the number of hours per week, or per month, if you wish to address loading up the work in the one week so it does not interfere with your work loads.

You can also include a waiver of rent for any period that the LL does not have enough work to give you to "pay" the rent. This will also set your hourly rate with the LL for additional work. If you are giving 20 hours per month and the LL gets busy, then you can be paid for extra work.

Bottom line, all the questions you have need to be addressed in writing with the LL. These arrangements can work, but everything should be documented.

Phil A. Taylor

Well I saved big corporate clients boatloads of money during my first year as an attorney, with very little review from partners. I'd say it depends on the lawyer...and that policy would make no sense in some cases.

Tina Willis

Thanks for the response. Good point about setting hourly rate for excess work. From Jason's response, I gather this particular attorney has entered these agreements before. I'm curious to see what agreement he might already have prepared.

Evan Marx