

Committee Opinion
February 15, 1983

LEGAL ETHICS OPINION 498

FEES – PROMISSORY NOTE,
ASSIGNMENT, DISCOUNT.

It is not improper for an attorney to take a promissory note from a client as evidence of a fee so long as the note reflects the agreement between the attorney and client, and the amount and terms (including any interest and/or discount provisions) are not unreasonable.

It is not improper for the attorney to assign or discount the note, if the assignment or discount is with recourse, and the client has given prior informed consent to the arrangement.

Interest is chargeable only on overdue accounts, with the client's concurrence.

Should the note be discounted prior to the fee being fully earned or should partial payments be made to the attorney before the fee is earned, said unearned portion(s) should be handled as a trust account of the attorney.

(Nothing herein is intended as an opinion on a provision for attorneys' fees in the note.)
[DR:2-106(A), DR:4-101, DR:6-102, DR:9-102, LE Op. 186A, LE Op. 186B]

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