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HOUSTON LAWYER REFERRAL SERVICE, INC. RULES OF MEMBERSHIP

The Houston Lawyer Referral Service, Inc. (HLRS) is a non-profit **corporation sponsored by the Houston Bar Association, Houston Young Lawyers Association, Asian-American Bar Association, Association of Women Attorneys, Hispanic Bar Association of Houston, Houston Lawyers Association, Houston Trial Lawyers Association, Mexican-American Bar Association of Houston, and Pasadena Bar Association.** Any attorney in the greater Houston metropolitan area who is admitted to practice in the state of Texas has an office and a primary practice in the HLRS service region is in good standing with the State Bar of Texas (SBOT) and agrees to abide by the Rules of Membership and all other policies of HLRS may seek membership.

The purpose of HLRS is to assist the general public in obtaining access to legal advice and counsel and to provide information about available legal services. HLRS is a community service project of the legal profession and exists for the benefit of the public.

Definition of the Term “Attorney(s)” and “Legal Fee(s)” - The term “attorney(s)” refers to any HLRS panel member as well as any other attorney who represents an HLRS-referred client. The term “legal fee(s)” refers to any sum received by any HLRS panel member as well as any other attorney who represents an HLRS-referred client, even if inappropriately referred to a non-panel attorney. This applies to any and all work that arises from the initial referral, i.e., claims that arise out of the initial claim/cross-claim.

In consideration for membership, reapplication for membership, or as a member of HLRS, the attorney agrees to:

1. **Full-Time Practice** - Engage in the full-time private practice of law unless prior approval is obtained from the HLRS Board of Directors.
2. **Business Office** - Maintain a primary private practice within the HLRS service area and a business office in which to receive clients that is not attached to or connected with any residence, unless the HLRS Board of Directors grants an exception.
3. **Professional Liability Coverage** - Maintain in force and effect professional liability insurance in the minimum amount of \$100,000/\$300,000, furnish HLRS with a copy of the current declarations page of said policy upon application for membership, reapplication, and/or request, and notify HLRS of policy cancellation or termination within 15 days.
4. **Insurance Carrier Authorization** - Authorize the insurance carrier of said professional liability insurance to supply HLRS with any information it requests concerning the policy, including notification of cancellation or renewal.

5. **15-Day Notice of Administrative Changes** - Send to HLRS in writing or make the changes online via your attorney profile, within 15 days of the effective date: (a) changes in address, telephone number, fax number, e-mail address; or (b) reduction in the categories of law in which the member would like to receive referrals; and (c) vacations away from the office exceeding 3 days.
6. **Disclosure of Conduct** - Report the following matters at any time during the application process or while a member of HLRS. Failure to do so within (15) days after the event is grounds for denial or termination of membership:
 - a. **Disciplinary Proceedings and Sanctions** - Disciplinary proceedings include any pending complaint as defined by Rule 1.06(G) of the Texas Rules of Disciplinary Procedure, pending grievance matters that are the subject of a petition filed before an evidentiary panel or in a district court, orders of rehabilitation, or referrals to the Grievance Referral Program of the SBOT. Disciplinary sanctions include any sanction past or present imposed by the SBOT, an evidentiary panel, a district court in Texas, or an entity in another state or jurisdiction that has authority over attorney discipline. Specific sanctions include disbarment, resignation in lieu of discipline, suspension, probation, and/or reprimand (public or private).
 - b. **Criminal Matters** - This includes disclosure of a criminal indictment, criminal information, and any criminal conviction, except Class C Misdemeanors or crimes involving a maximum punishment of fine only.
 - c. **Malpractice Matters** - This includes disclosure of any pending suit(s) for legal malpractice or other private civil action alleging attorney misconduct.
 - d. **Other Lawyer Referral Service Matters** - This includes disclosure of any current disputes, suspensions, and/or terminations from any lawyer referral program.

Failure to disclose such conduct when making an original application or within 15 days after the event is grounds for denial or termination of membership.

7. **Personal Meeting with HLRS Executive Director** - Acquire an understanding of the systems, procedures, and electronic reporting requirements of HLRS by means of a personal interview with the Executive Director prior to participation as a member.
8. **Contact Policy** – The attorney or attorney’s office must not initiate contact with the referred individual. However, the attorney should respond to the referred individual within 24 hours of his/her call or e-mail.
9. **Conflict of Interest** - Quickly determine whether a conflict of interest exists, and, if so, immediately refer the potential client back to HLRS.
10. **Referral Process** - All prospective clients will be referred to individual members, rather than the member’s office, on a rotational basis within each panel. Each member to whom the potential client is referred is individually responsible for providing an initial consultation. Further services may be administered in conjunction with another attorney in the office pursuant to normal office procedures. Each attorney is expected to handle

HLRS clients with the same courtesy and diligence as non-HLRS clients. No member shall be obligated to render service to a referred client.

11. **Referral Policy** - When HLRS makes a referral, the member may **NOT** recommend or refer the client to another attorney. A member who transfers, in whole or in part, the responsibility of any matter referred by HLRS to another attorney(s), remains contractually liable for all fees owed and remains liable for the collection and/or payment of all fees owed HLRS. A member shall pay HLRS 15% of the total legal fee(s) received by any/all attorney(s) involved. Members are required to refer individuals back to the HLRS when not accepting a referral as a client.
12. **Maintaining Responsibility and Control of Referred Matters** - Maintain responsibility for and control of any initial and subsequent matter related to the initial HLRS client referral. A member shall not transfer responsibility or control of any initial or subsequent matter related to the initial HLRS client referral without the knowledge and permission of HLRS unless required by law or court order. Additionally, should the member find it to be in the best interest of the client, the member may ask another attorney outside the firm to act or to serve as co-counsel on the matter. The member shall notify HLRS of any such arrangement and the member will remain responsible for the remittance of the 15% fee due to HLRS on all legal fees unless written approval from HLRS is obtained.
13. **Scope of Work** - The obligation to abide by HLRS rules and pay appropriate legal fees remains for all work related to the initial referral. **Subsequent matter means any work that has resulted or arises from the initial referral**, i.e., claims that arise out of the initial claim/cross-claim.
14. **Texas Occupations Code, Chapter 952 and Consultation and Percentage Fee Policy** - Charge each client referred by HLRS and interviewed by or retained for additional service a fee of \$20 for the initial 30-minute consultation unless the law prohibits such fee or HLRS waives the fee. The initial fee shall be charged by the member who shall, within 30 days after receipt, remit \$15 to HLRS, unless HLRS waives the fee. The initial fee shall include an initial legal consultation between the client and the member of at least 30 minutes unless terminated earlier by the client. Chapter 952 of the Texas Occupations Code states that a member **may not charge more than \$20 for the initial 30 minutes of consultation** and that a member's bill to a potential client referred by HLRS may not exceed the total cost including legal fees and expenses that the client would be required to pay if HLRS had not referred the client. If the member expects to seek compensation for a longer consultation, the member and the client shall establish in advance a fee agreement, therefore. Under no circumstances shall the attorney use the initial -30-minute consultation exclusively to discuss fees and then bill the client at the member's regular rate for the remainder of the legal consultation.
15. **Written Agreements/Retention Letter with Clients** - Enter into a written fee agreement for all matters in which clients are charged fees in addition to the initial 30-minute consultation fee. Notify the client at the outset of representation that a portion of the fees is payable to HLRS and HLRS is entitled to (a) know the outcome of any legal

representation; (b) the legal fees received; and (c) audit the file to determine if HLRS has received the appropriate amounts. Upon the settlement of any such action, the attorney shall be obligated to include HLRS with those who have a right to know about a settlement to the extent necessary to allow HLRS to have knowledge of the terms of the settlement, including all legal fees paid in the case, whether paid directly by another party, or by settlement proceeds, so that HLRS may determine the portion of the legal fees to which HLRS is entitled.

16. **Percentage Fee Schedule** - Contribute fees, as described below, to HLRS when, as a result of a referral, an attorney has conducted an in-office consultation and/or has been retained, hired for additional services, or otherwise receives a fee. Fees are paid based upon the following schedule:
 - a. Initial consultation only, or total legal fee(s) of less than \$250- remit only \$15 fee to HLRS;
 - b. Referral generates a total legal fee(s) between \$250- \$499.99 (except Reduced-Fee cases - remit no percentage fees) - remit the initial \$15 consultation fee plus an additional **3% of the total legal** fee(s); or
 - c. Referral generates a total legal fee(s) of \$500 or more (except Reduced-Fee cases - remit no percentage fees) - remit the initial \$15 consultation fee plus an additional 15% of the total legal fee(s).
 - d. Consultation and percentage fee payments must be remitted to HLRS within 30 days of being earned and received. If a member fails to pay the fees owed within 30 days of receipt of payment for services (this applies to all fee arrangements, e.g., hourly, set, contingent, retainer, hybrid), the member will be required to pay HLRS an administrative fee equal to 10% of the total fees, plus any legal fees and expenses incurred by HLRS in an effort to collect the outstanding sums owed to HLRS.
17. **Concluding a Case** - Provide HLRS with a full accounting document that records total fees received on all retained matters when remitting the final payment to close the file with HLRS. Appropriate documents include, but are not limited to, the following: a copy of the accounting to the client, final billing statement, or settlement sheet. HLRS agrees to maintain complete confidentiality and will shred all settlement/closing documents within 10 days after full payment is received. HLRS must receive all fees within 30 days from the receipt of any legal fees. If a member fails to report total fees earned or received, the case is not considered closed and administrative fees may be assessed. Additionally, HLRS may assign a value to any unreported or open matter that can be used should the case be assigned to the collections process.
18. **Pay Appropriate Membership Fees** - The HLRS fiscal year is July 1 through June 30. When renewing membership, dues are due by July 1. All membership dues are pro-rated on a semi-monthly basis. If renewal fees are not paid by July 1, membership may still be brought current by making payment no later than July 15. Thereafter, membership is considered to have lapsed and a new membership application is required. The annual listing fee should be paid according to the schedule below:

- a. Member of Sponsoring Bar - \$250 or
- b. Member of Non-Sponsoring Bar - \$350
- c. Junior Member (licensed less than 5 years) and a member of a sponsoring bar - \$175.
- d. Junior Member (licensed less than 5 years) and NOT a member of a sponsoring bar - \$350.

An additional \$25 fee is required for participation in each Experienced Panel. Additionally, if a member has more than one office in the five-county area serviced by HLRS, an additional \$125 listing fee per office must be remitted to receive referrals at that geographic location.

19. **Collections** - Failure to pay fees owed HLRS will result in a collections action. If a member fails to pay fees owed HLRS within the 30-day period, the member may be required to pay HLRS an administrative fee equal to 10% of the total fees plus all legal fees and any expenses, including fees of the court incurred by HLRS in an effort to collect the outstanding sums owed. Delinquent sums due and owing to HLRS shall bear interest at the rate of 18% per annum, compounded monthly.
20. **Status Reporting and Tracking** - Inform HLRS of the status of referred clients by reporting the proper disposition(s) within 30 days of the date referred. Failure to do so will result in suspending the member from further referrals until the required information is received. During the suspension, a member will receive no new referrals, though the member is obligated to remit fees and complete reports as otherwise required herein. A member shall track all HLRS referrals beyond the initial reporting period and notify HLRS of any change in disposition. HLRS recommends the use of computer tracking software to provide adequate tracking of all retained clients. Each member will be allowed one suspension/reactivation per year for late reporting without penalty. Each subsequent suspension will require payment of a \$50-fee to reactivate membership and begin receiving referrals.
21. **HLRS Rules of Membership and Suspension, Termination, and/or Compliance Policies** - Abide by the Rules of Membership for HLRS. A violation of any HLRS rule(s) may result in suspension or termination from HLRS. If a member fails to uphold any rule(s), the member will be notified of the violation(s) and the member's HLRS membership may be removed without refund of dues. The member may appeal the removal in writing as defined in the Suspension, Termination, and Compliance Policy, to HLRS within 30 days of receiving notification of removal. Any member may resign or withdraw from panel(s) at any time. However, the attorney remains obligated to provide completed reports for all referrals, pay all fees due to HLRS, and satisfy any other obligation to HLRS pursuant to the Rules of Membership.
22. **Client Surveys** - Cooperate with HLRS in regard to client surveys that ask HLRS clients specific questions to determine satisfaction with the service provided by HLRS staff and attorney members.

23. **Dispute Resolution with Clients** - Submit any disputes regarding fees with clients referred by HLRS to the Houston Bar Association Fee Dispute Committee for binding arbitration, if the client so elects.
24. **Dispute Resolution Between Attorney and HLRS** - Submit any dispute between the member and HLRS to the Dispute Resolution Center for binding arbitration. Any dispute not resolved using this process may be turned over for court intervention. Some disputes may be appropriate for resolution through the Fee Dispute Committee of the Houston Bar Association for binding arbitration, pursuant to the rules, regulations, and procedures of that Committee. If the Fee Dispute Committee issues a ruling in favor of HLRS and the member does not promptly pay the award in full within 10 days of its issuance, HLRS may take further action to confirm the award in a judgment and to collect on the judgment. The member agrees in any instance that the courts are involved; HLRS will be authorized to increase the amount of the arbitration award to include all reasonable legal fees incurred by HLRS after the date of issuance of the award by the Fee Dispute Committee. If the member refuses to submit to the arbitration process of the Fee Dispute Committee, HLRS will be authorized to take any legal action it deems appropriate and will be entitled to recover from the member, in addition to the amount of the claim, all legal fees incurred by HLRS. However, under no circumstance will HLRS ever be responsible for any attorneys' fees incurred by the member in connection with any dispute with HLRS.
25. **Attorney Audits** - Allow HLRS or its agents to examine and audit, in accordance with the Audit Policy, member's financial or accounting records and the legal and accounting file with regard to referred clients if a question arises between the member and HLRS with respect to fees owed HLRS. The audit may include, but is not limited to, chart of accounts, general ledger-trial balance reports, balance sheets, income statements, invoices, bank deposit records, trust account records, court filing records, calendars, appointment records, timesheets, docket sheets, engagement letters, fee agreements and contracts with HLRS clients, and all other related documents whether written or electronic. HLRS reserves the right to take all necessary actions, including appropriate collection efforts, to determine and assess whether and to what extent a member has remitted all fees owed to HLRS. This applies to current members as well as former members still owing fees to HLRS.
26. **Indemnity** - Indemnify and hold harmless the HLRS and its officers, directors, members, and employees from any and all claims, demands, actions, liability, or loss that may arise from, or be incurred as a result of any and all referrals of clients, or lack thereof, to the member through HLRS and attributed to allegations or claims of professional malpractice.
27. **Prohibition of HLRS Name or Logo** - No attorney shall be permitted to use the HLRS name or logo in any advertising medium without prior written consent from the HLRS Board of Directors. Members may publish that they are members of the HLRS but must request a document from the HLRS office affirming that they will delete the statement "a

member of the Houston Lawyer Referral Service, Inc.” once they are no longer a member.

28. **Sole Discretion** - Abide by the decisions concerning membership. The Executive Director and the HLRS Board of Directors shall have the authority to review the legal ability and the personal reliability and integrity of each member, to deny initial or continued membership on any panel, to renew or not to renew any membership application, to limit the participation of any member on any panel and/or from general membership, to remove any member from any panel, or to remove from or deny initial or continued membership in HLRS for any other reason that the HLRS Board of Directors shall deem appropriate in its sole discretion.
29. **Compliance with Law** - Comply with all federal, state, and local laws, rules, and regulations pertaining to services that are rendered to the public, including but not limited to, 29 U.S.C. §784 et seq. (Fair Labor Standards Act), 42 U.S.C. §2000e (Title VII of the Civil Rights Act of 1964), and 42 U.S.C. §12101-12213 (Americans Disability Act); and abide by the Texas Occupation Code, Chapter 952 (Texas Lawyer Referral Service Quality Assurance Act), Texas Professional Code of Ethics, and Texas Disciplinary Rules of Professional Conduct.
30. **No Assurance** - HLRS does not guarantee, promise, or assure fee-generating referrals will result from membership on any HLRS panel.
31. **Rules Subject to Change** - The Rules of Membership are subject to change without notice. Captions - The captions appearing at the beginning of paragraphs are descriptive only and for convenience of reference. Should there be any conflict between any such caption and the paragraph in which such caption appears, the paragraph and not the caption shall control and govern in the construction of the Rules of Membership.

HLRS is certified to operate a lawyer referral program as required by the State of Texas under Chapter 952, Occupations Code, Certificate Number 9305.

NOTE: Payments to HLRS are NOT charitable contributions.

Approved by the HLRS Board May 17, 2023