

## CONTINGENT FEE AGREEMENT

CLIENT NAME & ADDRESS (hereinafter Client), hereby enters into this Agreement with RMB Services Inc, a licensed Colorado collection agency, on August 6, 2009 to collect money owing to Client. RMB's address is 6464 W 14th Ave #150, Lakewood CO 80214-1913. Amicable attempts will be made by RMB to collect these accounts. Lacking that, RMB, with the Client's approval, will utilize the law firm of Vargo & Janson PC (hereinafter V&J) (address as above, but #200) who will represent the Client, through RMB, in any litigation necessary to collect the account. In the event of a lawsuit, RMB, on behalf of the Client, will assign the Claim for litigation to V&J to perform the legal services mentioned in paragraph (1) below. The firms agree to perform their duties faithfully and with due diligence.

(1) The Client agrees to place accounts for collection with RMB on the terms and conditions as stated herein and RMB agree to use its best efforts to collect said accounts. Client agrees to submit each debtor's name address and any other locational information to RMB in writing stating the exact amount owing (hereinafter referred to as the Claim) on RMB's Transmittal Sheet (presented with this Agreement). The Client will substantiate the Claim by furnishing copies of the unpaid invoice(s), calculation of any deficiency balance, calculation of amounts owed under a promissory note, etc. If the debtor has an attorney or a promissory note exists, any paperwork relating to those situations is also necessary. If the Client feels that other documentation would help because of the nature of the Claim, by all means, send it. If further documentation is needed, it will be requested. It is not necessary to copy your whole file.

RMB will not accept a lesser amount as payment in full of the Claim without the authorization of the Client. The Client defers to RMB as to the payment amounts paid on the Claims. IE, RMB will endeavor to collect the balance in full, but lacking that, depending on the financial ability of the debtor, RMB will accept payments consistent with a quick payoff and the debtor's ability to pay the debt.

(2) The contingency upon which compensation is to be paid is: actual collection of the claims referenced above.

(3) *The Client is not to be liable to pay compensation otherwise than from amounts collected for the Client by RMB, except as follows:*

A. The Client may cancel this Contingency Fee Agreement, as to all Claims placed at any time by giving written notice. Client will exercise good faith in cancelling its Claim or Claims, eg, where a Claim has been placed and RMB has commenced collection activities, and the debtor agrees to discharge the debt, RMB has earned its fee. Except for Claims that have gone to judgment or where partial payments are in progress or have been negotiated, all collection efforts by RMB shall cease. RMB shall continue to collect those Claims excepted and retain its fee from monies collected only on the excepted Claims.

*In event the Client terminates this contingent fee agreement without wrongful conduct by*

*RMB which would cause RMB to forfeit any fee, or if RMB justifiably withdraws from the representation of the Client, RMB may ask a court or other tribunal to order the Client to pay RMB a fee based upon the reasonable value of services provided by RMB or V&J. If RMB and the Client cannot agree how RMB is to be compensated in the circumstance, RMB will request the court or other tribunal to determine: (1) if the Client has been unfairly or unjustly enriched if the Client does not pay a fee to RMB; and (2) the amount of the fee owed, taking into account the nature and complexity of the client's case, the time and skill devoted to the Client's case by the collection agency RMB and the law firm V&J, and the benefit obtained by the Client as a result of their efforts. Any such fee shall be payable only out of the gross recovery obtained by or on behalf of the Client and the amount of such fee shall not be greater than the fee that would have been earned by RMB if the contingency described in this contingent fee agreement had occurred.*

B. As V&J is being retained to collect monies owing, and not necessarily to fight a lawsuit to obtain judgment, in the event a defendant contests the liability of the claim/debt and V&J believes that defendant is/will mount a vigorous defense, V&J reserves the right to either dismiss the action and let the Client handle that particular claim through other resources, charge its ordinary hourly fee to obtain judgment (currently \$180 per hour, but said hourly fee may change upon notice), or, V&J reserves the right to charge the client 50% of the recovery to both obtain judgment and pursue collection.

C. In the event a counterclaim is filed, V&J agree to handle frivolous counterclaims at no additional cost. However, if the counterclaim is meritorious, the client will be responsible for defense against said claim. Client may choose to use an attorney of its own choosing or continue to use VMJ to defend the counterclaim as well as pursue the original claim that brought about the counterclaim.

(4) The Client, in assigning claims for collection, will specifically state the EXACT amount owing. The Client, by entering into this Agreement, hereby authorizes RMB to calculate any interest provided by written contract, agreement, note or other instrument or statute, lawful collection costs, late fees/charges, attorney fees, court costs and/or any other lawful charges and make demand on debtor for all these charges, in addition to the Claim. Any monies collected over the amount of the Claim shall be additional compensation to RMB. IE, RMB endeavors to seek an agreement with the debtor to pay the amount of the Claim and will use any leverage it can to meet that goal by agreeing to waive further interest, attorney fees, collection costs, court costs, etc. if the Claim is paid in full or a lesser amount, acceptable to client, is paid in full. The Client also specifically authorizes RMB to use or deliver any communication from their office to collect the debt, provided, however, that before lawsuit is begun, the client must specifically authorize said suit. **RMB's fee shall be 33.33% of the gross amount collected as it is being collected. In the event defendant is not a Colorado resident and an attorney in the defendant's jurisdiction is needed in the collection effort, hereinafter referred to as Associated Counsel, the fee shall rise to 50% of the gross amounts collected to compensate both RMB and Associated Counsel.** "Gross amount collected" means the amount collected before any subtraction of expenses and disbursements to parties other than client, including any specially awarded attorney's fees and/or costs awarded to the Client over the amount of the Claim. **There shall be one fee paid to RMB to cover its fee. In no event will the Client be obligated to pay RMB its fee and then pay V&J its fee as**

**RMB pays V&J a monthly contract fee, in addition to providing certain administrative services to V&J, in exchange for V&J performing legal services for RMB.**

A. As RMB is being hired to collect undisputed monies owing, and not necessarily to fight a lawsuit to obtain judgment, in the event a defendant contests the liability of the claim/debt and V&J/Associated Counsel believes that defendant is/will mount a vigorous defense, V&J/Associated Counsel reserves the right to either substitute counsel/dismiss the action and let the Client or RMB handle that particular claim through other resources, charge its ordinary hourly fee to obtain judgment (currently \$180 per hour, but said hourly fee may change upon notice), or, RMB reserves the right to charge the client 50% of the recovery to both obtain judgment and pursue collection.

B. In the event a counterclaim is filed, V&J/Associated Counsel agree to handle frivolous counterclaims at no additional cost. However, if the counterclaim is meritorious, the Client will be responsible for defense against said claim. Client may choose to use an attorney of its own choosing or continue to use V&J/Associate Counsel to defend the counterclaim as well as pursue the original claim that brought about the counterclaim.

(5) *In the event of litigation/arbitration, costs and attorney's fees awarded to the opposing party against the Client before completion of the case will be paid by the Client when ordered. Any award of costs or attorney's fees regardless of when awarded, will not be subtracted from the amount collected before computing the amount of the contingent fee under this agreement.*

(6) *In the event of litigation/arbitration, the Client is to be liable to RMB for reasonable court related expenses and disbursements (service of process, filing fees, transcript costs, filing of transcript, issuance of legal process, serving of legal process, sheriff's fees, advertising, storage charges, upon sheriff's execution, etc). Such expenses and disbursements are estimated to be not more than \$250 per Claims under \$15,000 and not more than \$350 per Claims over \$15,000. Any expenditure over those amounts must be authorized by Client before being incurred. RMB will advance those costs to V&J for litigation purposes and bill the Client in its monthly reports. The Client will reimburse RMB for such expenditures upon receipt of a billing. Any other expense (copies, long distance, normal postage, DMV records, credit reports, internet searches, etc) will be borne at RMB's sole expense, not to be charged to Client.*

(7) *In the event of litigation/arbitration, the Client authorizes RMB/V&J to pay from the amount collected the following: all physicians, hospitals, subrogation claims and liens, etc.) . Where the applicable law specially requires the attorney to pay the claim of third parties out of any amount collected for the client, the attorney shall have the authority to do so notwithstanding any lack of authorization by the client, but if the amount or validity of the third party claim is disputed by the client, the attorney shall deposit the funds into the registry of an appropriate court for determination. Any amounts paid to third parties will not be subtracted from the amount collected before computing the amount of the contingent fee under this agreement.*

(8) If after the Claim has been assigned to RMB for collection, the adverse should make a direct payment to Client, Client must notify RMB so that the amount owing can

be adjusted accordingly and the Client will be billed for RMB's fee for that payment. Client may send the full payment(s) to RMB for its normal handling as well.

(9) RMB will provide a Combined Full Status Report to Client every 90 days and a Transaction Report showing remittances and/or costs every 30 days on every file so affected. Combined Transaction Reports will go out no later than the 10th of the month following the month of activity (if no monetary activity has occurred in the three previous months, Client will receive a Status Report on each Claim submitted with the Transaction Reports, ie mailed by the 10th of the month). All reports are combined as V&J shares RMB's computerized collection database as part of the Contract Fee between RMB and V&J.

(10) The president (Jerry Vargo) of RMB owns a law firm, V&J. Employees of V&J may/will be performing or assisting RMB employees in certain administrative functions: answering phones, process incoming mail/faxes/email, general filing duties, posting of incoming payments, monthly reporting, etc. Client assents to V&J employees performing said administrative functions to assist RMB employees in processing Client's files. There is no additional charge to Client for V&J's services as RMB performs similar services for V&J as part of RMB's agreement with V&J. These shared administrative functions are part of this agreement.

*WE HAVE READ THE ABOVE AGREEMENT BEFORE SIGNING IT.*

Witnesses to Signatures:

CLIENT COMPANY

\_\_\_\_\_  
Witness to Client's Signature

\_\_\_\_\_  
Client Representative

RMB Services Inc

\_\_\_\_\_  
Witness to RMB's Signature

\_\_\_\_\_  
John Vargo

While the Agreement is between RMB and Client, Vargo & Janson PC consents to represent the

interests of both RMB and Client as stated herein and on the conditions herein. V&J acknowledges that it is compensated by RMB on a monthly contract basis plus administrative services to V&J and further acknowledges the Client will never owe V&J anything for its services.

Vargo Janson PC

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Witness to Attorney's Signature

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Gerald P. Vargo, President

## **Disclosure Statement**

### **Type of Contingency Fee Agreements:**

*I have been informed and understand that there are several types of contingency arrangements: (1) time based. (2) fixed. (3) contingent. (4) combination of these types of fee arrangements.*

*“Time based” means a fee that is determined by the amount of time involved such as so much per hour, day, or week. “Fixed” means a fee that is based on an agreed amount regardless of the time or effort involved or the result obtained. “Contingent” means a certain agreed percentage or amount that is payable only upon attaining a recovery regardless of the time or effort involved. I understand that not all collection agencies offer all of these different types of fee arrangement, and I acknowledge that I have the right to contact other collection agencies to determine if they may provide such other fee agreements for my case or matter. After such consideration or consultation, I have elected the fee agreement set forth in the accompanying contingent fee agreement.*

### **Specially Awarded Attorney Fees:**

*I have been informed and understand that the court or an arbitrator may sometimes award attorney’s fees in addition to amount of recovery being claimed. I understand that the fee agreement I enter into with my collection agency should contain a provision as to how any specially awarded fees will be accounted for and handled.*

### **Expenses:**

*I have been informed and understand that there may be expenses (aside from any attorney fee) in pursuing my claim. Examples of such expenses are: fees payable to the court, the cost of serving process fees charged by expert witnesses, fees of investigators, fees of court reporters to take and prepare transcripts of depositions, and expenses involved in preparing exhibits. I understand that an attorney is required to provide me with an estimate of such expenses before I enter into an attorney fee agreement and that my attorney fee agreement should include provision as to how and when such expenses will be paid. I understand that the fee agreement should tell me whether a fee payable from the proceeds of the amount collected on my behalf will be based on the “net” or “gross” recovery. “Net recovery” means the amount remaining after expenses and deductions. “Gross recovery” means the total amount of the recovery before any deductions. The estimated amount of the expenses to handle my case will be set forth in the contingent fee agreement.*

### **The Potential of Costs and Attorney’s Fees Being Awarded to The Opposing Party:**

*I have been informed and understand that a court or arbitrator sometimes awards costs and attorneys fees to the opposing party (in instances where we lost our case, partially lost out case or failed to accept an Offer of Settlement and the resulting award was more than the offered settlement) and the judge/arbitrator felt that the other side was due expenses and/or attorney fees). I have been informed and understand that should that happen in my case, I will be responsible to pay such award. I understand that the fee arrangement I enter into with my*

collection agency should provide whether an award against me will be paid out of the proceeds of any amount collected on my behalf. I also understand that the agreement should provide whether the fee I am obligated to pay the collection agency will be based on the amount of recovery before or after payment of the awarded costs and attorney fees to an opposing party.

**Associated Counsel:**

I have been informed and understand that the collection agency may sometimes hire another attorney to assist in the handling of a case. That other attorney is called "associated counsel." I understand that the contingency fee agreement should tell me how the fees of an associated counsel will be handled.

**Subrogation:**

I have been informed and understand that the other persons or entities may have a subrogation right in what I recover in pursuing my claim. "Subrogation" means the right to be paid back. I understand that the subrogation right may arise in various ways such as when an insurer or a federal or state agency pays money to or on behalf of a claiming party like me in situations such as as medicare, medicaid, worker's compensation, medical/health insurance, no-fault insurance, uninsured/underinsured motorist insurance, and property insurance situations. I understand that sometimes a hospital, physician or an attorney will assert a "lien" (a priority right) on a claim such as the one I am pursuing. Subrogation rights and liens need to be considered and provided for in the fee agreement I reach with my attorney. The fee agreement should tell me whether the subrogation right or lien is being paid by the collection agency out of the proceeds of the recovery made on my behalf and whether the fee I am obligated to pay the collection agency will be based on the amount of recovery before or after payment of the subrogation right or lien.

**Alternative Agency Compensation:**

I have been informed and understand that if, after entering into a fee agreement with a collection agency, I terminate the employment of the agency or the agency justifiably withdraws, I may nevertheless be obligated to pay the agency for the work done by the agency and its attorneys on my behalf. The fee agreement should contain a provision stating how such alternative compensation, if any, will be handled.

I acknowledge that I received a complete copy of this Disclosure Statement and read it this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

CLIENT COMPANY

\_\_\_\_\_  
By: Client Representative