



**Sample Engagement Letter**  
September 2012

*This sample engagement letter has not been approved by any outside authority, such as the Department of Health and Human Services. A Community Action Agency (CAA) should carefully review this letter and edit it as necessary to ensure that it meets the needs of its organization. Often, an attorney will provide his/her client with a standard engagement letter. If such occurs, this sample may help a CAA determine what information in the attorney's engagement letter needs to be added, deleted or changed to account for the specifics of the CAA's situation. It is important to note that, as set forth in the Working with Attorney's section of the Exemplary Legal Policies and Practices Guidebook, the federal cost principles (for nonprofit CAAs, 2 C.F.R. Part 230 (OMB Circular A-122) and for public CAAs, 2 C.F.R Part 225 (OMB Circular A-87)) require consulting agreements, like an engagement letter, to include provisions such as a description of the service, estimate of time required, rate of compensation, and termination provisions. In most circumstances, this sample letter will also need to comply with the procurement provisions in the uniform administrative requirements set forth in 2 C.F.R. Part 215 (OMB Circular A-110) and include provisions ensuring compliance with anti-lobbying laws; equal employment opportunity executive orders and regulations; and debarment and suspension executive orders and regulations. Public CAAs may be required to comply with their state or local governments' procurement rules. This sample letter is not intended as legal advice.*

**LAW FIRM LETTERHEAD**

**[NAME OF EXECUTIVE DIRECTOR OR WHOMEVER IS AUTHORIZED TO ENTER THIS AGREEMENT WITH THE FIRM]**  
**[TITLE]**  
**[COMMUNITY ACTION AGENCY]**  
**[MAILING ADDRESS]**

Re: Legal Representation

Dear **[EXECUTIVE DIRECTOR OR WHOMEVER IS AUTHORIZED TO ENTER THIS AGREEMENT WITH THE FIRM]**:

Thank you for selecting **[FIRM]**, to represent **[COMMUNITY ACTION AGENCY]** in connection with the **[DESCRIPTION OF MATTER]** matter. As we discussed, we are an equal opportunity employer; are not debarred, suspended, or otherwise excluded from performing

work paid for with federal funds; and will not use any federal funds for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining this engagement.

**Comment [a1]:** The uniform administrative requirements set forth in 2 C.F.R. Part 215 ( OMB Circular A-110) require compliance with equal opportunity employment executive orders and regulations; debarment and suspension executive orders and regulations; and anti-lobbying laws.

The firm's client will be **[COMMUNITY ACTION AGENCY]**. The scope of our engagement will be **[DESCRIPTION OF MATTER AND SCOPE OF REPRESENTATION INCLUDING THE SERVICES TO BE PROVIDED AND ESTIMATED AMOUNT OF TIME REQUIRED TO COMPLETE THE SERVICES]**. We have agreed that our present engagement is limited to performance of services related to this matter **[IF YOUR CAA IS WORKING WITH MULTIPLE FIRMS OR CONSULTANTS ON A MATTER, CONSIDER INCLUDING AN EXCEPTION LIKE THIS: , excluding \_\_\_\_\_, which we understand will be handled by \_\_\_\_\_]**.

**Comment [a2]:** The federal cost principles set forth in 2 C.F.R. Part 230 (OMB Circular A-122) require agreements of this nature to include a description of the services to be provided and the estimated amount of time to complete such services.

I will have primary responsibility for the representation and will use other firm lawyers and legal assistants as I believe appropriate in the circumstances.

The principal factors in determining our fees will be the time and effort devoted to the matter and the hourly rates of the lawyers and legal assistants involved. My current hourly rate is **[HOURLY RATE]**. These rates may change from time to time. Disbursements will include **[THIS LIST MAY VARY DEPENDING ON THE FIRM AND THE PROJECT, BUT EXAMPLES OF WHAT MAY BE INCLUDED ARE: long distance telephone charges, delivery charges, photocopying and telecopying charges, computer research charges, filing fees, travel expenses and other out-of-pocket expenses]**. We will bill you monthly for our time and disbursements. Payment is due upon receipt of our statement. Our firm's Policy With Respect to Fees and Costs is attached and should be viewed as a part of this letter.

**Comment [a3]:** The federal cost principles set forth in 2 C.F.R. Part 230 (OMB Circular A-122) require agreements of this nature to include a description of the rate of compensation.

We would like to warn you that confidentiality and the attorney/client privilege cannot be guaranteed with respect to communications sent and received by electronic messaging over the internet. Unless messages are encrypted or an alternative direct file transfer is maintained, messages may be reviewed by someone other than the intended recipient

Please review this letter carefully and, if it meets with your approval, please sign the enclosed copy of this letter and return it to me **[WITH RETAINER OR ADVANCE FEE]** so that we may begin work. Please call me if you have any questions.

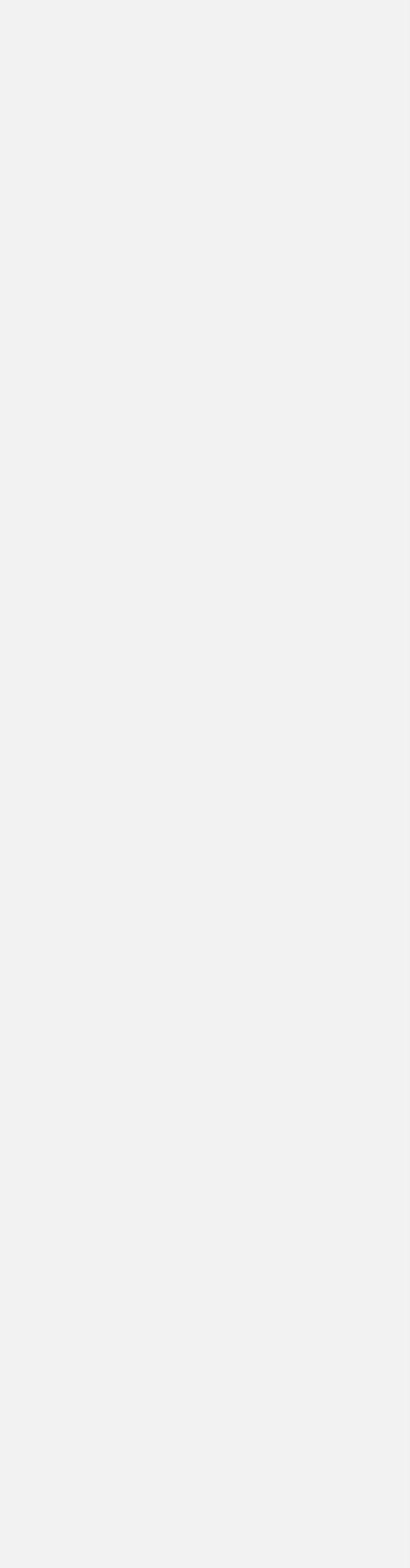
Please call me if you have any questions about our arrangement.

Very truly yours,

[Firm Lawyer]

Agreed and accepted:  
[Name of Client]

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_ ] \_\_\_\_\_



[SAMPLE]

## FEES AND COSTS

1. FEES. The lawyers representing clients of the firm will personally review all statements to ensure that the amount of our fee is appropriate. The principal factor in determining the fee which is charged is usually our scheduled hourly rates. Most statements for services are simply the product of the hours worked, multiplied by the hourly rate for attorneys and staff. Separate individual fee arrangements may be made, however, between the client and the representing attorney. Any such arrangement is generally confirmed in writing to avoid any misunderstanding.

If our firm plays a material role in obtaining a result for our client that produces benefits which are disproportionate to the time expended, we may suggest a fee which exceeds our hourly charge in order to more fairly reflect the value of services to our client. However, the client is under no obligation whatsoever to pay any additional fee, other than that which is agreed upon, unless the client, in his sole discretion, feels that it is proper and appropriate.

If the matter is one which requires our services over a long period of time, our monthly billings will ordinarily be on an hourly basis, reserving to the conclusion of the matter any additional fee based upon such factors as the difficulty of the assignment, the time expended, the uniqueness of the services rendered by the firm and the benefits to the client. Our hourly rates are revised periodically to reflect experience, expertise, costs and other factors. Changes in hourly rates shall become effective immediately upon implementation for invoices rendered after that date. Again, we emphasize that the payment of any additional fee in excess of that originally agreed upon rests solely with the client.

2. COSTS. We also incur costs of developing or acquiring certain computer research and special technologies, which technologies benefit only certain of our clients. In order to allocate these latter costs fairly and keep billing rates as low as possible in matters which do not involve such expenditures, we allocate the overall cost of providing these services among our clients on the basis of utilization.

3. ADVANCES. It often is necessary for us to incur expenses for items such as travel, lodging, meals, court fees, expert witnesses, and/or hearing or deposition transcripts. Some matters require substantial amounts of photocopying, word processing, long distance telephone, computerized legal research, and staff overtime. Sometimes, we will ask you to pay substantial costs directly and/or immediately, and we will send you a billing which you should pay immediately. We may advance these costs if they are not a significant amount. All such costs are the responsibility of the client and will be billed to the client as a part of our normal billings.

4. BILLING. Our statements generally will be prepared and mailed to the client during the month following the month during which the services are rendered and the costs advanced. We hope it will be possible for the client to make payment of billings promptly after

they are received, and, in any event, within 30 days after receipt of our statement.

5. LATE PAYMENT. We know that all of our clients will make every effort to pay our statements promptly. The operating expenses of the firm are most substantial. We have prepared our own budget based upon the expectation that our client will pay any fees and advances owed our firm within 30 days after receipt of our statement. A late charge of 1½% per month is assessed on accounts in breach of our 30-day payment terms. Further, we reserve the right to discontinue work on pending matters or terminate our attorney-client relationship at any time that any statement remains due and unpaid for an undue length of time, subject, of course, to our ethical obligations.

**Comment [a4]:** All of the terms are negotiable and each attorney and/or law firm may have different ways of approaching fees, costs, billing, advances and late payments. The information in this attachment is intended to give you an idea of the information that is important to address in an engagement letter.

6. TERMINATION, FOR ANY REASON. Any client has the right to terminate our representation at any time. Our firm also has the same right, subject to an obligation to give any client whose representation is being terminated reasonable notice to arrange for alternate representation. In the event of termination of the employment of the firm, either at the request of the client or by our request, we promptly will submit our statement for accrued services and costs.

**Comment [a5]:** The federal cost principles set forth in 2 C.F.R. Part 230 (OMB Circular A-122) require agreements of this nature to include a termination provision.