

Our ref: 2015/XXX/XXX  
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**Confidential**

Dear Sir/Madam

## Appointment letter – Sale of business

Thank you for involving Kai Legal in this matter. As part of engaging our firm, we are required by law to provide you with information about our legal costs. This letter:

- is a disclosure statement under Part 4.3 of the Legal Profession Uniform Law;
- sets out our understanding of what our role will be and what will happen next; and
- is an offer to negotiate and enter into a costs agreement with Kai Legal under section 174 of the Uniform Law. You may negotiate with us the legal fees and costs proposed to be charged, the way we bill us and other aspects of this agreement. You may wish to obtain independent legal advice before entering into this agreement with us.

You may accept this costs agreement and disclosure statement either by returning to us a signed copy of this document, or by continuing to give us instructions in this matter.

### 1 Our Role

Kai Legal will be acting for [\*] in this matter.

The work we are to do is [\*]. Depending on the business you are selling, the work we do will include:

- (a) [drafting the contract of sale / reviewing the contract of sale prepared by the business broker] and advising you on its contents;
- (b) where relevant, organising a local council health inspection of the business with the purchaser;
- (c) ensuring the transfer of any business names, trade marks or other intellectual property;
- (d) negotiating the transfer of lease, franchising agreement and any other key agreements to the purchaser with the relevant third parties;

- (e) ensuring key business contracts, such as supply agreements or lease agreements, are assigned to the purchaser;
- (f) ensuring key employees (if any) are transferred to the purchaser;
- (g) arranging and attending settlement with the purchaser's representatives and financiers (if any);
- (h) reviewing and agreeing with the purchaser's solicitors a statement of adjustments for settlement; and
- (i) related legal advice during the process.

The scope of the work may expand beyond this at your request but the estimate of total legal costs given below assumes it will not. In particular, we may revise our estimate of costs if any of the following occurs:

- (a) a substantial dispute arises between the parties;
- (b) either party tries to cancel the sale contract;
- (c) a third party refuses to transfer a key contract, licence or permit to the purchaser; or
- (d) there is any delay in the settlement not caused by us, resulting in us re-doing work such as calculating the adjustments between the parties.

## 2 Our Legal Fees

We provide fixed cost quotes when we can realistically scope the extent of the matter at the outset.

For your matter, our legal fees will be \$[\*] (plus \$[\*] GST if applicable). This amount contains our legal fees only: it does not include disbursements such as government fees and postage. The next section of this letter covers our disbursements, however we do not expect to incur disbursements in this matter.

Should your sale not complete (for example, you change your mind about completing the contract of sale or the business does not achieve the required takings during the trial period), then we will charge a portion of our fees based on the amount of work we have already completed. By way of example, if the sale does not complete due to the trial period being unsatisfactory, our fees are likely to be around \$[\*] (plus \$[\*] GST).

If you have any questions regarding our legal costs, please contact Lucy Dong on +61 3 9041 7733.

## 3 Disbursements

In providing legal services to you, it may also be necessary to incur other fees, expenses and charges including government fees, property or company search fees, postage or courier fees. These are referred to as disbursements.

We will charge you at cost for any disbursements we incur on your behalf. You must pay reasonable disbursements including GST incurred by this law practice on your behalf in accordance with our bills.

We may also request that you provide us with payment before Kai Legal incurs a disbursement on your behalf.

If there are disbursements to be incurred that are unusual (for example briefing a barrister), we will seek your instructions before incurring the expense.

In this matter, we are unlikely to incur any disbursements. This is an estimate only and is not binding on us.

In this matter, we are likely to incur disbursements of between \$[\*] and \$[\*], in respect of [\*]. This is an estimate only and is not binding on us.

## 4 Bills and interest

You have a right to receive a bill. For matters with fees below \$750 and which are resolved in under six months, we usually issue a bill at the end of the matter. For other matters, we issue bills at suitable breaks in the matter, and at the end of the matter. You may request an itemised bill within 30 days after receipt of a lump sum bill.

Our invoices are payable within 30 days of the invoice date.

If a bill remains unpaid 30 days after you receive it, we may charge you interest at a rate not exceeding 5%. We may also be entitled to exercise a common law right known as a solicitor's lien. The lien allows us to retain your documents until our bill is paid.

We usually issue our bills by email. Please let us know if you require paper bills.

## 5 Trust money

If we receive money into our trust account on your behalf, you authorise us to draw on that money to pay any amount due from you to us in accordance with the Uniform Law and the Legal Profession Uniform General Rules 2015.

## 6 Your right to progress reports

You have a right to request a written report of the progress of this matter and/or a written report of the legal costs incurred to date or since our last bill (if any).

Should a report of the matter progress require significant time, we may charge a small fee for the report.

## 7 Disputing our Legal Costs

If you have an issue with any of our bills, we encourage you to speak to us first.

Should there be a dispute about legal costs, you have the right to seek the assistance of the Victorian Legal Services Commissioner.

## **8 Engagement of another lawyer or law practice**

In providing legal services for you, it may be necessary to engage another law practice (including barristers) to provide specialist advice or services.

We will consult you about the terms of these engagements before incurring the expense. We will provide you with a statement setting out the rates and estimated costs of any other law practice we propose to engage as soon as the other law practice provides this information to us.

## **9 If we cease to act for you or you stop using Kai Legal**

You may end our engagement by written notice at any time.

Circumstances may also arise that make it impossible for us to continue to act for you. We may cease acting for you if:

- we become aware of a conflict of interest in continuing to act for you;
- you do not accept reasonable advice we give you relating to your matter;
- you fail to give us instructions as required;
- you fail to provide full and honest instructions relevant to your matter and any material change in your circumstances that might impact on your matter while we continue to act for you or
- you fail to provide us with payment in advance of Kai Legal incurring a disbursement on your behalf when requested.

We will notify you immediately if any of the above matters arise.

If we cease to act for you:

- we will take steps to remove our name from the court record in any court proceedings;
- you will receive a final account which will include all outstanding legal costs;
- you must pay our legal costs up until the date we cease to act; and
- we may retain your file and keep your documents until we are paid under a common law lien, subject to any other statutory requirements.

## **10 Confidentiality**

We will respect the confidentiality of all non-public information we receive in the course of acting for you. Our confidentiality obligations will not apply to information which must be disclosed by law.

## **11 Your documents**

Your documents may be destroyed after seven years from the date of our final bill unless you write to us requesting retention for a longer period. At the end of the

matter, and provided our invoices are paid in full, we will release your file and your documents as you direct.

**12 Law Governing this Matter**

The law of Victoria applies to legal costs in relation to this matter.

We look forward to working with you.

Yours sincerely

**Kai Legal**