

**Letter to the client regarding the drafting of an employment agreement**

**PREVIEW**

1. This letter explains some of the important considerations which must be established in the continuation of the Attorney-Client relationship.
2. Failure to set forth the work to be performed by the attorney can result in misunderstandings, fee disputes, grievances, and malpractice claims. The letter is designed to set forth the amount of work to be performed by the attorney and the compensation to be paid for the work.
3. The form letter also defines and summarizes some of the important decisions which the attorney and client discussed. The attorney is not responsible for tax consequences nor has the attorney agreed to perform legal work other than the drafting of the employment agreement.

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Letter to the client regarding the drafting of an employment agreement

**PREVIEW**  
[Date]

[Name of client]  
[Client's address]

Regarding: Employment Agreement

**ATTORNEY-CLIENT COMMUNICATION: THIS DOCUMENT AND ITS  
CONTENTS CONSTITUTE LEGALLY PRIVILEGED INFORMATION**

Dear [Salutation]:

**PLEASE DO NOT COPY**  
Per our conversation enclosed please find a draft of your employment contract for your professional association.

Please review the draft very carefully, then call me so that we can finalize it. Please check the names to see that they are spelled correctly.

The contract assumes that the corporation will approve it and abide by the terms therein. I have only been asked to draft the contract per your request. You should follow the proper professional association procedure to ratify the contract by passing a corporate resolution which approves the agreement.

You should be advised that legal research may be required to determine what, if any, new laws, case law, or regulations may affect or pertain to your contract.

There are many laws and regulations which could have an impact on your medical practice. I have not been requested or retained to perform said work.

- You should have a qualified tax advisor or legal advisor determine if there are any tax consequences which should be considered by entering into this agreement.
- Your professional association must be properly formed—the organizational meeting and minutes must have been prepared, by-laws adopted, stock properly issued, and the company properly capitalized. Certain corporate resolutions must also be passed.

You should make sure these things have been completed.

- There are many tax and legal considerations to be analyzed in today's business transactions. I hope this letter has not sounded too negative, however I am required to inform you of the above considerations.

Please call me if you have any questions.  
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Very truly yours  
**PREVIEW**  
[Attorney's Name]

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~~EMPLOYMENT AGREEMENT~~  
**PREVIEW**

This Agreement is made on \_\_\_\_\_, by and between [Employer's name] a corporation (employer), and [Employee's name] (employee).

Employee desires to accept employment as an employee of employer.

The board of directors of employer has offered employee employment for such compensation and other benefits and under the terms and conditions hereinafter set forth, and employee is willing to accept employment on such terms.

**1. EMPLOYMENT AND DUTIES.**

1.1 ~~Scope of duties.~~ Employer hereby employs employee and employee accepts such employment pursuant to the Employer's terms and conditions..

1.2 Employer shall have the power to determine the specific duties to be performed by employee, and the means and the manner by which those duties will be performed.

1.3 Employer shall have the power to determine the Employee's assignments.

1.4 Hours of employment will be determined by employer within reasonable limits in accordance with current standards within the profession, except that employee shall not be compelled to work longer than a normal work week.

1.5 In addition, employee shall, if elected, serve as a [director or member of the executive committee] and/or officer of employer without additional compensation, other than as expressly provided in this agreement.

1.6 Exclusive service. Employee shall devote [his or her] full working time and attention to the duties contemplated herein for employer. During the term of this agreement, employee shall not, without the written consent of employer, directly or indirectly work for another employer or company without the Employer's written permission or engage in any business that competes with the interest of employer.

1.7 However, the expenditure of reasonable amounts of time for [list activities] will not be deemed a breach of this agreement, provided the [board of directors or executive committee] determines that the rendering of such services by employee do not materially interfere with the services required to be rendered to employer under this agreement.

1.8 Professional standards. Employee shall perform his or her duties under this agreement in accordance with the rules of ethics applicable to the Employee's profession.

**2. TERM**

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2.1 The term of this agreement will begin on [date], and will continue until terminated as hereinafter provided.

**PREVIEW**

### 3. COMPENSATION

3.1 Basic salary. For all services rendered by employee under this agreement, employer shall pay employee a basic salary of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per year, payable monthly in twelve equal installments beginning on the effective date of this agreement and payable on the \_\_\_\_\_ day of each month during the term of this agreement.

3.2 The basic salary may be changed by mutual agreement of the parties at any time.

3.3 Bonus. In addition to the compensation referred to above, employer shall, for the term of this agreement, pay employee a bonus in the last day of each fiscal year of the corporation, under the negotiated terms and conditions specified in Exhibit "\_\_\_\_\_" attached to this agreement and incorporated in it.

3.4 Fringe benefits. As further consideration for the performance by employee, employer shall, within a reasonable time after the execution of this agreement, provide for employee the following further benefits and any additional benefits that may from time to time be made available to employees:

- a. A qualified employees' pension or profit-sharing plan, or a combination of both.
- b. An employees' group life insurance plan.
- c. An accident and health plan for the payment of employees' medical care expenses.
- d. A disability plan.

### 4. EXPENSES

4.1 During the period of this agreement, employer shall pay all reasonable business expenses of employee in accordance with the general policy of employer. Additionally, employer shall either advance sums to employee to be used for expenses, or to reimburse employee for:

- a. educational expenses incurred to maintain or improve employee's professional skills, and for [his or her] actual expenses for travel, room, and meals for attending professional conventions; and
- b. professional expenses. Employee agrees to submit to employer such documentation as may be necessary to substantiate such expenses.

### 5. MALPRACTICE INSURANCE

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5.1 Employer shall purchase and maintain at its expense such comprehensive professional liability insurance coverage as is deemed appropriate, covering the acts or omissions of employee in the normal course of [his or her] employment.

## 6. OFFICE FACILITIES

6.1 Employer shall operate and maintain facilities, and shall provide at its cost equipment, drugs, and supplies suitable to employee's position and adequate for the performance of [his or her] duties.

6.2 Further, employer shall supply and pay for other personnel reasonably needed by employee in connection with his or her employment under this agreement.

## 7. RECORDS AND FILES

7.1 All Employer records and files shall belong to and remain the property of employer.

7.2 On termination of his or her employment, employee shall not be entitled to keep or to reproduce employer's records.

## 8. VACATION

8.1 Employee shall be entitled to an annual vacation of \_\_\_\_\_ weeks without loss of compensation. Without employer's consent, vacation time may not be accumulated but must be taken in the year earned.

8.2 Employee's vacation will be scheduled at those times most convenient to employer's business as determined by its board of directors. In addition, employee shall be allowed \_\_\_\_\_ weeks each year to attend professional meetings or seminars; provided, that attendance at such meetings or seminars will be planned for minimum interference with the business of employer.

## 9. ILLNESS AND DISABILITY

9.1 Employee shall be entitled to \_\_\_\_\_ days' sick leave in each fiscal year of employer if [he or she] is unable to perform his or her services by reason of illness or accident not resulting in employee becoming "totally disabled," without any adjustment in his or her compensation. Unused sick leave may not be carried over from one fiscal year to another.

9.2 If employee is unable to perform his or her services by reason of total disability, \_\_\_\_\_ his or her salary shall be reduced in accordance with the following schedule during the continuance of such disability:

9.3 For \_\_\_\_\_ month(s) employee will receive \_\_\_\_\_ percent (\_\_\_\_\_% ) of [his or her] monthly salary.

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9.4 For the next \_\_\_\_\_ months of disability, employee will receive \_\_\_\_\_ percent (\_\_\_\_\_% ) of \_\_\_\_\_ [his or her] monthly salary.

9.5 For the next \_\_\_\_\_ consecutive months of disability, employee will receive \_\_\_\_\_ percent (\_\_\_\_\_% ) of \_\_\_\_\_ his or her monthly salary.

9.6 Thereafter, employee will receive no disability payments.

9.7 In determining periods of disability, any new period of disability will be deemed to be a continuation of the prior period of disability if the employee has not returned to work for at least [one month] between such periods of disability. If employee becomes disabled, but the disability ceases before termination of [his or her] employment with employer, employee's salary will be reinstated on the date disability ends.

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#### 10. TERMINATION

10.1 This contract will be terminated immediately :

- a. On the death of employee;
- b. If employer and employee shall mutually agree in writing to termination;
- c. If employee becomes disabled and the disability continues for a period of \_\_\_\_\_ consecutive months; or
- d. If employee fails or refuses to faithfully or diligently perform the duties of his or her employment and the provisions of this agreement.

10.2 On termination for any reason, [employee shall be entitled to termination pay of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) or the salary due employee to the date of such termination shall be full compensation in payment for all claims under this agreement].

#### 12. MISCELLANEOUS

12.1 Governing law. This agreement shall be interpreted, construed, and governed according to the laws of the State of Texas.

12.2 Amendments. No amendments or variations of the terms and conditions of this agreement shall be valid unless in writing and signed by all parties.

12.3 Assignability. Employee's rights and obligations under this agreement are personal and not assignable.

12.4 Entire agreement; binding effect. This agreement constitutes the entire agreement between the parties, and shall bind and inure to the benefit of both employer and employee and their respective successors, heirs, and legal representatives.

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Date: \_\_\_\_\_

# PREVIEW

\_\_\_\_\_  
[Name of association]]

By: \_\_\_\_\_

Its \_\_\_\_\_  
[Authorized Member]

**PLEASE DO NOT COPY**

Attest:

\_\_\_\_\_  
[Signature of secretary]

\_\_\_\_\_  
[Signature of employee]  
Employee

[Attach exhibit(s)]

**THIS DOCUMENT**

## THANK YOU

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