

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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HOUSE PRINCIPAL CLERK

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HOUSE DRH30310-LU-56B* (02/13)

Short Title: Legal Services.

(Public)

Sponsors: Representatives McGrady, Torbett, Harrison, and Blackwell (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO SUPPORT AND ASSIST SMALL BUSINESSES AND ASSOCIATION
3 MEMBERS WITH AFFORDABLE LEGAL SERVICES BY ALLOWING NONPROFIT
4 CORPORATIONS OPERATING AS A PROFESSIONAL AND TRADE ASSOCIATION
5 OR A BUSINESS LEAGUE TO PROVIDE LEGAL SERVICES TO ITS MEMBERS
6 USING ATTORNEYS DULY LICENSED TO PRACTICE LAW IN THIS STATE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 84-5.1 is amended by adding a new subsection to read:

9 "(c) Subject to the rules and regulations of the North Carolina State Bar, as approved by
10 the Supreme Court of North Carolina, a nonprofit corporation, tax exempt under 26 U.S.C. §
11 501(c)(6), organized or authorized under Chapter 55A of the General Statutes and operating as
12 a professional and trade association or business league, as defined by the applicable Internal
13 Revenue Service guidelines, may render legal services solely by and through attorneys duly
14 licensed to practice law in North Carolina to its members consistent with the mission, charter,
15 or purpose of the nonprofit corporation. The nonprofit corporation shall have a governing
16 structure that does not permit an individual or group of individuals other than an attorney duly
17 licensed to practice law in North Carolina to control the manner or course of the legal services
18 rendered and shall continually satisfy the criteria established by the Internal Revenue Service
19 for 26 U.S.C. § 501(c)(6) status, whether or not any action has been taken to revoke that status.
20 The attorney providing legal services pursuant to this subsection shall be governed by and
21 subject to all of the Rules of Professional Conduct of the North Carolina State Bar to the same
22 extent as all other attorneys licensed by this State, including Rule 1.13, "Organization Client."
23 Further, any nonprofit corporation providing legal services to an association or corporate
24 member shall provide to the member, before accepting legal matters, its written policy
25 regarding identification of the client served, the process for avoiding or resolving potential
26 conflicts of interest, the scope of services available, and any fees that may apply. The written
27 policy shall be made available to the North Carolina State Bar upon request. Notwithstanding
28 any other provision of law, a nonprofit corporation providing legal services under this
29 subsection may charge for the legal services of its officers, employees, and agents rendered to
30 its members under this section, may collect for those charges, and may compensate those who
31 render the legal services.

32 All nonprofit corporations providing legal services under this subsection shall register with
33 the North Carolina State Bar Council on forms provided by the Council and include a statement
34 of the corporation's mission, charter, and purpose. Each corporation shall renew its registration
35 with the Council annually and shall pay an administrative fee to the Council for the initial
36 registration and an annual renewal fee in amounts determined by the Council."



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SECTION 2. This act is effective when it becomes law.