

GENERAL ASSEMBLY OF NORTH CAROLINA  
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HOUSE BILL DRH30219-MQ-68\* (03/14)

Short Title: Legal Services Rendered for Nonprofits. (Public)

Sponsors: Representative Blust.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW LICENSED ATTORNEYS EMPLOYED BY NONPROFIT  
3 MEMBERSHIP ASSOCIATIONS TO PROVIDE LEGAL SERVICES TO THE  
4 MEMBERS OF THOSE NONPROFIT MEMBERSHIP ASSOCIATIONS.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 84-5.1 reads as rewritten:

7 "§ 84-5.1. **Rendering of legal services by certain nonprofit corporations, entities.**

8 (a) Subject to the rules and regulations of the North Carolina State Bar, as approved by  
9 the Supreme Court of North Carolina, a nonprofit corporation, tax exempt under 26 U.S.C. §  
10 501(c)(3), organized or authorized under Chapter 55A of the General Statutes of North  
11 Carolina and operating as a public interest law firm as defined by the applicable Internal  
12 Revenue Service guidelines or for the primary purpose of rendering indigent legal services,  
13 may render such services provided by attorneys duly licensed to practice law in North Carolina,  
14 for the purposes for which the nonprofit corporation was organized. The nonprofit corporation  
15 must have a governing structure that does not permit an individual or group of individuals other  
16 than an attorney duly licensed to practice law in North Carolina to control the manner or course  
17 of the legal services rendered and must continually satisfy the criteria established by the  
18 Internal Revenue Service for 26 U.S.C. § 501(c)(3) status, whether or not any action has been  
19 taken to revoke that status.

20 (b) In no instance may legal services rendered by a nonprofit corporation under  
21 subsection (a) of this section be conditioned upon the purchase or payment for any product,  
22 good, or service other than the legal service rendered.

23 (c) A nonprofit membership association organized or authorized under Chapter 55A of  
24 the General Statutes may render legal services to its members provided by the association's  
25 officers, employees, or agents who are attorneys licensed pursuant to this Chapter; provided,  
26 however, that the attorney shall control the manner and course of the legal services rendered. A  
27 nonprofit membership association may charge for the legal services rendered to its members  
28 pursuant to this subsection. The provisions of this subsection apply notwithstanding any other  
29 provision of law to the contrary."

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

