



Low-Income Communities Benefit from Financial Inclusion

Affordable and accessible high quality financial services, such as savings, loans, insurance, and remittances, would be impossible for working poor and other low-income individuals without the nonprofit sector's attention to financial inclusion. Many of these individuals lack collateral or credit history to borrow or otherwise access funds needed to thrive. Throughout New York City and the nation, our nonprofit clients are creating and replicating programs that offer those left out of the traditional banking systems tools that enable them to foster financial security, start small businesses, and contribute to the communities in which they live and work.

As part of our longstanding economic development program area, Lawyers Alliance provides loan funds, credit unions, and other nonprofit entities with the legal help they need to make capital available to underserved small businesses and low-income people. Our legal work also provides capacity building and transactional legal assistance to nonprofits that address financial security issues through financial training, education, and counseling for low-income individuals. Our network of pro bono attorneys continues to be available to play a crucial role in expanded access to financial services by representing some of New York's most effective nonprofits.



Photo: New Economy Project

Members of the Sunrise Cooperative, a New Economy Loan Fund borrower, are a co-op of auto repair shops that used a loan to help finance the construction of a new facility in the Bronx.

Helping nonprofits structure loan programs

Legal assistance allows nonprofits to create an appropriate legal structure, draft and negotiate agreements, and prepare documentation to operate successful community loan funds.

Case example: New Economy Project, an economic justice center that works with community groups throughout New York City, received pro bono legal help to establish a loan fund that supports worker cooperatives, community land trusts, and other community-led initiatives in neighborhoods of color. Lawyers Alliance volunteers from **Debevoise & Plimpton LLP** worked with New Economy Project to (i) structure and form a limited liability company to serve as the vehicle to conduct the loan fund's activities; (ii) set up effective policies and procedures to make loans; and (iii) draft appropriate loan documentation forms. Once this groundwork was in place, the fund moved forward and began making its first investments. New Economy Project honored Debevoise and Lawyers Alliance at its 20th anniversary celebration this spring.

Helping nonprofits participate in City policies aimed at financial inclusion

New York City's Municipal ID Card for residents enables financial institutions to open bank accounts and provide other financial services regardless of immigration status, homeless status, or gender identity, but residents often need guidance from nonprofits to obtain these cards. Several community development credit unions accept the City's Municipal ID Card for that purpose. In 2015, the Urban Institute released a study commissioned by the New York City Department of Consumer Affairs' Office of Financial Empowerment indicating that 360,000 City households are unbanked, and an additional 780,000 are underbanked, meaning that they have checking or savings accounts, but often rely on costly financing alternatives such as check cashing or payday loans. Lawyers Alliance helps nonprofit clients working to address these challenges.

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Photo: Neighborhood Trust Federal Credit Union

The Neighborhood Trust Federal Credit Union is a community development financial institution serving more than 3,500 upper Manhattan residents and businesses.

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Case example: Neighborhood Trust Federal Credit Union (NTFCU), a community development financial institution serving more than 3,500 upper Manhattan residents and businesses, provides its members with affordable financial services and products, as well as financial counseling. Volunteer attorneys from **Kirkland & Ellis LLP** assisted NTFCU in drafting and negotiating a Memorandum of Understanding between NTFCU and the New York City Human Resources Administration (HRA) outlining the operation of HRA's Municipal ID Program intake at NTFCU. Within the first 12 months, more than 3,000 people applied for IDs and inquired about NTFCU's services.

Helping nonprofits pilot national financial programs

Community development credit unions collectively serve more than five million consumers deemed the most challenging to reach, including low-wage workers, immigrants, and individuals with damaged credit. To improve financial well-being, these underserved communities must have access to affordable financial services combined with guidance on how to take advantage of financial products and services. The Borrow and Save program, developed by the **National Federation of Community Development Credit Unions**, helps underserved consumers break the cycle of borrowing from credit cards and payday lenders by providing access to small dollar loans with a simultaneous savings component.

Case example: Staff attorneys at Lawyers Alliance and volunteer attorneys from **Milbank, Tweed, Hadley & McCloy LLP** assisted the Federation with developing a license agreement for member credit unions to offer the Borrow and Save program. The attorneys also registered the trademarks associated with the program, which was piloted last year and has now expanded nationally.

The legal services provided by Lawyers Alliance staff and volunteers allow nonprofits to operate with more confidence that their financial inclusion programs are carefully considered, legally structured, and well-documented. The result is greater access to financial services for disadvantaged New Yorkers, so they can better live and thrive in a modern economy.

For more information on Lawyers Alliance's financial inclusion work, please contact Senior Staff Attorney **Neil Stevenson** at (212) 219-1800 ext. 273 or nstevenson@lawyersalliance.org.
