Linking Immigrants to Capital & Credit:

Lawyers Alliance’s volunteers enable nonprofits to help new immigrants find financial security

Business lawyers volunteer with Lawyers Alliance for the opportunity to work with organizations whose missions they admire, to use their specialized legal skills, and also to make an impact on society. Today, with immigrant social and financial justice at the forefront of current events, our work on behalf of immigrant communities is more essential than ever. Despite their growing numbers, immigrants as a group remain largely disconnected from their local financial community, owing to limited financial literacy, difficulty accessing financial services, and inadequate credit history. The legal assistance that Lawyers Alliance staff and volunteer attorneys provide to nonprofit organizations helps new immigrants learn English, benefit from social services, secure information and employment, and fully participate in civic life in New York.

Our work is in three primary areas:

Financial Literacy

Nonprofits that conduct financial literacy trainings and advise low-income and undocumented immigrants on their rights to access financial services encounter day-to-day corporate, real estate, and tax law questions.

**Example:** Chhaya Community Development Corporation (“Chhaya”), which serves a largely South Asian population in Queens, seeks to educate low-income new immigrants on home ownership, financial literacy, and avoiding predatory lending. 

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After the City of New York foreclosed on thousands of neglected, distressed, and abandoned buildings, it was clear that the City would not be able to manage and stabilize such properties. In 1996, the City created the Third Party Transfer Program to transfer ownership of tax delinquent and distressed properties to new owners without taking title itself, avoiding unnecessary management costs and time delays. As Lawyers Alliance has done many times in decades of supporting the nonprofit sector’s development of affordable housing, we have played a critical role in making this new program a success for many nonprofits.

In one example, Lawyers Alliance represented Settlement Housing Fund, Inc. (SHF) in a Third Party Transfer program project to convert to a low-income cooperative. Our work began in 2002 when we helped SHF form a housing development fund corporation (HDFC) to hold title to a building at 938 St. Nicholas Avenue in Washington Heights while rehabilitation work was completed. During this time, SHF partnered with Urban Homesteading Assistance Board (UHAB), a non-profit housing developer and tenant-organizing group. SHF and UHAB worked with the 938 St. Nicholas Avenue tenants to prepare them to own their apartments once the building was converted from rental to cooperative ownership. Once construction was complete, the HDFC transferred the building to a low-income cooperative corporation controlled by the former tenants.

To help SHF achieve this outcome, Lawyers Alliance represented SHF in three principal stages. First, we prepared and filed a “no-action letter” application with the Attorney General’s office. This exempted SHF from filing an offering plan, or prospectus, by showing that the prospective shareholders were familiar with the property and had an established relationship with SHF.

Next, we assisted the HDFC in converting its construction loan from Bank of America and the New York City Department of Housing Preservation and Development (“HPD”) to a permanent loan through HPD and Community Capital Bank (now Carver Savings). Lawyers Alliance reviewed and negotiated the permanent mortgage loan documents, reviewed the title report and land survey, and prepared corporate resolutions and other documentation. At the permanent loan closing, the HDFC paid off the construction lenders and established that construction had been completed.

Finally, Lawyers Alliance closed with 35 tenants and four “outside” purchasers of vacant units to close on their purchase of shares in the cooperative corporation for $2,500 per unit. After the closings, the cooperative corporation held its first organizational meeting to elect the board of directors and adopt by-laws. This project now provides a total of 51 residential units in the building. Lawyers Alliance is now working with SHF on another Third Party Transfer project, which will convert to cooperative ownership, a 36-unit building at 125 West 111th Street.

With a legal staff that includes some of the most experienced attorneys working in affordable housing finance, Lawyers Alliance is proud of its long track record in helping nonprofit developers make home ownership and decent rental housing a reality for thousands of low-income New Yorkers. For information about how we can help make your projects a reality, visit us at www.lawyersalliance.org.
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practices. Chhaya also helps clients to connect
with lenders who have expertise in working
with immigrant populations. Pro bono counsel
from Troutman Sanders LLP assisted Chhaya with
spinning off from its parent organization, Asian
Americans for Equality, by revising Chhaya’s by-laws
to change its sole membership structure and advis-
ing the organization on separation issues.

Access to Banking Services

Nonprofits working with financial institutions
to address access to banking services for immi-
grants seek legal assistance on regulatory matters,
including compliance with banking and anti-
terrorism laws.

Example: Through its Affordable Loans for
Immigrants Campaign, New York City financial
Network Action Consortium (NYCfNAC) seeks to
highlight the role of credit unions in maximizing
financial services available to immigrants, including
providing opportunities to build credit and educate
themselves while achieving their financial goals. Pro
bono attorneys from Jones, Day, Reavis & Pogue LLP
reviewed proposed banking policies developed by
NYCfNAC for compliance with the Patriot Act, which
has made it more difficult for many immigrants to
access financial services. As a result, the members
of NYCfNAC are able to make banking services avail-
able to thousands of immigrants who otherwise
might not have such access.

Community-Based Lending and Credit

Community development financial institutions,
such as loan funds and credit unions, provide
financial services in immigrant neighborhoods.
They regularly seek legal counsel to prepare sound
lending documents, develop policies consistent
with applicable regulations, and negotiate con-
tracts with vendors.

Example: Bethex Federal Credit Union (“Bethex”) offers several services to bring its low-income
members into the financial mainstream. Recently,
Bethex began opening bank accounts for remitters,
which are companies that transmit money from
individuals (almost solely immigrants) residing in
the United States to agencies that wire the funds
to the immigrant’s family abroad. Lawyers Alliance
helped Bethex negotiate an agreement with an
armored car service that would help deliver and
count the large volume of funds that flow from
remitters. Bethex’s ultimate goal in the remittance
business is to persuade local money remitters to
charge immigrants more reasonable rates.

Through the efforts of Lawyers Alliance’s
clients and staff and volunteer attorneys, immi-
grants increasingly are better equipped to make
informed financial decisions, reach self-sufficiency
more quickly and integrate into their new com-
unities more successfully.

For further information about volunteering
through Lawyers Alliance, contact Pro Bono Co-
ordinator Jolynda Burton at 212-219-1800 x 242
or visit www.lawyersalliance.org/lawyers.php.
In Brief

Blank Rome Partner Michael Feinman receives Lawyers Alliance Award for Pro Bono Leadership

Each year we present the Lawyers Alliance Award for Pro Bono Leadership to a law firm partner who has performed exemplary pro bono service to the nonprofit organizations we serve. This year, we honor Michael Feinman, in recognition of his 14 years of outstanding service as a volunteer attorney. Numerous nonprofit organizations have benefited from Mr. Feinman’s expert real estate and financing guidance over the years, and undoubtedly more will benefit from his counsel in the years to come. Mr. Feinman sets an example for all of the lawyers in his firm and around the city, and we salute his good work.

Mr. Feinman is currently advising the Brooklyn Economic Development Corporation on all legal and transactional matters related to the renovation of a former federal building to serve as a multi-use nonprofit center. In addition, he recently obtained a $500,000 payment for the Hollis Local Development Corporation for its share in the sale of a real estate project.

Lawyers Alliance will present this award at its June 20 reception (see back cover).

Lawyers Alliance Welcomes New LeBoeuf Extern Program

LeBoeuf, Lamb, Greene & MacRae LLP is the latest firm to establish an externship program through Lawyers Alliance. The externship program provides associates with corporate, real estate, tax and/or other transactional or business law experience, and the opportunity to work full time at Lawyers Alliance for a four-month rotation. Externs are members of the Lawyers Alliance legal team and provide direct legal assistance to nonprofit and community development organizations. Working under the supervision of a Lawyers Alliance senior staff attorney, each extern has a diverse caseload.

Associate Emily Miner is the first LeBoeuf extern at Lawyers Alliance, joining fellow externs from Cleary Gottlieb Steen & Hamilton LLP; Skadden, Arps, Slate, Meagher & Flom; and Weil, Gotshal & Manges LLP. From the start Ms. Miner has taken on diverse projects including assisting with the reorganization of a nonprofit corporation, representing Lawyers Alliance at board of directors meetings and community group meetings, reviewing a range of contracts, performing community outreach, as well as facilitating educational workshops on community economic development matters. In addition, she has met with potential clients and offered guidance to nonprofit organizations on general nonprofit law questions.
Corporate sponsorships offer nonprofits a valuable source of revenue and offer businesses “good will” marketing potential. These sponsorship arrangements, however, are subject to various legal principles, including IRS rules, contract law and, sometimes, state charities solicitation statutes. More and more, nonprofit organizations are re-examining their sponsorship policies and relationships to avoid unrelated business income tax liability and maximize their income stream. Lawyers Alliance staff and volunteer attorneys are available to advise nonprofits on how to protect their best interests throughout these complex negotiations.

Common legalities connected with corporate sponsorships include:

**Negotiating agreements associated with licensing and other commercial ventures**

When nonprofits associate their good name with corporate products in exchange for a share of sales revenue, they must take care to safeguard their principal asset: their reputation. Nonprofits should apply due diligence with respect to their prospective corporate partners, clearly establish what all parties expect to gain from the alliance, and set up and disseminate policies that clearly detail organizational values. This includes use and protections of the nonprofit’s name, logo and other intangible assets.

**Drafting sponsorship agreements**

Nonprofits should ensure that the contract says what they want it to say, what the other party wants it to say, and most importantly, what it needs to say. The contract must have a clear, effective duration period and termination provisions. It should clearly set forth financial terms and responsibilities for handling and reporting on income and expenses. It should comply with any applicable state rules about fundraising contracts and state charities registration. The contract should also address how disputes will be resolved.

**Advising on tax ramifications**

Nonprofits should minimize or avoid taxable “unrelated business income” derived from the sponsorship arrangement. For example, “advertising” income generally is taxable. An excess of unrelated business taxable income (viewed as a proportion of overall budget) could jeopardize the nonprofit’s tax-exempt status. Nonprofits may seek to have income not be treated as unrelated business taxable income (UBTI) when:

- The income is substantially related to the nonprofit’s performance of its exempt purposes.
- The income falls under one of the “passive” income exceptions to UBTI, such as royalties from a licensing arrangement.
- The income constitutes a “qualified sponsorship payment” (a payment in exchange for which the sponsor neither gets nor expects any “substantial return benefit”).

For information about how your organization can become a Lawyers Alliance client, contact Program Associate Angela Cheng at 212 219-1900 x 278 or visit [www.lawyersalliance.org/nonprofits.php](http://www.lawyersalliance.org/nonprofits.php).

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**Case Example**

**Do Something** is a not-for-profit Internet company devoted to helping young people make positive world changes. The organization sponsors the BRICK Awards, a national award for young change-makers who identified a problem or issue in their community and took action. This year, on April 12, the CW Network broadcast the awards show on national television for the first time.

The televised broadcast called for the need to institute a sophisticated corporate sponsorship program. Lawyers Alliance staff attorneys and volunteer attorneys from Gibson, Dunn & Crutcher represented Do Something in the preparation, review, negotiation and finalization of a range of contracts related to the BRICK Awards.

Gibson Dunn attorneys negotiated five separate agreements – including corporate sponsor agreements with General Motors, JPMorgan Chase, and Pepsi; a broadcast and license agreement with the CW Network; and a television production services agreement with Alex Coletti Productions – the combination of which involved complex logistics and frequent redrafting and renegotiating. With their pooled expertise in contracts and entertainment law, volunteers from Gibson Dunn worked tirelessly to ensure Do Something’s interests were protected, and that the goals of the event were met and finalized to everyone’s satisfaction. Lawyers Alliance staff attorneys provided counsel on the more technical issues relating to unrelated business income and the tax code.
Join Lawyers Alliance for an Evening on Broadway featuring *Inherit the Wind*

Lawyers Alliance for New York’s annual theater benefit features the Broadway performance of *Inherit the Wind* starring Christopher Plummer and Brian Dennehy. Nominated for four Tony® Awards, *Inherit the Wind* is based on the infamous 1925 “Monkey Trial.”

**DATE:** Wednesday, June 20, 2007

**TIMES:** 5:30 p.m. to 7:30 p.m.
- Pre-theater cocktail reception at The Supper Club
  240 West 47th Street
- 8:00 p.m.
  Performance at the Lyceum Theater
  149 West 45th Street

**TICKET INFORMATION:**
- $300  (Benefactor)
- $200  (Supporter)
- $150  (Nonprofit)

Contact Lemont Leige at  (212) 219-1800, ext. 225
or by e-mail at LLeige@lawyersalliance.org

Honoring **Michael Feinman** of Blank Rome LLP with Lawyers Alliance’s Pro Bono Leadership Award (see related article).

This event is made possible with the support of the following sponsors:

**Benefactors**
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- Bingham McCutchen LLP
- Blank Rome LLP

(list in formation)