



July 11, 2006

Ramon Arias, Esq.
Executive Director
Bay Area Legal Aid
405 14th Street -- 9th Floor
Oakland, CA 94612

External Opinion #2006-1004

President
Malina M. Barrett

Frank B. Strickland
Atlanta, GA

Dear Ramon:

Lillian R. BeVier
Charlottesville, VA
Vice Chairman

Jonann E. Chiles
Little Rock, AR

Thomas A. Fuentes
Lake Forest, CA

Herbert S. Garten
Baltimore, MD

David Hall
Stoughton, MA

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Seattle, WA

Thomas R. Meites
Chicago, IL

Bernice Phillips
Buffalo, NY

Sarah M. Singleton
Santa Fe, NM

Danilo Cardona, Director of LSC's Office of Compliance and Enforcement ("OCE"), forwarded to me your letter of May 15th, 2006, in which you request reconsideration of Office of Legal Affairs ("OLA") External Opinion ("EX") 2003-1010. Upon review of your letter, EX-2003-1010 and EX-2003-1014, I find no basis upon which to rescind or amend EX-2003-1010. My analysis is set forth below.

As I understand it, OCE recently completed a draft CSR/CMS report to Bay Area Legal Aid ("BALA") in which OCE found a violation of the attorneys' fees restriction in 45 CFR Part 1642 because BALA collected and retained attorneys' fees. The case was a housing case in which the lease had an attorneys' fees provision that provided for the landlord to be entitled to attorneys' fees in the event that the landlord prevailed in litigation with the tenant over the lease. California law provides that such clauses must be read reciprocally such that if the tenant prevails, the

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claim collect and/or retain attorneys' fees when such fees are available

pursuant to a private contractual arrangement permitting the awarding of

██████████ FY 2000 1014 concludes that, as the purpose

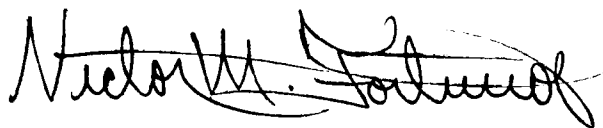
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In conclusion, EX-2003-1014 does not provide a basis for withdrawing or revising FX-2003-1010 and the reasoning and conclusion of FX-2003-

1010 remain valid and stand.

Very truly yours,

A handwritten signature in black ink, appearing to read "Victor M. Fortuno". The signature is fluid and cursive, with a large initial "V" and "F".

Victor M. Fortuno
Vice President and General Counsel