

Writing Sample – Website Article

Pros and Cons of Pre-settlement Lawsuit Funding

Do you wonder about those ads on TV and radio that claim you can get money now for a lawsuit you filed? It might sound like a good deal. Is it too good to be true? In fact, you may not have to wait until you settle or win your lawsuit before you can get money to cover your expenses like food, medical bills, and rent or anything else you need. What Is Pre-settlement Funding?

Perhaps you filed your lawsuit to get compensation for damages you received in an automobile accident. Or, maybe you took a drug or used a medical device that turned out to be dangerous and you're looking for compensation to help make you whole again. If you're suffering from medical issues, you might also find it difficult to work. How are you going to make ends meet? You could put off getting treatment, but that could make your medical condition even worse. You are confident that your lawsuit will be decided in your favor, but you're wondering if you can hold out until that finally comes to pass.

If you filed a lawsuit and you are experiencing financial stress, you might consider getting a pre-settlement [advance](#) on your eventual settlement or award.

How It Works

You'll start by filing an application with a pre-settlement funding company. Most companies have made the [application process](#) easy and convenient. Often you can apply online or over the phone. The company will tell you what information and documents their underwriters need.

Once you get your application in, the pre-settlement loan company will review your case. They will consult with your attorney to learn your chances of winning or settling your case. They will also want to know the status of the case and how much longer it is likely to last.

Once it has valued your case, the pre-settlement company will offer you a fair amount. That could be a lump sum, or it could be set up to provide you with money to help you pay expenses on a monthly basis. If you want to accept the offer, you will sign papers showing that you agree to pay back your advance, plus an additional fee, out of the money you receive when your lawsuit ends. All of this will be clearly outlined in your paperwork so that you'll know exactly what to expect when your case settles.

Of course, you and your attorney cannot guarantee that you'll win your case. Even though it might look like a slam dunk, no one knows for sure what you might happen in the end. Because of that uncertainty, a pre-settlement transaction has a big advantage

over financing your litigation with a bank loan, maxing out credit cards, or risking retirement funds. If you won't win your case, you never have to pay back your pre-settlement advances. You read that right. Unless you win, you don't pay. And even if you do win, the money you pay back comes out of the settlement or judgment amount instead of directly out of your pocket.

A pre-settlement advance may be a good choice for you, but before you commit to it, make sure you consider not only the advantages but the disadvantage as well along with any alternatives. That way, you'll be a smart consumer and feel confident that you made a good choice.

Advantages of Lawsuit Loans

- Use Your Money When You Need It.

Are you like most people who seek out pre-settlement loans to help them cover basic expenses or medical care? If so, you're not alone. Many people realize that they don't have to struggle or suffer waiting for their lawsuit to pay off. You can use the pre-settlement advance for whatever you need - medical care, rent, attorney fees, or groceries.

- You Won't Pay Back the Pre-settlement Advance Until the Case Ends

Repay nothing of your pre-settlement funding until you are awarded a judgment or you agree to settle the case.

- Pay Nothing If You Lose Your Case

No one wants to lose, including your pre-settlement funding company. That's why the company carefully investigates your claim before it decides to advance you any funds. Even with such careful review, sometimes a case just doesn't go the way you want it to. If you have received a pre-settlement funding advance, you don't need to worry about paying it back. If you lose your case, [you will owe nothing](#). It's that simple.

- Pre-Settlement Funding May Increase the Value of Your Case

Many people just don't realize how much time and effort goes into prosecuting a lawsuit. If you're under financial stress, you might be tempted to push settlement of your case before it's ready. Often the plaintiff who has patience and holds out longer will get a higher settlement. If you can remove some of that financial pressure by getting a pre-settlement amount from a funding company, the boost of a cash advance may put you in a [better position to wait](#) for a settlement amount that matches the value of the case.

Disadvantages of Litigation Funding

- Your Pre-settlement Loan Will Cost You Money.

You won't pay anything back until you get a judgment or settlement. And, you won't pay anything back if you lose your case. But when you do [pay back](#), you will also have to pay a fee or an interest payment. No matter how long it takes, the pre-settlement funding company will never ask for money from you until your case settles or the court awards you a judgment. And, you'll never have to pay back more than your settlement or judgment amount.

The pre-settlement funding company recognizes that plaintiffs are often planning to use the money they receive from the lawsuit to pay basic living expenses or for much needed medical care. The funding company works hard to anticipate your needs during the case and to compare that with the results of its investigation on the value of your lawsuit. The aim is to see that you still have a considerable award once your pre-settlements needs have been repaid. With so many variables, some that you and the funding company cannot predict, the amount you receive after settlement may be different than what you expect.

As you're deciding whether to take pre-settlement funding, you should also look at whether you have other sources of money available to you. Are you entitled to insurance proceeds or disability payments? Do you have credit cards, retirement funds that you can borrow, or equity in your home? Those options may be cheaper than a pre-settlement loan, but they all carry some risk. For example, if you don't timely repay money borrowed from a 401k, you could be required to pay taxes on it on top of a 20% penalty. At the very least, these other funding sources require that you make payments while the case is carrying on. Pre-settlement funding does not.

- You Must Qualify for Pre-settlement Funding

Obtaining a pre-settlement loan is not the same as qualifying for a mortgage or getting a credit card, but it still requires that certain conditions be met before you'll be funded. First, you must have filed a lawsuit and your attorney must be aware that you're seeking a pre-settlement advance.

Second, if your case is not on solid ground, you may find that it's harder to attract a pre-settlement funding company. A shaky case increases the funding company's risk, meaning that the company will not be paid if you don't win or settle.

Third, the pre-settlement funding company will [investigate your case](#) to determine its value and potential timeline. If the case is not worth very much, or you're not likely to win, it will be less likely that you'll find a pre-settlement company able to fund you.

- Unlike Credit, Pre-settlement Funding is Not Regulated

Pre-settlement funding is [regulated in only a few states](#). Those states generally treat pre-settlement funding like a loan. They limit the fees a funder can charge and require disclosures similar to the ones you'll see with a mortgage loan or credit card.

Like most states, the federal government does not place restrictions on pre-settlement funding. Because each company has its own criteria and disclosure policies, you may find it difficult to compare offers. You will need to research carefully and consult with legal counsel if necessary. Above all, make sure you understand the terms of any agreement you intend to sign.