

Lawsuit Cash Advance Overview

Article by: Tony Perkins

Lawsuit cash advances can be confusing especially for someone who was recently introduced to the concept. What is a lawsuit cash advance? Do I need lawsuit cash advance? How do I get funding for my lawsuit? When I am approved for lawsuit cash advance, do I have to pay back the money? If I am denied funding does it mean that I do not have a good case? These are all very good questions and the following text will answer these questions and more.

What is lawsuit cash advance?

A lawsuit cash advance is not a "loan" at all but rather it is a cash advance based upon the merits of a lawsuit that provides a plaintiff with sufficient funding to reach the conclusion of the case when the plaintiff will receive his/her fair share of the settlement or verdict. Lawsuit cash advance companies invest in the lawsuit itself as opposed to advancing money to the plaintiff in the form of a loan. A lawsuit cash advance is not based on a plaintiff's prior credit or bankruptcy status. Other terms used for this type of funding include: lawsuit loan, litigation finance, litigation loan, lawsuit funding, lawsuit finance, litigation cash advance, case loan, case cash advance, plaintiff cash advance, litigant funding, pre-settlement loan, pre-settlement lending, pre-settlement cash advance, etc.

Do I need lawsuit cash advance?

Lawsuit cash advances should not be a substitute for your settlement but rather a raft that helps you stay afloat while your attorney fights for you. Too many plaintiffs apply for a lawsuit cash advance with the belief that a lawsuit cash advance is simply a different way to get their settlement money. Assuming you win your case, the amount owed to the lending company varies greatly depending upon the length of time between the date of the advance and the date when you receive the settlement/verdict money. You should exhaust other means of funding first. Also, a good guideline to use is that lawsuit cash advance companies generally advance up to 10% of the estimated settlement amount. There are some good internet sites that give more background on lawsuit cash advances. Some good sources of information are The Funding Exchange (www.TheFundingExchange.com) and Expert Law (www.expertlaw.com).

How do I get funding for my lawsuit?

Lawsuit lending companies have popped-up all over the country. Some tout their "low interest rates" or how they are the most lenient when it comes to approving lawsuit loans. For every 1 respected lawsuit lending company there are 3 that will do anything to charge plaintiffs random penalties that make no sense. These penalties help to offset their "low interest rates" and many times end-up costing the plaintiff more of their settlement. A good option is The Funding Exchange (www.TheFundingExchange.com). The Funding Exchange is a network of the most respected lawsuit lending companies in the industry. You complete one application on The Funding Exchange and your application is intelligently routed to the best lending companies for your specific situation.

If I get a lawsuit cash advance, do I have to pay back the money?

Almost all lawsuit financing companies give non-recourse funding to plaintiffs thus requiring the plaintiff to pay back the advance and fees/interest only upon a favorable decision in the case. If the case is lost then you can keep the cash advance with no obligation. If you win your case then part of the settlement amount will go towards repaying the cash advance plus interest and fees. The amount owed to a litigation finance company increases the longer that your case takes to settle so keep that in mind.

If I am denied funding does it mean that I do not have a good case?

The simple answer is "no." Being denied for a lawsuit cash advance does not mean that your case is not a good case or that you will actually win less money than you think. There are many different reasons why funding is denied. One reason is that the estimated settlement date is too soon. Litigation finance companies make money by accruing interest on their investment in your case. If your case is supposed to settle in 2 months then a litigation finance company will not make any money because the settlement date is too soon and therefore they may decline the funding request. Other reasons for denying lawsuit loan applications include: attorney will not provide documentation, attorney will not sign contract, plaintiff demands too much money, etc.

Conclusion

As a plaintiff, you should understand lawsuit cash advances and the process of securing a lawsuit cash advance before you apply. If your expectations are set correctly and you proceed with a lawsuit cash advance then you will find that it is a saving grace in the turbulent world of litigation. If you apply for a lawsuit cash advance without an understanding of litigation finance then you may be disappointed. About the author:

Tony Perkins is the founder and president of The Funding Exchange (<http://www.TheFundingExchange.com>) which connects the top lawsuit lending companies in the country to people in need of a lawsuit loan. The Funding Exchange is not a lawsuit lending company but rather it is an independent 3rd party company that routes a high volume of applications every day to its network of lawsuit cash advance companies.