

Lawsuit Cash Advances - Things to Consider

Article by: Michael Merten

In recent years people who have been involved in personal injury accidents have discovered that they can receive a lawsuit cash advance against the proceeds they ultimately receive from a personal injury accident settlement. For the person who is injured enough from an accident so as to be unable to work and earn a living, a lawsuit cash advance can provide a very timely financial solution to the cash flow problems the person may currently face. Nevertheless it is always wise to know beforehand what a person is getting themselves into before they apply for a lawsuit cash advance.

A lawsuit cash advance is not a loan but a participation in a personal injury legal settlement. If the injured victim who receives the lawsuit cash advance for whatever reason doesn't receive a cash settlement from their case, they owe nothing and the company that provides the lawsuit cash advance receives nothing. This means that, like any underwriter, the provider of the lawsuit cash advance must determine what the likelihood is of ultimately receiving payment for the cash they advance and charge accordingly. Because of the nature of the lawsuit cash advance, normal interest rates will not apply, so the provider will most likely charge more for the lawsuit cash advance than a traditional lender would.

The fees charged for lawsuit cash advances can vary significantly. Typical fees for automotive cases are 3.0% per month and for medical malpractice cases 5.5% per month. Nevertheless it is not uncommon for some companies to charge a low entry fee to get business through the door and then charge additional, hidden fees to the personal injury accident victim.

Many companies say they will provide a lawsuit cash advance within 24-48 hours, but actual application times can vary greatly and are subject to the extent of the documentation required from the personal injury accident victim along with other factors. And it is important to realize that a company that approves an application too quickly may be charging the client through the roof to compensate for their less than stringent underwriting requirements.

The business of providing lawsuit cash advances to personal injury accident victims also has its share of brokers. A person is best off if they can find a company that provides the actual funding for lawsuit cash advances and deal with them directly. Otherwise the fee that a broker charges will be added to the fee the provider of the lawsuit cash advance receives from the personal injury accident victim.

Michael Merten
Lawsuit Cash Advance, LLC lcamarketing@lcacorp.com
<http://www.lawsuitcashadvance.com>