



# Legal Funding Guide

*A Reference Guide for Plaintiffs*

## Lawsuit funding for plaintiffs

If legal funding seems a bit complicated or difficult to understand, this guide should help you learn the basics and better understand the legal funding process. This guide will try to explain what legal funding is, who uses it, how it works and the general cash flow options of pre-settlement and post-settlement legal funding that are often available to plaintiffs.

**If you still have questions after reading this, give Thrivent Link a call toll free at 888-697-7352, or reach us online at [thrivestlink.com](http://thrivestlink.com). Our legal funding experts are here for you.**

## Summary

- *What is legal funding?*
- *Who should use legal funding?*
- *What are the different types of funding available to plaintiffs?*
- *What are the alternatives?*
- *How does legal funding work?*
- *How do the application and underwriting processes work?*
- *How do you determine how much to advance?*
- *How does the plaintiff receive the advance?*
- *About Thrivent Link*

## What is legal funding?

In broad terms, legal funding allows for the plaintiff to obtain financing against an anticipated award sum or legal fee. In more specific terms legal funding is generally called lawsuit funding, plaintiff financing, or settlement funding, but may also be referred to as a lawsuit loan, settlement loan or lawsuit lending.

Legal funding allows a plaintiff to receive a cash advance prior to the settlement of their lawsuit. The cash advance is then paid back out of the settlement. If a plaintiff loses their case, he or she is NOT responsible for paying back the cash advance and the legal funding firm loses its investment. This factor is the biggest differentiation between a legal funding advance and a traditional loan.

## Legal funding is NOT a loan!

Legal funding is technically a non-recourse advance, meaning if the plaintiff loses their case, he or she owes nothing, and the funding company forfeits their investment. This includes all associated fees charged by the funding company; i.e. underwriting fees, processing fees, administrative fees.

## Who should use legal funding?

Legal funding is widely used by plaintiffs, involved in lengthy cases, that have exhausted all other traditional financing options. Plaintiffs with cases that are expected to settle quickly and/or have access to traditional financing options, should try not to take out a settlement advance if at all possible and, instead, wait for their settlement payoff.

Legal funding advances are more expensive than traditional alternatives due to the fact that the companies take the risk of losing money if a lawsuit does not settle in favor of the plaintiff. Most legal funding companies work with personal injury and workers' compensation attorneys.

## Types of legal funding

- **Pre-Settlement** - Financing that is available to plaintiffs DURING the litigation process
- **Post-Settlement**- Financing that is available to plaintiffs AFTER their suit is settled, but before they receive their payout
- **Surgical Funding** - Financing that is available to plaintiffs that are needing to pay for costly surgeries and other medical expenses

## Other financing options to consider first

Traditional forms of financing should be considered before the legal funding option, including personal savings, borrowing money from family and/or friends, a bank line of credit, a loan against a 401K, mortgage refinancing and a credit card. If any of these options are available, think about using one, before a legal advance, as these are often less expensive.

## Why not get a bank loan?

Banks require plaintiffs to possess assets such as stocks, bonds or real estate as collateral in order to offer a loan. Traditional banks will perform a credit check and, unfortunately, many plaintiffs do not have sufficient credit scores to obtain a bank loan. Additionally, lengthy litigation may further negatively impact a plaintiff's credit score making it more difficult to obtain the longer the case drags out.

## If legal funding is expensive, why use it?

Many plaintiffs unfortunately do not have enough money in savings to cover costs that occur during lengthy litigation. Even if a plaintiff qualifies for a credit card, the credit limit may not be sufficient enough to cover expenses for the entirety of litigation. And, if a plaintiff misses a significant amount of work, he or she may have no other option.

## How does legal funding work?

The cash advance that a plaintiff receives comes directly from their future receivables. A plaintiff must obtain representation from an attorney prior to applying for legal funding.

## The settlement waiting game & length of a lawsuit

Litigation tends to be a lengthy process, meaning that plaintiffs can wait months, if not years, for settlement payouts. Personal injury cases typically take an average of two years, with medical malpractice taking even longer. Cases can also be further complicated when minors or multiple parties are involved.

## Don't settle for a low ball offer

Pre-settlement funding allows plaintiffs to cover expenses incurred during their litigation, such as rent or mortgage payments, utility bills, medical expenses, and to make up for lost wages. It also makes it possible for plaintiffs to hold out longer during lengthy litigation and get the fair settlement that they deserve.

## Legal funding application & underwriting processes

Legal funding companies base cash advance amounts upon anticipated future settlements. Underwriters carefully evaluate a case to determine the best financing options for a plaintiff. These underwriters are very familiar with the intricacies of cases such as motor vehicle accidents, medical malpractice, personal injury, and product liability. They use their knowledge of these types of suits to evaluate plaintiff cases and determine the probability of the settlement being favorable to the plaintiff.

Qualifications for a successful legal funding include proof of defendant liability, proof of insurance coverage with appropriate limits, proof of damages using medical or economic records, and record of any prior advances. If there have been any prior advances made on a case, the funder will need to obtain a payoff letter from the original funder as a plaintiff is not permitted to have multiple funders on a given case simultaneously. All of these factors determine the amount of money that can be advanced to the plaintiff.

- **Liability** - Yes
- **Insurance** - Yes
- **Case Value** = Damages – Attorney Fees - Liens

## How much is my case worth & how much can I be advanced?

There are several factors that an underwriter considers when evaluating the value of your case. Every legal funding company looks at damages, liability and insurance.

- **Damages** - Underwriters examine any injuries that were caused because of the accident and any lost wages if you have to miss work.
- **Liability** - Underwriters try to determine who is at-fault for the accident. This can become somewhat complicated, as there can be multiple parties at-fault.
- **Insurance** - Underwriters then study the defendant's insurance policy, as it is rare to receive a settlement award higher than the insurance policy limits.

## How much of an advance can a plaintiff expect to receive?

Legal funding companies will typically advance up to 10% of the expected receivables in a pre-settlement situation. If a suit is post-settlement, and a plaintiff is still waiting for a payout, he or she could expect an advance of as much as 50% of their award in the form of legal funding.

## Should i take a large advance now or a series of monthly advances?

Fees start accruing immediately upon receiving the advance, so a series of advances will usually make more sense. However, a definitive answer would depend on what you need the money for. For example, if you are trying to cover your mortgage payment every month, perhaps setting up monthly payments makes the most sense. But if you have a high value item to pay for like a car or tuition, perhaps one large lump sum payment makes the most sense.

## How long does it take to receive money?

A plaintiff can typically receive funds within a few days of submitting a request. The speediness of the process is determined by how quickly the proper documentation is provided to the underwriters by the plaintiffs' attorney or paralegal. Once a settlement is paid out to the plaintiff, the money is then paid back to the legal funding company directly from the settlement.



## Payment methods

- **Wire Check Debit Card** - Money can be sent directly to a plaintiff's bank account with proper documentation. Please note this product is not available to residents of South Carolina.
- **Check** - A check can be sent to a plaintiff or attorney's office, or picked up at the legal funding company's office, and can be cashed immediately upon receipt.
- **Debit Card** - A pre-loaded debit card can be sent directly to a plaintiff or an attorney's office for immediate use.

## About Thrivest Link

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Thrivest Link is a full-service direct funding company that has successfully funded tens of thousands of advances since its inception in 2009. Headquartered just outside of Philadelphia, Thrivest Link utilizes best-in-class technology and customer service to offer one of the fastest funding processes in the industry.

Thrivest Link offers a wide array of innovative funding solutions including Plaintiff Funding, Medical & Surgical Funding, and Structured Settlements. Plaintiffs can receive the funds needed to maintain their lifestyle as they move through the litigation process.

## Experience the Thrivest Link Difference

- Simple streamlined administrative process
- Highly Competitive pricing and terms
- Intelligent, collaborative underwriting process
- Minimal burden on office resources
- Best-in-class technology
- If the case is lost, you owe nothing
- Fund in hours, not days
- Compassionate, plaintiff-friendly process





Let us help you thrive now  
& apply for funding today.

Call 888-697-7352 or visit [thrivestlink.com](http://thrivestlink.com)  
to fill out an online application.



**Subject to changes in laws and regulations,** Thrivest Link does not provide funding for cases filed in or to plaintiff's who live in the following states: Arizona, Arkansas, Colorado, Kansas, Kentucky, Maryland, Minnesota, Missouri, Nevada, New Mexico, South Dakota, Vermont and West Virginia.