



## About Legal Funding

Before the emergence of the Legal Funding Industry, little financial assistance was available to help injured plaintiffs survive financially while waiting years for their cases to be resolved. Ethics rules preclude an attorney from advancing money to his client.

In addition, there was a distinct disadvantage in the settlement and overall litigation process for those who could not afford the luxury to wait for their attorney to reach a proper and just resolution of their case.

There are a number of ways by which a plaintiff in a lawsuit can benefit from a legal funding through one of the ALFA Member companies. Some of these can be listed as follows:

- Funding needed for surgical procedures for the plaintiff who would otherwise have no way to pay for it, thereby getting the needed medical procedure to improve his health and his own quality of life is a very common and positive benefit.
- Stopping a foreclosure action or an eviction from occurring is another positive benefit. Statistics provided from one of the larger firms within the Industry, demonstrate that over 62% of funds provided to plaintiffs are used to stop a foreclosure or an eviction action. Giving the plaintiff an advance to stop such action not only gives them the peace of mind to continue the case but allows their attorney time to get them the settlement that they deserve.
- Allowing a child to stay in college when the tuition bill comes due.
- Covering a delinquent child support payment.
- Giving the plaintiff time to stay in their case and to allow their attorney to adjudicate the case in their best interest.
- Unfortunately, banks are unwilling to provide funds to a plaintiff who does not have good credit based on a claim in a lawsuit. Banks will not provide a loan under these circumstances because the credit risk in most cases involving an injured plaintiff, who is possibly jobless, is not acceptable to a bank. The banker sees the possible future proceeds of a case to be insufficient collateral.

## **ALFA:** **Setting the Industry Standard**

The American Legal Finance Association, known by its acronym ALFA, was established as a New York not-for-profit corporation in July 2004. ALFA is comprised of 31 companies nationwide, which provide non-recourse funds ("Legal Funding") to personal injury victims who have filed a claim or a lawsuit.

One of ALFA's first projects was to establish industry standards in the Legal Funding industry, especially regarding transparency in transactions and clear disclosure to consumers. You will find a list of industry "Best Practices" [here](#).

ALFA serves as the liaison with the public, government officials and the media to increase awareness of the Legal Funding industry. It is our goal to help all parties understand the value of ALFA member company services and practices.