






# Consumer Legal Funding Is Not A Loan

<p>Fundamental Differences</p>	 <p>Loans</p>	 <p>Legal Funding</p>
 <p>Repayment Requirements</p>	<p><b>MANDATORY</b>            Repayment is mandatory. Collateral is typically required from the consumer taking out the loan, and banks can go after their paycheck and house in the event of nonpayment.</p>	<p><b>CONTINGENT</b>            Repayment is contingent: it is only required if the consumer's case is successful. If their case fails, they do not have to repay. No collateral is required.</p>
 <p>Application Evaluation</p>	<p><b>CREDIT-BASED</b>            Banks conduct credit checks before issuing a loan and base their rate on a consumer's credit score. Individuals with low or no credit pay high rates or cannot qualify for loans.</p>	<p><b>CASE-BASED</b>            The funder examines the victim's case and based on the merits of the case, approves or denies the application. No credit check is conducted and the decision is not based on a consumer's creditworthiness.</p>
 <p>Credit Impact</p>	<p><b>YES</b>            Inability to repay can severely damage a consumer's credit history, impairing their ability to access credit in the future.</p>	<p><b>NO</b>            Consumer legal funding has no negative impact on a consumer's creditworthiness.</p>

Courts and legal experts around the country have recognized these fundamental differences. From New York to Georgia, courts have affirmed that consumer legal funding is not a loan and is not subject to laws regulating loans.