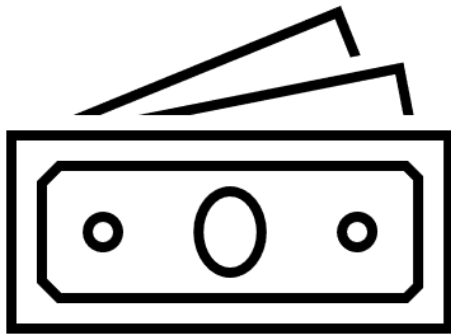




www.arclegalfunding.org

Eric Schuller
President

What is Consumer Legal Funding?



Consumer Legal Funding is when a company provides funds to a consumer who has a pending legal claim, typically a car accident, while their case is making its way through the legal system. The funds are used for household needs such as mortgage, rent, car payments, keeping the light on and putting food on the table. *The funds are not used to pay for legal fees, or costs, associated with the claim or case.* A funding is typically 5%-10% of the expected value of a claim. **The average funded amount is \$2,000.**



Consumer Legal Funding is a non-recourse financial product, meaning you only have to meet the obligation if you are successful in your legal claim, and then only if there are sufficient funds out of the settlement to meet the financial obligation after other obligations are met. This affords consumers the ability to meet their everyday financial obligations, such as keeping a roof over their head and keeping the lights on, while they make their way through the legal system.

How Consumer Legal Funding Works

1. Consumer Contact
The consumer contacts a consumer legal funding company to seek funding on a pending claim.



2. Verification
The company verifies that the consumer is represented by an attorney and the pending legal claim is legitimate.



3. Case Review
With the consumer's permission, the company reviews the potential value of the claim with the consumer's attorney. The consumer legal funding company then makes an independent funding determination. A funding is typically 5%-10% of the expected value of a claim.

5. Funding
After providing final approval, the company disperses the funds directly to the consumer for personal use and not for litigation purposes.



4. Purchase Agreement
The consumer legal funding company sends a Purchase Agreement, with clear and concise terms, to the consumer and his/her attorney for review and approval. Both the consumer and the attorney must sign off on the Purchase Agreement.

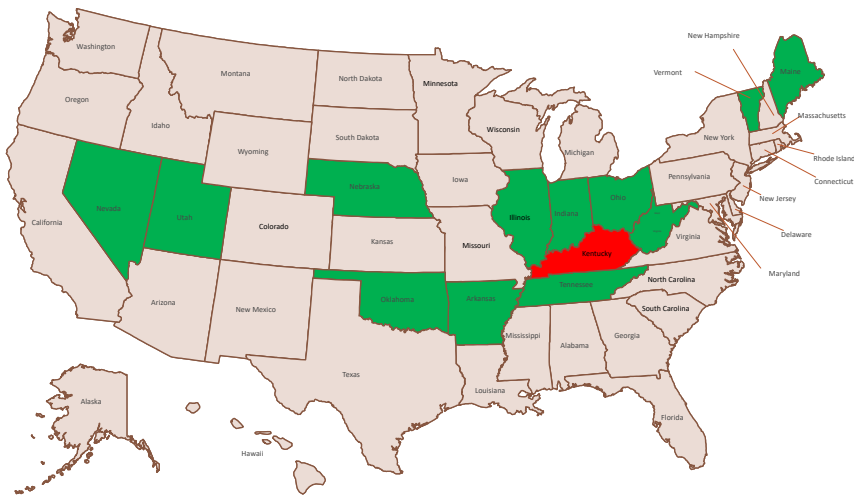




Why are we here??

2019

Boling v. Prospect
Funding Holding, LLC



What we would like to have happen in Kentucky?

Kentucky should join their neighbors, along with other states across the country that have passed legislation to properly regulate Consumer Legal Funding and give the state appropriate regulatory authority over such financial products, to ensure it cannot be abused.



What would
legislation
look like?

- **Mandate Consumer Legal Funding companies must be registered with the Commonwealth**
- **Contracts**
 - Written in clear plain language
 - Written acknowledgement by the attorney retained by the consumer
 - Clear definition of priority of liens
 - Clear disclosure of the terms and conditions of the fees and charges
 - Statement that the company has no influence over any aspect of the legal claim
 - Statement that if there is no recovery of money the consumer shall owe nothing
 - Statement that if the net proceeds of the claim are insufficient to meet the terms of the contract the company shall accept a reduced sum.
 - Five (5) business day right of rescission
 - Attorney has gone over the terms of the contract with the consumer
 - A copy of the contract shall promptly be delivered to the attorney

- **Prohibited Acts**

- Pay or offer a commission or referral fee
- Accept a commission or referral fee
- Make false or misleading statements in advertising
- Make any decision in the consumers legal claim
- Knowingly pay or offer to pay court costs, filing fees or attorney fees
- Provide legal advice to the consumer regarding the funding or underlying legal claim
- Attorneys who represent the consumer having a financial interest in the funding company

- **Fees/Rates**
 - Fees shall stop at 42 months
 - Fees the same as originally passed in Indiana
- **Written Acknowledgment by the Consumers Attorney**
 - Attorney prohibited from receiving a referral fee
 - Unless the consumers attorney acknowledges the agreement, the contract is void
- **Full disclosure of the terms of the agreement**
 - Funded amount paid to the consumer
 - All charges itemized
 - The total amount to be paid by the consumer at the conclusion of the contract
 - Payment schedule in 6-month increments



Happy to
answer any
questions
you may
have.