



Maintenance Funding Provider Legal Funding Report for 2024

December 22, 2025

Executive Summary

Maintenance funding in Utah continues to grow, as evidenced by increases in both the number of agreements and the millions of dollars covered by the agreements. MFPs consistently generate substantial profits from agreements with Utah consumers. Returns often exceed 100% on funded capital, with several MFPs reporting returns that surpass 500% on individual agreements. While a single MFP maintains a commanding market share of approximately 57% of all agreements, most other MFPs still experienced a quantifiable increase in the volume of funded agreements within the state during the 2024 reporting period.

Background

Maintenance Funding Practices Act

The Maintenance Funding Practices Act (MFPA), Utah Code § 13-57-101 *et seq.*, was enacted during the 2020 General Session to establish a regulatory structure intended to protect and educate Utah consumers. The Utah Division of Consumer Protection (the Division) is tasked with enforcing the MFPA.

Legal funding,¹ also known as lawsuit loans, maintenance funding, or litigation funding, is lending money to an individual² in exchange for the right to collect payment from the proceeds of a future settlement, judgment, or award in a civil court proceeding. In Utah, a business entity³ that provides this type of funding is referred to as a maintenance funding provider.⁴

Registration Requirements

A business entity cannot operate as an MFP in Utah without first registering with the Division.^{5,6} Each MFP is then subject to ongoing statutory requirements, including:⁷

- Annual Renewal: The MFP is required to renew its registration each year.
- Annual Report: The MFP must submit a report, under oath, to the Division on or before April 1st of each year.

¹ "Legal funding" means a payment of \$500,000 or less to an individual in exchange for the right to receive an amount out of the potential proceeds of any realized settlement, judgement, award, or verdict the individual may receive in a civil legal action." [Utah Code § 13-57-102\(6\)](#).

² "Individual" means a person who: (a) resides in this state; and (b) has or may have a pending legal action in this state." [Utah Code § 13-57-102\(5\)](#).

³ "Business entity" means a sole proprietorship, partnership, limited partnership, limited liability company, corporation, or other entity or association used to carry on a business for profit." [Utah Code § 13-57-102\(1\)](#).

⁴ "Maintenance funding provider" means a business entity that engages in the business of legal funding. (b)'Maintenance funding' does not include; (i) an immediate family member of an individual; (ii) an accountant providing accounting services to an individual; or (iii) an attorney providing legal services to an individual." [Utah Code § 13-57-102\(8\)\(a\)](#).

⁵ [Utah Code § 13-57-503](#) specifically exempts some businesses including banks, deferred deposit lenders, title lenders, and creditors from the requirements of the MFPA.

⁶ "Except as provided in Subsection (4), a business entity may not act as a maintenance funding provider in this state without registering with the division." [Utah Code § 13-57-201\(1\)](#).

⁷ "Each year a maintenance funding provider shall renew the maintenance funding provider's registration by submitting to the division an application for registration renewal." [Utah Code § 13-57-201\(3\)](#).

This annual report must detail specific metrics for all funding agreements, including: (1) the number of agreements entered, (2) the total dollar amount of legal funding provided, (3) whether the agreement concluded as contracted or for a lesser amount, and (4) the annual rate of return for each agreement.⁸

Necessary Conditions for Providing Funding

Utah Code § 13-57-202 establishes the conditions under which an MFP may provide funding to an individual and restricts certain acts by the MFP.

Under the law, an MFP may not:

- Pay a referral fee to an attorney, a healthcare provider, or any individual who works for an attorney or a healthcare provider,
- Refer an individual to an attorney or to a healthcare provider or accept a referral payment from an attorney or a healthcare provider, or intentionally advertise false or misleading information about its services,
- Attempt to influence a decision related to a legal matter where the MFP has provided legal funding, and
- Knowingly pay for or offer to pay for court costs, filing fees, or attorney fees.

After entering into a maintenance funding agreement with an individual, an MFP must provide the individual with a copy of the signed maintenance funding agreement.

Restriction on Collections

The MFP is prohibited from collecting any money from the individual unless the individual is the prevailing party. For example, consider an individual suing an insurance provider for \$10,000 in medical expenses after an accident, who then receives \$5,000 in funding from an MFP with an additional \$1000 agreed-upon fee).

- If the individual wins the case, they repay the MFP the funded amount plus an agreed-upon fee. In this scenario, the individual receives the full \$10,000 award, pays the agreed-upon funding of \$5,000, the agreed-upon fee (such as \$1,000), and retains the remaining \$4,000.
- If the individual wins, but not the full anticipated award, they are obligated to pay the amount available towards the funding and the agreed-upon fee first. In this scenario, if the individual wins \$ 3,000 instead of the anticipated \$10,000, the full \$3,000 is applied toward the funded amount. The individual has no further obligation to repay the funding.
- If the individual loses entirely, they are not required to repay the \$5,000 funding nor pay the \$1,000 fee.

Agreement Requirements

When an MFP enters into a funding agreement with an individual, the funding agreement must meet requirements detailed in Utah Code § 13-57-301.⁹

⁸ [Utah Code § 13-57-203.](#)

⁹ [Utah Code § 13-57-301.](#)

The agreement must be in writing, and an individual must be able to cancel the agreement without penalty within five business days after the day they enter into the agreement. Individuals may cancel the agreement in person at the MFP's office, or by insured, certified, or registered U.S. mail. If an individual has already been given funds, the individual must return the funds to the MFP at the time of cancelation.

Required Disclosures

Maintenance funding agreements must contain disclosures.¹⁰ These disclosures must include:

- a notice of the right of rescission,
- a statement that the funded amount and agreed charges shall be paid only from the proceeds of the individual's legal claim,
- the amount of funding that will be provided to the individual,
- an itemization of one-time charges,
- a payment schedule,
- the total amount that will be paid to the MFP if the individual's case is resolved,
- a provision stating that the MFP will not charge any additional fees other than those disclosed in the agreement, and
- a provision stating that the individual will not owe the MFP anything unless there are proceeds available from the individual's legal action after the settlement of all liens, fees, and other costs.

No Percentage-Based Payments

Finally, the agreement may not require payments that are based on a percentage of the recovery from the individual's legal action.

Enforcement of the MFPA

Statutory Enforcement

If an MFP violates a provision of the MFPA, a funding agreement associated with the violation is unenforceable by the MFP. The Division may also revoke or suspend an MFP's registration, impose fines of up to \$1,000 per violation or \$10,000 per willful violation, or order the MFP to make restitution to an individual.¹¹ An individual's legal claim against an MFP is not affected by the Division's enforcement powers.

2024 Data Analysis and Summary

The Division is required to analyze and summarize the information submitted by each MFP and publish the analysis and summary on the Division's website to educate the general public about legal funding in Utah.^{12 13}

The Division maintains a list of all registered MFPs on its  website. For the 2024 reporting period, 25 MFPs were registered in Utah.

¹⁰ [Utah Code § 13-57-302.](#)

¹¹ [Utah Code § 13-57-502.](#)

¹² The Division's website can be found at www.dcp.utah.gov.

¹³ [Utah Code § 13-57-402.](#)

The Division uses three measures in this report to illustrate the cost of a maintenance funding agreement to the individual:

1. The **annual rate of return**,
2. The **rate of return** to the MFP, and
3. The **dollar cost** to the individual.

The Division includes the two non-statutory measures as part of its analysis and data summary.

Annual Rate of Return

MFPs are statutorily required to report the annual rate of return for all concluded funding agreements during the reporting period. This measurement is complicated by the wide variation in agreement duration; many are completed in under a year, while others may take two years or more. Furthermore, the annual rate of return is not a standard industry measurement, and the MFPA does not provide a definition for the term.

The Division calculated the annual rate of return through a multi-step process. First, the net profit was determined by subtracting the total funded amount from the total payments made by the individual to the MFP. This net profit was then divided by the total amount funded to find the simple rate of return. Finally, to annualize this rate and express it as a percentage, the result was divided by the number of days the agreement was in effect, multiplied by 365, and then multiplied by 100.

For example, if an MFP entered into an agreement with an individual in which the MFP provided \$5,000 in funding, the agreement lasted for 160 days, and the MFP was paid \$6,000 at the conclusion of the agreement, then the annual rate of return is calculated as follows:

- Net Profit: $\$6,000 - \$5,000 = \$1,000$
- Simple Rate of Return: $\$1,000 / \$5,000 = 0.20$ (or 20%)
- Daily Rate: $\$0.20 / 160 \text{ days} = 0.00125$
- Annualized Rate: $0.00125 \times 365 \text{ days} = 0.45625$
- Percentage: $0.45625 \times 100 = 45.63\%$

Rate of Return to the MFP

The Division calculated the MFP's rate of return by dividing the total amount collected by the MFP by the original amount the individual borrowed. This rate expresses the total amount received by the MFP as a percentage of the initial principal. For example, if the individual borrowed \$5,000 and the MFP collected \$6,000, the rate of return is 120% ($6,000 / 5,000 = 1.2$).

Dollar Cost to the Individual

The Division calculated the dollar cost to individuals by subtracting the amount funded from the total amount collected by the MFP. This figure represents the total interest and fees the individual paid for the advanced funding. For example, if an individual borrowed \$5,000 and the MFP collected \$6,000, the dollar cost to the individual is \$1,000 ($\$6,000 - \$5,000 = \$1,000$).

The annual rate of return, dollar cost, and rate of return were only calculated for concluded agreements. This is because individuals only make payments upon the conclusion of the agreement. These measures are consistent with those used in prior summaries and analyses published by the Division.

2024 Data Summary and Analysis

Key Measures

For agreements that concluded during the 2024 reporting period:

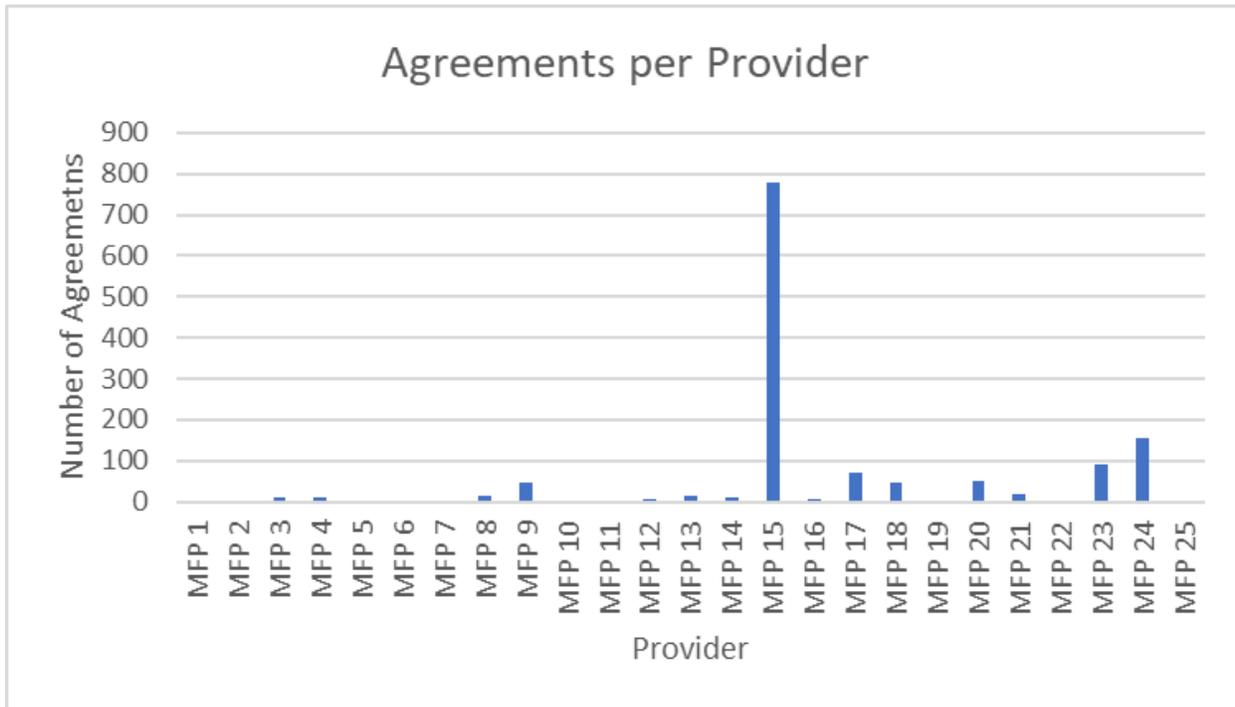
- The annual rate of return for was between 0% and 21,900%, with a median of 98%,
- The dollar cost to individuals was between roughly -\$25,000.00 and \$19,500.00, with a median cost of \$1,249.59, and
- The rate of return for those agreements was between 0% and 510%, with a median return of about 167%.

Agreements per Provider

For the reporting period beginning on January 1, 2024, and ending on December 31, 2024, 25 MFPs submitted reports to the Division. One MFP's agreements comprised just over 57% of all reported funding agreements. Two providers reported no funding agreements, and 14 providers reported less than 10 agreements.

Figure 1 shows how many agreements each MFP had that were either in process or that concluded during the 2024 reporting period.

Figure 1



Total Agreements per Year

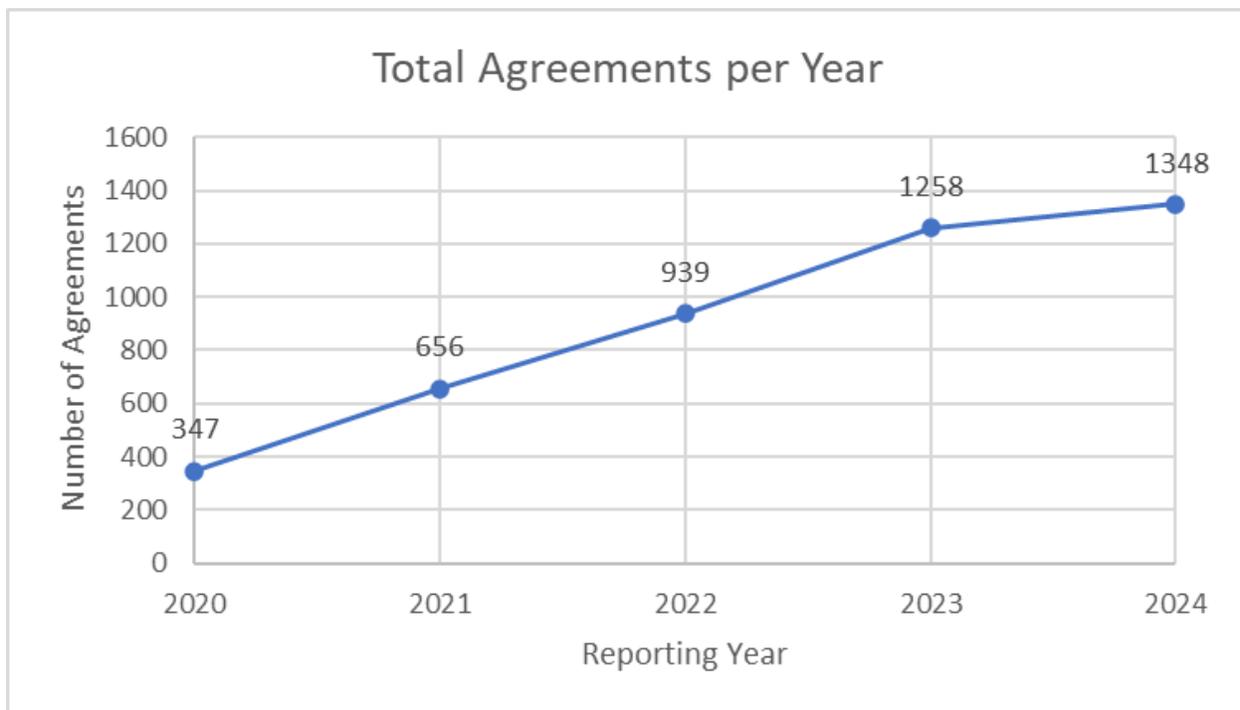
MFPs reported a total of 1,348 agreements on their annual reports, which include both in-process and concluded agreements¹⁴.

For the 2024 reporting period, MFPs reported:

- 432 concluded agreements,
- 253 agreements concluded “as contracted,”¹⁵
- and 167 agreements concluded as “less than contracted,”¹⁶ and
- 916 in-process agreements.

Figure 2 shows the number of agreements reported for each of the three reporting periods.

Figure 2



Funded Amount Compared to Amount Recovered

As noted previously, an individual pays back funding to the MFP only to the extent there are available proceeds from the legal action. Out of the 432 concluded agreements, MFPs reported only 11 agreements in which the MFP received nothing back. In 13 other agreements, the MFP was repaid an amount equal

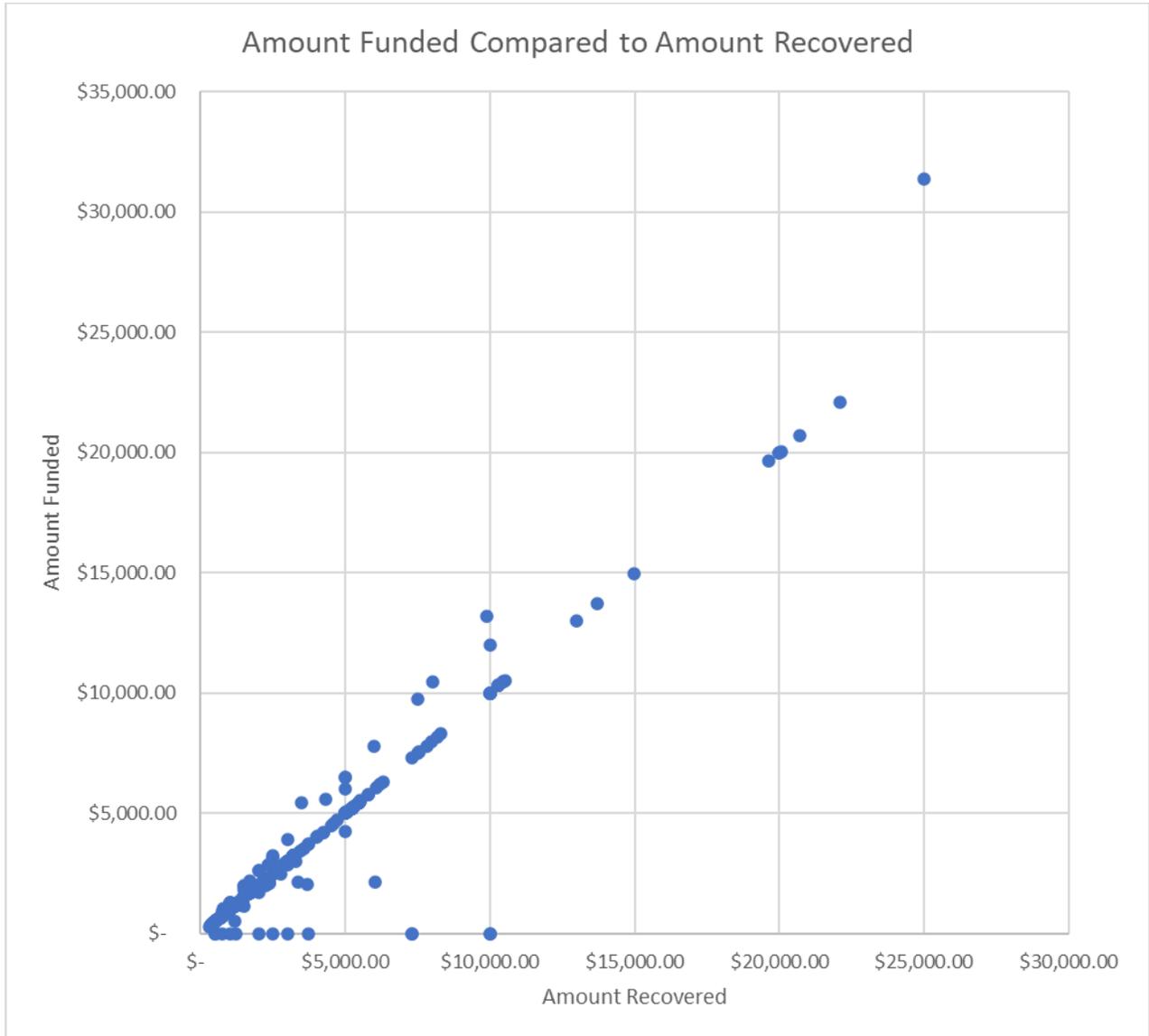
¹⁴ While this total represents what appears to be an increase over previous years, it would be imprudent to directly compare the 2024 numbers to previous years’ reported numbers. This caution is due to discrepancies, such as overreported agreements that led to inflated historical totals, which were discovered by the Division through an audit.

¹⁵ Agreements concluded “as contracted” mean the full amount owed to the MFP under the terms of the agreement was paid from the settlement or award. Agreements concluded as “less than contracted” mean the MFP was paid a reduced amount, or nothing at all, typically due to the outcome of the legal claim or required settlement of other liens and fees.

¹⁶ One MFP failed to report the status of some concluded agreements.

to or less than the amount it had funded to the individual but received no interest or fees. MFPs recovered some money about 98% of the time.

Figure 3 compares, for all agreements concluded during the reporting period, how much money was funded compared to how much money the MFP collected when the agreement concluded. Figure 3



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Amount Funded and Collected

MFPs reported funding agreements (including completed and in-process agreements), totaling \$4,722,045.24.¹⁸

¹⁷ Funded amounts above \$25,000 were omitted in order to make the graph more easily readable.

¹⁸ Concluded agreements may have been entered into during prior years.

For agreements concluded in 2024, MFPs collected \$2,138,922.20 from consumers with interest and fees earned of \$793,502.45.

Agreement Timeframe

Agreements that concluded in 2024 took between one and 1,703 days from funding to conclusion with a median of 281 days.

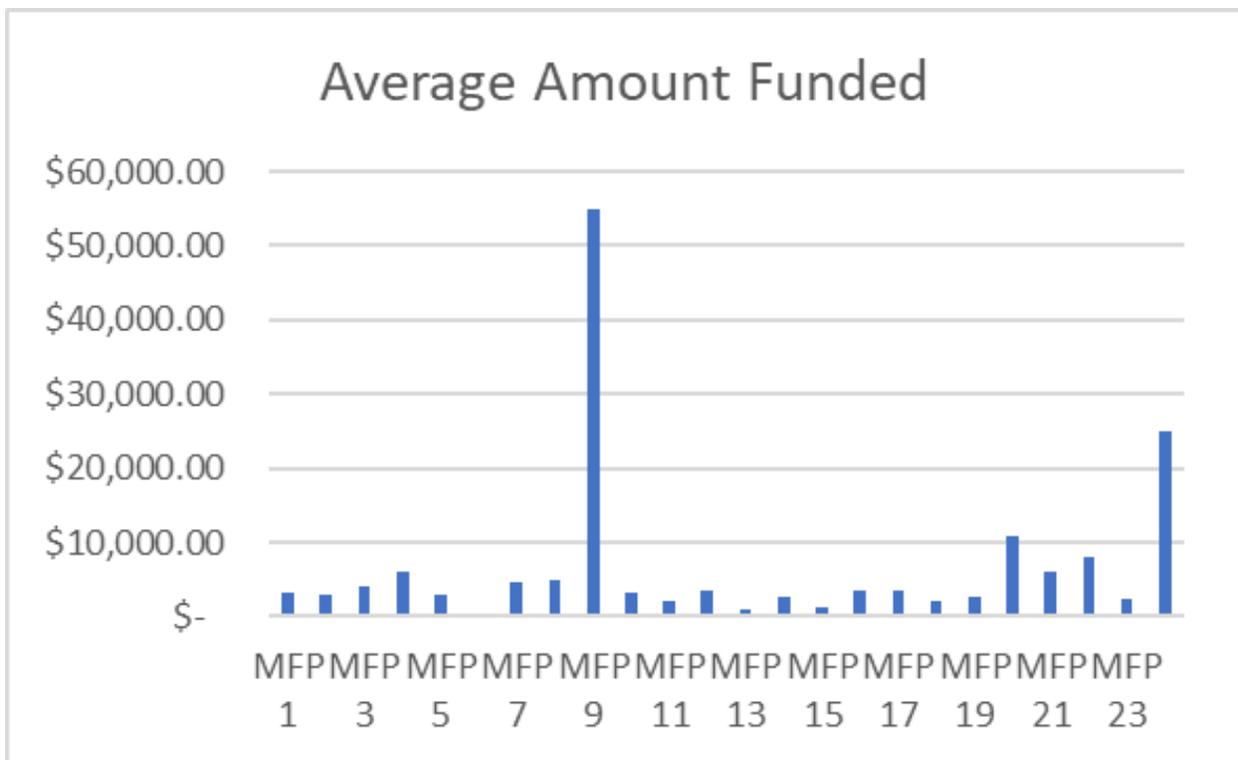
Average Amount Funded

Funding agreements reported in 2024 had the following characteristics:

- Range: from about \$100.00 to about \$70,731.00
- Median funding amount: \$2,000.00.

Figure 4 shows the average amount of funding provided by each MFP for all agreements included in the 2024 reporting period.

Figure 4



Conclusion and Contact Information

The Division remains committed to regulating MFPs and ensuring robust consumer protection in this industry. In 2024, the Division conducted a sweeping audit of maintenance funding agreements in Utah. This audit uncovered several major violations, including:

- Many MFPs were not accurately reporting maintenance funding agreements on their annual reports,
- Some MFPs were not using agreements that complied with the requirements of the MFPA, and
- Some businesses were operating as MFPs without being registered with the Division.

As a result of the audit findings, the Division initiated investigations into 14 MFPs, which led to multiple legal actions and are documented on the Division's [website](#).¹⁹

For additional information, please visit the Division's website at www.dcp.utah.gov or contact the Division directly by phone at 801-530-6601 or by mail at Heber M. Wells Building 2nd Floor, 160 East 300 South, Salt Lake City, Utah 84114.

¹⁹ See [press release](#): Sweeping Maintenance Funding Audit Results in Nearly \$100K in Fines published on December 5, 2025