

## **§ 66-522. Definitions.**

The following definitions apply in this Article:

- (1) Civil proceeding. – A civil action, arbitration, mediation, administrative proceeding, or other proceeding to resolve a civil legal claim.
- (2) Immediate family member. – Defined in G.S. 53-244.030.
- (3) Litigation investment. – The provision of money, whether as a direct payment, advancement, loan, investment, or otherwise, for the fees, costs, and expenses of or related to a pending or potential civil proceeding in exchange for a right to receive repayment or other consideration that is contingent in any respect on the outcome of the pending or potential civil proceeding. The term does not include any of the following:
  - a. The provision of legal services on a contingency basis in accordance with the North Carolina Rules of Professional Conduct.
  - b. An attorney or law firm's advancement of costs and expenses in accordance with the North Carolina Rules of Professional Conduct.
  - c. An insurer or other entity's contractual obligation to indemnify or defend a party to a civil proceeding.
  - d. The provision of money to or by a nonprofit organization for the fees, costs, and expenses of a civil proceeding commenced by the nonprofit organization on behalf of itself or its members so long as any repayment amount is limited to the original amount plus reasonable interest.
  - e. The provision of money to or by a nonprofit legal services organization for the pro bono, cost-free representation of a client in a civil proceeding so long as any repayment amount is limited to the original amount plus reasonable interest.
  - f. A direct loan to a party, law firm, or attorney so long as repayment of the loan is not contingent on the outcome of any civil proceeding.
  - g. The provision of money or other financial support to a party for personal and household expenses during the pendency of a civil proceeding so long as the money or financial support is not used for the fees, costs, and expenses of the civil proceeding.
  - h. The provision of money or other financial support to a party for fees, costs, and expenses of a civil proceeding so long as the source of the money or financial support does not receive a right to any portion of the judgment, settlement, or other monetary relief the party recovers in the civil proceeding or any other right to receive repayment or other consideration that is contingent in any respect on the outcome of the civil proceeding.
  - i. An immediate family member's provision of money or other financial support to a party for fees, costs, and expenses of a civil proceeding or for personal and household expenses during the pendency of a civil proceeding, regardless of whether the immediate family member receives a right to any portion of the judgment, settlement, or other monetary relief the party recovers in the civil proceeding or any other right to receive repayment or other consideration that is contingent in any respect on the outcome of the civil proceeding. (2026-14, s. 1.)