

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 128*

Judiciary I Committee Substitute Adopted 2/24/99

Third Edition Engrossed 3/31/99

House Committee Substitute Favorable 5/6/99

Short Title: Interest on Money Judgments.

(Public)

Sponsors:

Referred to:

February 18, 1999

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE LAW CONCERNING INTEREST ON MONEY JUDGMENTS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION, AND TO ALLOW INTEREST ON JUDGMENTS ON PENAL BONDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 24-5 reads as rewritten:

"§ 24-5. ~~Contracts, except penal bonds, and judgments to bear interest.~~ Interest on judgments.

(a) Actions on Contracts. – In an action for breach of contract, except an action on a penal bond, the amount awarded on the contract bears interest from the date of breach. The fact finder in an action for breach of contract shall distinguish the principal from the interest in the award, and the judgment shall provide that the principal amount bears interest until the judgment is satisfied. If the parties have agreed in the contract that the contract rate shall apply after ~~judgment-judgment~~, then interest on an award in a contract action shall be at the contract rate after ~~judgment-judgment~~; otherwise it shall be at the legal rate; ~~provided, however, that on rate.~~ On awards in actions on contracts pursuant to which credit was extended for personal, family, household, or agricultural purposes,

1 however, interest shall be at the lower of the legal rate, provided however, such rate shall not
2 exceed rate or the contract rate.

3 (a1) Actions on Penal Bonds. – In an action on a penal bond, the amount of the
4 judgment, except the costs, bears interest at the legal rate from the date of entry of
5 judgment until the judgment is satisfied.

6 (b) Other Actions. – In an action other than contract, the any portion of a money
7 judgment designated by the fact finder as compensatory damages bears interest from the
8 date the action is instituted-commenced until the judgment is satisfied. Any other portion
9 of a money judgment in an action other than contract, except the costs, bears interest
10 from the date of entry of judgment until the judgment is satisfied. Interest on an award in
11 an action other than contract shall be at the legal rate."

12 Section 2. Section 2 of Chapter 214 of the 1985 Session Laws reads as
13 rewritten:

14 "Sec. 2. This act shall become effective October 1, 1985. This act shall not affect
15 pending litigation and shall not affect the law as it existed before the enactment of
16 Chapter 327 of the 1991 Session Laws. litigation."

17 Section 3. This act becomes effective October 1, 1999, and applies to actions
18 or proceedings filed on or after that date, except that G.S. 24-5(a1), as enacted by Section
19 1 of this act, applies to actions on penal bonds in which the penal bond is filed or posted
20 on or after October 1, 1999. The amendments to G.S. 24-5(a) in Section 1 of this act
21 shall not apply to actions based on a contract entered into on or after October 1, 1985,
22 and prior to October 1, 1987, in which the contract specifically provided that interest after
23 judgment shall be at the contract rate.