

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

Short Title: Interest on Money Judgments.

(Public)

Sponsors:

Referred to:

February 18, 1999

1 A BILL TO BE ENTITLED  
2 AN ACT TO CLARIFY THE LAW CONCERNING INTEREST ON MONEY  
3 JUDGMENTS, AS RECOMMENDED BY THE GENERAL STATUTES  
4 COMMISSION, AND TO ALLOW INTEREST ON JUDGMENTS ON PENAL  
5 BONDS.

6 The General Assembly of North Carolina enacts:

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

8 "~~§ 24-5. Contracts, except penal bonds, and judgments to bear interest.~~ Interest on  
9 judgments.

10 (a) Actions on Contracts. – In an action for breach of contract, except an action on  
11 a penal bond, the amount awarded on the contract bears interest from the date of breach.  
12 The fact finder in an action for breach of contract shall distinguish the principal from the  
13 interest in the award, and the judgment shall provide that the principal amount bears  
14 interest until the judgment is satisfied. If the parties have agreed in the contract that the  
15 contract rate shall apply after ~~judgment-judgment~~, then interest on an award in a contract  
16 action shall be at the contract rate after ~~judgment-judgment~~; otherwise it shall be at the  
17 legal rate; ~~provided, however, that on~~ rate. On awards in actions on contracts pursuant to  
18 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 beginning on the 91st day after  
5 the date of entry of 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.