

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1999

SENATE BILL 128
RATIFIED BILL

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

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

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

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

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

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

In the General Assembly read three times and ratified this the 14th day of July, 1999.

Dennis A. Wicker
President of the Senate

James B. Black
Speaker of the House of Representatives

James B. Hunt, Jr.
Governor

Approved _____ .m. this _____ day of _____ , 19