

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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SENATE BILL 1126

Short Title: Repeal Penal Bond Exception.

(Public)

Sponsors: Senators Horton; Cochrane and Garrou.

Referred to: Judiciary II.

April 15, 1999

A BILL TO BE ENTITLED

AN ACT TO REPEAL THE EXCEPTION FOR PENAL BONDS IN THE LAW THAT GOVERNS THE INTEREST ON AWARDS IN BREACH OF CONTRACT ACTIONS.

The General Assembly of North Carolina enacts:

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

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

(a) Contracts. – In an action for breach of ~~contract, except an action on a penal bond,~~ contract 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 then interest on an award in a contract action shall be at the contract rate after judgment, otherwise it shall be at the legal rate; provided, however, that on awards in actions on contracts pursuant to which credit was extended for personal, family, household, or agricultural purposes, interest shall be at the legal rate, provided however, such rate shall not exceed the contract rate.

(b) Other Actions. – In an action other than contract, the portion of money judgment designated by the fact finder as compensatory damages bears interest from the

1 date the action is instituted until the judgment is satisfied. Interest on an award in an
2 action other than contract shall be at the legal rate."

3 Section 2. This act becomes effective October 1, 1999, and applies to actions
4 filed on or after that date.