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A Matter Of Judgment

BY ATTORNEY BOB LaCROIX

We would all like to claim that we have good judgment. However, even the best of us experience less than perfect judgment at one time or another. Unfortunately, when misjudgment finds its way into our business dealings -- such as our choice of business associates or the terms of a contract -- the result could be legal action.

That's when the judgment of the Court comes into play.

If all goes well, the Court will rule in your favor, and you will be granted a money judgment to compensate for damages, such as loss of profits and inventory, or emotional distress. However, even after you have won your case, your work -- and that of your attorney -- may not be over.

Now comes the task of actually recovering your judgment from the other party.

Unbeknownst to many claimants, judgments are not always paid immediately in one lump sum. Indeed, many judgments end up being pursued and recovered over an extended period of time.

The total amount required to satisfy a money judgment is the principle (the actual amount awarded by the Court, plus the reasonable and necessary costs associated with your claim), plus, if the judgment is not paid immediately in its entirety, the interest on the principle owed.

Effective January 1, 1983, the rate of interest on money judgments is 10% per year. For most

judgments, interest accrues as of the day on which the order is entered. However, for judgments which are payable in installments (such as family law support orders), interest accrues as of the date each installment payment becomes due, unless the judgment provides otherwise.

Did you know that, after a period of time, your judgment could expire, leaving you with no legal recourse to collect the money owed to you....

Generally, interest that accrues on a judgment is not subject to compounding, but an exception of sorts applies to judgments that are "renewed".

Renewal of your judgment may be necessary, as many judgments expire and cease to be enforceable after a period of time. In such cases, the renewed judgment amount accrues interest at 10%. Hence, to the extent that the renewed judgment amount includes prior interest, it is akin to compounding interest.

There is also the possibility that you can claim pre-judgment interest. Your entitlement to pre-judgment interest is contingent on several factors, including liquidity of the amount and the provisions of the contract being litigated.

The recovery of your judgment

is initiated when the Court Clerk issues a Writ of Execution, which you must present to the institution from which you are seeking payment. You are entitled to recover the costs for the writ.

Additional costs which may be recovered include those associated with issuing and levying an earnings and withholding order, issuing and recording an abstract of judgment, filing a notice of judgment lien on personal property and, upon prior approval by the Court, administering a debtor's examination. Also, in the case of an unlawful detainer, the judgment holder may recover eviction expenses as supplemental costs.

Generally, attorneys' fees for recovering your judgment are not recoverable unless the debtor acts in bad faith.

In closing, let me once again note the crucial nature of not allowing your judgment to expire. If this is a matter of concern to you, call me immediately. Don't give anyone grounds to accuse you of a loss of judgment!

Bob LaCroix is an attorney who has served the Ocean Beach Community since 1979. If you would like to request a topic for an upcoming issue of The o.b.server, or if you have a legal question you need to discuss, feel free to call Bob's office at 223-2527.