

FINANCE CODE

TITLE 4. REGULATION OF INTEREST, LOANS, AND FINANCED TRANSACTIONS

SUBTITLE A. INTEREST

CHAPTER 304. JUDGMENT INTEREST

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 304.001. INTEREST RATE REQUIRED IN JUDGMENT. A money judgment of a court in this state must specify the postjudgment interest rate applicable to that judgment.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.002. JUDGMENT INTEREST RATE: INTEREST RATE OR TIME PRICE DIFFERENTIAL IN CONTRACT. A money judgment of a court of this state on a contract that provides for interest or time price differential earns postjudgment interest at a rate equal to the lesser of:

(1) the rate specified in the contract, which may be a variable rate; or

(2) 18 percent a year.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.003. JUDGMENT INTEREST RATE: INTEREST RATE OR TIME PRICE DIFFERENTIAL NOT IN CONTRACT. (a) A money judgment of a court of this state to which Section 304.002 does not apply, including court costs awarded in the judgment and prejudgment interest, if any, earns postjudgment interest at the rate determined under this section.

(b) On the 15th day of each month, the consumer credit commissioner shall determine the postjudgment interest rate to be applied to a money judgment rendered during the succeeding calendar month.

(c) The postjudgment interest rate is:

(1) the prime rate as published by the Board of Governors of the Federal Reserve System on the date of computation;

(2) five percent a year if the prime rate as published by the Board of Governors of the Federal Reserve System described by Subdivision (1) is less than five percent; or

(3) 15 percent a year if the prime rate as published by the Board of Governors of the Federal Reserve System described by Subdivision (1) is more than 15 percent.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 204, Sec. 6.01, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 676, Sec. 1, eff. June 20, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 387 (S.B. 1450), Sec. 1, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. 1018 (H.B. 955), Sec. 7.01, eff. September 1, 2005.

Sec. 304.004. PUBLICATION OF JUDGMENT INTEREST RATE. The consumer credit commissioner shall send to the secretary of state the postjudgment interest rate for publication, and the secretary shall publish the rate in the Texas Register.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.005. ACCRUAL OF JUDGMENT INTEREST. (a) Except as provided by Subsection (b), postjudgment interest on a money judgment of a court in this state accrues during the period beginning on the date the judgment is rendered and ending on the date the judgment is satisfied.

(b) If a case is appealed and a motion for extension of time to file a brief is granted for a party who was a claimant at trial, interest does not accrue for the period of extension.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.006. COMPOUNDING OF JUDGMENT INTEREST. Postjudgment interest on a judgment of a court in this state compounds annually.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1,

1999.

Sec. 304.007. JUDICIAL NOTICE OF JUDGMENT INTEREST RATE. A court of this state shall take judicial notice of a published postjudgment interest rate.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

SUBCHAPTER B. PREJUDGMENT INTEREST IN WRONGFUL DEATH, PERSONAL INJURY, OR PROPERTY DAMAGE CASE

Sec. 304.101. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to a wrongful death, personal injury, or property damage case of a court of this state.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.102. PREJUDGMENT INTEREST REQUIRED IN CERTAIN CASES. A judgment in a wrongful death, personal injury, or property damage case earns prejudgment interest.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.103. PREJUDGMENT INTEREST RATE FOR WRONGFUL DEATH, PERSONAL INJURY, OR PROPERTY DAMAGE CASE. The prejudgment interest rate is equal to the postjudgment interest rate applicable at the time of judgment.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.104. ACCRUAL OF PREJUDGMENT INTEREST. Except as provided by Section [304.105](#) or 304.108, prejudgment interest accrues on the amount of a judgment during the period beginning on the earlier of the 180th day after the date the defendant receives written notice of a claim or the date the suit is filed and ending on the day preceding the date judgment is rendered. Prejudgment interest is computed as simple interest and does not compound.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.1045. FUTURE DAMAGES. Prejudgment interest may not be assessed or recovered on an award of future damages.

Added by Acts 2003, 78th Leg., ch. 204, Sec. 6.02, eff. Sept. 1, 2003.

Sec. 304.105. EFFECT OF SETTLEMENT OFFER ON ACCRUAL OF PREJUDGMENT INTEREST. (a) If judgment for a claimant is equal to or less than the amount of a settlement offer of the defendant, prejudgment interest does not accrue on the amount of the judgment during the period that the offer may be accepted.

(b) If judgment for a claimant is more than the amount of a settlement offer of the defendant, prejudgment interest does not accrue on the amount of the settlement offer during the period that the offer may be accepted.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.106. SETTLEMENT OFFER REQUIREMENTS TO PREVENT PREJUDGMENT INTEREST ACCRUAL. To prevent the accrual of prejudgment interest under this subchapter, a settlement offer must be in writing and delivered to the claimant or the claimant's attorney or representative.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.107. VALUE OF SETTLEMENT OFFER FOR COMPUTING PREJUDGMENT INTEREST. If a settlement offer does not provide for cash payment at the time of settlement, the amount of the settlement offer for the purpose of computing prejudgment interest is the cost or fair market value of the settlement offer at the time it is made.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

#### SUBCHAPTER C. OTHER PREJUDGMENT INTEREST PROVISIONS

Sec. 304.201. PREJUDGMENT INTEREST RATE FOR CONDEMNATION CASE. The prejudgment interest rate in a condemnation case is equal to the postjudgment interest rate at the time of judgment and is computed as simple interest.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

#### SUBCHAPTER D. EXCEPTIONS TO APPLICATION OF CHAPTER

Sec. 304.301. EXCEPTION FOR DELINQUENT TAXES. This chapter does not apply to a judgment:

(1) in favor of a taxing unit in a delinquent tax suit under Subchapter C, Chapter 33, Tax Code; or

(2) that earns interest at a rate set by Title 2, Tax Code.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 304.302. EXCEPTION FOR DELINQUENT CHILD SUPPORT. This chapter does not apply to interest that accrues on an amount of unpaid child support under Section 157.265, Family Code.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.