

## Post Judgment Interest When Enforcing a Loan in Connecticut

By Lucas B. Rocklin, Esq.

A money judgment entered in Connecticut is enforceable for twenty years. This is advantageous from a creditor perspective because collecting a judgment can be more difficult than obtaining the judgment. For these reasons, creditors should always seek an award of post judgment interest as a component of the judgment. For example, post judgment interest of ten percent on a \$100,000 judgment will grow to \$200,000 in twenty years. Connecticut courts do not automatically award post judgment interest when entering judgment. The creditor must request post judgment interest as an element of the judgment. Creditors therefore should understand their rights to receive post judgment interest.

### The Law in Connecticut

Creditors suing in Connecticut to enforce loan documents are entitled as part of the judgment to receive post judgment interest at the statutory default rate of eight percent per annum, unless in the loan documents the creditor and debtor agreed to a different rate of interest or waived the right to post judgment interest (Conn. Gen. Stat. §37-1).

### Examples

- If the loan documents include post default interest of ten percent, the creditor is entitled to post judgment interest of ten percent per annum (Conn. Gen. Stat. § 37-1).
- If the loan documents do not specify whether the creditor can receive post judgment interest, or the rate of post judgment interest, the creditor is entitled to post judgment interest at the statutory default rate of eight percent per annum (Conn. Gen. Stat. § 37-1).

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- If the loan documents provide that the creditor waived or disclaimed the right to post judgment interest, the creditor can receive post judgment interest only at the discretion of the court up to ten percent per annum (Conn. Gen. Stat. §§ 37-1 and 37-3a).

#### Post Judgment Interest as Clarified by The Connecticut Supreme Court

The Connecticut Supreme Court in *Sikorsky Fin. Credit Union, Inc. v. Butts*, 315 Conn. 433 (2015) clarified the circumstances and interest rate for creditors to receive post judgment interest. In *Sikorsky*, a lender sued its borrower to obtain a deficiency judgment after the loan collateral (automobile) was repossessed and liquidated leaving a balance due on the loan. The loan documents contained an interest rate of 9.14 percent and further stated that the lender “may charge interest at a rate not exceeding the highest lawful rate” until the deficiency is paid.

The trial court entered judgment for the lender and awarded discretionary post judgment interest of two percent relying on Connecticut General Statute § 37-3a. The lender appealed, arguing that the trial court incorrectly applied § 37-3a and was required instead to award post judgment interest under § 37-1 at either the loan document interest rate of 9.14 percent, or the statute’s default rate of eight percent. The Appellate Court disagreed with the lender and affirmed the ruling of the trial court. An appeal was taken to the Connecticut Supreme Court, which reversed and held that the trial court lacked discretion and was obligated to award the lender post judgment interest under § 37-1 at eight percent, since the loan documents did not waive the right to post judgment interest or specify the rate for post judgment interest.

The Court found that Connecticut law provides for two distinct types of interest by statute under §§ 37-1 and 37-3a. First, Connecticut General Statutes § 37-1 provides that the court, as part of a judgment enforcing a loan, must award post judgment interest at the rate of interest agreed upon by the parties, or eight percent if the parties did not specify the rate for post judgment interest. The court is only relieved of this obligation if the parties disclaimed post judgment interest. Second,

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Connecticut General Statutes § 37-3a provides the authority for the court to award discretionary interest up to ten percent as damages for the detention of money, when the duty to pay arises from an obligation other than a loan of money or when the parties to a loan have waived or disclaimed interest.

### Conclusion

Creditors with limited exception are entitled to receive post judgment interest when enforcing a loan in Connecticut, although Connecticut courts do not automatically award post judgment interest when entering judgment. Creditors therefore should always request post judgment interest as a component of the judgment.



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