

CIVIL COURT OF THE CITY OF NEW YORK

DIRECTIVES & PROCEDURES

Subject: Interest Rates on Judgments

Class: DRP-136-A

Category: GP-20

Date: November 1, 1997

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**BACKGROUND:**

The maximum rate of interest for loans by New York State based corporations and individuals is 16% (General Obligations Law §5-501[1] and Banking Law §14-a[1]). The federal courts, however, have held that the maximum rate of interest on a New York based loan or other obligation, in the appropriate case, may be as high as 24.9% (Bruce v. Martin, 845 F. Supp. 145 [SDNY 1994]). We have been rejecting judgments for all New York corporations seeking pre-judgment interest at a rate higher than 16%. This is incorrect. Banking Law section 351[1] allows a New York corporation duly licensed under section 340 of the Banking Law to charge any rate of interest allowed by law: in this case up to 24.9%. There are also situations in which case law permits interest rates higher than the 16% mentioned above.

**POLICY:**

In order to have a consistent citywide policy, the Judgment Clerks are directed to permit an interest rate of more than 16% provided that:

1. DRP 136 requirements are followed; and
2. There is an affirmation that the corporation is a licensed lender under Banking Law §340-a.
3. There is a citing of the authority for the higher interest rate requested.
4. That statement may be made by a party or by the attorney for the corporation, and may be included as a clause in the verified complaint or as a separate affirmation.

/s/ Fern A. Fisher  
Administrative Judge