

GILLESPIE & MURPHY, P.A.
ATTORNEYS AT LAW
Judgment Frequently Asked Questions

• **What is a judgment?**

A judgment is a decision from court regarding the outcome of a lawsuit. A judgment allows the prevailing party to recover or sell property in satisfaction of a debt.

• **How long is a judgment effective?**

North Carolina judgments are typically effective for ten (10) years from the date it was entered. The judgment may be renewed for an addition ten (10) years.

• **How can I protect my property?**

Judgment debtors are entitled to claim property exemptions under state and federal laws. These exemptions typically allow you to protect your home, automobile, and household items. Additional protections may be available, including financial assets such as bank and retirement accounts.

• **How long do I have to claim exempt property?**

An individual judgment debtor must claim property as exempt. This is typically done by filing a Motion to Claim Exempt Property within twenty (20) days of receiving Notice from the Creditor.

• **Can a judgment creditor garnish my wages?**

Most judgments entered in North Carolina are not eligible for wage garnishment. A judgment entered in another state may be eligible for wage garnishment.

• **Does a bankruptcy stop judgment collection?**

Yes. Filing of a bankruptcy case will automatically stay the judgment collection process. A bankruptcy may also allow you to avoid the judgment entirely and discharge the debt and protect your property.

• **How can I resolve a judgment?**

There are four (4) ways to resolve a judgment: 1st, the court could vacate it; 2nd, the judgment could be avoided in bankruptcy; 3rd, the judgment could expire after ten (10) years; and 4th, the judgment could be settled for less than the amount owed.

• **Does judgment interest accrue?**

Most judgments typically accrue interest at eight percent (8%) from the time it is entered.

• **Can I make payments against the judgment?**

Yes. However, please keep in mind that interest accrues on most judgments at the rate of eight percent (8%). It is also important to keep records of payments in case a dispute arises regarding the judgment balance.

• **How does a judgment affect my credit score?**

Your credit score is your credit reputation whereas your credit report is your credit history. Your payment history is the largest category to determine your credit score. The judgment typically shows up as a negative on your payment history and may adversely affect your credit score making it more difficult to borrow money in the future.