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ALERT: COVID-19 has temporarily changed the way courts are providing services. Our guides do not reflect these temporary changes. Contact the court directly for the most up to date information on court processes and procedures. www.saccourt.ca.gov

MEMORANDUM OF COSIS AFIER JUDGINIENI

Adding Costs and Interest to a Judgment

This Guide includes instructions and sample forms. Links to download the fillable forms are at the end of this Guide. Additional copies of this Guide can be accessed at saclaw.org/memo-costs-after-judgment.

BACKGROUND

When you win a lawsuit, you can collect the total amount of the

judgment entered by the court, plus any costs incurred after judgment and accrued interest on the total amount.

To have costs and interest added to the amount owed, you must file and serve a *Memorandum of Costs After Judgment* (MC-012). On this form, you must include the exact amount of all allowable costs, the payments credited toward the principal and interest, and the amount of accrued interest.

Costs

Under California Code of Civil Procedure (CCP) § 685.040, a judgment creditor is entitled to reimbursement for the "reasonable and necessary" costs of enforcing a judgment. The law provides a detailed list of the types of costs that can be recovered, including the costs of issuing the writ of execution; levying officers' fees for processing writs or levies; debtor's examination fees; and fees for preparing, issuing and recording an abstract of judgment or notice of lien (CCP § 685.050 et seq). Attorneys' fees related to the enforcement of a judgment are generally not reimbursable, unless specifically allowed by law, or the underlying judgment includes an award of attorney's fees (CCP § 685.040). The law does not provide for reimbursement of costs such as postage or photocopying, nor can the judgment creditor be compensated for their time or mileage related to enforcement efforts. Once approved by the court, costs become part of the judgment (CCP § 685.090). To be reimbursable, costs must be reported to the court within two years of being incurred (CCP § 685.070(b)). For this reason, many judgment creditors regularly file a Memorandum of Costs After Judgment (MC-012) with the court.

Interest

Unpaid judgment amounts accrue interest at the legal rate of 10% per year (<u>CCP § 685.010</u>; 7% if the judgment debtor is a state or local government entity, <u>California Constitution</u>, <u>Article XV</u>, §1). Costs approved by the court are included as part of the judgment amount, and thus accrue interest.

Additionally, upon renewal of a judgment, the unpaid judgment amount and accrued interest are calculated to determine the renewed judgment amount. For this reason, many judgment creditors will renew a judgment as soon and as frequently as possible, *i.e.*, every five years. For more information, see the Step-by-Step guide on Renewal of Judgments on our website at saclaw.org/renew-judgment.

Disclaimer: This Guide is intended as general information only. Your case may have factors requiring different procedures or forms. The information and instructions are provided for use in the Sacramento County Superior Court. Please keep in mind that each court may have different requirements. If you need further assistance consult a lawyer.

You may also need....

- Abstract of Judgment
- Bank Levy
- Renewal of Judgment
- Wage Garnishment

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Interest begins to accrue on the day the judgment is entered. CCP § 685.020(a). If the judgment is payable in installments, interest accrues from the date each installment is due.

Crediting payments

STEP-BY-STEP INSTRUCTIONS

Step 1: Calculate Your Costs and Interest

On your *Memorandum of Costs After Judgment* (MC-012), you must include the exact amount of all allowable costs, the payments credited toward the principal and interest, and the amount of accrued interest. This means you are responsible for calculating these amounts.

The California Courts' <u>Information Sheet for Calculating Interest and Amount Owed on a Judgment (MC-013-INFO)</u> provides detailed instructions for making these calculations by hand. However, it is much easier to use the San Diego Superior Court's free online program that will calculate the amount due on a specific day. All you do is input the judgment amount, date, and payment history, and the program does all the calculations for you. The calculator is available at ijcalc.sdcourt.ca.gov/Disclaimer.aspx.

Step 2: Complete and Copy Your Form

The Judicial Council form used in this procedure is:

 Memorandum of Costs After Judgment (MC-012) http://www.courts.ca.gov/documents/mc012.pdf

A sample completed form with instructions is included at the end of this Guide.

Make one (1) photocopy of the completed form.

Step 3: Serve Your Memorandum of Costs After Judgment

Have the photocopy of your *Memorandum of Costs After Judgment* (MC-012) served on the judgment debtor, either personally or by mail. Service must be made by someone over 18 who is not a party to your case. After service, your server must complete the proof of service on the second page of the *Memorandum of Costs After Judgment* (MC-012).

Step 4: Make Photocopies

Make two (2) photocopies of the *Memorandum of Costs After Judgment* (MC-012) with the signed proof of service.

Step 5: File Your Documents

File the original and two photocopies of your *Memorandum of Costs After Judgment* (MC-012). In Sacramento County, these will be filed in the drop box in room 102 of the Gordon D. Schaber

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Courthouse at 720 Ninth Street in downtown Sacramento. Provide the court with a self-addressed stamped envelope so they can return of your documents to you. The court will process the paperwork, and return the two photocopies, stamped "Endorsed/Filed," to you. The court will retain the original papers for its file.

The Memorandum of Costs After Judgment (MC-012) may be filed as a stand-alone document, or along with another document such as a Writ of Execution (EJ-130) or an Application for and Renewal of Judgment (EJ-190). If filed with another document, the other document can be issued immediately if your claimed costs are less than \$100. If your costs are more than \$100, the clerk will wait 10 days (15 days, if served by mail) to issue your document, to allow the judgment debtor to oppose your costs by filing a Motion to Tax Costs (CCP § 685.070). If the debtor does not contest it, your Memorandum of Costs After Judgment (MC-012) is automatically approved.

Step 6: Oppose the Debtor's Motion to Tax Costs, if Filed

If the debtor files a Motion to Tax Costs, you will be served with a copy of the motion. If you choose to oppose the motion, you must act quickly. Your response must be filed and served at least nine court days before the scheduled hearing date. For more information on opposing a Motion to Tax Costs, see *California Points and Authorities* KFC 1010 .B4 (Ready Reference) Chapter 60, available electronically on the Law Library's computers, using *Lexis Advance*.

FOR HELP

Sacramento County Public Law Library Civil Self Help Center

609 9th Street, Sacramento 95814 saclaw.org/self-help/civil-self-help-center/

(916) 476-2731 (Appointment Request Line)

Services Provided: The Civil Self Help Center provides general information and basic assistance to people without attorneys on a variety of civil legal issues. All assistance is provided by telephone or Zoom videoconference. Visit "Issues We Can And Cannot Assist With" (saclaw.org/cshc-services) for a list of qualifying cases.

Eligibility: Must be a Sacramento County resident or have a <u>qualifying case</u> in the Sacramento County Superior Court.

FOR MORE INFORMATION

At the Law Library:

<u>California Forms of Pleading and Practice</u> <u>KFC 1010 .A65 C3</u> (Ready Reference) Chap. 174 <u>Electronic Access:</u> On the Law Library's computers, using *Lexis Advance*.

<u>California Practice Guide: Enforcing Judgments and Debts KFC 1065 .A9 S3</u> Chap. 6 <u>Electronic Access:</u> On the Law Library's computers, using *WestlawNext*.

How to Collect When You Win a Lawsuit KFC 1065 .Z9 H69 (Reference) Chap.16

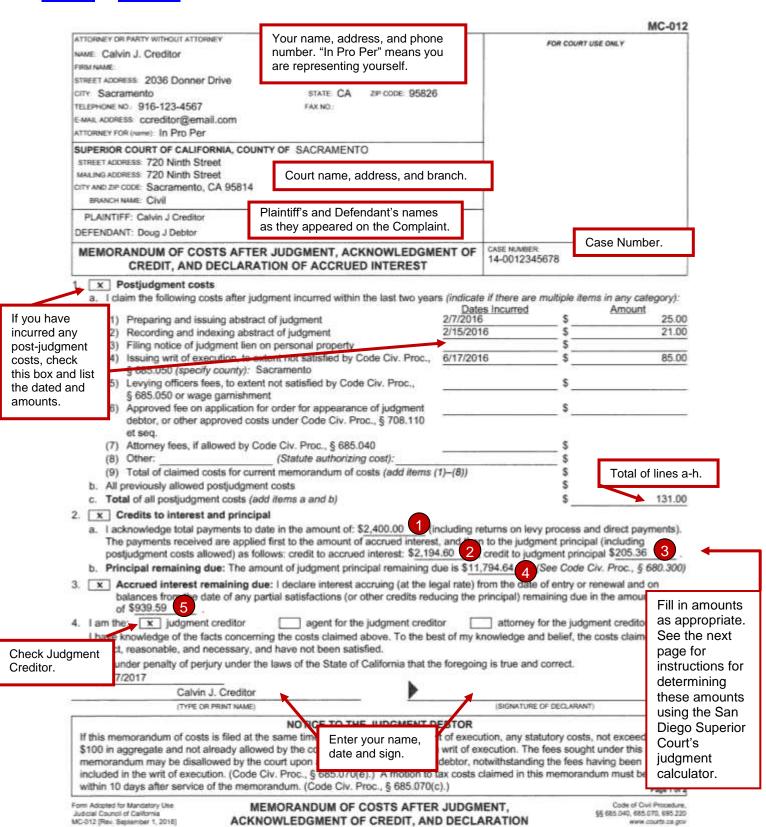
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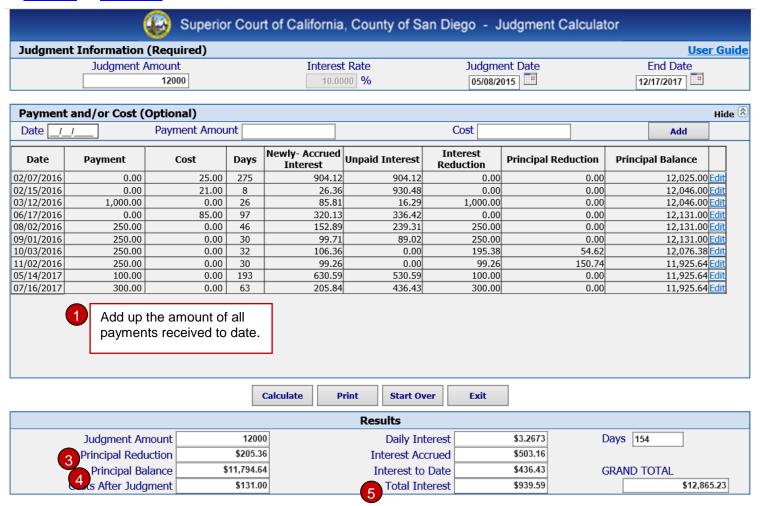
ATTACHMENTS: FORMS AND INSTRUCTIONS

The Judicial Council form commonly used in this procedure is:

 Memorandum of Costs After Judgment (MC-012) http://www.courts.ca.gov/documents/mc012.pdf

A sample filled-in form with instructions is available at the end of this Guide.





- Credit to Accrued Interest: To determine the amount credited toward interest, subtract the principal reduction amount (the amount shown in amount paid to date (the amount shown in)
- **Credit to Judgment Principal:** The amount of payments that have gone toward the principal judgment amount. This is shown as the "Principal Reduction" in the calculator.
- Judgment Principal Remaining Due: The amount remaining unpaid on the principal judgment amount. This is shown as the "Principal Balance" in the calculator.
- Accrued Interest Remaining Due: The amount of interest that remains unpaid as of the date of the Memorandum of Costs. This is shown as the "Total Interest" in the calculator.

