

Interest is always allowed on debts secured by a mortgage; and where an account is stated, with the knowledge of the mortgagor, and the whole amount, principal and interest, is paid by an assignee of the mortgagee, with the assent of the mortgagor; such aggregate amount of principal and interest, shall bear interest in favour of the assignee. And so too, where the principal and interest has been paid by a surety, he shall have interest upon the whole. (*m*) Such a conversion of interest into principal in favour of an assignee of a mortgagee, a surety, and the like, is founded upon an express, or implied contract between the parties, as to a separate or single transaction; and is not considered illegal, as it would be, if done under an original contracting, for the compounding of interest, or for a periodical conversion of the interest into principal. (*n*)

On a bill for an account and the like, by a creditor to obtain payment from his debtor; or on a bill to recover a legacy, the subsequent interest is computed, not upon the aggregate amount found due at the time of the decree; but on the principal only, from the time the debt was liquidated, or became payable until it is paid or brought into court. (*o*) The rule for computing interest, in all cases, where the debt carries interest; and the debtor has made partial payments, is, that the interest is calculated from the time the debt became payable, down to the day of the first payment: and the interest is added to the principal, then the payment is deducted from the whole; and if such payment satisfies the whole interest and a part of the principal, then the interest is calculated upon the balance of the principal to the day of the second payment, from the whole of which the second payment is deducted, &c. But if the first payment does not discharge the whole interest, then after applying it to the satisfaction of so much of the interest, the interest is calculated upon the principal only, until the day of the second payment, which is deducted from the whole amount, and so on. So that in no way is any interest calculated and paid upon interest. (*p*)

But where the estate of the deceased, or insolvent debtor is in-

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(*m*) Powel Mortg. 903, 905; 2 Fonb. 438.—(*n*) Ossulston v. Yarmouth, 2 Salk. 449; Perkyns v. Baynton, 1 Bro. C. C. 574; *Ex parte* Bevan, 9 Ves. 224; Chambers v. Goldwin, 9 Ves. 271; Caliot v. Walker, 2 Anstr. 495; Eaton v. Bell, 7 Com. Law Rep. 14.—(*o*) Butler v. Duncomb, 1 P. Will. 453; Bickham v. Cross, 2 Ves. 471; Perkyns v. Baynton, 1 Bro. C. C. 574; Creuze v. Lowth, 4 Bro. C. C. 158, 318; Turner v. Turner, 1 Jac. & Walk. 47; Parker v. Mackall, ante 68; Woodward v. Chapman, ante 71; Sloss v. McIlvane, ante 73; Craig v. Baker, ante 235.—(*p*) Frazier v. Hyland, 1 H. & J. 98; Gwinn v. Whitaker, 1 H. & J. 754.