



Unclaimed Property: What Real Estate Businesses Need to Know

By the California State Controller's Office

California law requires that banks, insurance companies, corporations, and certain other entities annually report and submit to the State Controller's Office (SCO) the unclaimed personal property of their customers when there has been no activity for a period of time (generally three years). Unclaimed property that remains unclaimed for the requisite length of time escheats (i.e., reverts) to the State Controller's Office.

While unclaimed property does not include real estate, it does include payroll and commissions (one-year dormancy period); savings, checking, and trust accounts; accounts payable or receivable; deposits for rent; vendor payments; and customer refunds.

Five Steps to Report Unclaimed Property

1. **Identify Unclaimed Property:** Search your books and records to identify any unclaimed property in your possession. Consult SCO's [Dormancy Periods Table](#) and [Property Reporting Cycles](#) for help in determining when a property is reportable.
2. **Perform Due Diligence and Mail Notices to Owners:** Notify property owners by mail if they have property that will become reportable within 6-12 months. Consult SCO's Guide to Due Diligence and [Sample Due Diligence Letter](#).
3. **Submit Notice Report to SCO Before November 1st:** The Notice Report informs SCO about unclaimed property on your books so the State can notify the owners to claim their property before it's transferred to the Controller's office and is due before November 1st each year.

The report, submitted via the SCO's [Holder Reporting Portal](#), consists of the [Universal Holder Face Sheet form \(UFS-1\)](#) and property owner details in standard NAUPA-II format. [Free reporting software](#) is available to compile and properly format property owner details for fewer than 100 properties. Consult SCO's [Notice Report Checklist](#) for additional details. Do not remit property at this time.

4. **Respond to Owners:** If contacted by owners of unclaimed property after the SCO notification, always respond to these inquiries, verify ownership, and reunite the property with the owner.
5. **Submit Remit Report and Remittance Between June 1st and June 15th:** The Remit Report notifies the SCO of any unclaimed property listed on your Notice Report that remains on your books and transfers that property to the Controller's office. The report must be submitted between June 1st and June 15th each year, along with any property transfers or remittances.

The report, submitted via the SCO's [Holder Reporting Portal](#), consists of the [Universal Holder Face Sheet form \(UFS-1\)](#) with updated contact information and report totals, an updated list of property owner details, a signed 14-F letter (which SCO sends you after processing your Notice Report), and the remittance.

Refer to SCO's [Remitting Unclaimed Property](#) guide for details about how to remit property to the Controller. To avoid penalties, you must transfer funds totaling \$2,000 or more via electronic funds transfer (EFT). To ensure that your EFT is processed on time, register with SCO's EFT Help Desk by April 30th. For additional details, consult SCO's [Remit Report Checklist](#).

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Unclaimed Property in Brokerage Trust Accounts

Brokerages with unclaimed funds in brokerage trust accounts should:

- Reconcile brokerage trust accounts regularly, and ensure that all payments are issued and accurate.
- If funds remain for which the owner or beneficiary is known, return them to the owner or report it to the Controller if the required dormancy time period has been reached.
- Overages in a brokerage trust account where the owner(s) is unknown escheat to the State Controller's Office three years from the date the overage was discovered, unless the owner is identified and the funds returned before the expiration of the three-year dormancy period.

Tips to Identifying Unclaimed Property

- Keep thorough records by using journal entries and memos routinely.
- Note the substance and date of communications with owners and create fields to enter this information in your accounting software to track dormancy, dates of contact, and owner activity.
- Keep a separate list of property in danger of becoming unclaimed to help expedite any reporting that may be required later.

Tips to Reducing Unclaimed Property

- Reconcile accounts on a daily, weekly, or monthly basis.
- Document the purpose of uncashed checks and their current status (reissued, voided, etc.), and make notes in your records.
- Automate payroll transactions and use direct deposit when possible to reduce the number of unclaimed wage and commission payments.
- Use electronic funds transactions for accounts payable to reduce the number of checks outstanding.
- Communicate regularly and reach out when you identify outstanding checks in case they need to be reissued.

The State Controller's Office Resources Can Help!

To help with the reporting process, SCO has a dedicated unit to educate and assist businesses. The Outreach and Compliance Unit offers free [webinars](#) throughout the year, which are strongly recommended for those reporting for the first time. Businesses may also set up free one-on-one webinars at their convenience.

SCO offers additional resources on its website, GoReport.sco.ca.gov, including required forms and quick guides on each step of the reporting process. You can also email UPDHolderOutreach@sco.ca.gov or call (916) 464-6088 with questions or to schedule a one-on-one webinar. ■



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