Unclaimed Property Guideline

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I. General Information

A. Purpose

The purpose of this Unclaimed Property Guideline is to outline the general responsibilities and procedures that an institution should consider for purposes of managing any unclaimed property consistent with state unclaimed property laws. The potential impact to financial institutions and corporations from loss of accounts and deposits, potential fines and penalties can be quite severe, and with each state having different rules, regulations and requirements, exposure can be substantial. This document is intended to help maintain compliance and mitigate those risks and exposures.

B. Unclaimed Property Overview

Unclaimed property (i.e., escheated or abandoned property) is property that has gone unclaimed or dormant by the rightful owner for a specified period of time, which is generally referred to as the dormancy period. Often property is "presumed abandoned" when there has been no action or communication by the owner and the dormancy period has passed. Dormancy periods vary by state and by property type, with the most common being 1, 3 or 5 years.

Each state, the District of Columbia, Puerto Rico, and several US territories have unclaimed property statutes (often referred to as an "Unclaimed Property Act"). While no two states are precisely the same, and each state's unclaimed property law should be consulted as applicable, generally the unclaimed property statutes require companies to review their books and records to identify unclaimed property. Commonly, a last attempt must be made to locate the owner of the property, and this typically requires a first class mailing to the owner's last known address. Some states have certified mail and specific advertising requirements, and specific requirements and instructions vary widely. Adherence to each state's individual instructions is critical to avoid penalties and fines.

When an owner cannot be located, the property must be reported and remitted to the appropriate state.

All types of unclaimed property must be considered for escheatment. These include:

- Deposit accounts (e.g., savings, checking, money market accounts, CDs, IRAs)
- Safe deposit contents (which is escheatable to state where the box is located)
- Cashier's checks/official bank checks
- Money orders and travelers' checks

- Bank liabilities (e.g., payroll, vendor or expense checks, refunds of overpayments)
- Personal and corporate trust accounts/distributions
- Payroll and vendor payments

C. Assigning Responsibilities

An Unclaimed Property Coordinator(s) should be assigned to oversee the reporting process. Many times, this person will fall within operations or compliance divisions. In addition to the Unclaimed Property Coordinator, an employee should be assigned to identify and manage each type of unclaimed property that is potentially generated.

D. Jurisdiction

Jurisdiction determines which state has the authority to escheat unclaimed property. This was addressed in the Supreme Court case of *Texas v. New Jersey* (1965). Generally, if the holder of the unclaimed property has an address on report for the owner, the state of the owner's last known address should be contacted for purposes of reporting the unclaimed property. If the holder of the unclaimed property does not have an address on report for the owner, the state where the holder was incorporated should be contacted for purposes of reporting the unclaimed property.

Although the issue was not addressed in *Texas v. New Jersey*, many states provide that if the last known address of the owner is a foreign address, the unclaimed property should be reported to the state where the holder was incorporated.

A general example: A Wisconsin financial institution is holding a dormant account with a last known address in Illinois. If the owner cannot be contacted, the account should be reported to the state of Illinois.

Exceptions:

- Safe deposit box contents are reportable to the state in which the box is located.
- Travelers' checks, money orders and similar written instruments are reportable to the state in which they were sold.

E. Reciprocal Reporting

Some states have reciprocal agreements which allow holders to report property for other states to a "home state." While it is offered as a convenience for reporting a small number of incidental items of low value, states generally report unclaimed property to be reported directly to the state with jurisdiction.

Property must be reported and remitted under the state's law that is entitled to the property. When property is reported and remitted to a different state, neither state can indemnify the holder. When reporting to the state that is entitled to the property, holders receive indemnification. Therefore, one should be careful when considering reciprocal reporting.

F. Record Retention

Copies of unclaimed property reports and supporting documents should be kept a minimum of 10 years, plus dormancy (generally, 11-15 years). Supporting documents include proof of state required due diligence, copies of responses from owners and documentation of final disposition (e.g., reported, owner paid, account activated) for each item initially identified as unclaimed. As owners may come forward many years after items are escheated, it is recommended to keep records indefinitely. Also, ensure unclaimed property retention policies are included in the financial institution retention polices.

II. Specific Procedures by Property Type

This section outlines responsibilities and procedures for certain property types. It is a general guideline designed to serve as a reference for companies in developing procedures that are detailed and specific to their organizations.

The general process for each property type is as follows:

Step 1 – Identify and schedule those items that appear to be unclaimed property.

> As the dormancy periods most commonly vary from 3 to 5 years for checking and savings accounts, it is helpful to identify items with no owner activity for the prior 2-year period (payroll in most states has a one-year dormancy so six months is advisable). This ensures there will be adequate time for owner outreach efforts prior to escheating the property.

Commented [CD1]: 2 years for deceased accounts in IL
1 year for payroll

Step 2 – Understand linkage.

> As a financial institution you may have owners with multiple accounts where one account is active, and one is dormant. Linkage is the process in which you evaluate dormant accounts to active accounts belonging to the same owner, as if they are connected. When linking accounts, you should use update the date of last contact of the dormant

account based on the activity in the linked account. It should be noted accounts with age-based dormancy periods (i.e., IRAs) should not preclude other accounts from being reported because the mandatory distribution age has not been met if there is no other owner activity.

Step 3 – Perform owner outreach.

For accounts that are inactive or dormant and have no other active relationship, it is a best practice to perform owner outreach before the accounts become escheatable. The earlier you start, the more likely you are to make contact with the owner.

Step 4 – Perform a review to confirm the items are unclaimed.

For example, was an expense check issued in error? Does the owner of a dormant savings account have another active account?

Step 5 – Determine the liability on a state-by-state basis.

This is important because the state of the owners last known address will determine the cut-off period, the dormancy period and the due diligence requirements.

Step 6 – Perform state required due diligence.

Due diligence requirements vary by state. For most states, a first-class letter will need to be mailed to the owners last known address in the required timeframe. Other requirements may include specific language, email, certified mail and advertising. Your financial institution should identify which states need to be reviewed.

Step 7 – Prepare, report and remit to the appropriate states.

Prepare and report according to state specific requirements. This can require:

- Building report packets: signed (and notarized reports, if required) coversheet/verification checklist, report via CD/USB, cash remittance, and if applicable transferring shares.
- Some state provide for or require report uploads to their state websites. With uploads sometimes an electronic remittance is required at the time of upload, other times a check remittance can be provide with a confirmation number for state reconciliation.

Not recommended: More and more states are discouraging aggregate reporting. Before reporting reports, determine if your policy will be to report in the aggregate or to report detailed information for all accounts regardless of value.

Not recommended: As noted above… More states are discouraging reciprocal reporting as well. The financial institution will need to decide if the policy will allow reciprocal reporting and if so, under what circumstances (i.e., only allowed if less than 10 items totaling less than $100).

Reporting due dates and remittance requirements can vary by state as well. It's important to the report the report by the proper deadline and be aware of how funds and safe deposit box contents are to be sent to each state.

Tip: While some financial institutions may choose to run reports by state, based on the specific state criteria, it is recommended to start with a global report based on the age of the account. If a state is miscoded (e.g., entered TS instead of TX) or if the account has a foreign address, it may not appear on a specific state report.

A. **Deposit Accounts**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Under what conditions do accounts become inactive?
- Under what conditions do accounts become dormant?
- Is there a follow up procedure when an account becomes inactive?
- Is there a follow up procedure when an account becomes dormant?
- Is state required due diligence performed?
- Are service charges accessed against inactive or dormant accounts?

At least twice a year, it is recommended to pull a report that identifies deposit accounts with no owner generated activity for the prior 2-year period. (Procedures should reference specific report name/number.)

- If no reporting software is used, the file should be sorted by state, and each state reviewed to determine which accounts might be escheatable.
- If reporting software is used, accounts should be uploaded into the software database and the software will provide a list of accounts which meet or are approaching dormancy.
- If reporting is outsourced, the file can be provided to unclaimed property reporting service provider for analysis.

For those accounts that meet or are approaching dormancy, review to determine if there has been owner generated activity that is not reflected in the last activity date. For example, check for other active accounts or evidence of contact in a phone log.

For those accounts where there has been no evidence of owner contact, perform owner outreach to establish contact. This can be done in advance of and in addition to state required due diligence.

If outreach is successful, document the owner contact and update the last activity date to reflect the contact. If the owner cannot be located, the Unclaimed Property Reporting Coordinator should be notified so state required due diligence and reporting can be performed.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

B. **Certificates of Deposit (CDs)**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- How are inactive or dormant CDs identified?
- Are owners contacted when CDs matured?
- Is the policy different for automatically renewable CDs?

Generally, the dormancy period for CDs starts at the first maturity. Even if the CD is automatically renewable, owner contact is often required to keep the CD from possible escheatment.

At least twice a year, it is recommended to pull a report that identifies CDs that are at risk of being unclaimed property. CDs typically at risk are those that have reached or are nearing maturity and the customer has no other active relationship with the financial institution. *(Procedures should reference specific report name/number.)*

For those accounts where there has been no evidence of owner contact, perform owner outreach to establish contact. This can be done in advance of and in addition to state required due diligence.

If outreach is successful, document owner contact and update the last activity date to reflect the contact. If the owner cannot be located, the Unclaimed Property Reporting Coordinator should be notified so state required due diligence and reporting can be performed.

Once escheatable, most states will allow the financial institution to hold the CD until the next maturity date to prevent a penalty for early withdrawals.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

C. **Individual Retirement Accounts (IRAs)**

Position responsible for performing these procedures:

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Position responsible for review:

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Questions which should be answered in this section:

- How are inactive or dormant IRAs identified?
- Is a date of birth on file for every IRA?
- What are the procedures for contacting owners once they have reached the mandatory age of distribution?
- Is there a last activity date associated with IRAs? If yes, what does the date represent and how is it updated?

- How is date of death tracked?

The dormancy period for IRAs **now** starts when an owner reaches the mandatory age of distribution (age 73) but there are some exceptions. For instance, in general:

- New York looks to the prior three-year period. If there has been no activity in the prior three years, it is reportable.
- Pennsylvania provides that IRAs are reportable if the holder has lost contact with the owner (as evidenced by returned mail) and there has been no owner activity for three years even if the owner has not reached the mandatory age of distribution.
- Once an owner takes a required minimum distribution (RMD), the IRA should be reported based on absence of activity.
- If an owner is deceased, the dormancy generally starts at the date of death or mandatory distribution date, if the institution is aware of the death.

At least twice a year, it is recommended to pull a report that identifies IRAs that are at risk of being unclaimed property. *(Procedures should reference specific report name/number).*

IRAs typically at risk are those where the owner has reached or is nearing the age of mandatory distribution and has not yet taken a distribution, and the owner has no other active relationship with the financial institution.

For those accounts where there has been no evidence of owner contact, perform owner outreach to establish contact. This can be done in advance of and in addition to state required due diligence.

If outreach is successful, document owner contact and update the last activity date to reflect the contact. If the owner cannot be located, the Unclaimed Property Reporting Coordinator should be notified so state required due diligence and reporting can be performed.

There are many types of IRAs that may have different requirements (i.e., ROTH IRAs). Consult the Unclaimed Property Coordinator for specific requirements.

The review process must be documented, and support should be retained for a period of 10 years (plus dormancy), at a minimum, as may be required by the state's retention requirements.

Commented [CD2]: Plus the dormancy period?

D. **Safe Deposit Boxes**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Which locations have safe deposit boxes?
- How long after rent becomes delinquent are boxes drilled?
- Do any branches waive monthly fees for safe deposit boxes?
- If so, under what circumstances are those boxes drilled?

Each safekeeping location should monitor unpaid rent and determine when safe deposit boxes should be drilled*. (If your institution has specific guidelines on when to drill or specific drilling procedures they should be referenced or included here.)* It is extremely important to maintain adequate control and documentation over the contents during the drilling process and while they are stored awaiting escheatment to the appropriate state.

When the box is drilled, perform a detailed inventory of the box contents. The inventory should include at a minimum:

- The box number and location of the box
- Complete name and address of the owner
- If more than one owner, the relationship (e.g., and, or, trustee for)
- Unpaid rental charges and drilling fees
- Detailed list of contents (use care when describing contents - for example, use "one gold-colored ring with two clear stones" as opposed to "one gold ring with two diamonds.")

Safe deposit box contents are reportable to the state where the box was located. Many states have unique reporting requirements for safe deposit box contents. Check with the Unclaimed Property Reporting Coordinator to confirm.

The drilling process must be documented, and evidence should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

E. **Official Bank Checks (certified checks, cashier's checks)**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- What types of official bank checks are offered by the financial institution?
- Are all types tracked for unclaimed property reporting purposes?
- When, after issuance, is an outstanding official bank check considered stale?
- Are stale items segregated?

The holding period for cashier's checks and official bank checks is generally 3 or 5 years. At the end of each quarter, review a list of outstanding checks. Identify any checks outstanding for greater than 9 months and schedule them for follow-up. If there are no checks outstanding greater than 9 months, document the review and the results.

For any checks outstanding greater than 9 months:

- Determine if there is any purchaser or payer information available. If yes, follow up to determine why the money order has not been cashed.

In general, if the check remains outstanding at 18 months and the owner cannot be located, send the check and the funds to the Unclaimed Property Reporting Coordinator for state required due diligence and reporting.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum as may be required by the state's retention requirements.

F. **Money Orders / Travelers Checks**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Does the financial institution issue money orders or traveler's checks?
- Does the financial institution utilize a third party for the issuance of these checks?
    - If yes, is the third party responsible for tracking outstanding and reporting outstanding checks?

Money orders generally have a 5-to-7-year dormancy period, but some states are as low as three years. At the end of each year, review a list of outstanding money orders. Identify any money orders outstanding for greater than 2 years and schedule them for follow-up. If there are no money orders outstanding greater than 2 years, document the review and the results.

For any money order outstanding greater than 2 years, determine if there is any purchaser or payer information available. If there is, follow up with them to determine why the money order has not been cashed.

In general, if the money order remains outstanding at 2 years and the owner cannot be located, send the money order and the funds to the Unclaimed Property Reporting Coordinator for tracking and reporting.

Travelers checks usually have a dormancy period of 15 years.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

G. **Refunds of Overpayments – Loan Payoffs**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Are there procedures for applying overpayments and duplicate payments to loan balances?
- Is there a tolerance level write off for loan payoffs?
- If yes, to which account are these write offs posted?
- Are credit balances from loan payoffs refunded?

- What is the process for issuing refund checks for loan overpayments?
- Are outstanding checks properly reported as unclaimed property?

Generally speaking, all amounts, regardless of how small, should be tracked and reported as unclaimed property. If the bank deems an amount too small to refund, it should be submitted to the Unclaimed Property Reporting Coordinator for tracking and reporting. If refund checks are issued, the uncashed checks should be identified and tracked for unclaimed property reporting purposes.

At the end of each quarter, it is recommended to review a list of outstanding refund checks. Identify any checks outstanding for greater than 9 months and schedule them for follow-up. If there are no checks outstanding greater than 9 months, document the review and the results.

For any checks outstanding greater than 9 months, follow up with the payee to determine why the check has not been cashed. If necessary, reissue the check.

In general, if the check remains outstanding at 18 months and the owner cannot be located, send the check and the funds to the Unclaimed Property Reporting Coordinator for state required due diligence and reporting.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

H. **Suspense Accounts**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- How many suspense accounts are utilized by the financial institution?
- Are accounts periodically reviewed to confirm that all items are clearing timely?
- Is there a process for following up on items that do not clear within 90 days? 180 days?
- Are liabilities that cannot be cleared tracked for escheatment?

In this case, suspense account refers to any account that may hold items that cannot be properly posted to a customer account or to the correct bank general ledger account. This can include unidentified deposits, loan payments or other items that rejected from the posting process. Bank policy generally requires these items be cleared by the end of each month, but there are occasional exceptions.

In general, all suspense accounts should be reviewed monthly so items not clearing timely can be identified. If, through standard banking procedures, deposits and/or payments cannot be applied to a customer account or returned to the payee, the items should be transferred to the Unclaimed Property Reporting Coordinator for due diligence and inclusion in the unclaimed property reporting process.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

I. **Vendor Payments/Expense Checks**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Does the institution utilize cashier's checks to pay its vendors/expenses?
- If yes, are the checks tracked and reported as cashier's checks or as vendor or expense checks?
- How long after issuance are checks considered stale dated?
- At what point does the institution reach out to the payees to determine why the checks have not been cashed?

At the end of each quarter, it is recommended to review a list of outstanding vendor and expense checks. Identify any checks outstanding for greater than 9 months and schedule them for follow-up. If there are no checks outstanding greater than 9 months, document the review and the results.

For any checks outstanding greater than 9 months, determine if the check was issued in error.

- If issued in error, follow standard banking procedures, which may include a process to stop/void the check and document that the check was not due to the payee.
- If the check was not issued in error, follow up with the payee to determine why the check has not been cashed.

In general, if the check remains outstanding at 18 months and the owner cannot be located, send the check and the funds to the Unclaimed Property Reporting Coordinator for state required due diligence and reporting.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

J. **Payroll, Commissions, T&E Checks**

Position responsible for performing these procedures:

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Position responsible for review:

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Some questions which should be answered in this section:

- Are all employees paid via direct deposit?
- Under what circumstances might an employee be issued a check (e.g., first paycheck, last paycheck, termination)
- Is there a process in place for monitoring manual checks in the event they become stale?

Even if all employees are on direct deposit, it may be necessary to issue a manual check under certain circumstances such as initial check or termination. At the end of each quarter, it is recommended to review a list of outstanding payroll checks. Identify any checks outstanding for greater than 4 months and schedule them for follow-up. If there are no checks outstanding greater than 4 months, document the review and the results.

For any payroll checks outstanding greater than 4 months, determine if the check was issued in error.

- If issued in error, follow standard banking procedures, which may include a process to void the check and document that the check was not due to the payee.
- If the check was not issued in error, follow up with the payee to determine why the check has not been cashed.

In general, if the check remains outstanding at 10 months and the owner cannot be located, send the check and the funds to the Unclaimed Property Reporting Coordinator for state required due diligence and reporting.

The review process must be documented, and support should be retained for a period of 10 years, at a minimum, as may be required by the state's retention requirements.

K. **Additional Property Types**

Position responsible for performing these procedures:

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Position responsible for review:

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It may be necessary to add additional property types to the policy and procedures. A few examples, including some questions that should be addressed, are included here.

Unidentified deposits/remittances

- Where are unidentified deposits and remittances held until they can be applied?
- If they cannot be resolved, how are they tracked for escheatment?

Escrow deposits

- How are records maintained for escrow deposits?
- Is there a process for refunding escrow balances when appropriate?

Collateral

- How is collateral tracked and aged?
- Is there a process for releasing/returning collateral when loans are paid off?

Credit cards

- Does the financial institution issue credit cards?

- Is the purchaser's or owner's name and address captured?
- How are these credit balances tracked and aged for escheatment?

Third Party Administrators (TPAs)

- Does the financial institution utilize a TPA for any property types (e.g., employee benefits)?
- Is the TPA reporting on the financial institution's behalf?
- How are items tracked for reporting?

III. Unclaimed Property Report Preparation

A. Internal Manual (Procedures conducted by the Unclaimed Property Reporting Coordinator)

The Unclaimed Property Reporting Coordinator should maintain a database that includes the unclaimed items received from each of the different areas. At least 3 times per year, in preparation of the spring, summer and fall reporting cycles, the unclaimed property database should be reviewed to determine which properties are due on the upcoming reporting cycle. The following timeline should help in scheduling sufficient time to plan to meet state due diligence and reporting requirements.

- November: Start preparing for the spring reporting cycle.
- January: Start preparing for the summer reporting cycle (Michigan & Texas)
- March: Start preparing for the fall reporting cycle

Generally, the information needed to determine which items are due to be reported to each of the states includes:

- Last known address
- Issue date or last activity date
- Property type
- Dormancy period
- Cut-off date
- Reporting due date

The information above, along with the dormancy chart below may be useful in determining which items in the database may be due during the current reporting cycle.

Dormancy Chart:

Reporting Season	Dormancy Period	Last Activity Date or Check Date	Report Due
Fall	Five Years	July 1, 2018 through June 30, 2019	Fall 2024
Fall	Three Years	July 1, 2020 through June 30, 2021	Fall 2024
Fall	One Year	July 1, 2022 through June 30, 2023	Fall 2024
Spring	Five Years	January 1, 2018 through December 31, 2019	Spring 2025
Spring	Three Years	January 1, 2020 through December 31, 2021	Spring 2025
Spring	One Year	January 1, 2022 through December 31, 2023	Spring 2025
TX	Five Years	March 2, 2018 through March 1, 2019	Summer 2024
TX	Three Years	March 2, 2020 through March 1, 2021	Summer 2024
TX	One Year	March 2, 2022 through March 1, 2023	Summer 2024
MI	Five Years	April 1, 2018 through March 31, 2019	Summer 2024
MI	Three Years	April 1, 2020 through March 31, 2021	Summer 2024
MI	One Year	April 1, 2022 through March 31, 2023	Summer 2024
IL	Two Year	New Illinois requirement reduces dormancy to two years on deceased owners	

For example, based on the dormancy chart above, when preparing for the Fall 2024 reports, the following may be due during the current reporting cycle:

- Property types with a five-year holding period that are dated or have a last activity date on or prior to June 30, 2019
- Property types with a three-year holding period dated on or prior to June 30, 2021
- Property types with a one year holding period dated on or prior to June 30, 2023

It is important to note that items dated prior to the beginning dates in the chart above (e.g., July 1, 2018 for five-year property) may be past due and as such, could be subject to interest and/or penalties. If past due property is identified, the best option for reporting should be identified. The Reporting Coordinator should also determine why the past due property was not identified and reported timely to ensure any problems can be corrected.

Once the property due during the current reporting cycle has been identified, state required due diligence should be performed. Please keep in mind, that the due diligence requirements vary from state to state.

Once the unclaimed property due to be reported has been identified and finalized, unclaimed property reports should be prepared and reported to the appropriate states. When reporting manually, you can go to each relevant state's website for reporting instructions. Requirements vary by state.

A detailed review of the data is required to confirm the correct property type and relationship codes are included on the state reports.

IV. Post Remittance

Make sure all property reported/remitted to the states is properly removed from subledgers. Property can be reported/remitted to the state a second time if all internal accounting transactions are not correctly executed.

If an owner comes forward after the property has been reported/remitted to the state, it is recommended to direct the owner of the property to contact the state with any questions or inquiries. The owner will likely need to provide the following information to the state:

- Registration of account (including SSN)
- Date reported – Important as it may be in process of be uploaded to state
- Property reported
- Name of financial institution who reported the asset

Key Comment: It may take a state up to six months to load all the reports they receive, so the owners account may see like the state does not have the asset, but it is to be loaded.

V. Some Best Practices:

- Start due diligence early and go beyond just sending letters to last known address. Database searches to locate updated addresses and telephone numbers will assist in keeping up-to-date addresses and reduce expenses associated with due diligence and escheatment.

- Report directly to each state and do not report under reciprocal process.

- Keep all employees up to date on unclaimed property as they may be the front line with owners.

- Check state databases for property belonging to your financial institution as an estimated one in every eight companies have unclaimed property. Before your institution claims any unclaimed property from a state, confirm internal compliance first.

- End each reporting season with an all hands meeting to discuss what went well and what can be approved upon.

- Form an unclaimed property committee. Include someone to represent each property type that might be generated by the institution as well as someone from legal.

- Confirm that any service charges accessed on dormant and inactive accounts are reasonable, clearly documented in the institution's fee schedule and allowable per the appropriate state's law.

Important:

Unclaimed property laws are constantly changing. Companies should continuously review and manage changes in state law and its requirements prior to performing any unclaimed property process.

VI. Common Terms

<u>Abandoned or unclaimed property:</u> Intangible personal property that has gone unclaimed by its rightful owner for a specified period of time. Safe deposit boxes or safekeeping are generally the only types of tangible property subject to unclaimed property laws.

<u>Account linkage:</u> The practice of using owner generated activity on one account to keep all other accounts for the same owner active.

Activity: Action taken on property by the owner, which may include making a deposit, a withdrawal, access via the web, or any action that the applicable state's statute deems adequate. Activity has the effect of restarting the dormancy clock.

Aggregate reporting: A dollar value assigned by individual states whereby owner detail is not required if below the amount. Aggregate reporting is not allowable for all property types and is discouraged by many states, even when allowed by law.

Apparent owner: A person whose name appears on the records of a holder as the person entitled to the property held, issued or owing.

Backup documentation: Any documentation that can be used to substantiate the position that items identified as potential unclaimed property are not, in fact, unclaimed property.

Branch: Any banking office other than the principal banking office.

Custodian: An individual or entity which holds property until it is delivered to the rightful owner. Once reported and remitted, the state becomes the "custodian" of unclaimed property.

Dormancy period: The duration of time, as prescribed by state law, that items must age before becoming unclaimed. The dormancy period generally starts when the funds originally became due and payable to the owner.

Due diligence: An effort by the holder to inform the rightful owner of the property before it is reported to the state. Most states have specific due diligence provisions, which may include the timing and manner of sending the notice and specific language required in the notice. The most common due diligence requirement is to send a letter via first-class mail to the owner's last known address, no less than 60 days and not more than 120 days prior to the due date.

Escheat/escheatment: It is commonly used today to describe the transfer of unclaimed property to the state, making the state the legal custodian of the property. The term historically referred to the transfer of ownership.

Financial institution: Includes banks, trust companies, credit unions, consumer lenders, international banking facilities and financial institution holding companies.

Holder: A business or entity that is in possession of, or controls property belonging to another, until the property is reported and remitted to the appropriate state as unclaimed property.

Householding accounts: The practice of linking all accounts that are mailed to the same address. This may not be allowed by the states if there is shared ownership of the accounts.

Indemnification: In the context of unclaimed property, this often refers to a provision in state unclaimed property statutes that protects the holder from dual liability by transferring the property to the state. Failure to comply with any part of the state's requirements (i.e., due diligence wording and timing) may void indemnification.

Negative report: An unclaimed property report which states it has no funds or property to report. Not all states require negative reports be reported.

Owner: The individual or business that owns the property held by the holder.

Relationship code: The relationship code is a state-issued code designed to identify the legal owner(s) and their right to the asset.

Report/remit: In report/remit states, the payment is submitted when the report is submitted, most states are report/remit states.

Remittance report: A report in a jurisdiction which requires a holder to report an initial report (without payment) which is followed by a remittance report (which includes payment) a few months later. California requires this type of reporting.

Unclaimed Property Manager: An unclaimed property manager is assigned to each area that has a potential unclaimed property liability. This position is responsible for identifying unclaimed property and tracking it until it is transferred to the unclaimed property reporting coordinator.

Unclaimed Property Reporting Coordinator: The unclaimed property reporting coordinator is responsible for working with the unclaimed property managers to ensure compliance in all areas of the bank. Duties include performing state required due diligence, compiling, tracking and reporting the unclaimed property received from each of the unclaimed property managers.

VII. Helpful Websites:

www.uppo.org

Website for the Unclaimed Property Professional Organization (UPPO). Organization made up of holders to assist in the education of unclaimed property. There is a cost to join UPPO based on the number of members you wish to have access.

www.unclaimed.org

Website for the National Association of Unclaimed Property Administrators (NAUPA). Site provides direct link to each state's unclaimed property division and various unclaimed property knowledge.

www.missingmoney.com

Website that allows owners to check for unclaimed property held most unclaimed property states.

www.linkingassets.com

Website for the Linking Assets, Inc. Site provides a pleather of information, including changes to state unclaimed property laws, Blockchain (via the Blockchain Ledger) and updates on Crypto Currency. Linking Assets can help with their owner location campaigns to activate lost and dormant customers/members to help retain assets/accounts.