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Controller of the State of California

Notice to Holders of Unclaimed Property

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Revised Reporting Procedures Escrow and Title Companies - Disputed Funds

Escrow accounts escheat to the state under California Code of Civil Procedure, Section 1518, if the owner has not, within a period of three years, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum or other record on file with the fiduciary. The escheat period generally commences when the property (money) "becomes payable or distributable." The point at which the property becomes payable or distributable is determined by the terms in the escrow instructions and other facts relating to the account, such as correspondence or documented phone calls. Even if the property had become payable or distributable, the escheat period may be interrupted if the escrow or title company is contacted by the owner as specified above.

Where funds are payable but cannot be distributed because of a dispute over ownership of the funds, the escheat period commences when the funds are payable and the only obstacle to such distribution is an apparent disagreement between parties as to the proper recipients of such payments. The funds become escheatable after three years of no contact with the disputed owners. The three-year escheat period may be interrupted if any of the disputed owners makes a claim for the disputed funds, by corresponding in writing concerning the disputed funds or otherwise indicating an interest as evidenced by a memorandum or other record on file with the fiduciary. When the three-year escheat period has been reached, the disputed funds should be reported to the State.

The parties involved in the dispute should be reported as multiple owners with an ownership code of DISP. The property code type should be reported as 64 (Escrow checks/deposits). The Controller's Office is modifying the Diskette Reporting Program (DRP) 6.5 version to accept ownership code DISP, until modifications are complete, holders who use the DRP should continue to report the ownership code as OWN/AND.