



California State Controller Malia M. Cohen Unclaimed Property Division

Holder Due Diligence

Due diligence is the process a business with unclaimed property must follow to notify owners with unclaimed property valued at \$50 or more (and all securities and safe deposit boxes regardless of value) that their property may be transferred to the State of California.

WHEN	WHY	HOW	WHERE
Perform due diligence 6-12 months prior to the Notice Report due date. Notice reports are due before Nov. 1 (or May 1 for life insurance) each year.	The purpose of due diligence is to reunite property with owners rather than transferring it to the State.	Send the due diligence letter via mail (or electronically with the owner's prior consent).	Send the due diligence letter to the owner's address of record (or electronically with the owner's prior consent).



Common Due Diligence Questions and Answers

Does California provide holders with a sample due diligence letter?

A sample due diligence letter is available on the State Controller's website. See the second and third pages of this quick guide and the [California Code of Civil Procedure \(CCP\)](#) for requirements and information.

Can I email rather than mail a due diligence letter?

Yes, if a customer has agreed to receive electronic correspondence from your company, then you can email a due diligence notice.

Do I have to perform due diligence if the property is valued under \$50.00?

Due diligence is not required if the property is under \$50.00 in value; however, it is required for all safe deposit boxes and shares regardless of value. There is no minimum value for reporting unclaimed property.

Can I charge administrative costs for mailing a due diligence letter?

Under [CCP sections 1516 and 1520](#), holders may deduct service charges for some property types provided the charge does not exceed the administrative cost of mailing the due diligence letter and does not exceed \$2.00. Specific rules for financial institutions apply (see [CCP section 1513.5](#)).

What if I miss the due diligence window?

If a holder misses the opportunity to contact the owner 6-12 months prior to the property becoming reportable, the holder is encouraged to send a due diligence letter to the owner as soon as possible, then proceed with the reporting process in accordance with reporting deadlines.

What do I do if the owner responds to the due diligence letter?

If an owner responds to a holder confirming interest in the property, prior to the holder remitting the property to the State, the holder should make every effort to reunite the property to the owner and not remit it. Contact with the holder in response to a due diligence notice is considered owner-initiated activity. Depending on the property type, such owner contact will restart the dormancy period.

What if the due diligence letter is returned?

Under the Unclaimed Property Law (UPL), holders are not required to send due diligence letters to owners if the address of record is a known "bad address" or mail has been returned undeliverable. Further, UPL does not require holders to send additional due diligence letters if the first is returned undeliverable.

Due Diligence Letters

The Unclaimed Property Law mandates requirements that must be included in a due diligence letter; see the [CCP sections 1513.5, 1514, 1516, and 1520](#) for the complete requirements.

Include a property reference number, such as an account number.

Include the escheatment date.

Specify that since the identified date of last activity, there has been no owner activity on the property.

Clearly state that the property may be transferred to the state if the owner does not respond by the escheatment date.

Include a heading "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language.

Provide valid contact details for owners to contact with questions or to be reunited with their property.

Include a form for owner to indicate interest.

[Optional Holder Letterhead]

THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US.

[Date]

[Property Owner Name]
[Street Address]
[City, State Zip]

Re: [Property Description]
Account Number: [# # # #]
Date of Escheatment: [Date of Escheatment]

Dear [Property Owner Name]:

California Unclaimed Property Law requires business entities to transfer funds of a deposit, account, shares, or other interest to the State Controller's Office (SCO) if it has been inactive for [number] year[s]. According to our records, there has been no activity on your account for more than [number] year[s]. Therefore, your property is in danger of escheating to the State unless you contact us or respond by completing, signing, and returning this notice prior to the Date of Escheatment listed above.

[Holder Business Name]
[Street Address]
[City, State Zip]

[Person Responsible for Owner Inquiries]
[Email Address]
[Telephone/Fax Number]

If your property is transferred to the State, you will be required to file a claim with the SCO to recover it, in accordance with the provisions of the *Code of Civil Procedure* section 1500 et seq.

Thank you for your assistance in this matter.

Sincerely,
[Holder]

PLEASE SIGN BELOW AND RETURN THE ENTIRE NOTICE

PROPERTY OWNER SIGNATURE	DATE
Print Name _____	_____
Current Address _____ City _____ State _____ Zip _____	

ACTION TO BE TAKEN:

☐ I wish to maintain this account: by signing and returning this notice, I am satisfying the requirements of the *Code of Civil Procedure* by indicating an interest in the account and my desire that [Holder Business Name] maintain this account on my behalf.

☐ Other _____

Download a [sample due diligence letter](#) from the State Controller's public website. For due diligence letter requirements regarding the contents of unclaimed safe deposit boxes or safekeeping repositories, see the next page.

We're Here to Help!

The Outreach and Compliance Unit (OCU) educates holders through webinars, speaking engagements, and more. Visit the [events page](#) for up-to-date information or contact the OCU to schedule one-on-one assistance.

Outreach and Compliance Unit

(916) 464-6088

UPDHolderOutreach@sco.ca.gov

GoReport.sco.ca.gov • www.claimit.ca.gov

Due Diligence Letters for Safe Deposit Box Contents

[CCP section 1514](#) of the Unclaimed Property Law mandates requirements that must be included in a due diligence letter for the contents of any safe deposit box or any other safekeeping repository.

Include a heading "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language.

[Optional Holder Letterhead]

THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US.

[Date]

[Property Owner Name]
[Street Address]
[City, State Zip]

Re: [Property Description]
Date of Escheatment: [Date of Escheatment]

Safe Deposit Box Number: [#####]
Date agreement expired/terminated: [#####]

Dear [Property Owner Name]:

California Unclaimed Property Law requires [Holder Business Name] to transfer the contents of safe deposit boxes or safekeeping repositories to the State Controller's Office (SCO) if they remain unclaimed for more than three years. According to our records, the lease or rental period on your box or repository has either expired or the agreement was terminated more than two years ago. Therefore your property, or the proceeds of the sale of your property, is in danger of escheating to the state unless you obtain possession of the property or enter into a new lease or rental agreement.

If your property is transferred to the State, you will be required to file a claim with the SCO to recover it, in accordance with the provisions of the *Code of Civil Procedure* section 1500 et seq.

If you wish to maintain this safe deposit box or repository, please contact us immediately to make arrangements.

[Holder Business Name]
[Street Address]
[City, State Zip]
[Person Responsible for Owner Inquiries]
[Email Address]
[Telephone/Fax Number]

We appreciate your assistance in this matter. Please contact our office if you have any questions or if we can be of assistance to you in any way.

Sincerely,
[Holder]

Include a reference number or identifier number.

Specify that the law requires businesses to transfer safe deposit boxes or other safekeeping repositories to the Controller if they remain unclaimed for more than three years.

Clearly state that the property may be transferred to the state if the owner does not make the appropriate arrangements in a timely manner.

State that the lease or rental period on the box or repository has expired or the agreement has terminated.

Provide accurate contact information

Download a sample [safe deposit box contents due diligence letter](#) from the State Controller's public website.

Attend a Free Webinar



Visit the [training and tutorials page](#) to sign up.

Outreach and Compliance Unit

(916) 464-6088

UPDHolderOutreach@sco.ca.gov

GoReport.sco.ca.gov • www.claimit.ca.gov