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## Don't Fear the Reaper

### Description

Do you have dormant accounts, or dormant funds in your current accounts? Are you aware that oftentimes these are the funds that are targeted by untrustworthy employees to steal?

Escheatment is a tool to assist you in cleaning out those accounts. After funds are held for a specified period, and attempts were made to contact the appropriate party with negative results, the money can be sent to the state (escheatment). The state will hold the money indefinitely, or until the appropriate party comes forward to claim the funds. In the state of Virginia, a title company is mandated to escheat on an annual basis. The Virginia Bureau of Insurance Rules Governing Settlement Agents states: "Every settlement agent shall make a good faith effort to disburse funds in its possession and return funds to the rightful owner and escheat annually to the Virginia Department of the Treasury those funds for which the owner is unlocatable." The Virginia Bureau of Insurance is making the annual escheatment requirement for title companies a top priority and are issuing fines for non-compliance.

Most often title companies have these funds because someone did not cash a check, people have moved and not received the check, a check was sent to the wrong address, or money that was collected at settlement was not needed and has not been returned to the appropriate party. All of these outstanding items can be found on your trial balance report and your outstanding disbursement reports from your monthly reconciliations.

For any amount over \$100 that is being held, a due diligence letter is to be sent at least 60 days prior to the escheatment. The letter is sent first class mail to the last known address of the intended recipient. The letter must inform them that you are holding money that will be escheated to the state if they do not respond to you within the 60 days. Escheatments are to be submitted to the state by November 1st, therefore letters need to be sent by at least September 1st. They can be sent anytime after June 30th, once the property has reached a year old. A sample due diligence letter can be found on the Virginia Treasury's Unclaimed Property website.

Any amount under \$100 can be escheated in the aggregate, meaning in one lump sum. Should you report in this manner, you will be required to provide verification of the report year and amount remitted when and if the owner makes a claim. To prevent the Department of the Treasury from having to contact you later, you are encouraged to attach a detailed listing of owners that make up the aggregate amount.

Escheatments must be submitted in the NAUPA format. Software products that can be used to create your report can be found on the Virginia Treasury's Unclaimed Property website.

Remittance to Virginia can be by check, ACH or wire transfer. A copy of the completed and signed AP-1 form must accompany your remittance.

If you have any questions regarding escheatment or would like assistance in the preparation and submission of your escheatment, please contact Carol Frye of Escrow Resolution Services, a company

dedicated to assisting title companies with cleaning up their escrow accounts.

Carol Frye

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443-375-7380

### Category

1. Settlements

### Tags

1. featured

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