



Independent Bankers Association of Texas

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Compliance Overview

Texas Unclaimed Property

This information provided by Texas Comptroller of Public Accounts

Texas unclaimed property reporting deadlines are right around the corner. Reports are due July 1 each year. In report year 2018, holders reported more than \$636 million in abandoned properties to the Texas Comptroller's office. Banks and other financial institutions reported more than \$160 million of that total. As you prepare for the upcoming reporting cycle, take a moment to review these tips and ensure you are reporting correctly.

Last Transaction Date - Confusion on what constitutes a last transaction date, as defined by statute (Section 73.101 Inactive Account or Safe Deposit Box Presumed Abandoned), may be the most common reason accounts are reported incorrectly. Financial institutions are required to use the customer's last transaction date as the determining factor. Often, financial institutions incorrectly use internal transactions such as interest accruals or account maintenance as the last transaction date, causing accounts to be reported too soon or after the report due date. Encouraging customers to link their accounts is an easy solution to avoiding a possible reporting error. Once the customer's accounts are linked, any activity or transaction initiated by the customer on any of the linked accounts should establish activity for all accounts.

Inactivity—Preserving Account - Remember that actions by the bank (e.g. assessing a service fee, sending a statement) do not constitute activity on an account for the purpose of keeping it "active." Be sure that your data processing systems stop the assessment of a service charge once an account is inactive for more than one year.

Presumption of Abandonment - This is a two-part test for an account or safe deposit box. It must be inactive for at least five years AND the location of the depositor of the account or owner of the safe deposit box is unknown to the depository. In order to establish that the bank knows the location of the depositor, consider sending out address confirmation notices with a postage-paid "bounce back" card to better assure that the customer will respond. The customer should complete and return the card.

Accurate Account Coding - Coding an account with an incorrect status or property type can sometimes trigger reporting the account too soon, too late or not at all. For example, accounts that are coded as on hold or inactive may be missed when preparing your unclaimed property report.

Review all Accounts - Accounts within your normal business operations like payroll and accounts payable should also be included in your yearly review for reportable unclaimed property. These properties include uncashed employee payroll checks, credit balances, customer overpayments and uncashed vendor checks.

Internal Process Reviews - Periodically review your internal processes to ensure that your report includes all reportable property. This is especially important if there are legislative changes to unclaimed property statutes or if an acquisition or merger occurs.



Reporting Resources - Understanding the unclaimed property reporting requirements specific to banks and financial institutions will help eliminate future reporting errors. The Comptroller's office offers free webinars on general reporting requirements. The Holder Education and Reporting section is also available to assist with questions. You may reach them at 1-800-321-2274, option 2 or up.holder@cpa.texas.gov

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