

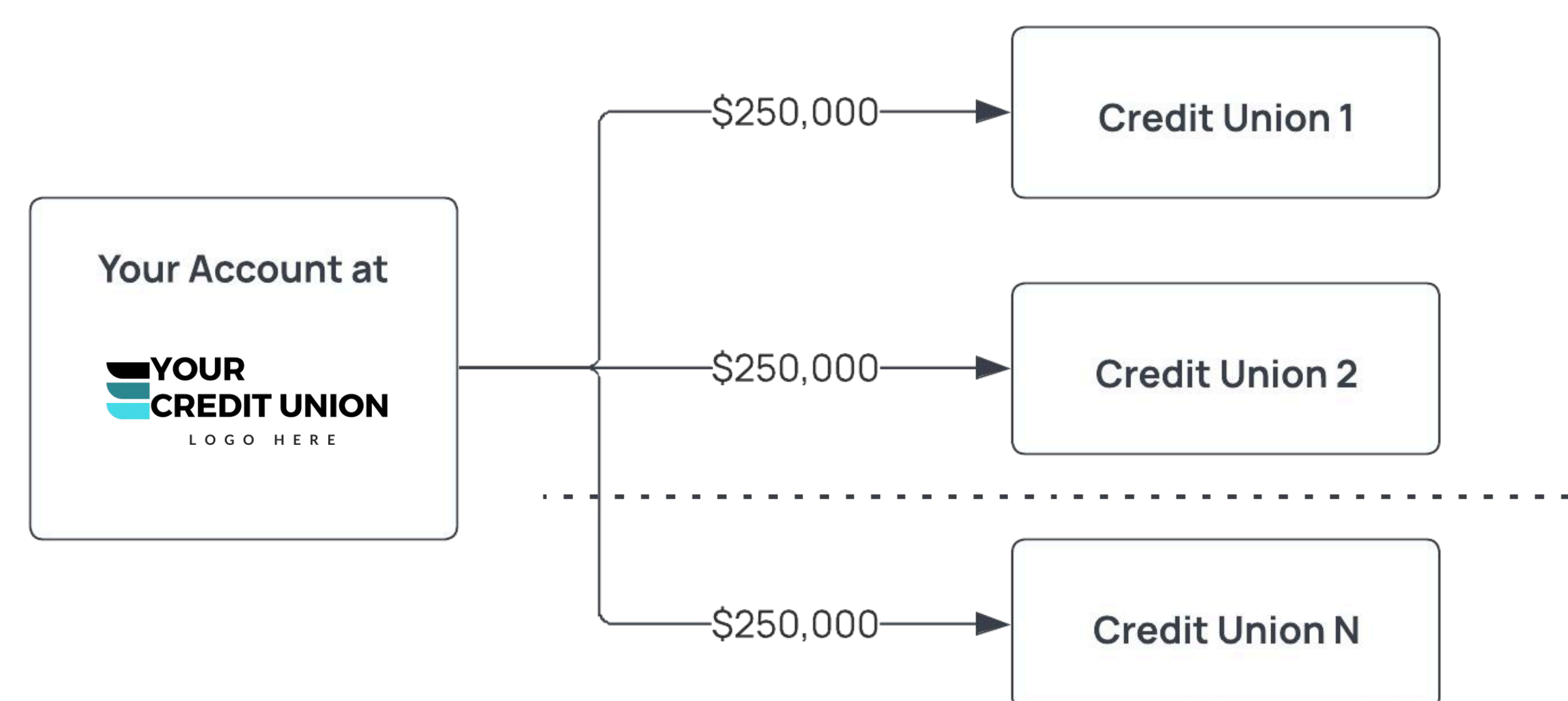
Insured Sweep Account Manual

Insured Sweep Accounts (ISA), a unique product that provides access to millions in NCUA (National Credit Union Administration) share insurance* through credit unions in the ModernFi Network.

The Insured Sweep Account is designed to not only safeguard your member's funds with extended NCUA share insurance, but also to help their money grow through competitive interest rates. With this account, individuals and businesses can maximize their share insurance coverage while enjoying flexible access to their funds in demand deposit accounts. This manual will delve into the detailed benefits and mechanics of the ISA, and how it can help your members achieve their financial goals.

What is the Insured Sweep Account?

An ISA provides extended NCUA insurance on member deposits by distributing their balance in amounts under the \$250,000 threshold to partner credit unions in the ModernFi network. By remaining under the \$250,000 threshold, each account remains fully insured by the NCUA. These accounts combine to provide members with millions of extended insurance coverage.



What is ModernFi?

ModernFi manages a deposit network made up of other credit unions. By distributing funds throughout the ModernFi network, your credit union is able to offer members extended NCUA insurance.

How does the Insured Sweep Account work?

Suppose a member has \$1 million that they want to safeguard and earn interest on. They can achieve this by depositing the full amount with your credit union through an ISA. Once the account is funded, funds are split into smaller portions and placed in demand deposit accounts at various credit unions within the network. For example, the first \$250,000 could be allocated to Credit Union 1, another \$250,000 to Credit Union 2, an additional \$250,000 to Credit Union 3, and the remaining \$250,000 to Credit Union 4. These credit unions are all part of the ModernFi Network, ensuring that each deposit is covered by NCUA insurance, up to the maximum of \$250,000 per share owner per credit union.

Using the ISA eliminates the need to keep track of multiple accounts at various credit unions since member deposits are consolidated in one statement. Additionally, ISA interest rate is competitive, making it a compelling choice for individuals and businesses with substantial cash reserves.

Who maintains the Insured Sweep Account?

Members can control the account just like a regular transaction account. Deposit, withdraw, or transfer funds at any time at your credit union or through the depositor portal. Your credit union and ModernFi manage and oversee the ISA, ensuring funds are distributed to other institution's within the network.

How secure is the Insured Sweep Account?

Insured sweep accounts offer a high degree of security for deposits, utilizing NCUA insurance to safeguard funds up to \$250,000 per member at each participating credit union. This protection extends even in the event of a participating credit union's failure, ensuring the continued safety of your members' deposits. Since the inception of the National Credit Union Share Insurance Fund in 1970, no member has lost NCUA-insured funds due to a credit union's failure. All accounts at NCUA-insured credit unions are covered on a dollar-for-dollar basis, encompassing principal plus any interest accrued.

In the unlikely event a credit union fails, the NCUA assumes the responsibility of closing the credit union, receives its assets, and settles all deposit claims. Your credit union works with ModernFi to file all required materials with the NCUA to coordinate the receipt of your funds from the failed institution. Payment starts within a few business days after the credit union closure. For more information on NCUA insurance, please visit [here](#).

How do the NCUA and government regulators view Insured Sweep Accounts and deposit networks?

The NCUA guarantees deposits up to \$250,000 per share owner per credit union and has always allowed individual depositors to place deposits below this insurance threshold at multiple NCUA-insured institutions. The use of a deposit network simply automates this process, structuring accounts at each receiving institution in such a way that deposits remain below the NCUA threshold and NCUA insurance remains in place, passed through to the end depositor.

Qualified deposits placed in receiving credit unions in amounts under the \$250,000 threshold generally carry no principal risk because those deposits are backed by the full faith and credit of the U.S. government through the NCUSIF. ModernFi is not a member of the NCUA, but all receiving institutions where deposits are placed are NCUA members.

What qualifies a credit union's eligibility to join ModernFi's network?

ModernFi partners with credit unions in good standing with regulators and compliant with all Anti-Money Laundering and Know Your Customer requirements. ModernFi only places deposits at US-based NCUA-insured credit unions that are monitored by a U.S. federal or state governmental agency responsible for the supervision of financial institutions.

Your credit union maintains complete control over the credit unions that can receive your funds. Furthermore, your credit union has access to full transparency of the allocation process of your funds.

Can members use their funds on demand if they are placed with different credit unions?

Members always have full access to view and manage their funds, and they will continue to bank directly through your credit union. To withdraw funds, members simply request to transfer funds from their ISA to a personal checking or savings account through the ModernFi Member Portal.

Depending on when they initiate the transfer request, their funds will be available for withdrawal the same day or next day. When they initiate a transfer request, their funds will be moved from the deposit network to their account at your credit union, and will then become available for withdrawal. The full process typically takes no longer than one business day, meaning members should have access to funds one day after initiating the transfer out of their ISA.

How do members open an Insured Sweep Account?

Opening an insured sweep account is quick and easy with your credit union. Members will simply contact you or visit their nearest your credit union branch to open an account and start taking advantage of the benefits offered by the ISA. Members will sign an Account Opening Agreement, at which point Relationship Managers will alert ModernFi of the new account and the deposit amount.

Steps to open the ISA for members:

- 1. Member signs Account Opening Agreement:** The member should carefully review, complete, and sign the Account Opening Agreement. This document outlines the terms and conditions of the program and ensures that all necessary member information is collected. To obtain a copy of the Account Opening Agreement for the ModernFi Insured Sweep program, please reach out to [insert operations contact]. Once the Agreement is filled out and signed, please return it to [insert operations contact]. This ensures that all necessary documentation is in place for the account to be opened successfully.
- 2. Members receives access to “Depositor Portal”:** Once the account is opened, the member will receive an email inviting them to visit the ModernFi “Depositor Portal”. This online portal allows them to view their sweep account balance, request withdrawals, make changes to their account, and view statements.

How do members transfer or withdraw from the Insured Sweep Account?

To fund the account, members can transfer funds from their established share or share draft accounts to their newly opened Insured Sweep Account. Those funds will then be moved into the deposit network by your credit union’s operations team, where they can be withdrawn upon request.

* Share insurance provided by participating credit unions

Safeguard your money today with an Insured Sweep Account

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