

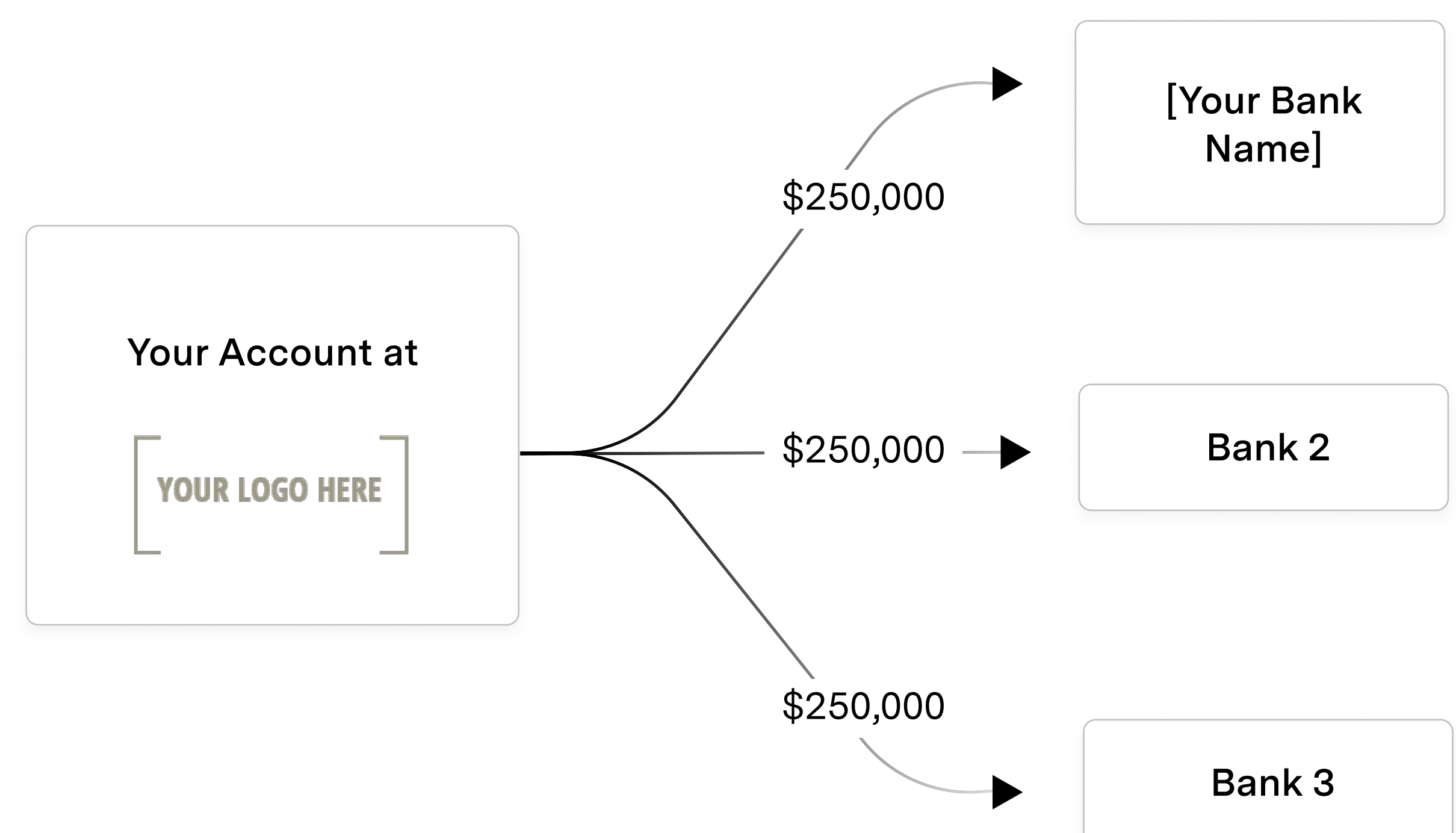
# Insured Sweep Account Manual

**Insured Sweep Accounts** are unique products that provide access to millions of dollars in FDIC (Federal Deposit Insurance Corporation) deposit insurance\* through banks in the ModernFi Network.

The **Insured Sweep Account** is designed to not only safeguard your customers' funds with extended FDIC deposit insurance, but also to help grow their deposits through competitive interest rates. With this account, individuals and institutions can maximize their deposit insurance coverage while enjoying flexible access to their funds in demand deposit accounts. This manual delves into the detailed benefits and mechanics of the Insured Sweep Account and how it can help your customers.

## What is the Insured Sweep Account?

An Insured Sweep Account provides extended FDIC insurance on customer deposits by distributing their balances in amounts under the \$250,000 threshold to partner banks in the ModernFi Network. By remaining under the \$250,000 threshold, each account remains fully insured by the FDIC. These accounts combine to provide customers with millions of extended insurance coverage.



## What is ModernFi?

ModernFi manages a deposit network for banks. By distributing funds throughout the ModernFi Network, your bank is able to offer customers extended FDIC deposit insurance.

## How does the Insured Sweep Account work?

Suppose a customer has \$1 million they want to safeguard and earn interest on. They can achieve this by depositing the full amount with your bank through an Insured Sweep Account. Once the account is funded, funds are split into smaller portions and placed in demand deposit accounts at various banks within the network. For example, the first \$250,000 could be allocated to [Your Bank Name], another \$250,000 to Bank 2, an additional \$250,000 to Bank 3, and the remaining \$250,000 to Bank 4. These banks are all part of the ModernFi Network, ensuring that each deposit is covered by FDIC insurance, up to the maximum of \$250,000 per deposit owner per bank.

Using the Insured Sweep Account eliminates the need to keep track of multiple accounts at various banks since customer deposits are consolidated into one statement. Additionally, the account's interest rate is competitive, making it a compelling choice for individuals and institutions with substantial cash reserves.



## Who maintains my Insured Sweep Account?

Customers can control the account just like any other account. Deposit, withdraw, or transfer funds at any time at your bank or through the depositor portal. [Your Bank Name] and ModernFi manage and oversee the Insured Sweep Account, 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 your deposits, utilizing FDIC insurance to safeguard funds up to \$250,000 per depositor at each participating bank. This protection extends even in the event of a participating bank's failure, ensuring the continued safety of your deposits. Since the inception of the FDIC Deposit Insurance Fund in 1933, no depositor has lost FDIC-insured funds due to a bank's failure. All accounts at FDIC-insured banks are covered on a dollar-for-dollar basis, encompassing principal plus any interest accrued.

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

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

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

Qualified deposits placed in receiving banks 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 DIF (Deposit Insurance Fund). ModernFi is not a customer of the FDIC, but all receiving institutions where deposits are placed are FDIC customers.

## What qualifies a bank's eligibility to join ModernFi's network?

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

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

# Can customers use their funds on demand if they are placed with different banks?

Customers always have full access to view and manage their funds, and they will continue to bank directly through [Your Bank Name]. To withdraw funds, customers simply request to transfer funds from their Insured Sweep Account to a personal deposit draft account or savings account at [Your Bank Name].

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 Bank Name], and will then become available for withdrawal. The full process typically takes no longer than one business day, meaning customers should have access to funds one day after initiating the transfer out of their Insured Sweep Account.

## How do customers open an Insured Sweep Account?

Opening an Insured Sweep Account is quick and easy with [Your Bank Name]. Customers will simply contact you or visit a branch to open an account and start taking advantage of the benefits offered by the Insured Sweep Account. Customers will sign the Account Opening Agreement and Terms and Conditions, at which point your ModernFi lead at [Your Bank Name] will alert ModernFi of the new account and the deposit amount.

### Steps for customers to open the Insured Sweep Account:

- 1. Customer signs Account Opening Agreement and Terms & Conditions:** The customer should carefully review, complete, and sign the Account Opening Agreement and Terms & Conditions. This document outlines the details of the Insured Sweep Account, discloses that the customer's deposits may be swept to the deposit network, and ensures that all necessary customer information is collected. The Account Opening Agreement and Terms & Conditions will be available through your ModernFi lead. Once the documents are completed, your ModernFi lead will import them into the ModernFi Admin Portal, at which point the Insured Sweep Account is opened.
- 2. Customer receives access to "Customer Portal":** Once the account is opened, the customer will receive an email inviting them to the "Customer Portal". This online portal allows them to view their balance allocations, request withdrawals, make changes to their account, and view statements.

## How do customers transfer or withdraw from the Insured Sweep Account?

To fund the account, customers can transfer funds from their existing deposit draft accounts or savings accounts to their newly opened Insured Sweep Account. The status of their transfer will be reflected in the Customer Portal. To withdraw funds from the Insured Sweep Account to their deposit draft account or savings account at [Your Bank Name], customers can make a withdrawal request directly on the Customer Portal.

\* Insurance provided through program banks (subject to certain conditions)

Safeguard your money today with an Insured Sweep Account

Visit [\[yourbank.com\]](#) →