

New Mortgage Payment Notice and Annual Escrow Analysis Disclosure Statement

Escrow: An escrow account enables the property owner to pay property taxes and insurance in equal monthly installments rather than in one or two large lump sums. The amount of the monthly escrow payment is based on the projected annual amount of the escrow items Navy Federal pays on the property owner's behalf. For example, to determine how much we need to collect with each payment, we divide the projected annual tax and/or insurance bills by 12 (monthly bills are divided by 12) and add an allowable escrow reserve to cover unexpected costs. Escrow accounts are reviewed each year to ensure that we are not collecting too much or too little to pay the property taxes and/or insurance payments.

This statement details actual account activity since the previous Escrow Analysis or Initial Disclosure statement and the anticipated activity for the next 12 months. Based on this analysis, there is a need to increase the escrow account balance by \$351.75. Increasing the account balance over the next 12 months requires no action on your part. Effective 1 March 2020, the payment will change as shown below. If you take no action, the monthly payment will be \$2,145.73 beginning 1 March 2020. If you prefer to pay the full increase now, please return the optional escrow payment coupon below with a check for \$351.75 within the 30 next days. Then, effective 1 March 2020, the next payment will only be \$2,116.42.

	Current Monthly Payment	New Monthly Payment (Effective 1 March 2020)	Alternative Monthly Payment (After Optional Escrow Payment)
Principal and Interest	\$1,609.92	\$1,609.92	\$1,609.92
Escrow	\$502.96	\$506.50	\$506.50
Escrow Increase (if applicable)		\$29.31	\$351.75 (one-time)
Total Monthly Payment	\$2,112.88	\$2,145.73	\$2,116.42

HOW NAVY FEDERAL CALCULATES THE ESCROW PAYMENT

1 New Monthly Escrow Amount
Anticipated Disbursements For The Coming Year

HAZARD INS	\$2,267.01
COUNTY TAX	\$3,044.72
CITY TAX	\$766.21
Total Disbursements	\$6,077.94
Divided by Months	12
New Monthly Escrow Payment	\$506.50

2 Escrow Reserve Requirement

Projected Low Balance*	\$158.75
Allowable Low Balance**	\$506.43
Escrow Increase Required	\$351.75

* See item 1 on page 2.
** The allowable low balance is equal to the Total Disbursement as calculated in item 1, divided by 12 months.

If the loan is an adjustable rate mortgage, the principal & interest portion of the payment may change within this cycle in accordance with the loan documents.
If the payments are made through an online banking service, please ensure the amount sent to Navy Federal is updated. Any amount over the regular scheduled payment will be posted to the loan as an additional principal payment.

OPTIONAL ESCROW PAYMENT

Please send this Optional Escrow Payment with your check for the exact amount shown below:

Amount Enclosed	\$351.75	CODE 74
-----------------	----------	---------

Include the loan number on the check and mail within 30 days to: Navy Federal Credit Union, P.O. Box 3300 Merrifield, VA 22119-3300

New Payment: This section shows your Current Monthly Payment compared with your New Monthly Payment.

If there's a shortage in your escrow account, we automatically spread that shortage over 12 months and add it to your New Monthly Payment. If the shortage is less than one month's escrow payment, you may also have the option to pay it in one lump sum. If so, the Alternative Monthly Payment will show you what your payment will be if you choose to pay the shortage in one lump sum instead. Your monthly escrow payment may still increase due to changes in your annual tax assessments and insurance premiums.

Item 1: New Monthly Escrow Amount shows the breakdown of the escrow portion of your monthly mortgage payment. It's calculated by adding your anticipated annual taxes, insurance and any other escrow items, then dividing that amount by 12.

Item 2: Escrow Reserve Requirement shows how we calculate if any adjustments are required in your **Escrow Reserve** balance for the coming year. The **Allowable Low Balance** is the minimum amount you must maintain in your escrow account during the next 12 months. The **Projected Low Balance** is the lowest calculated balance based on anticipated payments and activity shown in Item 4. If the Projected Low Balance is greater than the Allowable Low Balance, you have an **Escrow Surplus**. If it's \$50 or more, you may be entitled to a refund. If the Projected Low Balance is less than the Allowable Low Balance, there's a shortage and an **Escrow Increase** may be required.

Optional Escrow Payment Coupon: If an Escrow Increase is required due to a shortage, you may have the option to pay it in one lump sum. If you'd like to opt for the Alternative Monthly Payment, you may send your Optional Escrow Payment with the attached coupon or pay online at navyfederal.org. If you have an Escrow Surplus, you may see a check in this section or notification that your surplus has been deposited into your designated Navy Federal account.

3 Escrow Account History
March 2019 - February 2020

If you pay the mortgage in advance, please note: the date column indicates the month in which the payment was credited and not the payment due date.

Date	Escrow Deposit		Escrow Disbursements		Account Balance		
	Projected	Actual	Projected	Actual	Projected	Actual	
					Beginning Balance	\$1,937.67	\$2,218.45
Mar 2019	\$484.43	\$503.05				\$2,422.10	\$2,721.50
Apr 2019	\$484.43	\$503.09				\$2,906.53	\$3,224.58
May 2019	\$484.43	\$503.10				\$3,390.96	\$3,727.68
Jun 2019	\$484.43	\$503.09				\$3,875.39	\$4,193.76
Jul 2019	\$484.43	\$503.05	\$2,217.19		HAZARD INS	\$2,142.63	\$2,466.81
Aug 2019	\$484.43	\$503.09			HAZARD INS	\$2,627.06	\$2,969.87
Sep 2019	\$484.43	\$503.09				\$3,111.49	\$3,472.96
Oct 2019	\$484.43	\$0.15				\$3,595.92	\$3,473.11
Nov 2019	\$484.43	\$1,008.06	\$2,816.30	\$3,044.72	COUNTY TAX	\$1,268.05	\$1,434.45
Dec 2019	\$484.43	\$502.99	\$779.62	\$766.21	CITY/VILLAGE	\$484.43	\$698.24
Jan 2020	\$484.43					\$698.86	\$1,171.23
Feb 2020	\$484.43	\$502.96				\$1,453.29	\$1,171.23
						\$1,937.72	\$1,674.19

* - Indicates a difference from projected activity either in the amount or the date.
E - Indicates that a deposit or disbursement has not yet occurred, but is expected.

4 Escrow Account Projections For The Coming Year
March 2020 - February 2021

Navy Federal projects the amounts that will be paid into the escrow account next year and the amounts we will pay out for tax and insurance bills. Remember, these figures are only projections and may not reflect the actual payments made at the time they are due. In addition, at the time of analysis, Navy Federal assumes that all scheduled mortgage payments will be made up to the effective date of the new payment.

Date	Anticipated Escrow Account Activity		Projected Escrow Balance			
	Deposits	Disbursements	Current	Increase	Required	
			Beginning Balance	\$1,974.19	\$351.75	\$2,025.94
Mar 2020	\$506.50		\$2,160.69		\$2,532.44	
Apr 2020	\$506.50		\$2,667.19		\$3,038.94	
May 2020	\$506.50		\$3,173.69		\$3,545.44	
Jun 2020	\$506.50		\$3,700.19		\$4,051.94	
Jul 2020	\$506.50	\$2,267.01	\$1,939.68		\$2,291.43	
Aug 2020	\$506.50		\$2,446.18		\$2,797.93	
Sep 2020	\$506.50		\$2,952.68		\$3,304.43	
Oct 2020	\$506.50		\$3,459.18		\$3,810.93	
Nov 2020	\$506.50	\$3,044.72	\$920.96		\$1,272.71	
Dec 2020	\$506.50	\$766.21	\$154.75		\$506.50	
Jan 2021	\$506.50		\$661.25		\$1,013.00	
Feb 2021	\$506.50		\$1,167.75		\$1,519.50	
			\$1,674.25		\$2,026.00	

* - Indicates a difference from projected activity either in the amount or the date.
** - Lowest projected balance.

This analysis assumes that the account is contractually current. If any person obligated on this loan has filed for bankruptcy, this loan may have been discharged from personal liability. In that case, this notice is purely informational, and is not a demand for payment. Please contact your bankruptcy attorney with any questions.

Item 3: Escrow Account History shows all escrow account transactions since your last escrow analysis statement. An asterisk (*) shows any actual amounts that varied from the projected amount.

Item 4: Escrow Account Projections For The Coming Year shows the anticipated **Escrow Disbursements** and **Escrow Deposits** over the next 12 months. The Projected and Allowable Low Balances can be seen here. These figures are used to calculate any required escrow increase or surplus shown in Item 2.

Turn over for a complete list of glossary terms.

GLOSSARY

Allowable Low Balance

an amount equal to your escrow reserve; this is the minimum balance you're required to maintain each month and is used when calculating the projections for the coming year to determine if any additional funds should be added or refunded from the account

Escrow Deposit

a payment into the escrow account; on an escrow analysis, it's assumed that the monthly payments, including the full escrow portion, are made on time each month

Escrow Disbursement

a payment issued out of the escrow account, such as for property taxes or insurance premiums

Escrow Increase Required

occurs when the Projected Low Balance is less than the Allowable Low Balance; this indicates a shortage in the escrow account of the given amount

Escrow Reserve

a cushion of funds we're required to maintain in your escrow account to cover unanticipated costs, such as tax or insurance increases. The amount of the reserve is equal to 1 or 2 months of escrow payments, depending on the terms of your loan.

Escrow Surplus

occurs when the Projected Low Balance is higher than the Allowable Low Balance; this indicates there are extra funds in the escrow account that may be refunded

Projected Low Balance

the lowest amount that would be in the escrow account within the next 12 months, provided that all payments to and from your escrow account are completed as expected