

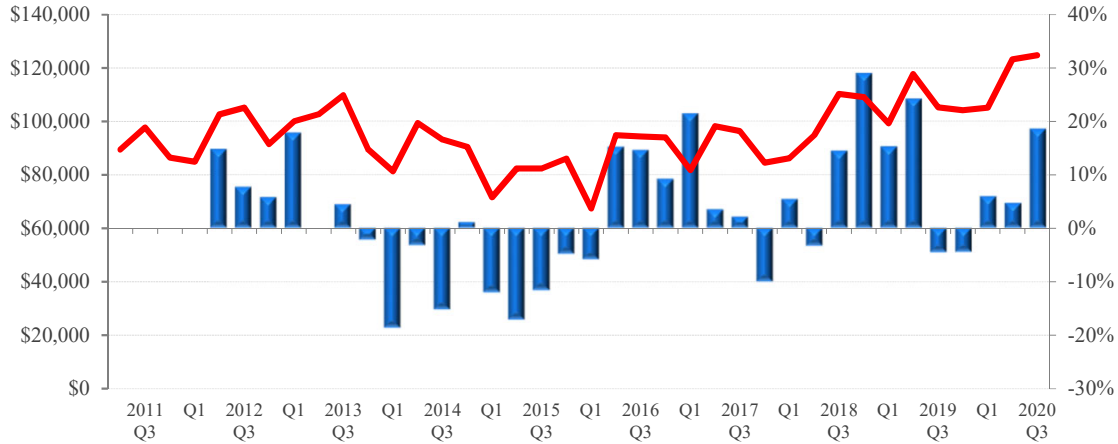
Cumberland Area

Local Market Report, Third Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market...

Median Price (Red Line) and One-year Price Growth



| Local Price Trends | | | |
|--|------------|-----------|--|
| Price Activity | Cumberland | U.S. | Local Trend |
| Current Median Home Price (2020 Q3) | \$124,800 | \$309,100 | Prices continue to grow relative to last year |
| 1-year (4-quarter) Appreciation (2020 Q3) | 18.5% | 11.6% | |
| 3-year (12-quarter) Appreciation (2020 Q3) | 29.5% | 22.2% | |
| 3-year (12-quarter) Housing Equity Gain* | \$28,400 | \$56,167 | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain* | \$14,900 | \$102,233 | |
| 9-year (36 quarters) Housing Equity Gain* | \$27,100 | \$139,867 | |

*Note: Equity gain reflects price appreciation only

| | Cumberland | U.S. | |
|---|------------|----------------|---|
| Conforming Loan Limit** | \$510,400 | \$765,600 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$331,760 | \$765,600 | |
| Local Median to Conforming Limit Ratio | 24% | not comparable | |

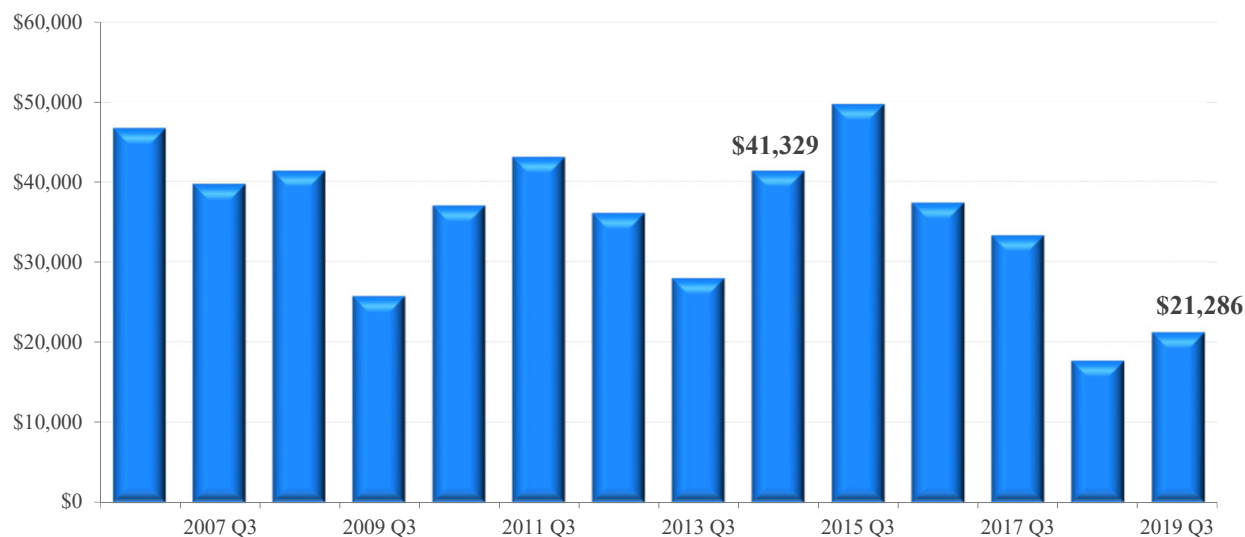
Note: limits are current and include the changes made on January 1st 2020.

Local NAR Leadership

The Cumberland market is part of region 3 in the NAR governance system, which includes all of Delaware, Maryland, District of Columbia, Virginia, and West Virginia. The 2021 NAR Regional Vice President representing region 3 is Bonnie Roberts-Burke.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q3 from quarter in which home was of purchased

| Price Activity | Cumberland | U.S. | Local Trend |
|-----------------------|------------|-----------|--|
| 1-year (4-quarter) | \$21,286 | \$16,096 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$33,316 | \$47,598 | |
| 5-year (20-quarter)* | \$49,615 | \$80,260 | |
| 7-year (28 quarters)* | \$28,010 | \$109,512 | |
| 9-year (36 quarters)* | \$43,052 | \$147,140 | |

*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand...

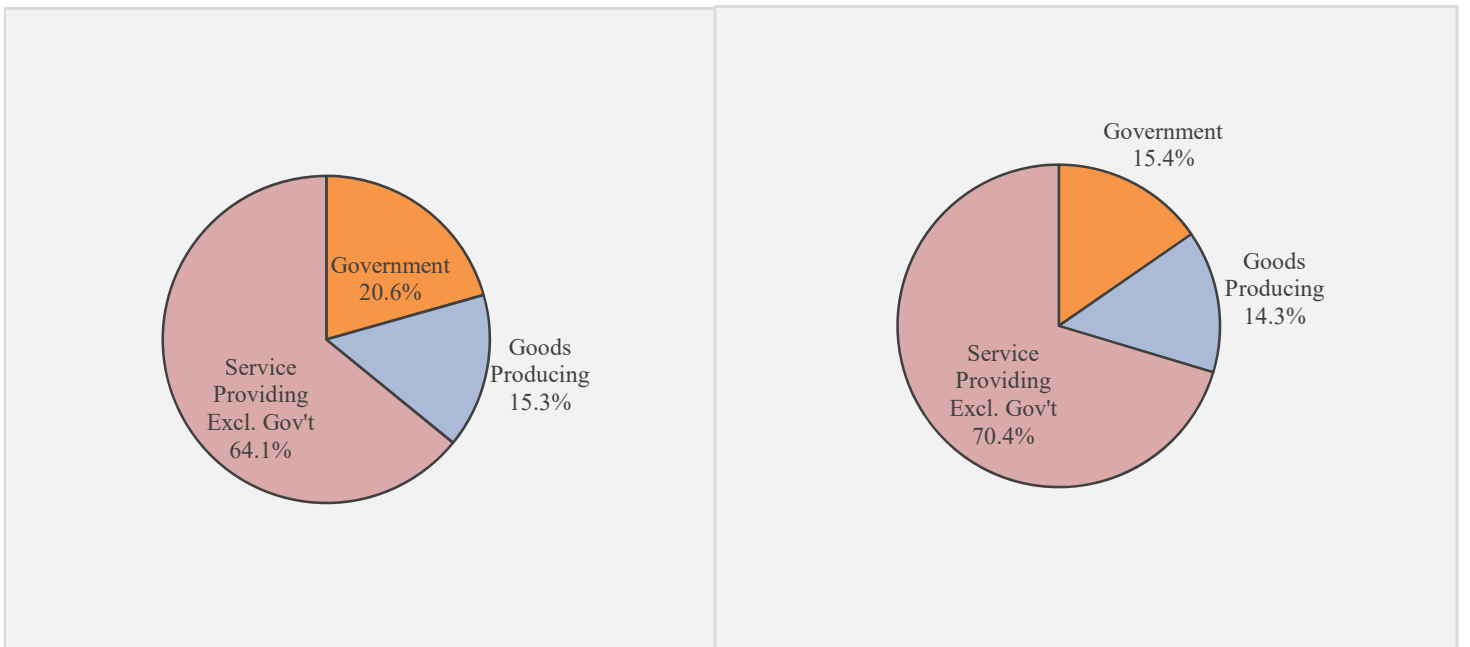


| Local Economic Outlook | Cumberland | U.S. | |
|-----------------------------------|------------|----------------|---|
| 12-month Job Change (Sep) | -3,400 | Not Comparable | Employment continues to decline and will weigh on demand in some areas |
| 12-month Job Change (Aug) | -3,400 | Not Comparable | |
| 36-month Job Change (Sep) | -3,600 | Not Comparable | Unemployment has risen since the same period last year, but Cumberland's labor market has been more resilient than the national average |
| Current Unemployment Rate (Sep) | 6.9% | 7.9% | |
| Year-ago Unemployment Rate | 5.2% | 3.5% | Local employment growth is poor and needs to improve |
| 1-year (12 month) Job Growth Rate | -8.7% | -3.9% | |

Share of Total Employment by Industry

Cumberland Area

U.S.



12-month Employment Change by Industry in the Cumberland Area (Sep - 2020)

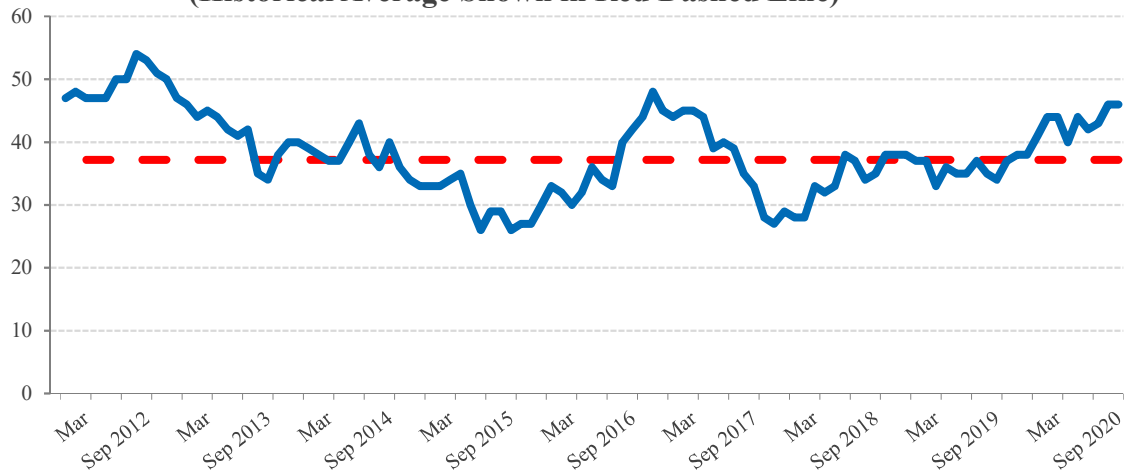
| | | | |
|--|--------|---------------------------|------|
| Goods Producing | -600 | Information | NA |
| Natural Resources/Mining/Construction | NA | Financial Activities | NA |
| Natural Resources and Mining | NA | Prof. & Business Services | NA |
| Construction | NA | Educ. & Health Services | NA |
| Manufacturing | NA | Leisure & Hospitality | NA |
| Service Providing Excluding Government | -2,800 | Other Services | NA |
| Trade/Transportation/Utilities | NA | Government | -200 |

| State Economic Activity Index | Maryland | U.S. | |
|-------------------------------|----------|-------|--|
| 12-month change (2020 - Sep) | -12.6% | -4.9% | Maryland's economy remains in recession and weakened from last months's -10.86% change |
| 36-month change (2020 - Sep) | -6.3% | 0.6% | |

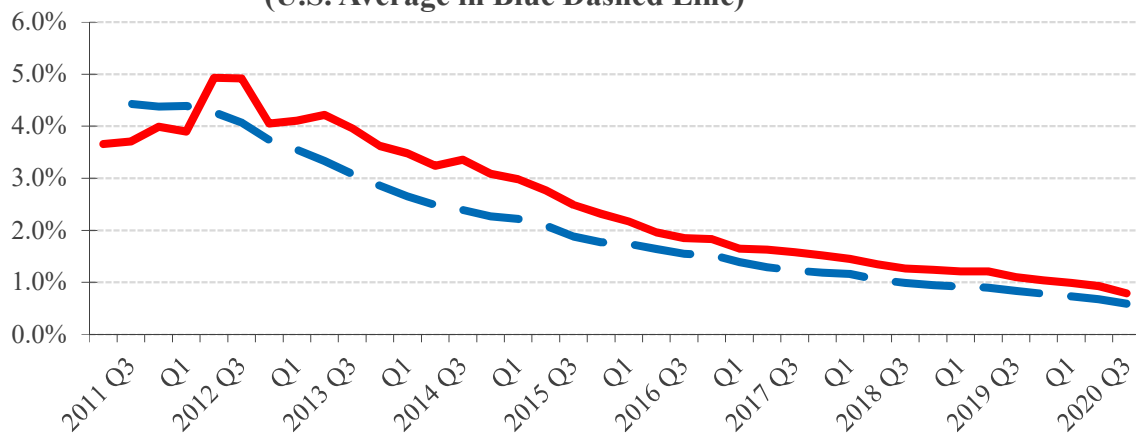
New Housing Construction

| Local Fundamentals | Cumberland | U.S. | |
|---|------------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Sep 2020 | 40 | not comparable | The current level of construction is 7.6% above the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 37 | not comparable | Production above trend for an extended period of time could cause prices to moderate as inventory is built up. |
| Single-Family Housing Permits (Sep 2020) 12-month sum vs. a year ago | 8.1% | 10.2% | Construction is on the rise relative to last year, suggesting that the local inventory has stabilized |

Construction: 12-month Sum of Local Housing Permits
(Historical Average Shown in Red Dashed Line)

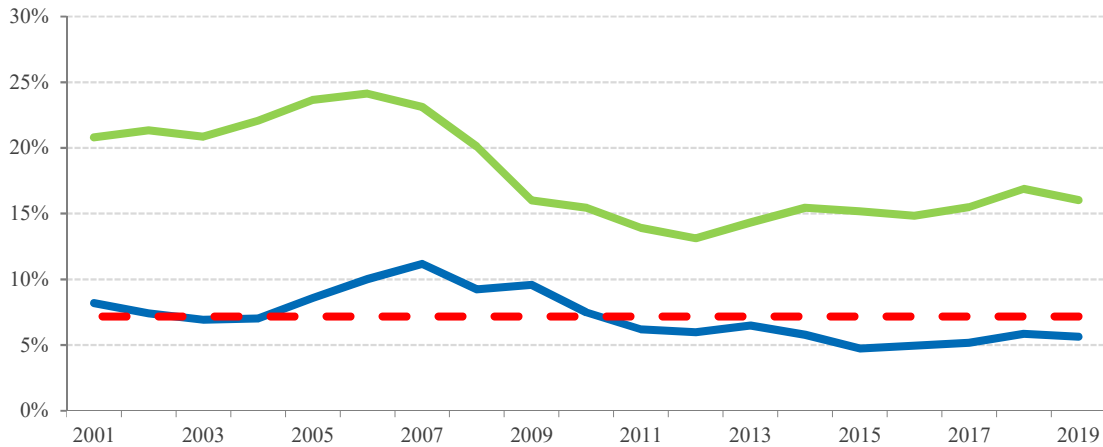


State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)



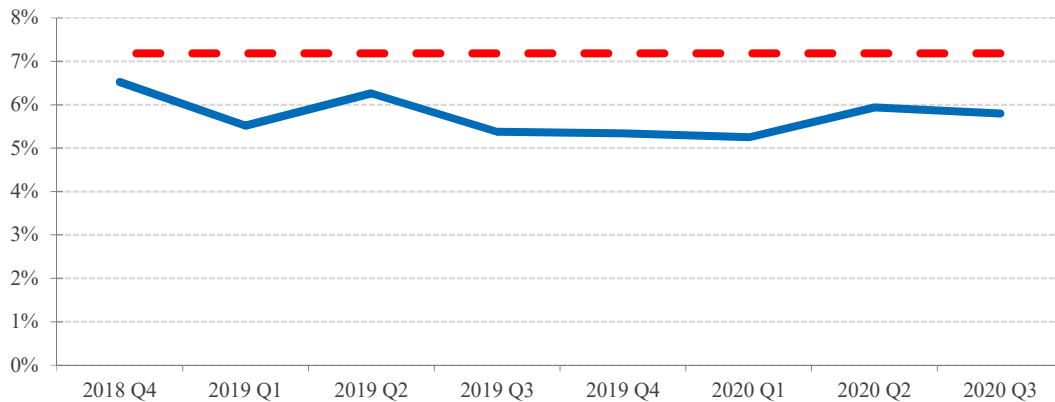
Affordability

Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

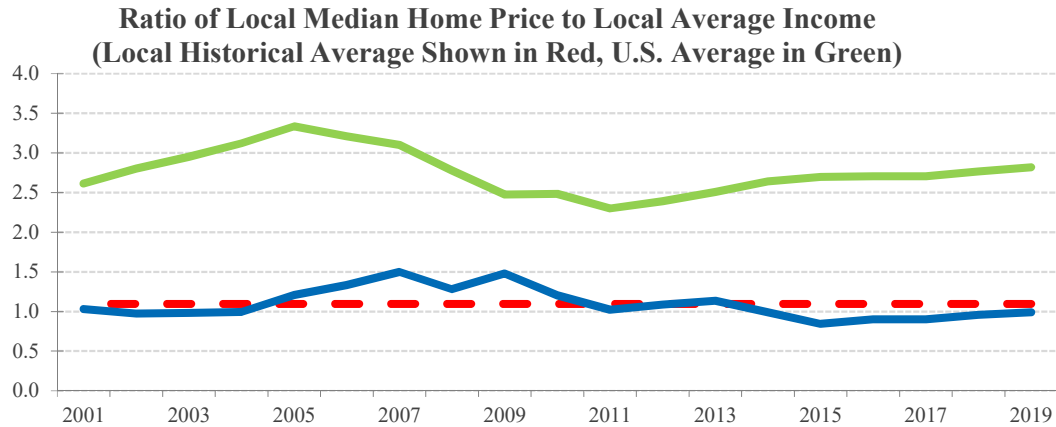


| Monthly Mortgage Payment to Income | Cumberland | U.S. | |
|------------------------------------|------------|-------|--|
| Ratio for 2019 | 5.6% | 16.0% | Historically strong and an improvement over the second quarter of 2020 |
| Ratio for 2020 Q3 | 5.8% | 15.4% | |
| Historical Average | 7.2% | 18.4% | More affordable than most markets |

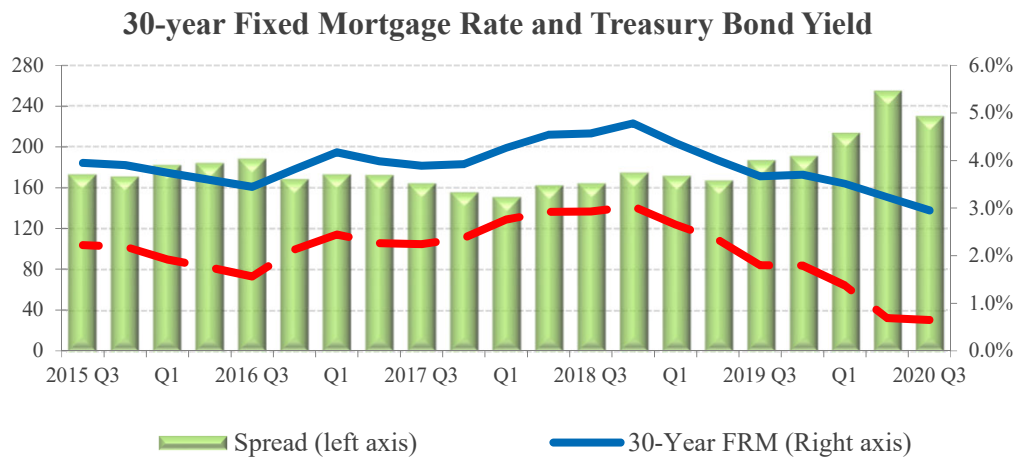
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



| Median Home Price to Income | Cumberland | U.S. | |
|-----------------------------|------------|------|---|
| Ratio for 2019 | 1.0 | 2.8 | The price-to-income ratio is high by historic standards and getting worse |
| Ratio for 2020 Q3 | 1.2 | 3.1 | |
| Historical Average | 1.1 | 2.7 | Affordable compared to most markets |



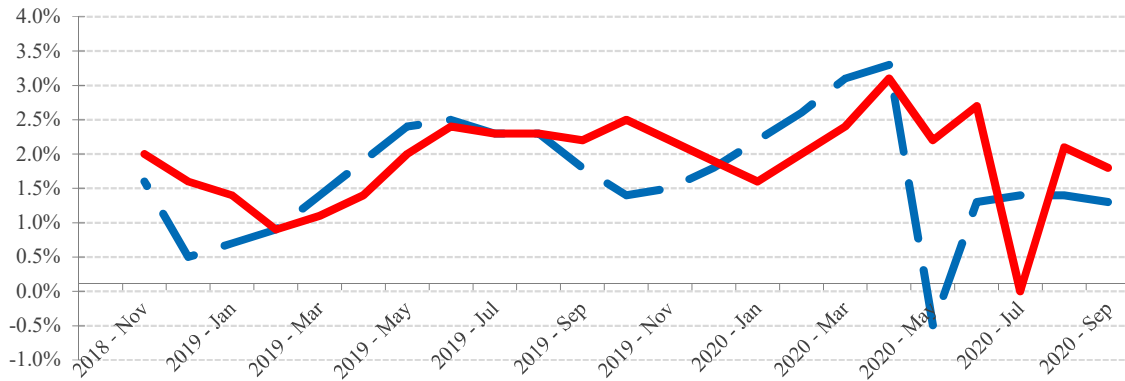
The Mortgage Market



In the third quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the shutdowns. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.95 percent in Q3 2020 from 3.67 percent a year earlier. In the meantime, in August, the Fed announced the adoption of a more flexible policy that will seek to achieve inflation that averages 2 percent over time. This means that a period where inflation is above 2 percent can compensate for a period when inflation is below 2 percent. This significant change can keep interest rates low for longer periods, which could translate into both long periods of cheap mortgages and stronger job market. Thus, more and more homebuyers and homeowners are expected to take advantage of these ultra-low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.1 percent for both 2020 and 2021.

REALTOR® Price Expectations

REALTOR® Price Expectations for the Next 12 Months
(U.S. Average in Blue Dashed Line)



Source: NAR

| REALTOR® Price Expectations | Maryland | U.S. | |
|-----------------------------|----------|------|---|
| 2020 - Sep | 0.0% | 1.7% | REALTORS® expect weaker price growth in Maryland than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago. |
| Prior 12 months | 2.2% | 1.5% | |

Geographic Coverage for this Report

The Cumberland area referred to in this report covers the geographic area of the Cumberland metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Allegany County, MD and Mineral County, WV

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/