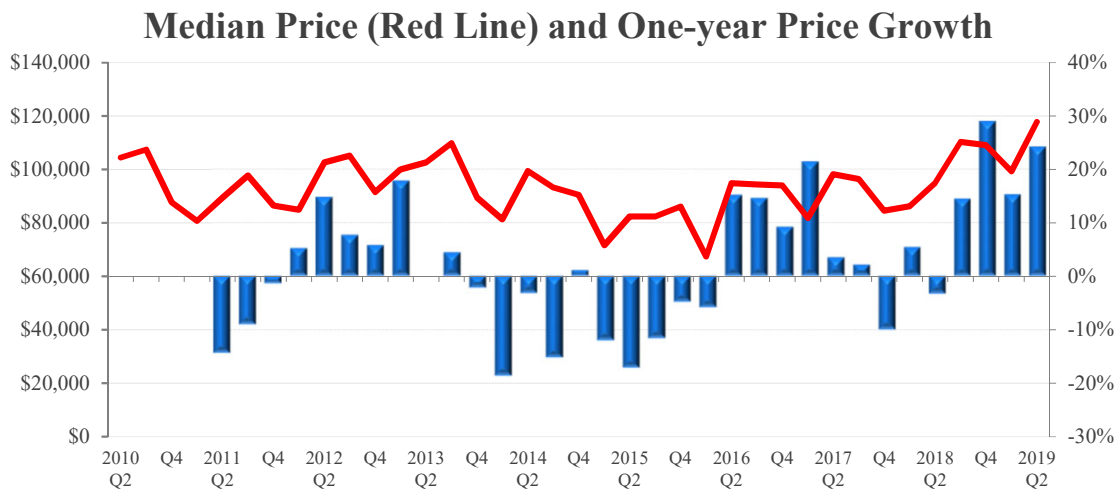


Cumberland Area Local Market Report, Second Quarter 2019

Today's Market...



| Local Price Trends | | | |
|--|------------|-----------|--|
| Price Activity | Cumberland | U.S. | Local Trend |
| Current Median Home Price (2019 Q2) | \$117,800 | \$276,800 | Prices continue to grow relative to last year |
| 1-year (4-quarter) Appreciation (2019 Q2) | 24.1% | 4.2% | |
| 3-year (12-quarter) Appreciation (2019 Q2) | 24.1% | 15.8% | |
| 3-year (12-quarter) Housing Equity Gain* | \$22,900 | \$37,667 | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain* | \$15,100 | \$95,867 | |
| 9-year (36 quarters) Housing Equity Gain* | \$13,300 | \$100,200 | |

*Note: Equity gain reflects price appreciation only

| | Cumberland | U.S. | |
|---|------------|----------------|---|
| Conforming Loan Limit** | \$484,350 | \$726,525 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$314,827 | \$726,525 | |
| Local Median to Conforming Limit Ratio | 24% | not comparable | |

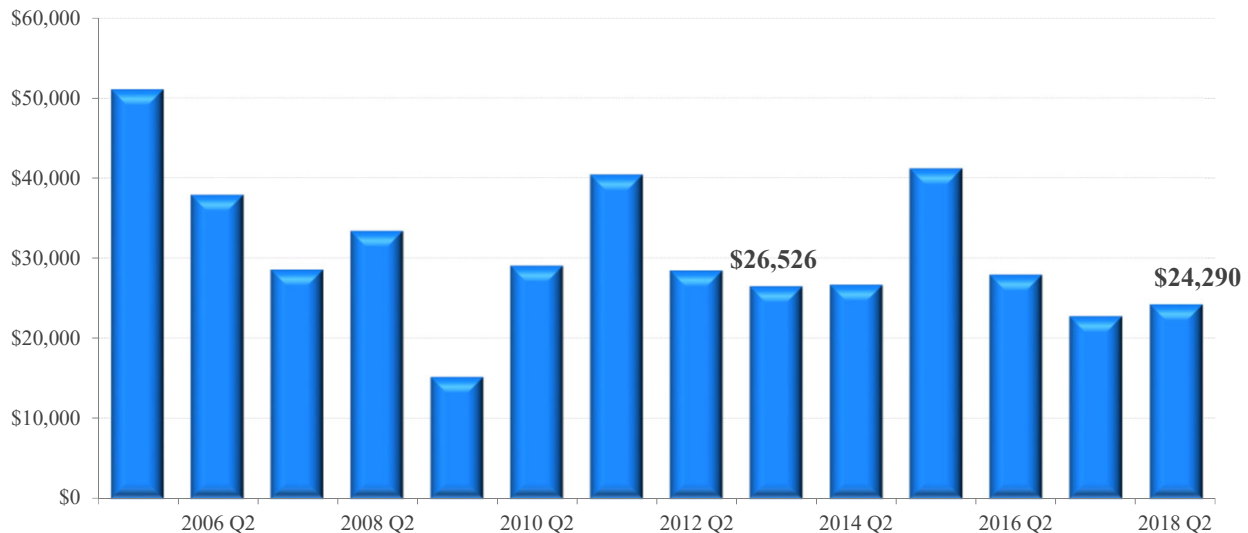
Note: limits are current and include the changes made on January 1st 2019.

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 2019 NAR Regional Vice President representing region 3 is Carole Maclure.

Benefits of Ownership: Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2019 Q2 from quarter in which home was of purchased

| Price Activity | Cumberland | U.S. | Local Trend |
|--|------------|-----------|--|
| 1-year (4-quarter) | \$24,290 | \$15,090 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$27,965 | \$50,431 | |
| 5-year (20-quarter)* | \$26,751 | \$79,779 | |
| 7-year (28 quarters)* | \$28,482 | \$108,518 | |
| 9-year (36 quarters)* | \$29,093 | \$112,549 | |
| If purchase in 2005, the national price peak | \$51,031 | \$75,039 | |

*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

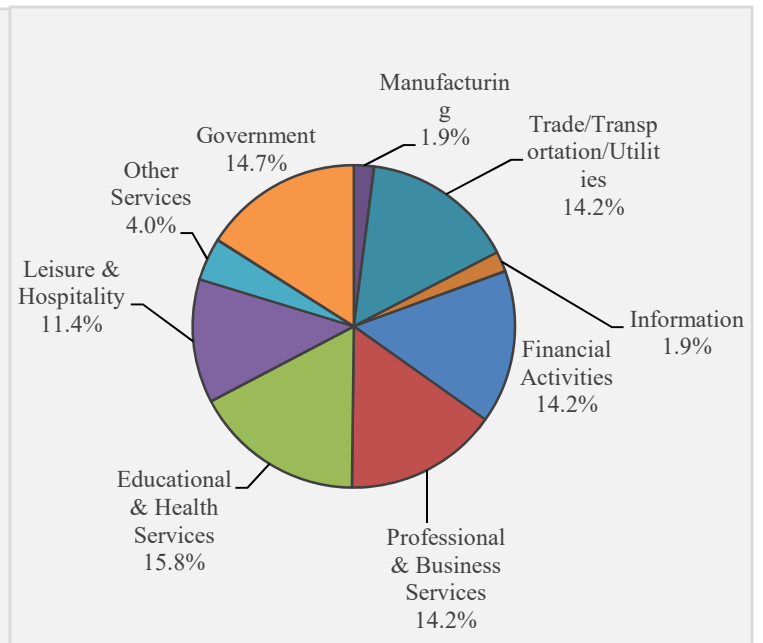
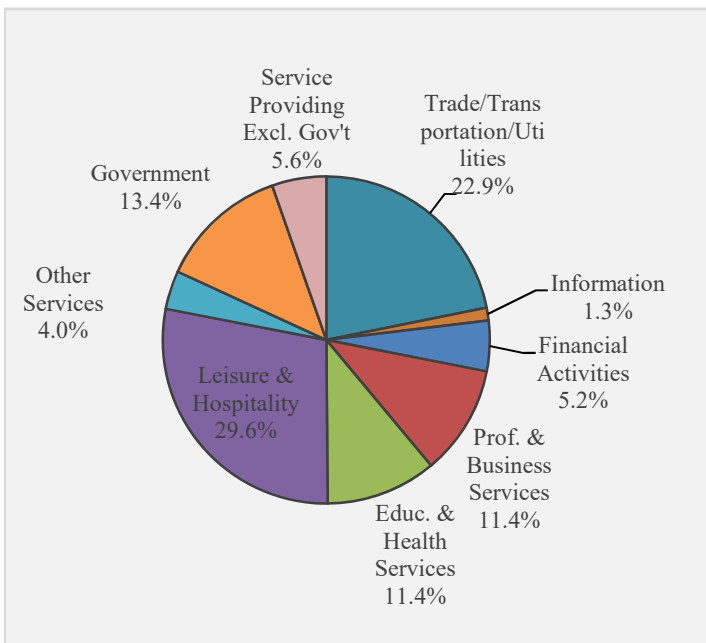
Drivers of Local Supply and Demand...

| Local Economic Outlook | Cumberland | U.S. | |
|-----------------------------------|------------|----------------|--|
| 12-month Job Change (Jun) | 300 | Not Comparable | Employment has held up and is on an upward trend |
| 12-month Job Change (May) | 300 | Not Comparable | |
| 36-month Job Change (Jun) | -200 | Not Comparable | Cumberland's unemployment rate lags the national average, but has improved relative to the same period last year |
| Current Unemployment Rate (Jun) | 5.9% | 3.7% | |
| Year-ago Unemployment Rate | 5.9% | 3.9% | Local employment growth is poor and needs to improve |
| 1-year (12 month) Job Growth Rate | 0.8% | 1.7% | |

Share of Total Employment by Industry

Cumberland Area

U.S.



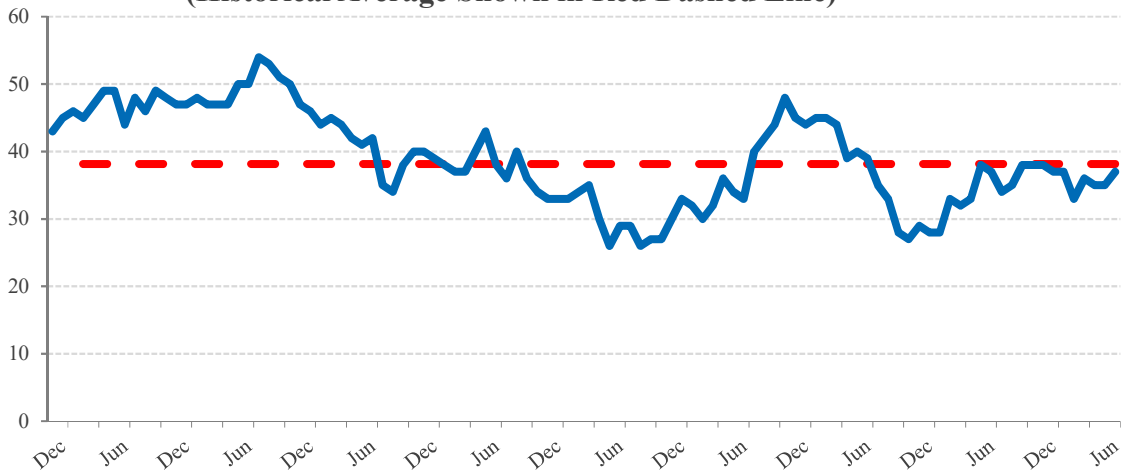
12-month Employment Change by Industry in the Cumberland Area (Jul - 2019)

| | | | |
|--|-----|---------------------------|-------|
| Goods Producing | NA | Information | 0 |
| Natural Resources/Mining/Construction | NA | Financial Activities | -500 |
| Natural Resources and Mining | NA | Prof. & Business Services | 1,200 |
| Construction | NA | Educ. & Health Services | 600 |
| Manufacturing | NA | Leisure & Hospitality | 1,600 |
| Service Providing Excluding Government | 200 | Other Services | 100 |
| Trade/Transportation/Utilities | 400 | Government | 100 |

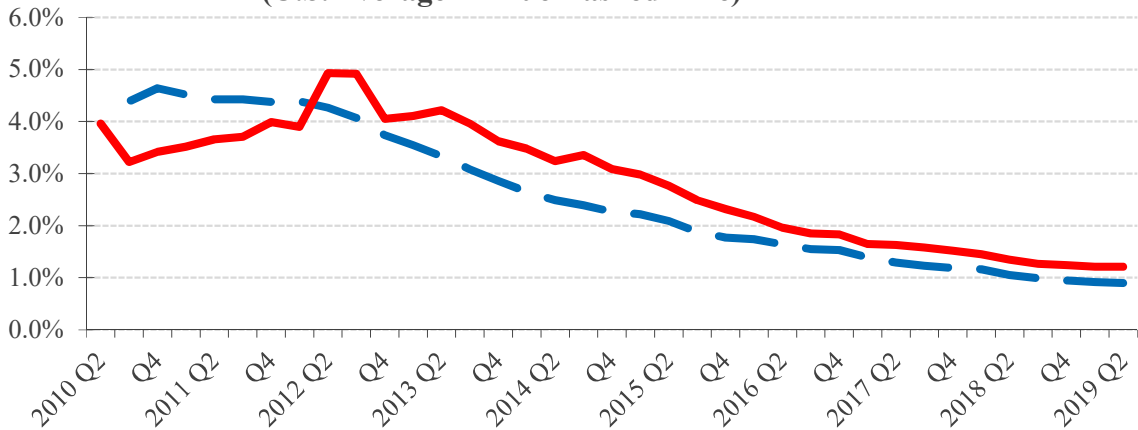
| State Economic Activity Index | Maryland | U.S. | |
|-------------------------------|----------|------|---|
| 12-month change (2019 - Jun) | 2.9% | 3.0% | Maryland's economy is growing, but decelerated from last month's 3.03% change and lags the rest of the nation |
| 36-month change (2019 - Jun) | NA | 9.2% | |

| New Housing Construction | | | |
|---|-------------------|----------------|---|
| Local Fundamentals | Cumberland | U.S. | |
| 12-month Sum of 1-unit Building Permits through Jun | 37 | not comparable | The current level of construction is 3.1% below the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 38 | not comparable | Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly |
| Single-Family Housing Permits (Jun) 12-month sum vs. a year ago | 0.0% | -2.5% | Construction is down from last year, but appears to have bottomed. |

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



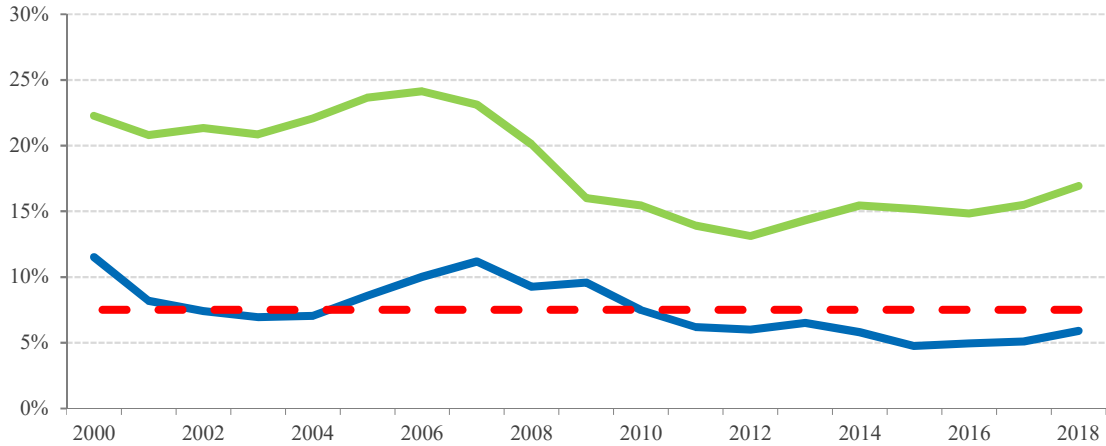
State Total Foreclosure Rate vs. U.S. Average (U.S. Average in Blue Dashed Line)



Affordability

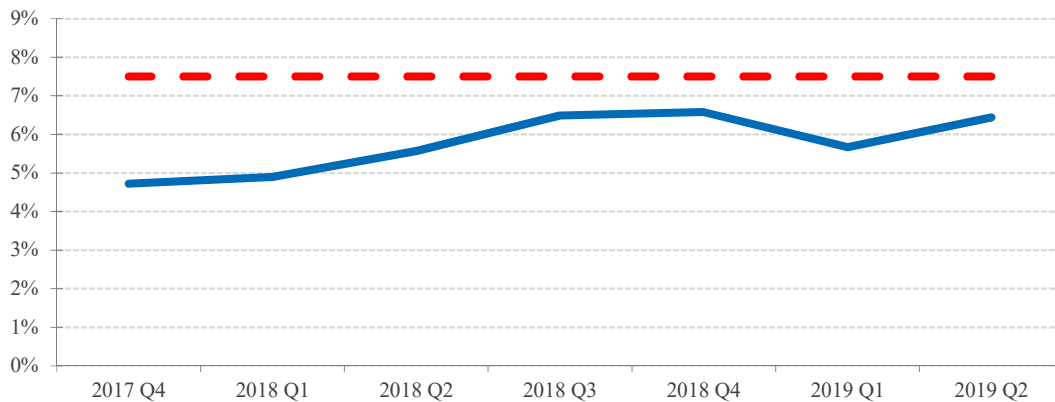


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

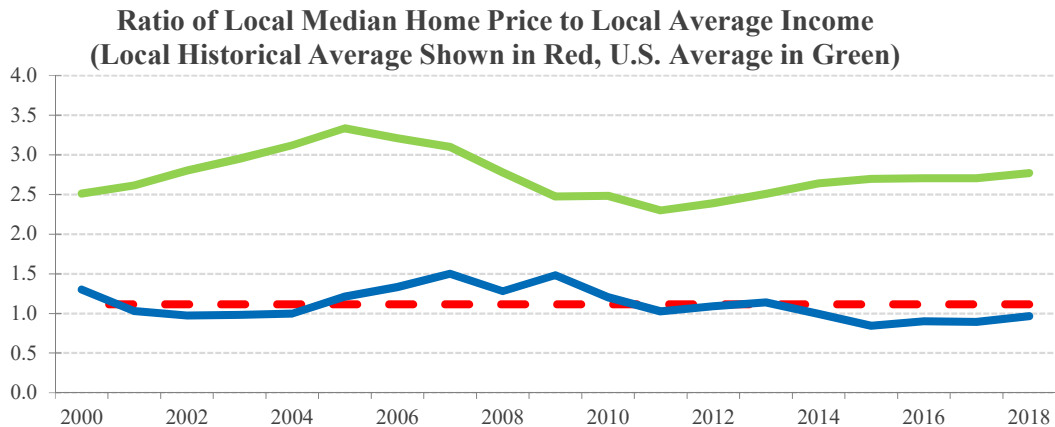


| Monthly Mortgage Payment to Income | Cumberland | U.S. | |
|------------------------------------|------------|-------|--|
| Ratio for 2018 | 5.9% | 16.9% | Historically strong, but weaker than the first quarter of 2019 |
| Ratio for 2019 Q2 | 6.4% | 16.3% | |
| Historical Average | 7.5% | 18.6% | More 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 2018 | 1.0 | 2.8 | The price-to-income ratio is high by historic standards and getting worse |
| Ratio for 2019 Q2 | 1.1 | 2.8 | |
| Historical Average | 1.1 | 2.7 | Affordable compared to most markets |



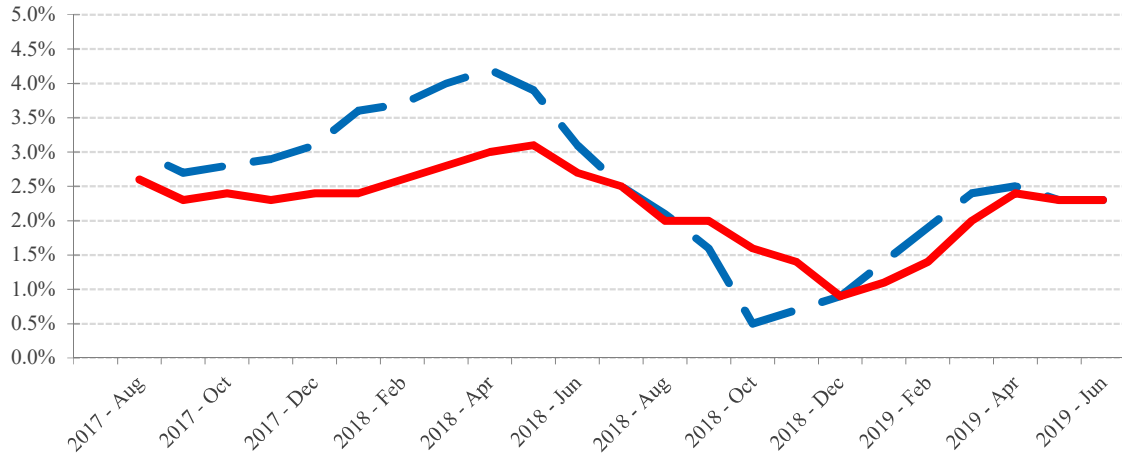
The Mortgage Market



Home loans grew cheaper in the second quarter of the year. Interest rates for long-term fixed-rate loans have decreased substantially since the end of 2018. Not that long ago (November 2018), the average interest rate for a 30-year fixed-rate mortgage was near 5%. In contrast, as the second quarter ended, the 30-year fixed rate mortgage dropped to 4.00 percent in Q2 2019 from 4.54 percent in the Q2 2018, according to mortgage finance provider Freddie Mac. Stock market volatility and global trade worries are pushing rates down. In the meantime, homebuyers and homeowners benefit from these low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.9 percent for 2019 and 3.6 percent for 2020, respectively.

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. | |
|-----------------------------|----------|------|---|
| 2019 - Jun | 2.3% | 2.3% | 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 | 2.7% | 3.1% | |



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/