

U.S. Construction Spending Hits Two-Month High

WASHINGTON (MarketWatch) -- Spending on U.S. construction projects hit a two-month high in November, rising by 0.1% on strong outlays for public, state and local construction projects, the Commerce Department reported Wednesday.

Spending on home construction, meanwhile, continued its slide, falling by 2.5% in November following a drop of 2.3% in October. It's the 21st consecutive decline.

The overall number was a surprise. Economists surveyed by MarketWatch had been expecting construction spending to fall by 0.5% in November. On a year-over-year basis, however, construction spending is down by 0.1%.

Spending on state and local projects and also on overall public construction rose 2.5%, more than double their paces from a month earlier.

Private construction spending, mean-

while, dropped by 0.7% in November after falling by 0.9% in October.

But outside of home construction, private construction rose by 1.7% in November. Housing has been the key drag on private construction. Private non-residential construction spending has risen for 14 consecutive months.

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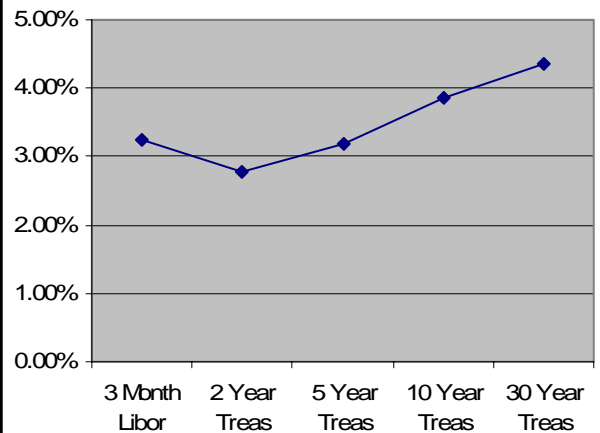
Market Indices

	1/8/08
Prime	7.25%
3 Month LIBOR	4.50%
5 Year Treasury	3.18%
10 Year Treasury	3.86%

Representative Spreads *

Project	Spread
Multi Family	160-200
Office	180-200
Industrial	180-200
Retail	180-200

January 8, 2008



Paragon Arranges \$10,625,000 Construction-to-Permanent Loan

Paragon Prime Funding recently arranged a \$10,625,000 construction-to-permanent loan on a new 92 key Homewood Suites located in Victor, NY. The hotel, currently under construction, will be complete by August of 2008.

Paragon Prime Funding has been integrally involved in the project since the predevelopment stage; assisting with preconstruction feasibility and market analysis,

franchise selection and application, construction budget development, cash flow modeling, and lender solicitation and selection.

Paragon will continue to work with the borrowers post closing in order to provide requisition and disbursement management.

Concurrently with the financing of the Homewood Suites,



Paragon arranged for a supplemental mortgage on the borrower group's neighboring Holiday Inn Express and Suites. Paragon also negotiated an interest rate reduction on the Holiday Inn's existing debt prior to the scheduled reset date.

* Representative spreads are indicative of class A properties with 75% loan to value on a 20 to 30 year amortization. Lower leveraged loans will result in a spread reduction.