

**The Frenzy Fizzles**

ORLANDO, Fla. (MarketWatch) -- Condominium sales have stalled as investors flee the market and developers who jumped into the sector during the boom of the last three years are turning their attention back to rental apartments, where demand is expected to pick up, condo and apartment builders said Thursday at the International Builders show here.

But long-term demand for condominiums is expected to remain healthy, a new survey showed.

At the peak of the housing cycle in 2005, condominiums accounted for 50% of the 354,000 multifamily starts, up from 20% of the 340,000 starts in 2003. The National Association of Home Builders, which sponsors the show here, said it expects condos to make up just 30% of the projected 304,000 multifamily starts in 2007 and 328,000 starts in 2008.

"Most investors involved in condominium purchases in 2003 through 2006 were in a frenzy to buy into that market

and as a developer we too moved into that craze," said Bill Donges, chief executive of The Lane Co., an Atlanta-based multifamily developer. "But in the past year there has been a slow-down ... and now we're back to developing mostly apartments."

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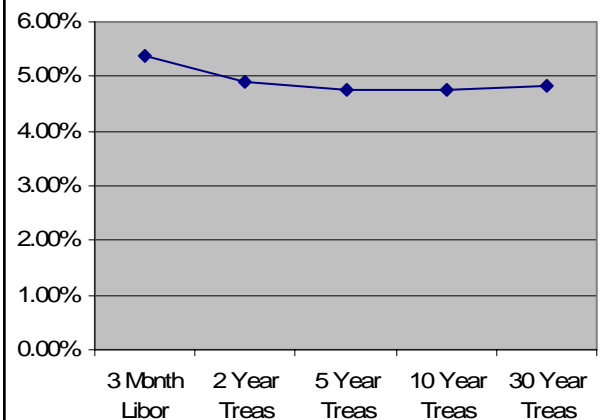
**Market Indices**

	<b>2/9/07</b>
Prime	8.25%
3 Month LIBOR	5.36%
5 Year Treasury	4.76%
10 Year Treasury	4.76%

**Representative Spreads \***

Project	Spread
Multi Family	95-150
Office	110-150
Industrial	110-150
Retail	100-130

February 9, 2007



**"Paragon Direct" Small Loan Program Closes \$3,444,600**

Paragon Prime Funding finished the inaugural year of its small loan program closing \$3,444,600 in loans with its correspondent lender.

Financings centered around multifamily acquisitions and refinancings providing borrowers with 10 year fixed rates and up to 30 year amortizations.

The program utilizes a flat third party fee of \$3,775 which covers the borrower's

appraisal, environmental review, bank legal, underwriting, and credit check fees.

The program also provides borrowers with the ability to close within four weeks of application.

Most recently, the Paragon Direct correspondent relationship enabled a local student housing landlord to consolidate and refinance 8 rental properties in Troy, NY.



Additionally, Paragon established a line of credit to assist the borrower in future acquisitions and renovations.

\* 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.