

How low will interest rates go?

WASHINGTON (MarketWatch) -- Now that Federal Reserve Chairman Ben Bernanke has signaled that more rate cuts are on the horizon, the natural question arises: how low will interest rates go? The answer from leading Fed watchers is 2%, most likely by the summer. For rates to move lower, economic weakness would have to be much more intractable than now envisioned, they said.

"I think 2% makes sense for a host of reasons," said Chris Rupkey, chief finan-

cial economist at Bank of Tokyo Mitsubishi in New York. First and foremost, the Fed forecast is for sluggish growth with downside risks. To everyone outside the Fed, this means recession. These economists who expect rates to go to 2% are definitely not in the camp that worries about inflation. In fact, they see falling prices, especially home values, as a bigger worry.

The forecast of a 2% Fed funds rate by the summer fits with the current expect-

tation of financial markets, as measured by the Fed funds futures contract. Money market futures contracts expect a half-point reduction to 2.5% on March 18. "It would be pretty shocking if the Fed didn't cut rates again at their next meeting," said Dana Johnson, chief economist at Comerica Bank.

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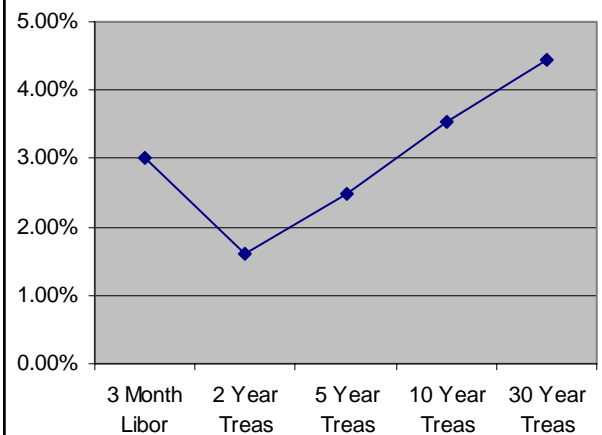
Market Indices

	3/03/08
Prime	6.00%
3 Month LIBOR	3.01%
5 Year Treasury	2.49%
10 Year Treasury	3.54%

Representative Spreads *

Project	Spread
Multi Family	180-225
Office	225-400
Industrial	225-400
Retail	225-400

March 3, 2008



Paragon Arranges \$1,700,000 Permanent Loan

Paragon Prime Funding recently arranged a \$1.7 million permanent mortgage for the acquisition of an 8,000 square foot retail building located on Wolf Road in Albany, NY.

The single tenanted building will be leased to Complexions Day Spa, a local spa and wellness facility that has been operating in the Capitol District since 1987. Relocating to Wolf

Road will allow Complexions to capitalize on a highly visible location.

Immediately after purchase, the owner began renovating the facility with a special emphasis on green/energy-efficient upgrades.

In addition to structuring a loan that provided for building renovations, Paragon also arranged a second mortgage with an Albany County based job-creation loan fund

that allows for below market interest rates.

Paragon also worked with the borrower and NYSERDA such that the borrower will be able to buy-down the interest rate on the first mortgage upon completion of the green renovations.

Complexions plans to open their new location in the Spring of 2008.

* 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.