

Fed's Stern sees 'respectable growth'

WASHINGTON (MarketWatch) -- The U.S. economy is on track for "respectable growth" over the next two years, and the threat posed by a downturn in the housing market may have been overstated, said Gary Stern, the president of the Minneapolis Federal Reserve Bank, in an exclusive interview Friday.

With the federal funds rate at or near a range consistent with stable prices, it is appropriate for future Fed policy to be

data-dependent, Stern said

"I think the economic outlook is reasonably positive," said Stern, president of the Minneapolis Fed since 1985 and the longest-serving member of the Federal Open Market Committee. He was a voting member of the committee last year.

Growth in 2006 should be similar to that of the past two years, with "respectable growth and the continua-

tion of low inflation," Stern said.

The Fed has "covered a lot of ground," bringing the federal funds rate to 4.5% from 1% in June 2004. Rates are now "at least close to the appropriate level."

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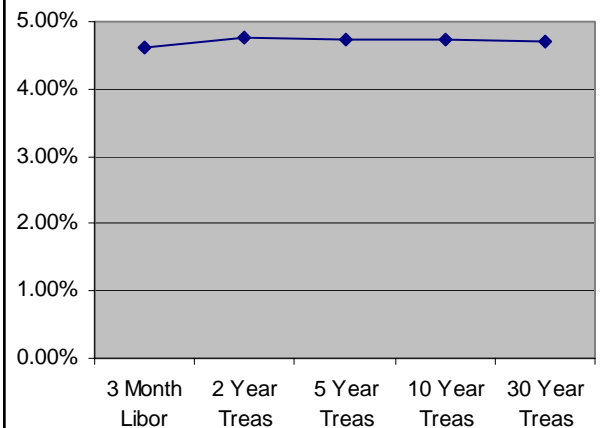
Market Indices

	3/6/06
Prime	7.50%
3 Month Libor	4.61%
5 Year Treasury	4.73%
10 Year Treasury	4.72%

Representative Spreads *

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

March 6, 2006



Paragon Arranges \$6.5 Million in Automobile Dealership Financing

Paragon Prime Funding was successful in arranging \$6.5 million in first mortgage financing for one of the areas premier new car automotive dealerships.

Paragon structured the loan to include a refinance of all real estate; they also arranged for working capital lines of credit. The facility was leveraged at an 80% loan to value ratio and was amortized over 25 years. The loan also included no

prepayment penalty which allows the borrower ongoing flexibility.

Prior to working with Paragon, the borrower tried to finance the project by having the dealerships borrow money directly. This created several challenges with various floor-planning lenders who, by nature, had previously imposed several balance sheet covenants as it pertains to future borrowings.

Paragon structured a deal that focused on a real estate holding company whereas the dealerships paid rent to the holding company which then became first mortgagee.

This also allowed the holding company to obtain additional working capital lines which it could lend back to the dealerships as needed.

* 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.