

Rate Level 'very close' to Right Level: Atlanta Fed's Guynn

WASHINGTON (MarketWatch) -- The Federal Reserve's roughly two-year journey to bring interest rates back to a more normal setting is almost complete, if the economy performs as expected in coming weeks and months, said Jack Guynn, the president of the Atlanta Federal Reserve.

The cumulative impact of 15 rate hikes since June 2004 still hasn't been felt and should slow the economy from the solid 4.8% real GDP growth rate in the first

quarter, he said.

"Over the period ahead, as the full effects of the sequence of monetary policy moves plays out, I expect that output growth will settle on a path that is somewhat below what we saw in the first quarter, probably growing at close to the economy's potential," Guynn said.

Economists generally place the economy's potential growth rate at around a 3.25% growth rate.

Guynn stressed that there are significant uncertainties in the outlook and Fed policymakers should not blindly follow a particular policy path.

High on his list of uncertainties is the behavior of long-term interest rates, which had stayed quite low despite the Fed's steady rate hike campaign.

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MarketWatch
May 1, 2006

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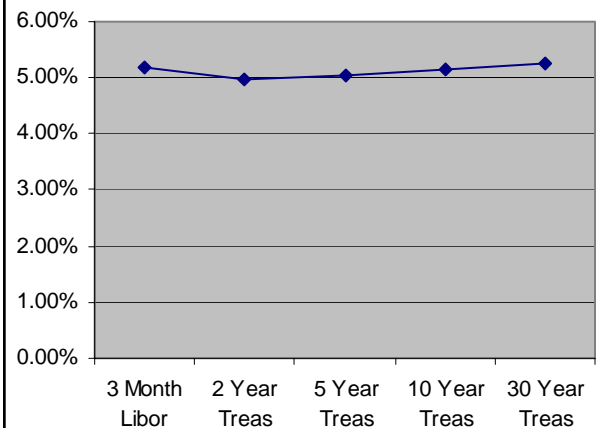
Market Indices

	5/15/06
Prime	8.00%
3 Month LIBOR	5.17%
5 Year Treasury	5.03%
10 Year Treasury	5.15%

Representative Spreads *

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

May 15, 2006



Paragon Arranges \$4,240,000 Acquisition / Repositioning Loan

Paragon Prime Funding recently arranged a \$4,240,000 acquisition / repositioning loan for the Dewitt Clinton building on State Street in Albany, NY.

The property consists of 216 Section 8 units with an additional 22,791 square feet of commercial space.

Paragon was instrumental in preparing cash flow projections, negotiating re-

serve requirements, and operating covenants.

Paragon arranged 10 year financing over a 20 year term for the borrower. Additionally, the borrower was able to rate lock for ninety days at commitment.

The loan was structured with no prepayment penalty allowing the buyer greater



flexibility when evaluating various repositioning options going forward.

* 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.