

Global economy 'firing on all engines,' Paulson says

WASHINGTON (MarketWatch) -- Treasury Secretary Henry Paulson on Wednesday gave Congress an upbeat report on the global economy, saying it was stronger than any time in the past two decades.

"The global economy is now firing on all engines in a way that produces better balance, more sustained growth and expanding opportunities," Paulson said in testimony prepared for delivery to the House Financial Services Committee.

Worldwide, gross domestic product expanded at a 5.4% rate in 2006, the highest rate of growth in over 30 years, according to the International Monetary Fund.

"In sum, global economic growth is widespread and moving at a faster pace than in the 1980s or the 1990s," he said. "Inflation is down, fiscal positions have improved and vulnerabilities have been reduced."

Acceleration in world economic growth has heightened concern that imbalances in

global financial conditions might lead to a sharp decline in the value of the U.S. dollar.

But Paulson was sanguine on the matter, pointing out that the U.S. current account deficit has narrowed to 5.7% of U.S. GDP in the first quarter from a peak of 6.8% in the final three months of 2005.

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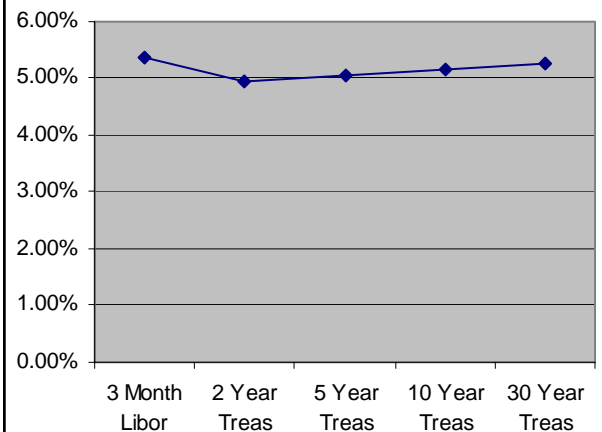
Market Indices

| | 6/21/07 |
|------------------|---------|
| Prime | 8.25% |
| 3 Month LIBOR | 5.36% |
| 5 Year Treasury | 5.04% |
| 10 Year Treasury | 5.15% |

Representative Spreads *

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

June 21, 2007



Paragon Arranges \$4,000,000 in Financing for Van Rensselaer Manor

Paragon Prime Funding ("Paragon") recently arranged \$4,000,000 in construction-to-permanent financing for the acquisition and renovation of Van Rensselaer Manor in North Greenbush, NY.

The three building, 130,000 square foot complex was originally built in 1954 as the Rensselaer County nursing home. Upon the relocation of the nursing home to a newer facility in the 90's, the county utilized the space as

offices for the Department of Social Services. The DSS will continue to occupy a portion of the facility, leasing the space from the purchaser.

The borrower intends to fully renovate and fit-up the remaining space within the next 24 months - converting the property to a class A multi-tenanted office complex.

Paragon arranged financing for property acquisition, renovation, and DSS tenant improvements. Additionally, a



line of credit was established to accommodate future tenant improvements.

Paragon was also able to secure a forward rate lock which protected the borrower from a 0.5% interest rate increase.

* 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.