

**Interest-rate pause "makes sense": Yellen**

"Holding the stance of policy steady for a time makes sense to me," said San Francisco Fed President Janet Yellen in prepared remarks to an independent bankers' group in California.

She characterized current interest-rate policy as "moderately restrictive," saying it is appropriate as officials try to temper inflation pressures and scrutinize incoming economic numbers.

Analysts have expected the Fed to keep

its finger on the pause button, and Yellen's speech appeared to keep up support for a pause.

But she cautioned that the full effects of the central bank's 17 rate increases haven't yet been felt, and that those lags can take from several months to a couple of years.

The Fed stopped hiking interest rates in August after 17 consecutive rate hikes raised its key target Fed funds rate from

1% to 5.25%.

"With the passage of time, we will gain more information on whether we have done enough to assure that inflation moves gradually lower," Yellen said.

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MarketWatch  
October 9, 2006

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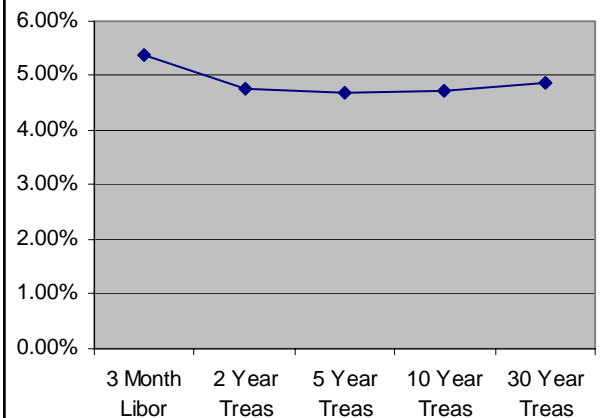
**Market Indices**

	10/10/06
Prime	8.25%
3 Month LIBOR	5.37%
5 Year Treasury	4.68%
10 Year Treasury	4.73%

**Representative Spreads \***

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

October 10, 2006



**Paragon Arranges \$8,546,993 Acquisition & Development Loan**

Paragon Prime Funding recently arranged \$8,546,993 in acquisition & development financing for a 124 lot subdivision located in Malta, NY. The project, known as Travers Meadows, features single family homes that will start in the low \$300,000's.

Phase I of the project included the acquisition and development of 34 of the site's 124 lots and was closed prior to phases II and

III. Based on the success of phase I, phases II and III were funded within 10-months of the phase I closing.

The entire financing structure included a 48-month interest only (LIBOR based) facility. Payback of the bank loan will be at 80% sellout of each respective phase. The loan was funded at 90% of total project cost and 85% of the net present value.



Paragon Prime Funding has structured and originated nearly \$75 million in acquisition and development financing for over 1,000 building lots in the greater Capital District.

\* 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.