

**Treasuries end higher; market cheers Democrats**

NEW YORK (MarketWatch) -- Treasury prices closed higher Wednesday afternoon, sending yields lower, after a significant Democratic party victory in the mid-term congressional elections was viewed as ushering in an era of increased fiscal prudence.

"Democrats will take stricter control of the budget," said Matthew Smith, president of Smith Affiliated Capital.

The 10-year Treasury note rose 7/32 to

close at 101-28/32 with a yield of 4.634%, down from 4.661% in late trade on Tuesday. Prices and yields move in opposite directions.

The 30-year long bond was up 12/32 at 96-11/32 with a 4.732% yield.

The Democrats' gains were largely viewed as a rebuke to President George Bush's Iraq war and other policies, including heavy spending and massive deficits.

The fact that the Democrats are expected to limit spending increases also suggests that Treasury note issuance may be declining, making government bonds scarcer and increasing their attractiveness, said Smith.

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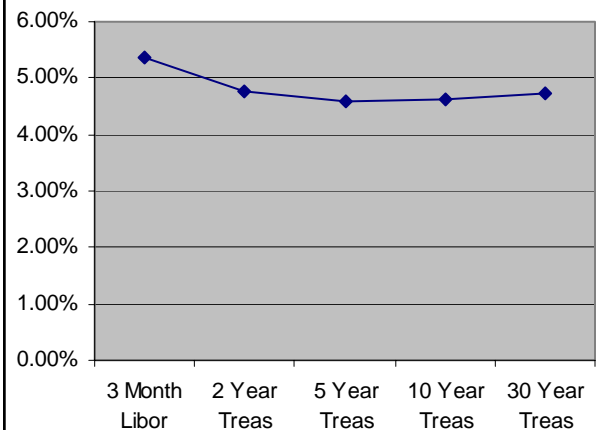
**Market Indices**

	11/8/06
Prime	8.25%
3 Month LIBOR	5.37%
5 Year Treasury	4.60%
10 Year Treasury	4.63%

**Representative Spreads \***

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

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**Paragon Prime Funding Closes \$11.6 million Loan**

Paragon Prime Funding recently arranged an \$11.6 million construction to permanent loan as it pertains to the development of a 132 unit senior housing project located in Green Island, NY.

As consultant, Paragon assisted the borrower with municipal approvals. This included presenting the project to the town zoning board where it later received the necessary zoning change

and variance to include additional density. Paragon was also successful in obtaining a payment in lieu of tax (PILOT) agreement with the IDA on behalf of the developer.

Upon municipal approval, Paragon structured a construction loan equal to 95% of total project costs and 80% of total project value. The construction loan includes a 24 month LIBOR based facility with recourse

to members of the borrowing entity. The permanent facility includes a 10 year loan amortizing over 30 years on a non recourse basis.

The permanent loan was competitively priced at the 30-day LIBOR with a swap option such that the borrower can lock into a fixed rate at any time during the construction loan term.

\* 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.