

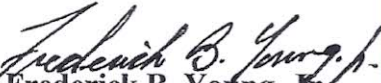
MEMO

July 15, 2005

Right Worshipful Grand Secretary, I would like to append to this report, for the record, an item from the June 10~~th~~-11, 2005, Board Meeting held here in Riverside. It is Item VII, Ad Hoc Committee Reports. Chairman Young gave an update on the cross collateral loan of \$500,000.00 received from the California Mortgage Company for the Most Worshipful Prince Hall Arms, Ind. Project. The Prince Hall Memorial Auditorium in Los Angeles was used as a security for the loan. This action was approved by the Board via telephone conference conducted on April 18, 2005.

A cross collateral loan is the means by which a loan can be secured by the use of two properties, each having at least equal value, one property is used to protect the initial loan, the second property is used as a backup in the event that the value of the first property decreases. The appraisal for the MWPHA, Inc. was \$1.3 million. The appraisal for the PHMA was approximately \$3.1 million (\$3,094,000.00).

There were no funds obligated or received from the Most Worshipful Prince Hall Grand Lodge of California, Inc. The interest on the loan from the First California Mortgage Company is being paid by the MWPHA, Inc. The principle loan will be paid off when the construction loan is funded. At that time the security obligation incurred by the use of the PHMA as collateral will be released free and clear.

  
Frederick B. Young, Jr.

Chairman, Grand Board of Directors