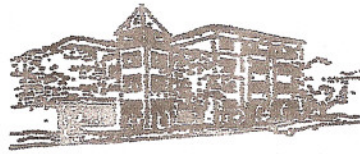


MW Prince Hall Arms, Incorporated
3106 Potrero Way Fairfield, CA 94533 (707) 422-3089; (707) 428-4257 FAX

Directors
Iris Nelson
Donald Westbrooks
Malcolm Westbrooks
Frederick B. Young, Jr.



Prince Hall Arms Berkeley, California
Our Opportunity To Build Our Community

VIA Facsimiles 323-296-8806, 323-754-2930 and First Class Mail (Certified)

December 19, 2008

Henry F. Wooten
Chairman Board of Grand Directors
Most Worshipful Prince Hall Grand Lodge F&AM, State of California, Incorporated.
3924 Somerset Dr.
Los Angeles, CA 90008

Subject: Complaint, Case No. RG08419261

Dear Chairman Wooten:

I am providing the following information to the Board of Grand Directors as a result of the Notice of Les Pendens filed by Byron Michael Purcell of Ivie, McNeill & Wyatt on behalf of the Most Worshipful Prince Hall Grand Lodge, Free and Accepted Masons, State of California, Inc. against myself and the Most Worshipful Prince Hall Arms, Inc. The notice was filed in the Superior Court of the State of California for the County of Alameda on November 12, 2008. The filing follows a letter dated October 15, 2008, that formally requested that the property located at 3135 Harper Street, Berkeley, California 94703 be reconveyed to the Most Worshipful Prince Hall Grand Lodge because it has been owned by them for years.

The letter was referred to the attorney for MW Prince Hall Arms, Inc. for follow-up. MW Prince Hall Arms Inc. has the documentation showing the recorded ownership of the property and the actions leading to that ownership. A copy of the complaint was downloaded by me today, December 19, 2008. Because the filing of the complaint has had a very detrimental effect on the project and the urgency for my response, I am submitting the following information should the MWPHGL want to continue this action:

1. A development loan agreement with the City of Berkeley, CA which states that the funds advanced to the project shall be due and payable upon completion of the project or if the project is cancelled. The amount is \$419, 936.00.
2. A predevelopment loan, the second of two, was acquired to provide funding after the Federal Tax Credit Award was returned. The amount owed to the lender is \$600,000.00. The monthly interest only payment is \$6,500.00.
3. The architect fee current balance as of 11/04/08 is \$106,351.65.
4. The amount due St. Paul A.M.E., et al if the litigation is not resolved in our favor is \$120,215.17.
5. Alameda County Property Tax is \$3,378.00.
6. Consultant fee outstanding is approximately \$65,000.00.
7. Amount owed to individual MWPHA, Inc. board members is \$10,000.00

If the Les Pendens claim is not removed immediately the project is dead. The case management conference and order is scheduled for March 23, 2009, Department 301, Superior Court of California, County of Alameda. In order for the financing of the project by Wells Fargo Bank, as guaranteed by H.U.D., to remain in place the Berkeley Housing Authority as to notify H.U.D. before the end of January 2009. Our application for the California Tax Credit Award must be completed and in place by March 2009. If none of the aforementioned actions take place then a total amount of \$1,324,884 will be due immediately because of foreclosure.

I bring this information to your attention because until now opposition to the project has been from people and agencies on the outside. The opposition from the inside has now manifested itself to the degree that we, MWPHA, Inc. will not be able to complete the financial arrangements because of the claim that has been filed. Neither I nor the attorney for MWPHA, Inc. has any doubt that we will prevail in this action if this case is allowed to go to a hearing, however, success will be meaningless if the only choice MWPHA, Inc. has is to sell the property for whatever the market will bear, provided the lenders don't take it. I urge your careful consideration of the options.

Sincerely,


Frederick B. Young, Jr.

President, MW Prince Hall Arms, Inc.

cc: MW Grand Secretary
Byron C. Thompson, Esq.