

May 7, 2009

Gentlemen:

This e-mail comes to you as a last resort to explain the status of the Prince Hall Arms proposed Senior Housing project designed for development at 3238 MLK Way, Berkeley, CA.

First, I'm pleased to report that the director and housing staff of the City of Berkeley are now wholeheartedly supportive of the Prince Hall Arms development. The past resentment and ambivalence are gone. In fact, the staff are offering a fresh working approach coupled with new development funds to ensure the success of the project. In addition, there are now Stimulus Funds and tax credit proceeds in abundance for the Prince Hall Arms program from the State of California TCAP funds designed for "shelve ready" projects of which Prince Hall Arms qualifies.

However, the project currently finds itself faced with a new and more devastating barrier to success that will probably signal its final demise. It has come to my attention from the City of Berkeley and as posted on the Superior Court State of California Alameda County website, as Case Number RG08419261, a Lis Pendens lawsuit was filed on November 6, 2008 by MWPH Grand Lodge, Plaintiff, against MW Prince Hall Arms, Inc., Defendant, on the question of the rightful title of the landownership at 3238 MLK Way, Berkeley, CA. The major oversight of the critical component of such lawsuit claim, in my estimation, is that all financial debt obligations incurred by MW Prince Hall Arms, Inc., a 501(c)(3) now become the obligation of MWPH Grand Lodge. There is approximately \$1.8 million of debt hovering over the project at this juncture and some of the loans and expenses are now due. Therefore, I would suspect that the lenders and vendors will shortly begin to file legal claims for their loan repayment and outstanding debt against MWPH Grand Lodge that now alleges title to the land.

In any event, I wanted to share this information with you gentlemen of merit most of all to clear my conscience of having extended the gravity of the problem with you and to give you an opportunity within your power of leverage to intervene, if possible, in a mitigating and conciliatory manner to bring a resolution to this matter by encouraging a withdrawal of the lawsuit. If no reasonable intervention occurs this project's last will and testament can now be read, I once was found, but now I'm lost.

Please advise.

Sincerely,

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