U.S. SECURITIES AND EXCHANGE COMMISSION

Matter of

UNITED DEVELOPMENT FUNDING III, L.P.,
UNITED DEVELOPMENT FUNDING IV, *and*
UNITED DEVELOPMENT FUNDING INCOME
FUND V,

Respondents.

A.P. No. 3-18832

HOLLIS M. GREENLAW DECLARATION

Hollis M. Greenlaw declares as follows:

1. I am a resident of Texas and an attorney admitted to practice and in good standing of the Bars of the State of Texas, the District of Columbia, and with inactive status the State of Maine. I have a BA from Bowdoin College and a JD from Columbia Law School, and practiced business and taxation law at Williams & Connolly in Washington, DC, before founding the UDF businesses described below.

2. I make this declaration in support of Respondents' motion for summary disposition under Rule 250, as directed by the Commission's 2/26/2019 order. If given the opportunity to testify at a hearing in this matter, I could and would testify as to the following facts and relevant background and circumstances, which are important for a fair understanding of the issues presented in this matter.

3. I have served as President or Chief Executive Officer of UMT Services, Inc. ("UMT Services") since its inception in 2003. UMT Services is the general partner of UMTH Land Development, L.P. ("UMTH LD"), which is the general partner of **Respondent United Development Funding III, L.P.** ("UDF III"). I have also served as Chief Executive Officer and chairman of the board of trustees of both **Respondent United Development Funding IV** ("UDF IV") since its formation in 2008, and **Respondent United Development Funding Income Fund V** ("UDF V") since its formation in 2013.

4. The UDF Funds are externally managed, a common practice also utilized by other real estate investment funds, such as those under the umbrella of industry giant Starwood Capital Group. UMT Services is the general partner of UMT Holdings, L.P. ("UMTH"), which manages the UDF Funds, including Respondents UDF III, UDF IV and UDF V. UMTH's subsidiary UMTH General Services, L.P. ("UMTH GS") provides services for the UDF Funds.

5. In other UDF roles, I am a Director of United Development Funding, Inc. ("UDF Inc."), which is the general partner of United Development Funding, L.P. ("UDF I"), and a Director of United Development Funding II, Inc. ("UDF II Inc."), which is the general partner of United Development Funding II, L.P. ("UDF II"), and I have served in those roles since the formation of UDF Inc. and UDF II Inc. in 2003-4. I am also the Chief Executive Officer of UDF Land GP, LLC, which is the general partner of UDF Land GenPar, L.P., which in turn is the general partner of United Development Funding Land Opportunity Fund, L.P. ("UDFLOF LP") and the managing member of United Development Funding Land Opportunity Fund Investors, LLC ("UDFLOF LLC"), and these entities are also managed by UMTH LD. UMTH GS is the advisor to United Mortgage Trust ("UMT").

6. Throughout this declaration I refer to certain facts regarding UDF's business. Unless otherwise indicated, these facts all apply to UDF's business as of 12/10/2015, the date of the initial attacks on UDF by Kyle Bass and his Hayman Capital-related entities (collectively "Hayman") described in Respondents' answer. Where this declaration refers to activities of others and activities of Respondents or their related entities, it is based on my information and belief resulting from my review of the materials obtained in discovery in this proceeding and related private litigation.

7. Filed herewith and incorporated into this declaration are binders containing a set of **Exhibits** relevant and necessary for fair consideration of this matter. These are identified in a table at the end of this declaration.

UDF's Business Model

8. The UDF Funds are based in Grapevine, Texas, which is located between Dallas and Fort Worth. I founded UMT Services and UMTH, which manages the assets for the UDF Funds, in 2003 along with my colleague Todd Etter. Mr. Etter and I identified an opportunity to build a family of companies that would offer a full suite of debt and equity capital solutions to leading developers and homebuilding companies. Our plan was to assist, through capital and debt, the creation of new finished lot and housing inventory to serve markets in Texas. Our business plan included supporting developers and homebuilders in all phases of development and evolved to include financing the construction of single-family homes, from the acquisition of land and the development of finished lots to the construction of single-family homes.

9. The UDF Funds (other than UMT) primarily concentrated their investments in Texas. The UDF Funds concentrated their investments in Texas because we believe the Texas real estate markets, although temporarily weakened in 2007 by the financial crisis, remain healthy due to strong demographics, economies and job growth, balanced housing inventories, stable home prices and high housing affordability ratios. Texas has favorable residential real estate market characteristics that help mitigate housing risk. For example, Texas exhibits positive fundamentals in the primary factors affecting new home sales: home price stability; home

affordability; balanced housing supply and demand; job growth; the relative strength of the economy and consumer confidence; household formations and population growth. Texas also has structural protections that mitigate housing risk as evidenced by Texas' relatively stable performance in the housing bubble and subsequent crash during 2007-2009.

10. At the end of 2014, Texas was the largest single-family homebuilding market in the country measured by single-family building permits. Houston and Dallas/Fort Worth (DFW) were the first and second largest markets in the country, and Austin was the sixth largest. At the end of 2014, Texas had the 12th largest Gross Domestic Product in the world. Fifty-two of the Fortune 500 companies were headquartered in Texas as of 2014, 21 of which were in the DFW area.

11. Data that UDF analyzes regularly from Metrostudy (a leading provider of market information to the housing and residential construction industry), Residential Strategies, Inc. (another leading provider of market information in selected Texas markets to the housing and residential construction industry), the Department of Housing and Urban Development, the Real Estate Center at Texas A&M University and other data providers has consistently illustrated that Texas homes have higher affordability than the national average.

12. While the creation of jobs and the formation of new households in Texas has increased the demand for housing in Texas over the past several years, the Great Recession (the sharp decline in economic activity around 2007-2009, with continuing effects thereafter) and the ensuing global credit crisis drastically reduced the available funding for finished lot development and home construction. Despite strong fundamentals in housing, local and regional Texas banks remained unable or unwilling to lend to developers and homebuilders at previous levels, particularly in early-stage land acquisition and development loans. Substantially all land development is undertaken by private developers and over 70% of new homes in the United States are sold by private homebuilders. Thus, without alternative funding sources for new development and the construction of homes, the demand for housing would far exceed the supply of finished lots and houses and dramatically drive up prices in Texas.

13. This confluence of events – strong growth in demand for Texas homes and a supply constraint after the Great Recession of capital to support much-needed housing development – allowed the UDF Funds to create a successful business as "non-bank" finance companies to step in and support residential real estate development and home construction in Texas.

14. In 2014, UDF IV began expanding its lending activities outside of Texas, following the housing recovery into the states of North Carolina, South Carolina and Florida. Also, UDF IV acquired new clients, including a public homebuilder, the largest private homebuilder in the country and the developer associated with the largest private homebuilder in the Charlotte, North Carolina market.

UDF's Executives and Employees

15. UDF's management team and principals include seasoned real estate professionals, with many decades of collective real estate experience. For example, prior to co-founding UMTH, Todd Etter had over twenty-nine years of experience in both the Texas and the United States real estate industries, including experience in homebuilding, land development and real estate finance. Stacey Dwyer, the Chief Operating Officer of UDF IV, worked 22 years for D. R. Horton, Inc. a leading national homebuilder (including serving in the roles of Executive Vice President and Treasurer) before joining UDF in 2014. Ms. Dwyer was also an auditor with Ernst and Young in Fort Worth. Brandon Jester, the Director of Asset Management at UMTH Land Development, worked as the Senior Land Administrator of Highland Homes, one of the largest regional homebuilders. Ben Wissink, President of UMTH LD and Chief Operating Officer of UMT Services previously worked as the Controller and analyst for the DFW land division of the national homebuilder Lennar Corporation. Melissa Youngblood, Chief Operating Officer and Vice President of UMTH LD and Executive Vice President of UMT Services, practiced law for 18 years before joining UDF.

16. UDF also employed six asset managers, all of whom had significant real estate experience prior to joining UDF, including management positions with David Weekley Homes, Toll Brothers, Inc., Grand Homes, Buffington Capital Holdings, Walton Development and Management USA, Wilbow Corporation and Beazer Homes USA. UDF also has a Senior Collateral Manager who had over 11years of banking experience including loan administration, branch operations, branch management, consumer lending, managing loan operations and managing interim construction financing.

17. Prior to the Hayman attacks on UDF's business described in Respondents' answer, UMTH had 67 full-time employees. This included a 21-person accounting department, including six Certified Public Accountants, all of whom reported to our Chief Financial Officer Cara Obert. The remaining employees assisted in the day-to-day operations. On 12/31/2017, as a result of Hayman's attack on UDF, UMTH had 45 employees. The employee count has been reduced by 22 employees as a direct result of Hayman's attack.

The Development Process and UDF's Role

18. The activities of a developer in the single-family residential development process involve several steps during its lifecycle. These include purchasing the land, designing and engineering the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including water, sewer and drainage facilities, as well as telephone and electric service), in some cases establishing municipal reimbursement districts for the reimbursement of costs associated with public improvements, and selling improved lots to builders, developers or other third parties.

19. Larger residential developments are usually developed in multiple phases, which means that it is common for a large residential development project to have a life of 6-10 years or sometimes even longer, depending upon economic, market or other conditions.

20. The UDF Funds provide developers and homebuilders with a diverse range of capital sources including equity investments, joint venture participations, senior loans, subordinated loans and credit enhancements. Generally, credit enhancements allow our borrowers to obtain a bank loan at a more favorable loan rate than they would otherwise be able to obtain, because UDF provides a loan guarantee. Prior to Hayman's attack, UDF was able to provide this credit enhancement because the banks viewed UDF as strong credit. UDF is paid a credit enhancement fee by the borrower as compensation for providing the credit enhancement.

21. Prior to investing in a project or funding a loan, UDF applies a rigorous underwriting review, including a multi-step project evaluation. UDF conducts site visits and prepares an economic feasibility study to determine if the developer or builder can justify the project assumptions and estimates and if the project can support the cost of the UDF loan over time. UDF performs an engineering due diligence, which generally includes a review of project plans, civil engineering, the availability of utilities, permits and reimbursement districts and a review of costs. UDF reviews the lot purchase contracts, home sales data, market absorption data, current economic conditions, trends and projections in housing starts and risk analysis.[1] UDF also analyzes the exit strategies, identifying potential alternative buyers and uses for lots as well as various pricing models to facilitate sales in the event the market changes.

22. Once an investment is made or a loan is funded, UDF's asset managers are responsible for monitoring site improvements, senior draws, application of funds and administration of development contracts. UDF also monitors lot sales and corresponding debt repayment rates. A UDF asset manager is responsible for monitoring the performance and payment of the assets they are monitoring. Asset managers meet frequently (often weekly) with UDF's developer and homebuilder clients, and UDF holds periodic asset management meetings to review and discuss the progress of assets in UDF's portfolio.

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[1] UDF monitors the economic fundamentals in each of the markets in which it operates by analyzing demographics, household formation, population growth, job growth, migration, immigration and housing affordability. UDF also monitors movements in home prices and the presence of market disruption activity, such as speculator activity that can create false demand and an oversupply of homes in a market. UDF also analyzes new home starts, new home closings, finished home inventories, existing home sales, existing home prices, foreclosures, absorption, prices with respect to new and existing home sales, finished lots and land and the presence of sales incentives or discounts in a market. The data sources UDF monitors and utilizes in its investment decisions includes: SEC Public Disclosures, U.S. Census Bureau, National Association of Realtors, National Association of Homebuilders, Federal Housing Finance Agency, Freddie Mac, Fannie Mae, Federal Reserve Banks, Corporate Debt Rating Agencies, Investment House Proprietary Data, Industry/Analyst Presentation Materials, State and University Real Estate Divisions, Public Homebuilder Earnings Calls, Financial News Sources, Proprietary Industry Knowledge and proprietary independent market studies from Residential Strategies, Inc. and Metrostudy.

23. UDF's receipt of payment on its loans follows different processes and timing depending upon whether the loan is an acquisition and development loan or a home construction loan. Home construction loan interest is generally paid by the borrower to UDF monthly, while the principal is repaid when a home is sold to a consumer. In acquisition and development loans, UDF provides cash to purchase the land and complete development. The note accrues interest while the borrower develops the property. It is common in the industry that interest accrues on the acquisition and development loan until there are liquidity events associated with the collateral.

24. For example, there are several liquidity events that may provide cash from a development. For example, a borrower may work with another lender to obtain a senior loan at a lower cost of capital, which will generally result in a partial payment to UDF. A developer will frequently subdivide the land into several phases and develop those phases one at a time, rather than developing the entire property at once. After the developer has done entitlement and engineering work the value of the land generally increases and the developer can sell a phase (which is referred to as a "pod") to a homebuilder or another developer and use those proceeds to make a partial payment to UDF or other lenders. After development of a phase is complete and finished lots are ready for home construction, the value of the lots generally increases again, and the developer will sell the finished lots to a homebuilder. These sales may happen as bulk sales of many lots at once or over time according to a pre-planned schedule. Generally, any lot purchase contracts are pledged as additional collateral for the UDF loans.

25. Additionally, a developer may also pay down a loan with funds received as reimbursements of development costs under agreements with districts and cities, for example a Municipal Utility District ("MUD"). A MUD is a political subdivision of the State of Texas authorized by the Texas Commission on Environmental Quality. The purpose of the MUD is generally to provide various services such as water, sewer and drainage and other utility-related services within its boundaries. A developer can obtain reimbursements from the MUD for expenses incurred to develop such services. UDF generally has a lien on MUD proceeds pledged by a borrower for a specific project, and MUD proceeds are used to make a partial repayment to UDF. Information regarding MUDs is publicly available in the real property records and at the website for the Texas Commission on Environmental Quality, including date of formation, status and bonding capacity.

26. The UDF Funds' loans are generally secured by real property collateral. The assets securing the UDF Funds' loans are generally in desirable locations with positive supply and demand fundamentals. UDF's loans are generally secured by one or more of the following: development projects, finished lots and lot purchase contracts, pledges of equity interest, homes under construction and MUD reimbursements. As the projects progress through the development phases, the collateral correspondingly increases in value.

Developers UDF Works With

27. UDF attracts and concentrates its acquisition and development lending activities with seasoned and accomplished land developers. UDF looks for developers that have a track record of successfully identifying multi-year, multi-phase single-family residential communities. Our developer clients have established relationships with state and local governments and have experience designing communities and receiving approvals. Our developers have good relationships with banks, allowing them to secure financing and refinancing opportunities. Our developer clients also have good relationships within the developer and homebuilding community, giving them the ability to sell pods and finished lots.

28. UDF considers the prior performance of the developer, whether the developer has relationships with homebuilders on the local, regional and national level, whether the developer has homebuilding vertically integrated into its business structure, and whether the developer has relationships within the financial community.

29. UDF developer clients provide finished lots to publicly-owned homebuilders, such as D.R. Horton, Inc., Lennar Corporation, Pultegroup, Inc., KB Home, Meritage Homes, LGI Homes, Inc., Beazer Homes USA, Inc., Toll Brothers, Inc., AV Homes, Inc., Taylor Morrison Home Corporation, M/I Homes, Inc. and Century Communities, Inc., as well as large regional homebuilders such as David Weekley Homes, First Texas Homes, True Homes, Megatel Homes, Gehan Homes, Brohn Homes (now part of Berkshire Hathaway), Ashton Woods, NewLeaf Homes, Bella Vista Homes, Liberty Home Builders, Perry Homes, Drees Homes, Highland Homes, Pacesetter Homes, Colina Homes, Historymaker Homes, RSI Communities, Scott Felder Homes, Wilshire Homes, Sitterle Homes, Darling Homes (now part of Taylor Morrison Home Corporation), Centerra Homes, Bloomfield Homes, American Legend Homes, Crescent Signature Homes, Buffington Homes and Scott Homes.

30. UDF's largest group of borrower entities, including CTMGT, LLC and its subsidiaries, are affiliates of Centurion American, L.P. ("Centurion"). Centurion has a strong track record as a developer. Centurion has extensive experience with many Texas municipalities and local governments, and generally gets their support in entitling Centurion's projects. Centurion routinely gets the entitlements needed from the government, including the desired density to make projects profitable. Centurion routinely obtains municipal reimbursements and other support that Centurion needs from municipalities to bring projects to fruition. Centurion has a long track record of being able to put together MUDs and Public Improvement Districts (PIDs). Centurion was the first developer in the state of Texas to create a PID. A PID is a district put together by a city, whereby the city raises bond funds and advances money to the developer during the development process to pay for water, sewer, and public improvements. In contrast, a MUD provides reimbursement after the municipal tax base has been increased by substantial home construction in the development and after the developer provides documentation of the development dollars incurred, which may be months or even years after the developer has incurred the development costs. Centurion has relationships with the top

management at some of the largest production home builders, such as D.R. Horton, Inc. and Lennar Corporation. Production home builders are important to developers because they purchase lots to construct homes at a more rapid pace than custom homebuilders.

31. Founded in 1990, Centurion has successfully developed almost 25,000 single-family lots in dozens of premier communities surrounding North Texas. Centurion is currently developing over seventy master-planned communities in Texas and also redeveloped the historic Statler Hilton Hotel. Centurion has received over forty awards during the almost thirty years it has been in business, including Chamber of Commerce Business of the Year (2008), the John Harbin Visionary Award (2013), Greater Fort Worth Builder's Association Developer of the Year (2013) and Dallas Home Builders Community of the Year (2014). Centurion has won multiple awards for its developments, including many that were for UDF-financed projects.

32. UDF's homebuilding clients are generally larger regional homebuilders, and have included Megatel Homes, Buffington Homes, Crescent Signature Homes, NuWay Homes and Colina Homes.

UDF's Investors

33. The UDF Funds have primarily funded their operations by raising equity capital through FINRA-member independent broker-dealers. The UDF Funds had raised more than $1.0 billion from over 30,000 investors from inception until the Hayman attacks.[2] The majority of UDF's investors are small retail investors. In return for the higher (fully disclosed) risk of a real estate investment, they have the opportunity to receive a higher rate of return.

Other Sources of Capital – Banks

34. Prior to Defendants' attack, UDF also utilized credit facilities with various banks and other institutions as additional sources of capital to lend to developers and homebuilders. Banks considered UDF Funds to be a good credit risk and generally lent to UDF on favorable terms. Thus, UDF was able to borrow from the banks at low interest rates and lend this capital to its clients at higher rates. Prior to Defendants' attack, UDF had credit facilities of over $200 million. At the time of Defendants' attack, UDF had outstanding loans and lines of credit with Legacy Texas Bank, Bank SNB, Origin Bank (formerly Community Trust Bank), Independent Bank, Capital Bank of Texas, American Momentum Bank, Texas Capital Bank, Prosperity Bank, Affiliated Bank, Southwest Bank and Veritex Community Bank.

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[2] UDF, like other alternative investment real estate sponsors such as Dallas-based Highland Capital Realty ("Highland"), raises capital through blind pool offerings structured as non-traded public REITs and limited partnerships. Like UDF, Highland charges sales commissions (e.g. dealer manager fees and broker dealer/rep sales commissions) to investors, although Highland has set up an affiliated entity to serve as dealer manager and retain the dealer manager fees, whereas UDF's dealer manager fees were paid to an unaffiliated dealer manager to distribute its offerings (UDF IV, UDF V and UDF LOF).

Relationship Between the Various UDF Funds

35. The different UDF funds may focus on different phases of development. For example, UDF I, II, III and V focused their investments on the acquisition and development phase, whereas UDF IV provided acquisition and development loans but also offered finished lot loans, finished lot banking and home construction loans. The decision as to which funds will invest in which project and each phase of the project is governed by the applicable Allocation Policy Agreement and/or Participation Agreement by and among the funds. Such agreements are publicly filed by UDF. Generally, the decision is based upon the cash available in each fund, and each fund's particular investment parameters.

UDF's Success and Continued Growth Before Hayman's Attack

36. The UDF funds have collectively funded over $2.7 billion in equity investments and loans to our clients. These investments have resulted in the creation of over 200 residential communities, containing thousands of single family homes.

37. UDF has participated in the capital structure of many award-winning communities, including The Villages of Woodland Springs, Sendera Ranch, Trophy Club, Williamsburg, Verandah, The Residence at the Stoneleigh and The Dominion.

38. From inception through 9/30/2015, the UDF Funds received over $1.3 billion in repayments and returned over $493 million to investors through cash distributions, dividend reinvestment programs (DRIPs) and redemptions. Since the beginning of Hayman's attack on December 10, 2015, UDF has made repayments of over $211 million on the notes payable and lines of credit that were outstanding. UDF's assets as of 9/30/2015 were over $1.4 billion. At the time of the attack, the two largest funds were UDF III and UDF IV.

39. From its inception in 2005 to December 2014, UDF III had originated 62 loans totaling over $600 million, and approximately two-thirds of the loans had been repaid in full. As of September 30, 2015, UDF III had assets of approximately $391 million. Net income for the nine months ended September 30, 2015 totaled approximately $31.2 million. From inception through September 2015, UDF III distributed approximately $264 million to its investors through cash distributions and DRIP and repurchased $12 million of its limited partnership interests.

40. As of 12/31/2014, UDF IV had originated or purchased 171 loans totaling over $1 billion, 40 of which had been repaid in full. UDF IV's assets grew from $336.5 million in 2012 to $570.9 million in 2013 and to $682.2 million in 2014. During that same time period, its revenue grew from $27.6 million to $87.9 million while net income grew from approximately $13.9 million to approximately $50.1 million. From inception through 9/30/2015, UDF IV distributed approximately $164 million to its investors through cash distributions and DRIP and repurchased approximately $41 million of its shares.

41. On 6/4/2014, to create liquidity for its shareholders and to gain access to capital markets to facilitate future growth, UDF IV listed its common shares on Nasdaq under the ticker symbol "UDF." From its listing on Nasdaq until 12/10/2015 (the beginning date of Hayman's attack described herein), UDF IV had been a consistently strong performing commercial mortgage REIT, with its shares trading in a range of $16.02 to $19.95, and virtually always at a premium to book value. In June 2015, UDF IV's market capitalization qualified it for inclusion in the Russell 2000 Index.

42. UDF IV had performed very well in comparison to its peers and was a high performer right up until Hayman's attacks. For example, an 10/23/2015 Weekly Commercial Mortgage REIT Update published by investment bank Keefe, Bruyette & Woods reports that UDF IV's share price of $17.99 equated to 1.09 times the most recent quarter book value, and was yielding a 9.1% dividend. Starwood Property Trust, Inc., a well-known REIT that is nine times larger than UDF IV, was trading at 1.18 times most recent quarter book value and was yielding a 9.4% dividend. Likewise, the 12/4/2015 report shows UDF IV trading at 1.05 book value, and yielding a 9.4% dividend, the same yield as Starwood.

43. UDF V, our most recent fund, sought to sell 37,500,000 common shares of beneficial interest for $20 per share and 13,157,895 common shares of beneficial interest pursuant to our distribution reinvestment plan for $19 per share for total offering proceeds of $1.0 billion. Prior to Hayman's attack, UDF V had been steadily selling shares in the fund. UDF V's assets grew from $23 million as of December 31, 2014 to $55 million as of 9/30/2015. During that same time, its revenue grew from $152,000 in calendar year 2014 to $3.1 million for the nine months ended 9/30/2015. From inception through 9/30/2015, UDF V distributed approximately $1.6 million through cash distributions and DRIP to its investors.

44. As part of its growth strategy, in 2015, UDF IV was also working on a finished lot securitization and was in the rating process with Standard and Poor's for this finished lot securitization, which would have raised approximately $75-100 million. UDF IV was also preparing to place a $125 million to $175 million general obligation credit facility just before Hayman's attack.

45. These new capital raises were expected to support projects our clients had presented to UDF for potential future financing (pipeline). As of December 2015, before Hayman's attack, our clients had submitted proposals for hundreds of millions of dollars in future projects.

Interactions With Bass Prior to the Hayman Attacks

46. Prior to Hayman's attack on UDF, I was aware that Kyle Bass managed a hedge fund based in Dallas. I was also aware that Bass was involved in Texas real estate investments beginning in at least 2008. Bass was involved in various real estate development entities with Jonas Woods ("Woods"), a Dallas real estate investor who acquired distressed properties.

47. In 2008, UDFLOF LP became a limited partner in a residential development fund managed by Bass and Woods called Hayman Woods Residential Strategies Fund, L.P. ("Hayman Woods"). The stated strategy of the fund was to "acquire, hold, maintain, operate, develop, lease, sell, manage, improve, mortgage, encumber and otherwise use for profit, direct or indirect interests in Real Property Interests, or to provide capital (whether debt, equity or both) to owners, managers and developers of Real Property Interests, whether office, warehouse, retail, land, multi-family residential or hotel properties." UDFLOF LP originally planned to invest $2 million in Hayman Woods' fund.

48. The first investment Hayman Woods made was a participation in a development loan for a condominium project in Florida. The interest rate was 12% with an additional 2% exit fee, as well as other fees. Consistent with the practice in the industry, the Hayman Woods' loan provided for the accrual of interest on the loan.

49. The second set of investments Hayman Woods intended to make was for lot development projects in South Phoenix. I wrote to Bass, explaining our concerns about South Phoenix as an investment at that time due to foreclosures, broken communities, bankrupt homebuilders, excessive supply, declining demand and no clear exit strategy. I also expressed my concern that Bass was pushing undesirable deals, because his fund had excessive overhead and no attractive transactions or deal sources. I was also uncomfortable with and had objected to the fund's practice of charging management fees on the unfunded portion of capital contributed as opposed to fees based on invested assets.

50. I told Bass that UDFLOF LP had originally invested with Hayman Woods out of deference to Bass, but that I was now uncomfortable with that path, given what I had seen of his planned investment strategy. I told Bass we wished to exit Hayman Woods. Bass' response suggested to me that he was upset with my comments and UDFLOF LP's desire to exit his fund. However, I could not in good conscience continue to invest funds with Bass' Hayman Woods. In 2009, UDFLOF LP withdrew its investment with Hayman Woods.

51. In 2009, Hayman Woods made a bid in a bankruptcy proceeding to purchase Stoneleigh Residences, a partially built luxury condominium building in uptown Dallas that had fallen victim to the financial crisis and ended up in bankruptcy. Hayman Woods lost its bid to Centurion, a substantial borrower from UDF.

Hayman's Attack on UDF

52. On 11/9, 11/13, and 11/16/2015, Respondents filed Form 10-Q periodic reports for the period ended 9/30/2015. At that time, Respondents were, and had consistently been, current in their periodic reporting.

53. Beginning in 2015, Hayman perpetrated the attack on UDF described in Respondents' answer.

54. Respondents have since filed an action for damages against Hayman in state court in Dallas, and the court has allowed Respondents to obtain preliminary discovery to substantiate their claims against Hayman. After reviewing Respondents' submissions and holding a five-hour evidentiary hearing, the court denied Hayman's motion to dismiss and ruled that Respondents had made a prima facie case of intentional business disparagement and tortious interference by Hayman. The denial of Hayman's dismissal motion is now on interlocutory appeal.

55. Meanwhile, the independent trustees on UDF IV's audit committee retained law firm Thompson & Knight, assisted by independent forensic accountants from PwC, to conduct an independent investigation into Hayman's allegations. This included individual interviews, analysis of thousands of relevant documents, searches of 1.7 million emails, and analysis of financial reporting. After four months of work, the investigators concluded that there was no evidence of fraud or misconduct; no evidence to substantiate Hayman's Ponzi allegations; no evidence of deception; no evidence that Whitley Penn was misled; and no evidence of efforts to defraud investors. Thompson & Knight and PwC presented these findings to the FWDO on 4/12 and 4/26/2016, and to the FBI and USAO on 5/11/2016.

<u>Exhibits Filed Herewith and Incorporated Herein</u>

56. Filed herewith and incorporated into this declaration are true and correct copies of the following exhibits relevant and necessary for fair consideration of this matter:

- Ex. 1 "United Development Funding Executive Summary" (March 19, 2015).
- Ex. 2: Hayman email chain with potential investors (March 20-24, 2015).
- Ex. 3: Interrogatory response re: Hayman UDF short position on specific dates.
- Ex. 4: Hayman email chain (April 1, 2015).
- Ex. 5: List of Hayman's formal meetings and conference calls with the SEC.
- Ex. 6: "United Development Funding Overview."
- Ex. 7: Hayman email chain (May 26, 2015).
- Ex. 8: "UDF Q1_2015 Update (SEC 5.26.15)" (May 26, 2015).
- Ex. 9: Calendar invite for "Meeting SEC UDF" (June 2, 2015).

- Ex. 10: Bass affidavit, excerpts including ¶21.
- Ex. 11: "UDF V Loan Issued 6.9.15" (June 12, 2015).
- Ex. 12: Hayman email (June 12, 2015).
- Ex. 13: Calendar invite for "UDF Call" (June 15, 2015).
- Ex. 14: Hayman text messages (June 15, 2015).
- Ex. 15: Hayman email chain (July 6, 2015).
- Ex. 16: Hayman email (July 28, 2015).
- Ex. 17: Hayman email (July 30, 2015).
- Ex. 18: Hayman email (August 7, 2015).
- Ex. 19: Hayman email string (August 18, 2015).
- Ex. 20: Hayman email (September 20, 2015).
- Ex. 21: Hayman email (September 24, 2015).
- Ex. 22: "Real Estate Distressed Debt Opportunity" (September 24, 2015).
- Ex. 23: Hayman email (October 27, 2015).
- Ex. 24: Hayman email string (November 24, 2015).
- Ex. 25: Keuhne/Corson/Hayman/FBI email string (January 29, 2016).
- Ex. 26: Hayman email to WSJ (November 3, 2015).
- Ex. 27: Hayman email to SEC (November 12, 2015).
- Ex. 28: "Letter to the Auditors" (November 12, 2015).
- Ex. 29: Hayman email string (November 20, 2015).
- Ex. 30: Hayman email string (December 4, 2015).

- Ex. 31: Hayman email to FBI (December 4, 2015).
- Ex. 32: Hayman email to SEC (December 4, 2015).
- Ex. 33: Hayman email to WSJ (December 4, 2015).
- Ex. 34: Hayman/Harvest email string (December 10, 2015).
- Ex. 35: Hayman/Harvest email string (December 9, 2015).
- Ex. 36: 3205 Hayman/Harvest email string (December 11, 2015).
- Ex. 37: Hayman/Harvest email string (December 10, 2015).
- Ex. 38: Hayman/Harvest email string (December 10, 2015).
- Ex. 39: Hayman/SEC email (December 11, 2015).
- Ex. 40: Hayman/SEC email (December 15, 2015).
- Ex. 41: Hayman email (December 10, 2015).
- Ex. 42: Hayman/Harvest email string (December 11, 2015).
- Ex. 43: "Strategic and Crisis Communications" (December 23, 2015).
- Ex. 44: Hayman email (December 28, 2015).
- Ex. 45: "Communications Campaign Summary and Timeline Re: United Development Funding (UDF) IV" excerpt (January 3, 2016).
- Ex. 46: Hayman/Edelman email string (January 3-4, 2016).
- Ex. 47: Launch Day Planning and Media Plan (January 22, 2016).
- Ex. 48: Hayman/Edelman email string (February 2, 2016).
- Ex. 49: Hayman email (February 2, 2016).
- Ex. 50: Business Insider article with letter from Kyle Bass (February 5, 2015).

- Ex. 51: Hayman email string (February 4, 2016).
- Ex. 52: Hayman email string (February 4, 2016).
- Ex. 53: Hayman/FINRA email string (February 5, 2016).
- Ex. 54: Hayman/Harvest email string (February 19, 2016).
- Ex. 55: Hayman email string (May 12, 2016).
- Ex. 56: Hayman email string (June 3, 2016).
- Ex. 57: UDF press release UDF press release (June 8, 2016).
- Ex. 58: Hayman/Edelman email string (June 17, 2016).
- Ex. 59: Peter Bible affidavit, including ¶¶3-5.
- Ex. 60: UDF press release (July 26, 2016).
- Ex. 61: Hayman/Edelman email (August 10, 2016).
- Ex. 62: "UDF Exposed Paid Promotion Strategy" (August 11, 2016).
- Ex. 63: Hayman email (November 6, 2015).
- Ex. 64: Hayman/Land Advisors email (September 24, 2015).
- Ex. 65: Hayman email string (December 10, 2015).
- Ex. 66: Hayman email string (December 10, 2015).
- Ex. 67: Hayman/FBI email (December 10, 2015).
- Ex. 68: Hayman/SEC email (December 10, 2015).
- Ex. 69: Hayman/Forbes email (December 10, 2015).
- Ex. 70: Hayman/Forbes email (December 11, 2015).
- Ex. 71: Kitchens affidavit, excerpts including ¶13.

- Ex. 72: Greenlaw affidavit, excerpts including ¶127.
- Ex. 73: Kitchens affidavit, excerpts including ¶23(b) and 23(d).
- Ex. 74: Moayedi affidavit, excerpts including ¶9.
- Ex. 75: Greenlaw affidavit, excerpts including ¶¶27-29.
- Ex. 76: Brown affidavit, excerpts including ¶6.
- Ex. 77: Sommers affidavit, excerpts including ¶¶5-6, Annexes 3-4 at RFA No. 3, Ex. C at 6.
- Ex. 78: Hayman/SEC email string (June 12-15, 2015).
- Ex. 79: Hayman email (June 8, 2015).
- Ex. 80: Hayman/V3 Captail email string (December 30, 2015).
- Ex. 81: Harvest press release (June 18, 2015).
- Ex. 82: Hayman email string (October 8, 2016).
- Ex. 83: Hayman email string (October 8, 2016).
- Ex. 84: Highland press release (November 15, 2017).
- Ex. 85: UDF release announcing Nasdaq extension (September 14, 2016).
- Ex. 86: Bass email (September 14, 2016).
- Ex. 87: Bass calendar invitation (September 14, 2016).
- Ex. 88: Letter to Nasdaq (October 4, 2016).
- Ex. 89: Barron's article (August 13, 2015).
- Ex. 90: New York Post article (August 22, 2015).
- Ex. 91: Fortune article (May 23, 2016).
- Ex. 92: Hayman email (January 29, 2016).

- Ex. 93: Hayman email (September 9, 2016).

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I declare under penalty of perjury, pursuant to 28 U.S.C. §1746, that the foregoing is true and correct. Executed on March 28, 2019.

Hollis M. Greenlaw

Certificate of Service and Filing

Pursuant to Rule 150(c)(2), I certify that on March 28, 2019, I caused the foregoing to be sent: **(1)** By **courier service (original and 3 copies)** directed to the Office of the Secretary, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549-1090, with an electronic courtesy copy by **email** to apfilings@sec.gov. **(2)** By **email and express delivery service** directed to Keefe M. Bernstein and David Whipple, Fort Worth Regional Office, Securities and Exchange Commission, 801 Cherry Street, Suite 1900, Fort Worth, TX 76102, and BernsteinK@sec.gov and WhippleDa@sec.gov.

/s/ William E. Donnelly