United Development Funding Overview

Confidential

Executive Summary – Why the SEC Should Care

- United Development Funding IV ("UDF IV") markets itself to retail investors as an opportunity to diversify portfolios with "unique and fundamentally sound investments in affordable residential real estate." – UDF IV Website [1] (Nasdaq ticker: UDF)

- In reality, UDF IV is a mortgage REIT with a high concentration of risk to a single individual and is part of a larger family of REITs under the United Development Funding ("UDF") umbrella, which operates publicly listed and public non-traded REITs.

- The UDF umbrella exhibits characteristics emblematic of a Ponzi-like scheme:

  – New capital, both equity and debt, is used to fund distributions to existing investors.

  – Subsequent UDF companies provide significant liquidity to earlier vintage UDF companies, allowing them to pay earlier investors.

  – If the funding mechanism funneling retail capital to the latest UDF company is halted, the earlier UDF companies do not appear to be capable of standing alone.

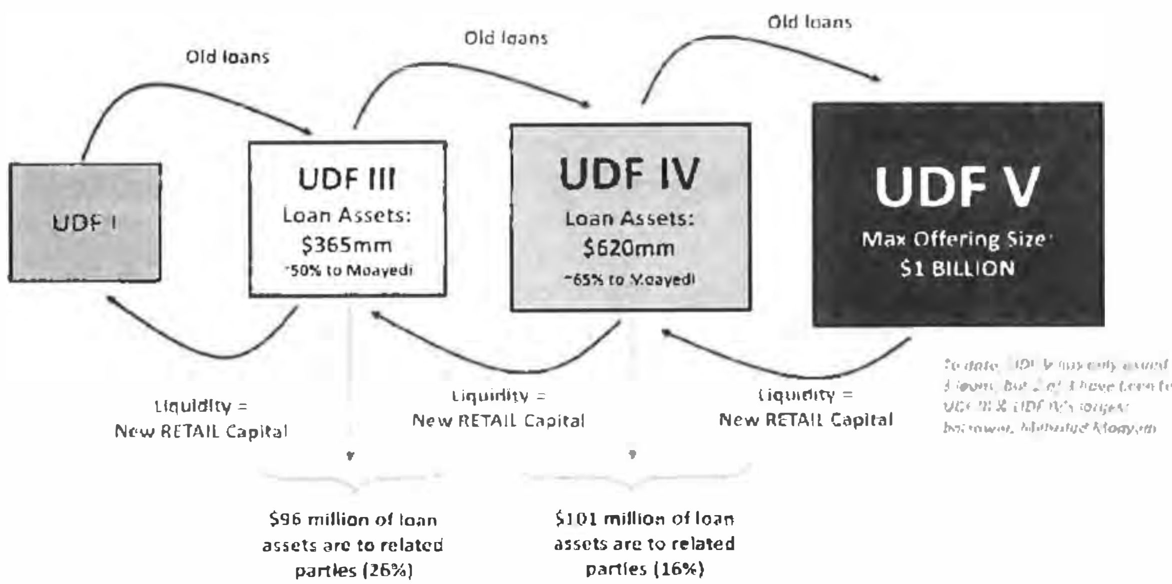
(1) http://www.udfiv.com/

Executive Summary – Why the SEC Should Care (continued)

- The UDF umbrella is able to function as it does because of the following reasons:
  - Broker-dealers steer unsophisticated retail investors to UDF, motivated by high fees and commissions.
  - Disclosures are confusing and, at best, inadequate for the average retail investors that are buying the product
  - UDF fails to adequately disclose important information regarding the significant relationship between its largest borrower and affiliated UDF companies
    - UDF's largest borrower accounts for over 50% of credit risk and appears to be complicit in perpetuating the scheme
- Across the various United Development Funding companies, there is over $1 BILLION of invested capital at risk.
- Through its registered broker-dealer (Realty Capital Securities, LLC; SEC File No. 8-67727), UDF is <u>currently</u> raising money from unsuspecting retail investors, perpetuating a Ponzi-like scheme and potentially causing significant harm to all UDF-related companies and investors.

A Ponzi-Like Scheme

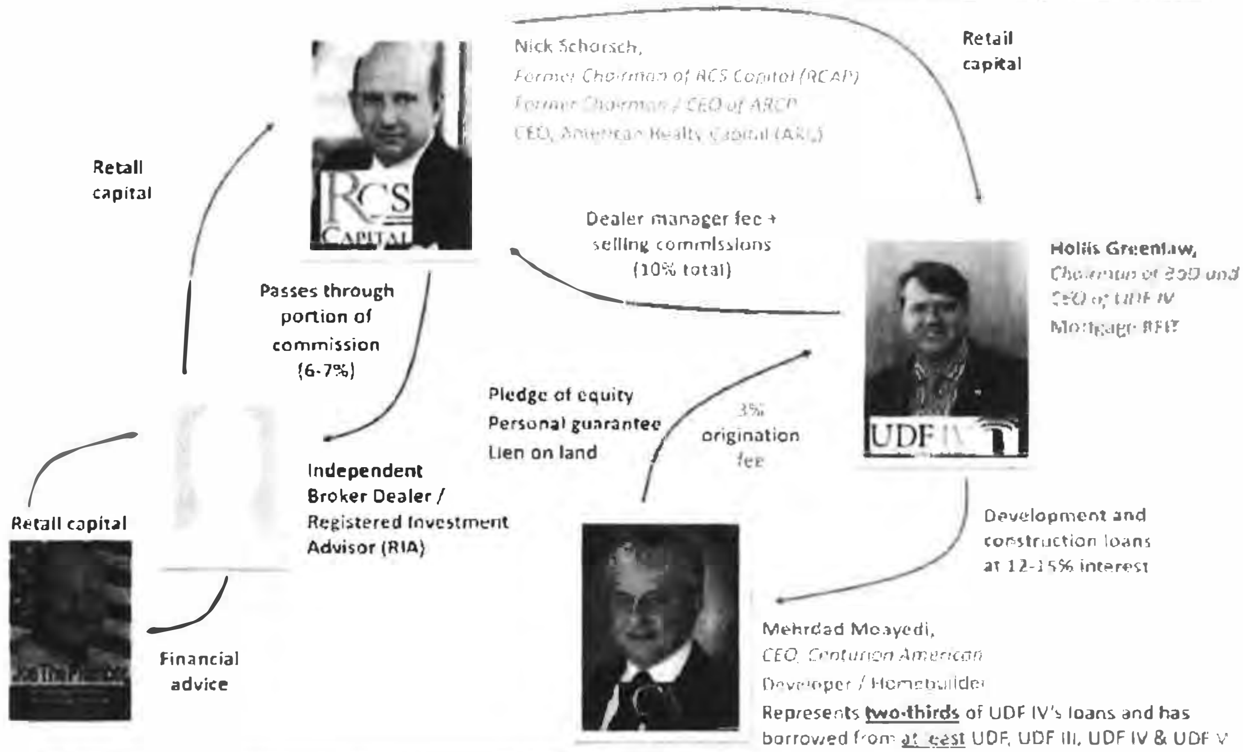
UDF V has provided liquidity to UDF IV which has provided liquidity to UDF III (among other affiliates) which has provided liquidity to UDF I (among other affiliates); as examples, UDF IV has acquired multiple loans from UDF III that UDF III originated and UDF IV has also directly loaned to other UDF affiliates.



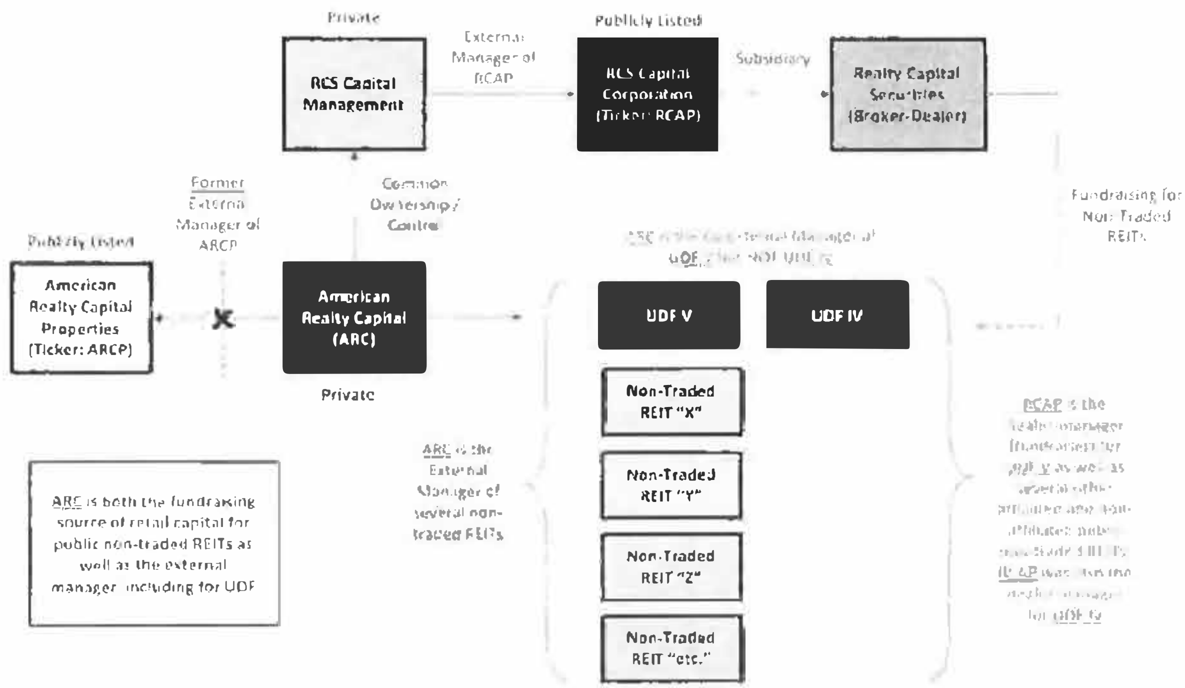
The Players Involved

Primary Individual	Entities	Role of Entity(s)
Hollis Greenlaw, CEO	UDF I (private) UDF II (private) UDF III (publicly listed: UNDVL) UDF IV (publicly listed: UDF) UDF V (public non-traded REIT)	Mortgage REIT issuing loans principally to land developers and home builders
Mehrdad Moayedi, CEO	Centurion American (private, various entities): **<u>Example of Entities</u>** CTMGT Land Holdings, LP CTMGT Alpha Ranch, LLC One Windsor Hills, LP	Largest borrower of UDF Based on disclosures, borrower of <u>at least</u> UDF I, UDF III, UDF IV and UDF V. As examples, accounts for 47% of UDF III loans and 62% of UDF IV loans
Nicholas Schorsch, Founder, Former Chairman, Largest holder	RCS Capital Corporation (publicly listed: RCAP) Realty Capital Securities, LLC (sub of RCAP)	Broker-dealer; dealer-manager/ fundraiser for UDF IV and UDF V
Nicholas Schorsch, CEO	American Realty Capital (private)	Co-manager of UDF V with UDF Holdings

The Web of the Non-Traded Public REIT



Relationship Between UDF, RCAP, ARC and ARCP



Funding Distributions with New Capital

- UDF promises outsized returns to unsuspecting retail investors.
- However, its assets underperform the outsized promises and as a result, UDF funds a significant portion of promised distributions to shareholders with new equity and debt.
- The issue of funding distributions with new capital is systemic for public non-traded REITs.
- In the case of UDF, the issue is exacerbated because of the poor performing nature of loans to its largest borrower, Mehrdad Moayedi.
- As an example, UDF IV has distributed $125 million to investors; only 64% or $80 million of those distributions have been funded by cash generated by operations.

Funding Distributions with New Capital (continued)

	Cash from Operations	Proceeds from Equity Offering	Borrowings Under Credit Facility	Total Distributions to Shareholders
UDF IV (Former Non-Traded REIT)	\$80mm ~64%	\$23mm ~19%	\$22mm ~17%	\$125mm

~36% of shareholder distributions funded by new capital

Source: UDF IV SEC Filings (10Ks/10Qs)

The Motivation to Raise Capital for UDF – High Fees

~13%-15% of an investor's principal is taken off the top, prior to any potential returns being generated and prior to the recurring 2% management fees charged by the Manager (i.e. for every $100 invested, $85-$87 of loans are originated, off of which returns can be generated), a steep price to pay for an illiquid investment.

Type of Fee	Amount of Fee	Beneficiary of Fee
Selling Commissions**	6.5% of gross proceeds	Payable to Dealer Manager, often distributed to broker dealer
Dealer Manager Fees**	3.5% of gross proceeds	Payable to Dealer Manager
Acquisition and Origination Fees	3% of net invested assets	Payable to External Manager
Disposition and Liquidation Fees	2% of net invested assets	Payable to External Manager
Advisory Fees	2% of net invested assets	Payable to External Manager

** No selling commissions and dealer manager fees will be reimbursed with respect to sales under the Distribution Reinvestment Plan (DRIP) in which all required distributions are made in the form of incremental UDF IV shares.

Source: UDF IV Prospectus (S-11)

Example of Fee Disclosure – UDF V Prospectus

Below is an example of the fee disclosure for UDF V in its prospectus; the fees for UDF IV are similar percentages but UDF IV did not provide a table that lays out the fees as clearly. The table below also highlights that shares under the "Distribution Reinvestment Plan" are priced at a 5% discount and no manager fees or commissions are charged which should incentivize an investor but may disincentivize a broker from selling the product.

	The Offering: Price to Public	Selling Commissions	Dealer Manager Fees	Proceeds to United Development Funding Income Fund V
Primary Offering				
Per Share	$ 20.00	$ 1.40	$ 0.60	$ 18.00
Total Minimum[(1)]	$ 2,000,000	$ 140,000	$ 60,000	$ 1,800,000
Total Maximum[(1)]	$ 750,000,000	$ 52,500,000	$ 22,500,000	$ 675,000,000
Distribution Reinvestment Plan				
Per Share	$ 19.00	$ —	$ —	$ 19.00
Total Minimum	$ —	$ —	$ —	$ —
Total Maximum	$ 250,000,000	$ —	$ —	$ 250,000,000

(1) The selling commissions and dealer manager fee may be reduced for volume discounts and other circumstances or waived as further described in the "Plan of

The Impact of High Fees & Dilutive Distributions

- UDF IV has raised over $765 million in total capital (equity + debt) but has only originated $620 million in assets in the form of loans.

- Total leakage from fees, commissions and distributions funded by new capital in excess of cash generated by underlying assets is ~$145 million (~20% of total capital raised).

- Of this leakage, over $80 million is attributed to upfront fees and commissions, not including loan origination fees that are disclosed to be 3% of asset value, which would add ~$18 million assuming ~$600 million of assets.

- High fees, commissions and offering costs charged by RCAP and other broker-dealers are a systemic issue for public non-traded REITs that create a conflict of interest between financial adviser and clients.

- This conflict of interest results in a significant amount of retail investors being steered toward unsuitable products.

- Consistently, these upfront costs are as high as 13-15% before assets are even acquired that can generate future returns.

The Impact of High Fees & Dilutive Distributions (continued)

	Net Loan Assets Originated (At Cost)	Total Capital Raised (Equity + Debt)	Net Leakage (Fees, Commissions, Distributions)
UDF IV (Former Non-Traded REIT)	$620 million ~80%	$765 million 100%	$145 million ~20%

~20% leakage on $765 million capital raised

Source: UDF IV SEC Filings (10Ks/10Qs)

Who is UDF's largest borrower?

- Despite advertising a diversified portfolio, over 60% of UDF IV's originations are loans to entities controlled by Mehrdad Moayedi, President and CEO of Centurion American, and a large majority of the underlying collateral is residential developments concentrated in North Texas
- Moayedi was voted as the 'Dealmaker of the Year' in 2010 by the Dallas Business Journal; in addition to over 20 residential developments, Moayedi developed the Residences at the Stoneleigh luxury high-rise in Dallas and recently acquired the historic Statler Hilton in downtown Dallas
- Moayedi has borrowed significant amounts of money from UDF I, UDF III, UDF IV and most recently UDF V; loans to Moayedi often move from one UDF company to another UDF company and some pre-date the financial crisis.
- UDF IV alone has over $400 million of its $620 million loan book concentrated in loans to entities controlled by Mehrdad Moayedi. the minimum Interest rate on these loans is 12% which implies at least $48 million in annual interest owed to UDF IV, needed to be funded by Moayedi's residential developments.
- Many of the loans and underlying residential developments are significantly underwater; rather than foreclose, UDF kicks the can down the road by amending and extending bad loans or by issuing new loans, often providing liquidity from the latest UDF vintage to an older UDF vintage
- Because UDF's risk is so concentrated with Moayedi, pulling the plug on him would in turn pull the plug on UDF; to make matters worse, directors and officers of UDF IV share equity interest with Moayedi in the Stoneleigh luxury high-rise in Dallas, which creates a significant conflict of interest that is not disclosed to UDF investors.

Mehrdad Moayedi,
President and CEO

Examples of UDF IV Loans Issued to Moayedi

The three loan examples on this page show how UDF loans with Moayedi entities behave over time: accrue larger and larger balances, have no cash receipts and are extended when the maturity date comes due

These loans had a combined balance of $36mm at 12/31/12; as of 12/31/14, these loans had a combined balance of $60mm, representing ~10% of UDF IV's total loans and have never generated any cash receipts based on UDF IV disclosures.

Source: UDF IV SEC Filings (10Ks/10Qs)

Alpha Ranch History

Entity	Date	Security	Collateral	Balance	Issue Date	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
CTMGT Alpha Ranch	12/31/2012	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	12/31/2013	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	3/31/2014	2nd Lien	1,122 acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	12/31/2014	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

One Windsor Hills History

Entity	Date	Security	Collateral	Outstanding Balance	[illegible]	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
One Windsor Hills LP	12/31/2012	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	3/31/2013	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	6/30/2013	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	9/30/2013	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	12/31/2013	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	3/31/2014	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	6/30/2014	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	9/30/2014	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	12/31/2014	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

Granbury History

Entity	Date	Security	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
CTMGT Granbury	12/31/2012	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	3/31/2013	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	6/30/2013	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	9/30/2013	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	12/31/2013	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	3/31/2014	1st Lien	[illegible] acres	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	6/30/2014	1st/2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	9/30/2014	1st/2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	12/31/2014	1st/2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

The Model Simplified and Can It Work?

UDF IV Development Dynamics

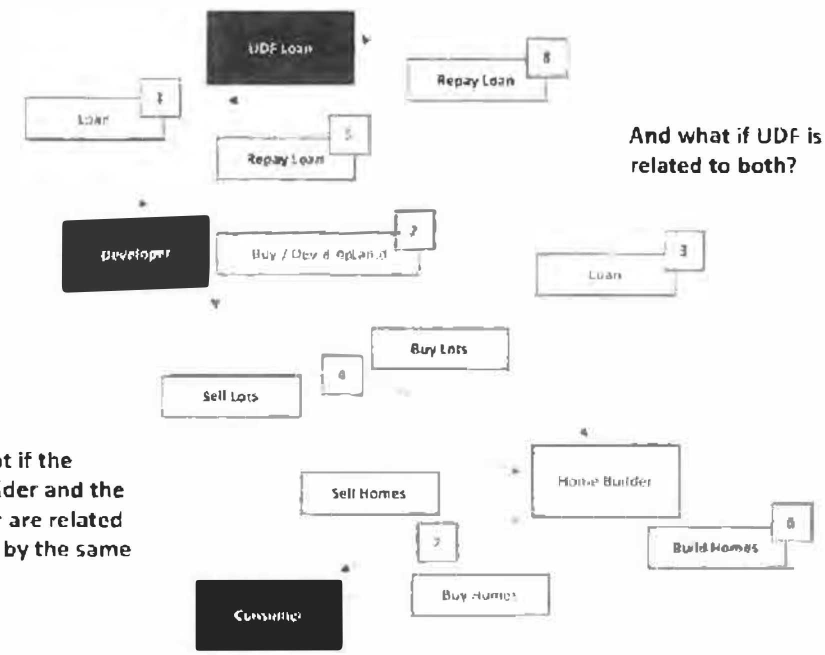
- Originates ~$85-$87 in real estate loans for every $100 invested, then charges 2% recurring to manage
- Standard underwriting practices will cap a loan at 85% total loan-to-value, however, the total loan-to-value can be higher if "substantial justification to exceed" exists because of other underwriting criteria
- Loans are typically issued to land developers and home builders, bearing interest at 12% to 15%
- Average duration of loans is 3 to 4 years; on development loans, the assets often do not have income and are negative carry for the first few years, ticking at mezzanine type rates.
- Majority of loans originated are second lien, often subordinate to 1st liens secured to purchase the land
- Majority of collateral today is in the form of paper lots (lots that have been approved by a city or county but are either undeveloped or under developed) requiring incremental capital and time to finish the lots.

Standard Development Dynamics

- Acquisition loan for land – Likely requires personal guarantee, 50% loan-to-value of raw land, 7% interest rate
- Development Loan – Likely can finance close to 100% of development costs, at 6% interest, however, lender would almost certainly require acquisition loan on land to be paid off prior to issuance of development loan such that development loan will have a perfect lien on unencumbered land in addition to any improvements, thus providing coverage to the loan.

Why would a 'Deal Maker of the Year' finance land developments at 2x the market rate?

Development Capital Flows



And what if UDF is related to both?

BUT...what if the home builder and the developer are related or owned by the same person?

UDF Relationship with Centurion via Stoneleigh

- UDF IV provided a guaranty on a construction loan for the benefit of Maple Wolf Stoneleigh (Stoneleigh) for a fee; an 'affiliate' of UDF IV owns a 75% interest in the Stoneleigh development with Centurion American, managed by Mehrdad Moayedi, owning a significant portion of the remaining stake; in its 9/30/14 10Q, UDF IV disclosed that this construction loan was scheduled to mature in December 2014 but was repaid in full in October 2014.
- In UDF IV's 12/31/14 10K, it was disclosed that UDF IV originated a loan to Maple Wolf Stoneleigh in October 2014 with ~$8mm outstanding; so it guaranteed a loan that it ultimately repaid itself for the benefit of its affiliate (the loan bears interest at 13%)
- Entities controlled by Mehrdad Moayedi collectively represent ~65% of UDF IV's total loans outstanding as of December 31, 2014 and Moayedi has provided personal guarantees on many
- Despite the relationship and significant credit risk concentration, UDF IV does not disclose Centurion American as a related party or that Centurion American has an interest in the Stoneleigh with its affiliate that creates a significant conflict of interest.

Excerpt from UDF IV September 30, 2014 10Q – Off-Balance Sheet Arrangements, Related Party Guarantees

Effective December 30, 2011, we entered into a Guaranty of Payment and Guaranty of Completion (collectively, the "[redacted] Guaranty") for the benefit of Babson Mezzanine Realty Investors II, L.P. ("Babson") as agent for a group of lenders pursuant to which we guaranteed all amounts due associated with a $25.6 million construction loan agreement (the "Stoneleigh Construction Loan") entered into between Maple Wolf Stoneleigh, LLC, an affiliated Delaware limited liability company ("Stoneleigh"), and Babson. Pursuant to the Stoneleigh Construction Loan, Babson agreed to provide Stoneleigh with up to approximately $22.0 million to finance the construction associated with a condominium project located in Dallas, Texas. United Development Funding Land Opportunity Fund, L.P., an affiliated Delaware limited partnership ("UDF LOF"), owns a 75% interest in Stoneleigh. Our asset manager, UMTH LD, also serves as the asset manager of UDF LOF. The general partner of our Advisor also serves as the general partner of UMTH LD. UMTH LD controls 100% of the partnership interests of the general partner of UDF LOF. The Stoneleigh Construction Loan would have matured on December 31, 2014 but was paid in full on October 1, 2014. In consideration of [illegible] Stoneleigh Guaranty, we entered into a letter agreement with Stoneleigh which provides for Stoneleigh to pay us a monthly credit [illegible] equal to 1/12th of 1% of the outstanding principal balance on the Stoneleigh Construction Loan at the end of each month. As of Sep[illegible] and December 31, 2013, approximately $4.9 million and $7.6 million, respectively, was outstanding under the Stoneleigh Construct[illegible] three months ended September 30, 2014 and 2013, approximately $10,000 and $15,000, respectively, is included in commitment fee [illegible] parties in connection with the credit enhancement fee associated with the Stoneleigh Construction Loan. For the nine months ended [illegible] 2014 and 2013, approximately $36,000 and $68,000, respectively, is included in commitment fee income – related parties in connection [illegible] enhancement fee associated with the Stoneleigh Construction Loan. As of September 30, 2014 and December 31, 2013, approximat[illegible] $15,000, respectively, is included in accrued receivable – related parties in connection with the credit enhancement fee asso[illegible] Stoneleigh Guaranty.

UDF Relationship with Centurion via Stoneleigh (continued)

MAPLE WOLF STONELEIGH, LLC		
Texas Taxpayer Number	32041069520	
Mailing Address	1301 MUNICIPAL WAY STE 200 GRAPEVINE, TX 76051-8520	UDF Address
Right to Transact Business in Texas	ACTIVE	
State of Formation	TX	
Effective SOS Registration Date	Not Registered	
Texas SOS File Number	Not Registered	
Registered Agent Name	MEHRDAD MOAYEDI	Centurion Address
Registered Office Street Address	1221 N. INTERSTATE 35E, SUITE 200 CARROLLTON, TX 75006	

Title	Name and Address	
MEMBER	**MAPLE WOLF MANAGER** 1301 MUNICIPAL WAY STE 200 GRAPEVINE, TX 76051	UDF Address
MEMBER	**UDF I OF MAPLE WOLF STONELEIGH** 1301 MUNICIPAL WAY STE 200 GRAPEVINE, TX 76051	UDF Address
MEMBER	**2M HOLDINGS** 1221 NORTH I-35 E STE 200 CARROLLTON, TX 75006	Centurion Address

Moayedi is Registered Agent of 2M

Thesis Overview

- *UDF IV Loans are collateralized by REAL real estate; however:*
- The economics do not work for the borrowers (land developers and homebuilders) at 12-15% interest
- There is a timing mismatch between income recognized and cash flow as many of the loans have received ZERO cash receipts either in 2014 or in many instances since origination
- This is a problem in a REIT structure because REITs are required to distribute 90% of net income; how are distributions funded if a large portion of "income" is non-cash? We believe these distributions are funded by
  - Increasing debt load – UDF IV has raised $140mm of debt since 12/31/13 for purposes of either originating new loans or funding distributions (increase from $30mm as of 12/31/13 to $170mm as of 12/31/14), this includes the $35mm that was raised to backstop and tender for shares as part of the public listing of shares.
  - Incentivizing shareholders to invest in a Distribution Reinvestment Plan (DRIP) by discounting the shares by 5% and not paying commissions on funds raised through the DRIP – cash is not required to be distributed outside the system
  - Selling bad loans to related parties at inflated levels with accrued interest when liquidity is needed
- We visited a handful of development sites which secure UDF IV loans and believe the loans are significantly under-collateralized and would be impaired by potentially 50-75% under reasonable valuation parameters
- We believe the situation is likely perpetuated/maintained because of the relationship (and conflict of interest) that exists between UDF IV's manager/key executives and UDF IV's largest borrower
- In the end, if the economics do not work for borrowers, the economics do not work for the investors; this business is about extracting an exorbitant amount of fees from unsuspecting investors and perpetuating the scheme by continuing to funnel new unsuspecting investors behind older investors.

This is a Programmatic Issue for the SEC

The SEC's Office of the Investor Advocate recently released its annual report. The report listed what the SEC's Office of the Investor Advocate deemed to be the most serious problems for retail investors going into 2015, one of which is the Non-Traded REIT asset class.

SEC	NASAA	FINRA
• Non-Traded REITs	• Binary Options	• Bitcoin—Virtual Currency
• Variable Annuities	• Marijuana Industry Investments	• High-Yield CDs
• Virtual Currency	• Stream-of-Income Investments	• Variable Annuities
• Binary Options	• Digital Currency & Cybersecurity Risks	• Bonds—Reverse Convertibles
• Private Placement Offerings	• Regulation D/Rule 506 Private Offerings	• Pre-IPO Offerings
	• Pyramid and other Ponzi Schemes	• Frontier Funds
	• Real Estate Schemes, Including Those Using Promissory Notes	• Private Placements
	• Affinity Fraud	• Public Non-traded REITs
	• Internet Fraud, Including Social Media and Crowdfunding	• Retirement Accounts
	• Oil & Gas Investments in the Fracking Era	

Not So Kind Words from the SEC

SEC words used to describe non-traded REITs:

- "Significant upfront costs"
- "External managers...paid high fees...not aligned with shareholders"
- "...often make distributions in excess of taxable income using borrowed funds and offering proceeds"
- "displaying a REIT security's immutable offering price as its per share estimated value...throughout the offering period...which could span several years, notwithstanding the fluctuation in value of the REIT security during that period"

Source: SEC's Office of the Investor Advocate Annual Report

Two Poster Children of the Non-Traded REIT Industry

- The issues that exist within the UDF structure, specifically related to the high fees and commissions as well as funding distributions with new capital, are systemic of public non-traded REITs, which is how UDF IV originated prior to listing.

- UDF IV appears to be a particularly egregious example because of the Ponzi-like nature of the different UDF vintages as well as the concentration of risk with UDF's largest borrower that has contributed to the scheme being perpetuated.

- RCAP sits at the center because it is the fundraising mechanism between UDF and retail investors.

- RCAP is currently raising capital for UDF V, potentially causing significant harm to past and future retail investors.

- Non-traded REITs are a hot-button issue for the SEC as well as for FINRA; UDF and RCAP are poster children for the harm that can be done to retail investors because of these structures.

UDF IV

UNITED DEVELOPMENT FUNDING IV

UDF IV Portfolio Overview

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Portfolio Overview

- Of UDF IV's $618mm in loans/invested assets, $101mm (or 16%), are with related parties; these loans come in the form of notes receivables with related parties (i.e. loaning money to affiliates) and participation interests in related party loans (i.e. buying interest in loans that affiliates have originated).

- Of the 131 outstanding loans, ~45% (59) have NOT generated any cash receipts in 2014.

Description	Balance as of 12/31/14	# of Loans
Notes Receivable (non-related party)	$516.7	111
Related Party Assets	$101.2	20
Total UDF IV Invested Loan Assets	**$618.0**	**131**

Portfolio Attributed to Largest Borrower

- UDF IV discloses that "we have invested approximately 61% of the outstanding balance of our portfolio in 74 loans to our largest individual borrower and its affiliates"; based on independent research, we estimate that 65% of total loan balances are related to entities associated with Mehrdad Moayedi across 75 loans. This includes loans initially originated by UDF IV to Moayedi entities as well as loans originated by affiliates of UDF IV to Moayedi entities in which UDF IV has since acquired interest.

- Despite accounting for 65% of UDF IV's total loan balance, Moayedi entities only account for 40% of 2014 cash receipts and 55% (or 41) of the 75 loans have NOT generated any cash receipts in 2014.

Description	Balance as of 12/31/14		# of Loans	
Notes Receivable (non-related party)	$370.9	72%	71	64%
Related Party Assets	$30.8	30%	4	20%
Total Invested Assets Related to Moayedi	**$401.6**	**65%**	**75**	**57%**

Note: Percentages represent the percent attributed to Mehrdad Moayedi entities of the total [illegible] there are [illegible] notes receivable, [illegible] attributed to Moayedi entities represent [illegible] the total [illegible] notes receivable

Further Concentration of Risk

- UDF IV's second largest borrower is Tom Buffington, another Texas developer and home builder, Buffington related entities account for ~11% of total outstanding loan balances; when combined with Moayedi related loans, the top 2 borrowers account for 76% of total outstanding loan balances (adding in related party notes receivable and related participation interests, the total concentrated risk is 87% among the top 3).

- We believe there may be issues with loans issued to both developers, however, there do appear to be differences. A significantly greater percentage of Buffington loans have generated cash receipts in 2014 and the contribution of total cash receipts for Buffington is in-line with its outstanding loan balance whereas Moayedi cash receipt contribution is significantly lower than its outstanding loan balance.

Description	Moayedi	Buffington
% of total outstanding loan balances	65%	11%
% of total 2014 cash receipts	40%	12%
2014 cash receipts as % of outstanding loan balance	15%	26%
% of loans that <u>HAVE</u> generated 2014 cash receipts	**45%**	**73%**
% of loans that <u>HAVE NOT</u> generated 2014 cash receipts	55%	27%

Loan Maturity Schedule is Short-Term Weighted

As of December 31, 2014, 60% of total outstanding loan balances mature in 2015 or have already matured.

The following table represents the scheduled maturity dates of the 131 loans outstanding as of December 31, 2014:

Maturity Date	Related Party Amount	Related Party Loans	Related Party % of Total	Non-related party Amount	Non-related party Loans	Non-related party % of Total	Total Amount	Total Loans	Total % of Total
Matured	$ -	-	-	$ 16,357,000	5	3%	$ 16,357,000	5	3%
2015	58,812,000	11	58%	300,727,000	46	58%	359,539,000	57	57%
2016	15,857,000	5	16%	118,308,000	37	23%	134,165,000	42	22%
2017	10,231,000	2	10%	81,334,000	[illegible]	16%	91,565,000	[illegible]	15%
2018	4,890,000	1	5%	-	-	-	4,890,000	1	1%
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	11,500,000	1	11%	-	-	-	11,500,000	1	2%
Total	$ 101,290,000	20	100%	$ 516,726,000	111	100%	$ 618,016,000	131	100%

* Less than 1%

As of December 31, 2014, we had 5 matured loans with an unpaid principal balance of approximately $16.4 million that are considered impaired because they remain outstanding beyond the contractual terms of the loan agreements. Full collectability is considered probable for all 5 loans and we have not recorded a specific allowance related to any of these impaired loans. The average monthly outstanding balance associated with impaired loans for the year ended December 31, 2014 was approximately $1.6 million. For the year ended December 31, 2014, we recognized approximately $25,000 in interest income associated with impaired loans and we did not recognize any cash basis interest income. As of December 31, 2013, we had no matured loans. For the year ended December 31, 2013, we did not recognize any interest income associated with impaired loans. For the year ended December 31, 2012, the average monthly outstanding balance associated with impaired loans was approximately $11,000 and we recognized approximately $1,000 of interest income associated with impaired loans.

All 5 of the matured / impaired loans are related to Buffington. Buffington-related notes represent $67mm of the total $618mm of loans, including the $16.4mm that have matured and are considered impaired

Does a Conflict Exist and Is It Material?

21 loans matured in Q4

- **Moayedi: 10 ($89mm)**
- **Related: 6 ($32mm)**
- **Buffington: 5 ($17mm)**

Q4 scheduled maturities represented $138mm or ~22% of outstanding loans.

All loans related to Moayedi were extended into 2015; all but 1 to related parties were extended into 2015.

Conversely, none of the loans issued to Buffington were extended.

99% of the loans that matured were either extended or matured, are still outstanding and are impaired.

	Extended During Q4 14?	Party	Maturity Date As of 9/30/2014	Maturity Date As of 12/31/2014	Outstanding 9/30/14	Outstanding 12/31/14
[illegible]						
[illegible]	[illegible]	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi, Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Moayedi	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					[illegible]	[illegible]
[illegible]						
UDF Ash Creek	Extended	Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Related	[illegible]	N/A	[illegible]	
[illegible]	Extended	Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Extended	Related	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					[illegible]	[illegible]
[illegible]						
[illegible]	Not Extended	Buffington	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Not Extended	Buffington	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Not Extended	Buffington	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Not Extended	Buffington	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Not Extended	Buffington	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]					[illegible]	[illegible]
[illegible]					[illegible]	[illegible]
[illegible]					[illegible]	
[illegible]					[illegible]	
[illegible]					[illegible]	

No Bad Loans Here

UDF IV accrues a provision for loan losses of ~0.5% annually; however, the Company individually reviews all loans and has classified all of its 131 loans as level 1 which means full collectability is considered probable as opposed to level 2, where full collectability is considered more likely than not, but not probable.

($ in millions)	12/31/13	12/31/14
Level 1	$ 515.0	$ 618.0
Level 2	-	-
Level 3	-	-
Total	$ 515.0	$ 618.0

Level	Definition of Levels
Level 1	Full collectability of loans in this category is considered probable
Level 2	Full collectability of loans in this category is deemed more likely than not, but not probable, based upon our review of economic conditions, the estimated value of the underlying collateral, the guarantor, adverse situations that may affect the borrower's ability to pay or the value of the collateral and other relevant factors. Interest income is suspended on Level 2 loans.
Level 3	For loans in this category, it is probable that we will be unable to collect all amounts due

Mismatch between "Income" and Cash

- Cash from operations is consistently lower than net income and corresponding distributions which are required to be at least 90% of taxable income each year; we believe this mismatch exists because a significant portion of "income" is non-cash, although the Company does not specifically identify and disclose this fact. To further explain, it appears the Company issues development loans, which in many cases simply PIK and accrue larger balances for multiple years without ever generating any cash receipts.

- As a result of this mismatch, the Company has funded distributions partly through debt and raising new equity ("proceeds from offering"); in addition to what is shown below which is directly sourced from the Company, UDF has raised $105mm in debt YTD, excluding debt raised for the tender ($35mm), which we believe partly funds distributions and potentially recycles capital through to Centurion which allows it to service old debt and artificially inflate the level of reported operating cash flow.

($ in millions)	2010A	2011A	2012A	2013A	2014A	Cumulative
Distributions Paid in Cash	n/a	n/a	$ 12.5	$ 27.7	$ 42.3	n/a
Distributions Reinvested	n/a	n/a	7.0	16.9	8.9	n/a
Total Distributions	$ 1.9	$ 8.1	$ 19.5	$ 44.6	$ 51.2	$ 125.2
Sources of Distributions						
Cash from Operations	$ -	$ 4.5	$ 9.8	$ 24.5	$ 41.7	$ 80.5
Proceeds from Offering	-	-	-	13.5	9.6	23.1
Borrowings under Credit Facility	1.9	3.6	9.7	6.6	-	21.7
Total Sources	$ 1.9	$ 8.1	$ 19.5	$ 44.6	$ 51.2	$ 125.2
% Funded via Cash from Operations	0.0%	56.0%	50.2%	55.0%	81.3%	64.3%

Table directly sourced from multiple UDF IV SEC filings.

UDF IV – Debt Overview

- UDF IV has 8 lenders in total with a total outstanding debt balance of $170mm which has increased by $110mm since the end of 2013. $35mm of which was used to tender for shares as part of public offering
- Since listing, the Company has raised $50mm of debt from Waterfall Finance, at a 10% interest rate (L+900 with a 100bps floor)
- Community Trust Bank is UDF IV's largest single lender ($53mm); Hollis Greenlaw, CEO of UDF IV's external manager, joined Community Trust Bank's "Dallas Regional Board" in January 2014
- $145mm of the Company's $195mm maximum borrowing capacity matures in 2015 with $123mm outstanding at 12/31/14

Debt Outstanding, $ in millions	12/31/14
Community Trust Bank	$ [illegible]
Waterfall 3 + 4 Finance	50.0
Prosperity Bancshares	14.5
Legacy Texas Bank	11.0
Veritex Community Bank	[illegible]
Independent Bank	13.8
Capital Bank	[illegible]
Affiliated Bank	7.5
Total Outstanding Debt	**$ 170.2**

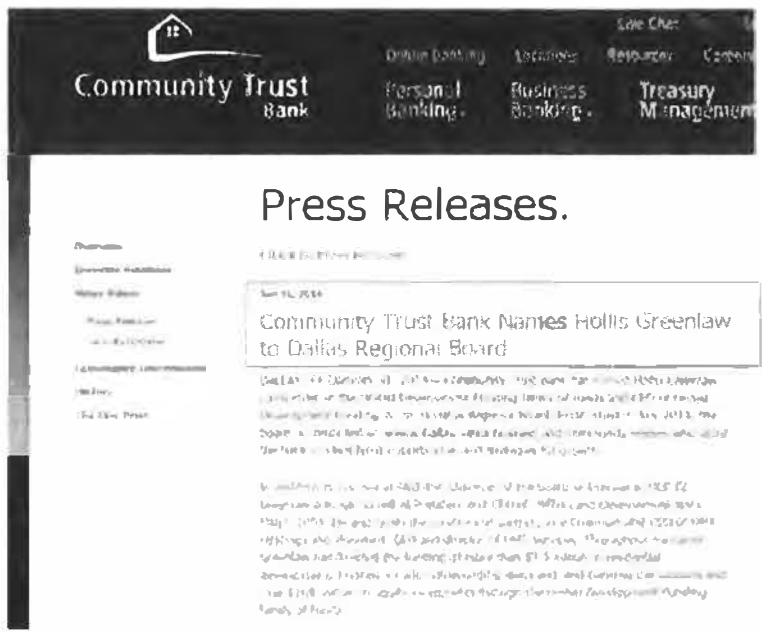
($ in millions)

		Maximum	Amendment		Current Max	Current Outstanding						
Bank	**Signed**	**Amount**	Date	Amount	Amount	12/31/2013	6/30/2014	9/30/2014	12/31/2014	Rate	Maturity	Cross-Guarantee
Community Trust Bank of Texas	5/25/2011	$ [illegible]	6/1/2014	$ [illegible]	$ [illegible]	$ [illegible]	$ 15.9	$ 37.4	$ [illegible]	4.250%	7/30/2015	UDF III
Community Trust Bank of Texas	8/19/2010	$ 15.0	4/11/2014	$ 10.0	$ 25.0	$ 14.6	$ 12.9	$ 21.6	$ 19.8	4.250%	7/30/2015	UDF III
Prosperity Bancshares	12/14/2013	$ 15.0	n/a	n/a	$ 15.0	$	$ 9.0	$ 15.0	$ 14.5	5.000%	12/15/2016	UDF III
Legacy Texas Bank	11/1/2011	$ 5.0	n/a	n/a	$ 5.0	$ -	$ 4.8	$ 4.7	$ 5.0	4.500%	1/12/2017	None Disclosed
Veritex Community Bank	7/11/2012	$ 5.1	6/30/2014	$ 0.2	$ 14.5	$	$ [illegible]	$ 10.0	$ [illegible]	4.500%	[illegible]	None Disclosed
Affiliated Bank	7/23/2013	$ 5.5	8/5/2014	$ 2.0	$ 7.5	$	$ 5.5	$ 5.4	$ 7.5	5.000%	7/23/2016	None Disclosed
Legacy Texas Bank	8/5/2013	$ 10.5	n/a	n/a	$ 10.0	$	$ 4.5	$ 7.5	$ 6.0	5.000%	9/5/2015	None Disclosed
Community Trust Bank of Texas	8/19/2013	$ 25.0	4/11/2014	$ (10.0)	$ 15.0	$ 6.0	$ 3.5	$ 13.8	$ 13.6	4.250%	8/19/2015	UDF III
Independent Bank	12/6/2013	$ 15.0	n/a	n/a	$ 15.0	$	$ 10.0	$ 10.0	$ 13.8	4.125%	12/6/2015	None Disclosed
Waterfall 4 Finance	7/2/2014	$ 35.0	n/a	n/a	$ 35.0	$ -	$	$ 35.0	$ 35.0	10.000%	12/31/2015	None Disclosed
Waterfall 3 Finance	10/14/2014	$ 15.0	n/a	n/a	$ 15.0		$	$ -	$ 15.0	10.000%	10/14/2015	None Disclosed
Capital Bank Revolver	12/11/2014	$ [illegible]	n/a	n/a	$ 8.5	$	$	$	$ [illegible]	4.125%	12/11/2016	None Disclosed
Total					$ 195.0	$ [illegible]	$ 71.2	$ 147.3	$ 170.2			

Greenlaw Relationship with Community Trust Bank

Hollis Greenlaw, CEO of UDF IV, joined Community Trust Bank's "Dallas Regional Board" in January 2014

Community Trust Bank lends to UDF IV and happens to be the single largest lender at $53mm outstanding, (total borrowing capacity of $70mm), increasing by $23mm outstanding and $20mm of capacity since Hollis Greenlaw joined the Board



Detail of Moayedi Related Loans

Yellow shaded loans represent loans with $0 cash receipts in 2014; note relatively even split between 1st lien and 2nd liens as well as majority of collateral as "paper lots"

Detail of Moayedi Related Loans (continued)

Yellow shaded loans represent loans with $0 cash receipts in 2014; note relatively even split between 1st lien and 2nd liens as well as majority of collateral as "paper lots"

Entity	Dec 14 Amount ($mm)	2014 Cash Received	Security	Collateral	Location	Start Date	Maturity Date	Duration
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	$ [illegible]	$ [illegible]						
[illegible]	[illegible]	[illegible]						

TRAVIS RANCH

Example Case Study
Related Party Participation Interest

Confidential

Travis Ranch (TR) Paper Lot Participation

- UDF IV discloses in its 10Q (9/30/14) that it purchased a "participation interest" in a loan from UDF III (an affiliated fund) to CTMGT Travis Ranch, a Centurion American (Mehrdad Moayedi) development
- The "interest" was purchased in 2010; year-to-date, the loan balance has increased by the amount of interest 'earned' and then some (+$380k)
- There have been $0 cash receipts in 2014 according to company disclosures.

Travis Ranch Paper Lot Participation	($ in 000s)
Outstanding Balance (12/31/13)	$12,617
Interest Income (12 months)	2,017
Other Increase in Loan Balance (Plug)	380
Outstanding Balance (12/31/14)	**$15,014**

TR Paper Lot Participation

On June 30, 2010, we purchased a participation interest (the "TR Paper Lot Participation") in a paper lot loan (the "Travis Ranch Paper Lot Loan") from UDF III to CTMGT Travis Ranch, LLC, an unaffiliated Texas limited liability company. The general partner of our Advisor is also the general partner of UMTH LD, our asset manager. UMTH LD is the general partner of UDF III. The TR Paper Lot Participation is due and payable in full on January 28, 2015.

- *Full extent of description of related party participation interest in UDF IV filing (9/30/14 10Q)*

What Exactly is Travis Ranch?

Travis Ranch is a real Centurion American development with real homes and a real elementary school in Kaufman County, Texas, near the township of Forney (near Rockwall).

TRAVIS RANCH

What is the Participation Interest in Travis Ranch?

- The initial loan was originated in **September 2009** by UDF III
- The **original** balance was **$8.1mm**, compared to the **current** outstanding balance of **$15.0mm**
- **What is the collateral?** "The TR Paper Lot Note was initially secured by a **pledge of the equity** interests in the borrower **instead of a real property lien** … the borrower owns **paper lots** in […] Travis Ranch"
- **What is a paper lot?** A paper lot is a residential lot shown on a plat that has been accepted by a city or county but which is currently **undeveloped** or **under development** (i.e. not finished)

This disclosure is provided in a UDF III 10Q, NOT a UDF IV disclosure

TR Paper Lot Note

In September 2009, we originated an $8.1 million secured promissory note (the "TR Paper Lot Note") with CTMGT Travis Ranch, LLC, an unaffiliated Texas limited liability company. The borrower owns paper lots in the Travis Ranch residential subdivision of Kaufman County, Texas. A "paper" lot is a residential lot shown on a plat that has been accepted by the city or county, but which is currently undeveloped or under development. The TR Paper Lot Note was initially secured by a pledge of the equity interests in the borrower instead of a real property lien, effectively subordinating the TR Paper Lot Note to all real property liens. The TR Paper Lot Note is guaranteed by the limited liability company owner of the borrower and by the principal of the borrower. The interest rate under the TR Paper Lot Note is 15%. The borrower has obtained a senior loan secured by a first lien deed of trust on the paper lots. For so long as the senior loan is outstanding, proceeds from the sale of the paper lots will be paid to the senior lender and will be applied to reduce the outstanding balance of the senior loan. After the senior lien is paid in full, the proceeds from the sale of the paper lots are required to be used to repay the TR Paper Lot Note. The TR Paper Lot Note was due and payable in full on September 24, 2012. Pursuant to a loan modification agreement effective September 24, 2012, the maturity date on the TR Paper Lot Note was extended to January 28, 2013. The TR Paper Lot Note was increased to $11.0 million pursuant to a Borrower's Confirmation Certificate effective as of December 31, 2012. Pursuant to a second loan modification agreement effective January 28, 2013, the maturity date on the TR Paper Lot Note was extended to January 28, 2014. Pursuant to a third loan modification agreement effective January 28, 2014, the maturity date on the TR Paper Lot Note was further extended to January 28, 2015. In determining whether to modify this loan, we evaluated the economic conditions, the estimated value and performance of the underlying collateral, the guarantor, adverse situations that may affect the borrower's ability to pay or the value of the collateral and other relevant factors.

Description of TR Paper Note in UDF III filing (9/30/14 10Q).

What is the Participation Interest in Travis Ranch? (continued)

- **Is there a first lien?** "The Borrower **has obtained a senior loan secured by a first lien** deed of trust on the paper lots. **For so long as the senior loan is outstanding, proceeds** from the sale of paper lots **will be paid to the senior lender** and will be applied to reduce the outstanding balance of the senior loan."

- The loan was **originally due in September 2012** (3-yr note), the loan had been **modified** and **extended** THREE times as of 9/30/14 and was due January 28, 2015; subsequent to 12/31/14, this note was **extended** for a **FOURTH** time and is now due January 28, 2016.

This disclosure is provided in a UDF III 10Q, NOT a UDF IV disclosure.

TR Paper Lot Note

In September 2009, we originated an $5.1 million secured promissory note (the "TR Paper Lot Note") with CTMGT Travis Ranch, LLC, an unaffiliated Texas limited liability company. The borrower owns paper lots in the Travis Ranch residential subdivision of Kaufman County, Texas. A "paper" lot is a residential lot shown on a plat that has been accepted by the city or county but which is currently undeveloped or under development. The TR Paper Lot Note was initially secured by a pledge of the equity interests in the borrower instead of a real property lien, effectively subordinating the TR Paper Lot Note to all real property liens. The TR Paper Lot Note is guaranteed by the limited liability company owners of the borrower and by the principal of the borrower. The interest rate under the TR Paper Lot Note is 15%. The Borrower has obtained a senior loan secured by a first lien deed of trust on the paper lots. For so long as the senior loan is outstanding, proceeds from the sale of the paper lots will be paid to the senior lender and will be applied to reduce the outstanding balance of the senior loan. After the senior loan is paid in full, the proceeds from the sale of the paper lots are required to be used to repay the TR Paper Lot Note. The TR Paper Lot Note was due and payable in full on September 24, 2012. Pursuant to a loan modification agreement effective September 24, 2012, the maturity date on the TR Paper Lot Note was extended to January 28, 2013. The TR Paper Lot Note was increased to $11.0 million pursuant to a Borrower's Confirmation Certificate effective as of December 31, 2012. Pursuant to a second loan modification agreement effective January 28, 2013, the maturity date on the TR Paper Lot Note was extended to January 28, 2014. Pursuant to a third loan modification agreement effective January 28, 2014, the maturity date on the TR Paper Lot Note was further extended to January 28, 2015. In determining whether to modify this loan, we evaluated the economic conditions, the estimated value and performance of the underlying collateral, the guarantors, adverse situations that may affect the borrower's ability to pay or the value of the collateral and other relevant factors.

(Description of TR Paper Note in UDF III filing (9/30/14 10Q))

What is the Participation Interest in Travis Ranch? (continued)

- **And the Icing on the Cake?** UDF III (the ORIGINATOR) does NOT have an interest in the TR Paper Lot Note and the UDF IV participation interest is NOT included on UDF III's balance sheet
- While it is unclear if UDF IV owns 100% of this note, it is clear that UDF III 1) initiated a loan that seems to have been simply accruing interest for 5 years (almost doubling in outstanding balance), 2) sold the note in full to either a single related party or multiple related parties, 3) does not include the related party's portion of the note on its balance sheet, and 4) demonstrates the Ponzi-like nature of UDF loans
- So basically, UDF IV owns a note with Centurion American (CTMGT Travis Ranch), its single largest borrower, calls it a related party participation interest which its related party (UDF III) does not own nor does it include on its balance sheet and does not disclose that this note is related to Centurion American (all of the disclosure that provides an investor with this detail is UDF III filings and not UDF IV filings)

This disclosure is provided in a UDF III 10Q, NOT a UDF IV disclosure

TR Paper Lot Note

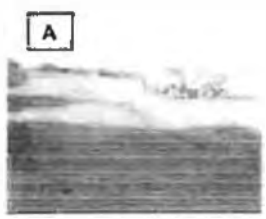
As of September 30, 2014 and December 31, 2013, we did not have an outstanding balance in notes receivable or accrued interest receivable associated with the TR Paper Lot Note. We did not recognize any interest income associated with the TR Paper Lot Note for the three or nine months ended September 30, 2014 and 2013. As of September 30, 2014 and December 31, 2013, UDF IV had a participation interest associated with the TR Paper Lot Participation of approximately $14.8 million and $12.6 million, respectively. The UDF IV participation interest is not included on our balance sheet.

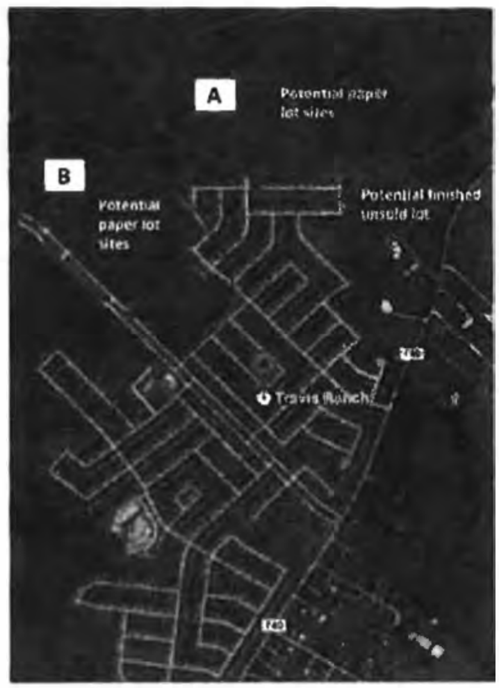
Description of TR Paper Note in UDF III filing (9/30/14 10Q)

What is the Collateral Underlying UDF IV's Loan?

- UDF IV's collateral is described as "participation in pledge of equity; paper lots, 401 acres and 10 finished lots"

- So while we know that Travis Ranch is a real development, the collateral for this loan seems to be an undeveloped incremental phase of Travis Ranch which sits behind a 1st lien senior loan, which has not been developed or finished in the past 5 years since the loan was originated.





Travis Ranch Participation Interest Conclusions

- Disclosures are poor at best and misleading in practice.

- It is unclear exactly what the underlying collateral for UDF IV's loan is and what the outstanding balance of the 1st lien ahead of UDF IV's loan is; however, there appears to be potentially ~$10mm in 1st lien issued based on a lien search for CTMGT Travis Ranch

- Part of the land around prior phases has been cleared but there does not appear to be any significant, current development being undertaken (only sign of construction was a single truck).

- The loan has been outstanding for 5 years and extended 3 times, yet the lots are still unfinished and will require additional capital to complete as well as time to complete and time to sell finished lots.

- Houses in Travis Ranch are listed for $150k to $200k (estimate lot values of $25k), assuming no incremental cost to complete, no outstanding 1st lien balance, no incremental accrued interest, lot values of $25k and not discounting for time to complete, the developer would need to sell 600 lots to cover the current outstanding UDF IV loan balance

- Given the incremental costs, time value and lot values and knowledge that a first lien exists, this loan is likely impaired and most likely continues to be extended because of the relationship between UDF IV and Centurion American; based on our estimates, the loan could be impaired by 50-75%+.

MONTALCINO ESTATES

A Centurion American Community

Example Case Study
Non-Related Note Receivable

Confidential

Montalcino Estates Development Overview

- Montalcino Estates is a real Centurion American development with real homes and a real half-built community center.
- 51 residential lots have been approved for the current phase of the development where infrastructure appears to be complete.
- The development is in Flower Mound (Denton County), TX and the average lot size is 1 acre.
- The UDF loan was originated in December 201[illegible] and is a subordinated loan; current outstanding balance of $25.2mm, "matured" on 12/13/14, interest rate of 13%.
- Three years later and upon maturity of the note, there are a total of 12 homes either under construction or complete, 3 of which are model homes and only 3 of which appear to have been sold to individuals

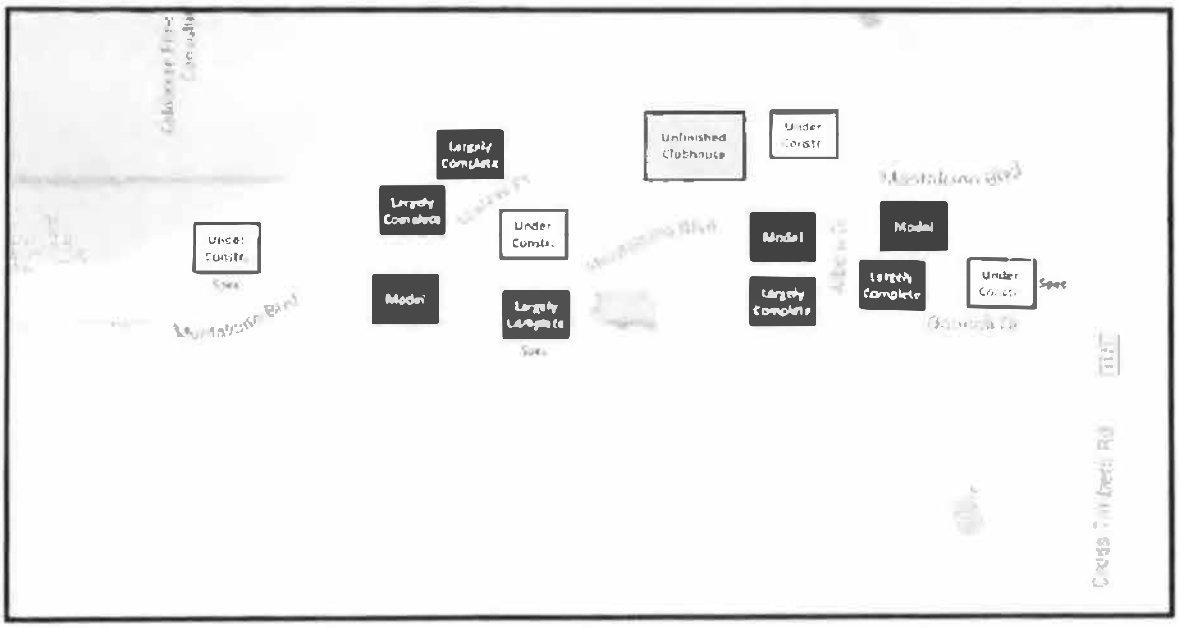
MONTALCINO ESTATES

Montalcino Estates – The Good

Montalcino Estates – The Bad

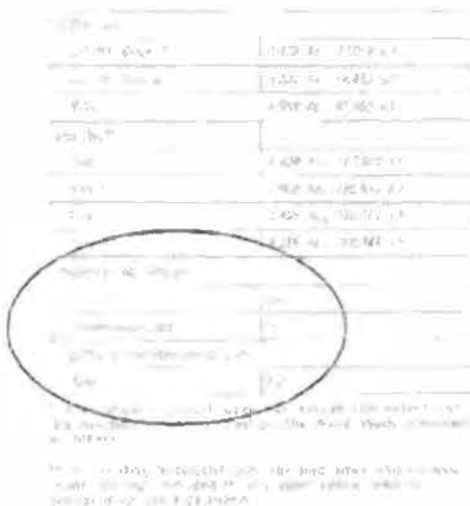
Centurion American Montalcino – Construction Update

12 total homes (3 model + 4 under construction + 5 possibly complete, maybe 1 or 2 sold) plus an unfinished clubhouse and a couple half filled retaining ponds



Centurion American Montalcino – Project Data Table

51 residential lots approved in phase I (average lot size ~1 acre); 140 acres required to be open/conservation areas by code out of total gross site area of 216 acres; the tables below are sourced from a survey in the Denton County (TX) plat records.



Montalcino Estates – Loan Balance History

- Since the end of 2013, the loan balance has declined by $1.6mm, the collateral has been reduced by 8 finished lots (41 finished lots down to 33 finished lots) yet UDF IV discloses that it has received $0 cash receipts in 2014
- There appear to only be 51 total residential lots approved for development in and around Montalcino Estates based on records available online for Denton County; this makes it unclear where the 125 paper lots that also serve as collateral are actually located (possibilities include lots at other Centurion American Developments, specifically Legends and Turbeville).

				[illegible]		[illegible]			
Entity	Date	Security	Collateral	Balance	Maturity Date	2014A	2013A	2012A	2011A
CTMGT Montalcino	12/31/2012	2nd Lien	478 Acres	$ 23,511,468	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	3/31/2013	2nd Lien	478 Acres	$ 24,605,284	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	6/30/2013	2nd Lien	478 Acres	$ 25,146,455	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	9/30/2013	2nd Lien	478 Acres	$ 29,230,516	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	12/31/2013	2nd Lien	41 Finished Lots, 129 Paper Lots	$ 32,253,437	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	3/31/2014	2nd Lien	36 Finished Lots, 129 Paper Lots	$ 31,828,627	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	6/30/2014	2nd Lien	34 Finished Lots, 125 Paper Lots	$ 35,098,276	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	9/30/2014	2nd Lien	34 Finished Lots, 125 Paper Lots	$ 23,221,928	12/13/14	$ -	$ -	$ -	$ -
CTMGT Montalcino	12/31/2016	2nd Lien	33 Finished Lots, 125 Paper Lots	$ 28,589,524	6/13/15	$ -	$ -	$ -	$ -

Potential First Liens Prioritized Ahead of UDF IV

- The maximum amount of debt with prioritized liens ahead of UDF IV is $16mm; of this total amount, $4.6mm was refinanced in 2013 and $3.9mm was borrowed in September 2014 specifically for the purpose of constructing an amenity center which is not yet complete.
- Assuming the likely range of prioritized debt is $8.5mm to $16.0mm, the total debt against Montalcino Estates including UDF IV's lien of $28.6mm is $37.1mm to $44.6mm
- Based on an estimate of $100-200k per lot, the collateral value of the 33 finished lots at Montalcino would be $3.3mm to $6.6mm;
- Assuming 1) no incremental interest cost, 2) no incremental capital to finish the paper lots 3) no time value associated with the time to complete or time to sell lots and 4) lot values of the finished Montalcino lots of $100-$200k per lot, the 125 paper lots would each need to be sold for $244k to $330k (depending on 1st lien debt outstanding, see range above) in order to repay the current outstanding UDF IV loan balance of $28.6mm; in reality, the paper lots are almost certainly worth less than $100k

Deed of Trust Date	Beneficiary of Lien	Representative of Beneficiary	Original Amount of Lien
11/20/2011	WTH Funding	John Hutchinson	$4.6mm**
11/20/2011	WTH Funding	John Hutchinson	$2.5mm
11/16/2012	Trez Capital	John Hutchinson	$5.0mm
9/26/2014	Landmark Bank	Randy Hensarling	$3.9mm
		Max Priority Liens	**$16.0mm**

*** Original first lien was in the amount of $5.0mm; this lien was modified and $4.6mm was refinanced in May 2013*

Relationship between Developer, Home Builder & UDF

- In every case in which either Megatel Homes or Crescent Estates (dba Siena Homes) has purchased a lot from CTMGT Montalcino, part of the consideration listed in the special warranty deed has been a promissory note due to UDF IV
- When either Ashton Dallas Residential or Gehan Homes has purchased a lot, there is no such promissory note
- Megatel Homes, Crescent Estates, and CTMGT Montalcino all have lending relationships with UDF IV; Crescent Estates and CTMGT Montalcino share the same manager (Mehrdad Moayedi), and we believe Megatel Homes may also be a related party to CTMGT Montalcino based on knowledge gathered from industry sources
- We believe these notes serve as the capital to both acquire the land and construct new homes, where the home builder acquires the land with UDF IV's original lien and any Superior liens against the land remaining in place rather than the liens being released with the sale/conveyance of the land and with an additional lien put in place against the improvements to the land
- UDF IV effectively provides the capital to the developer to develop the land and then to the homebuilder to buy land from the developer who can then repay UDF for the initial loan (possibly, however in this case, there is a first lien with priority)

Description	Date	Acquiring Party	Promissory Note Value	Note Beneficiary	Block	Lot	Deed Filing #	Detail of Home
Special Warranty Deed	2/25/2013	Ashton Dallas Residential	None	None	Block B	Lot 15		No House Under Construction
Special Warranty Deed	2/25/2013	Ashton Dallas Residential	None	None	Block C	Lot 7		No House Under Construction
Special Warranty Deed	2/25/2013	Ashton Dallas Residential	None	None	Block E	Lot 4		Ashton Woods Model Home
Special Warranty Deed	2/13/2013	Megatel Homes II	$530,000	UDF IV	Block C	Lot 5	15342	Mostly Complete Home
Special Warranty Deed	2/13/2013	Megatel Homes II	$630,000	UDF IV	Block B	Lot 11	15344	Complete Home
Special Warranty Deed	2/13/2013	Megatel Homes II	$680,000	UDF IV	Block B	Lot 16	15343	Complete Home
Special Warranty Deed	2/13/2013	Megatel Homes II	$650,000	UDF IV	Block E	Lot 3	15345	Mostly Complete Home
Special Warranty Deed	2/13/2013	Megatel Homes II	$670,000	UDF IV	Block C	Lot 4	15346	Megatel Model Home
Special Warranty Deed	3/14/2013	Gehan Homes	None	None	Block B	Lot 4		Home Under Construction
Special Warranty Deed	3/14/2013	Gehan Homes	None	None	Block B	Lot 7 & 8		No Homes Under Construction
Special Warranty Deed	3/14/2013	Gehan Homes	None	None	Block E	Lot 8		Gehan Model Home
Special Warranty Deed	3/11/2014	Megatel Homes II	$590,000	UDF IV	Block E	Lot 6	15616	Megatel Spec Home
Special Warranty Deed	5/21/2014	Megatel Homes II	$625,000	UDF IV	Block B	Lot 6	15681	Home Under Construction
Special Warranty Deed	5/21/2014	Crescent Estates (Siena)	$632,500	UDF IV	Block C	Lot 6	760366	Home Under Construction

Differences in Special Warranty Deeds (continued)

Below are examples of Special Warranty Deeds for lots purchased from CTMGT Montalcino by Ashton Dallas Residential and by Crescent Estates Custom Homes; note language regarding promissory note due to UDF IV by Crescent Estate Custom Homes.

Ashton Dallas Residential – Special Warranty Deed (2/25/13)

SPECIAL WARRANTY DEED

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF DENTON §

THAT CTMGT Montalcino, LLC, [illegible] Grantor, in hand paid by Ashton Dallas Residential, LLC, a Texas limited liability company ("Grantee"), the receipt and sufficiency of which is hereby acknowledged by Grantor, has GRANTED, SOLD AND CONVEYED, and by these presents does hereby GRANT, SELL AND CONVEY [illegible] situated in Denton County, Texas [illegible] Exhibit "A".

[illegible] Exhibit "B" [illegible]

[illegible]

Crescent Estate – Special Warranty Deed (5/21/14)

SPECIAL WARRANTY DEED WITH VENDOR'S LIEN

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS
§
COUNTY OF DENTON §

THAT [illegible], A TEXAS LIMITED LIABILITY COMPANY ("Grantor"), for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration [illegible] paid by CRESCENT ESTATES CUSTOM HOMES, LP, A TEXAS LIMITED PARTNERSHIP D/B/A [illegible] HOMES ("Grantee"), the receipt and sufficiency of which is hereby acknowledged by Grantor, and the further consideration of [illegible] the original principal sum of [illegible] ($[illegible]) payable to the order of [illegible], a Delaware limited partnership ("Lender") [illegible] ("Vendor's Lien") and being further secured by [illegible] Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing [illegible] (the "Deed of Trust") to [illegible], Trustee, of even date herewith covering the Property (as hereinafter defined);

Has GRANTED, SOLD AND CONVEYED, and by these presents does hereby GRANT, SELL AND CONVEY unto Grantee, the following described real property ("Land") [illegible] situated in Denton County, Texas and as fully set forth and described on the attached Exhibit "A".

This conveyance is made by the Grantor and accepted by the Grantee subject to the validly existing and enforceable rights, interests and estates of third parties in connection with the items described in Exhibit "B" attached hereto and made part hereof for all purposes.

But it is expressly agreed and stipulated that the Vendor's Lien as well as Superior Title in and to the Property are hereby retained until the Note and all interest due [illegible] are fully paid according to the face, tenor, effect and reading thereof, at which time this Special Warranty Deed shall become absolute and the Vendor's Lien and Superior Title herein retained shall be automatically released and discharged. Said Vendor's Lien and Superior Title herein retained are hereby transferred, assigned, sold and conveyed without [illegible] Lender, its successors and assigns, the party named in the Note.

By acceptance of this Deed, Grantee hereby agrees and acknowledges that:

Montalcino Estates – UDF IV Loan Conclusions

- The note initially issued by UDF IV to CTMGT Montalcino had a 3-year term which matured 12/13/14; upon maturity, it was extended 6 months to 6/13/15
- During the three years following the issuance of the loan, only 12 homes have been constructed and only 3 homes appear to have been sold to individuals
- While it is unclear exactly where the paper lot collateral is located, it is clear that incremental capital will need to be invested to convert the paper lots to finished lots and considerable time will be required to both develop the lots and sell the lots.
- Two potential locations of the paper lot collateral are two other Centurion American developments, CTMGT Legends and CTMGT Turbeville, which collectively and separately have $12.7mm of loans outstanding with UDF IV
- Given 1) the outstanding UDF IV loan balance, 2) potential amount of outstanding priority liens ahead of the UDF IV loan, 3) incremental cost and time required to develop paper lot collateral and 4) reasonable lot valuations, the UDF IV Montalcino loan should likely be impaired by 50-75% and could even be impaired 100%.

MONTALCINO ESTATES

NORTHPOINTE
CROSSING

Example Case Study
Related Party Participation Interest
Involving Multiple Related Parties

Confidential

Northpointe Crossing Development Overview

- Northpointe Crossing is in Arnna, Texas just off I-75 (North of McKinney, South of Van Alstyne)
- 110 acres offers 255 single family lots
- The community has plans for open space and greenbelts and two amenity centers featuring a children's playground and a water splash park.
- "These designated lots have not been developed by Centurion American or its affiliates" – Taken directly from Centurion American website, despite this, there are actual houses that have been built in certain phases and this comment may have been with regard to still unbuilt phases
- UDF III has originated 2 loans to Northpointe which at one time was a subsidiary of UDF I and which now is owned by a Mehrdad Moayedi entity
- UDF IV has acquired 'participation interests' in both loans that UDF III originated; on a combined basis, there is a 1st lien outstanding of $1.2mm and a 2nd lien outstanding of $10.4mm.

($ in millions)	UDF III	UDF IV	Total
1st Lien	$0.1	$1.1	$1.2
2nd Lien	$3.4	$7.0	$10.4
Total	**$3.4**	**$8.2**	**$11.6**

Northpointe Crossing Development Overview

Northpointe Crossing Development Overview

Northpointe Crossing Timeline

NORTHPOINTE

December 2007

UDF III issues a $6mm 2nd lien to UDF Northpointe LLC a wholly owned sub of UDF I

December 2008

UDF Northpointe LLC is purchased by an 'unrelated' party (Mehrdad Moayedi)

December 2008

UDF III issues a $4.2mm 2nd lien to Northpointe LLC (an unrelated party)

May 2009

Northpointe LLC assigns loan and collateral to Northpointe II which then assigns it back

September 2011

UDF III 2nd lien is extended & increased to maximum of $15mm from $6mm

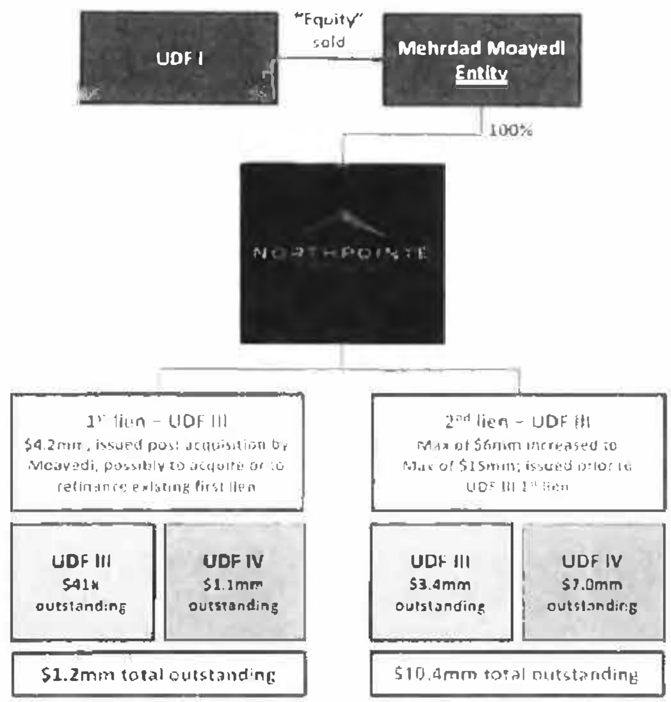
June 2012

UDF IV purchases a participation interest in UDF III's 1st lien

May 2013

UDF IV purchases a participation interest in UDF III's 2nd lien

Northpointe Crossing Structure



SCOTT FELDER
HOMES

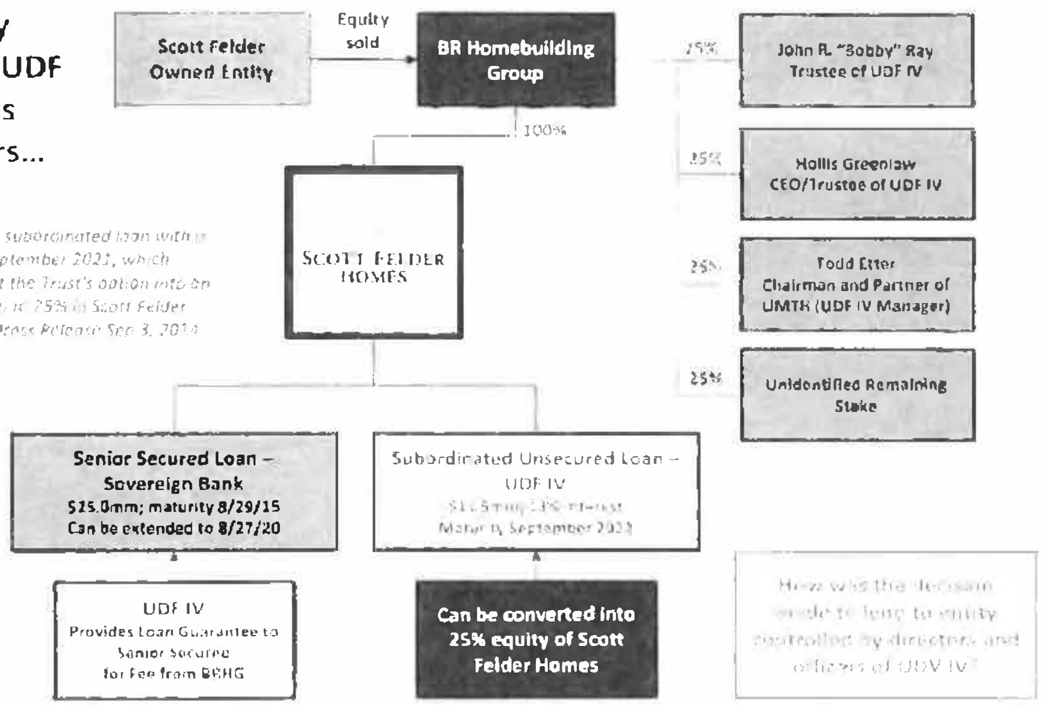
Conflicts of Interest:
UDF IV Lending to UDF IV Directors and Officers

Confidential

Acquisition of Scott Felder Homes Financed by UDF IV…

…for entity owned by UDF IV directors and officers…

"UDF is providing a subordinated loan with a maturity date in September 2021, which can be converted at the Trust's option into an equity interest of up to 25% in Scott Felder Homes." – UDF IV Press Release Sep 3, 2014



UDF IV

UNITED DEVELOPMENT FUNDING IV

Other Examples of Questionable Loans

Examples of UDF IV Loans Issued to Moayedi

The three loan examples on this page show how UDF loans with Moayedi entities behave over time: accrue larger and larger balances, have no cash receipts and are extended when the maturity date comes due

These loans had a combined balance of $36mm at 12/31/12; as of 12/31/14, these loans had a combined balance of $60mm, representing ~10% of UDF IV's total loans and have never generated any cash receipts based on UDF IV disclosures.

Source: UDF IV SEC Filings (10Ks/10Qs)

Alpha Ranch History

Loan	Date	Lien	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Alpha Ranch	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

One Windsor Hills History

Loan	Date	Lien	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	2nd Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
One Windsor Hills LP	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

Granbury History

Loan	Date	Lien	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts [illegible]	[illegible]	[illegible]	[illegible]
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	1st Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	1st Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	1st Lien	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$
CTMGT Granbury	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	[illegible]	$	$	$	$

UDF IV

UNITED DEVELOPMENT FUNDING IV

UDF IV Relationship with UDF V

Confidential

UDF V – Relationship with Other UDF Funds

- UDF V, the newest fund in the UDF family of funds, "will not participate in any investments with our advisor entities or any of their affiliates, including any prior program sponsored by affiliates of UDFH."

- So unlike UDF IV, UDF V will not directly loan money to affiliates nor will it acquire participation interest in related party / affiliate originated loans.

United Development Funding Income Fund V

UDF V is a newly organized Maryland real estate investment trust that intends to qualify as a REIT under federal tax law. We were formed to generate current interest income by investing in secured loans and producing profits from investments in residential real estate.

We will derive a significant portion of our income by originating, purchasing and holding for investment secured loans for the acquisition and/or development of parcels of real property into single-family residential lots. We also will make direct investments in land for development into single-family lots.

We also will provide credit enhancements to real estate developers, land bankers and other real estate investors. Such credit enhancements may take the form of a loan guarantee, the pledge of assets, a letter of credit or an inter-creditor agreement provided by us to a third-party lender for the benefit of a borrower and is intended to enhance the creditworthiness of the borrower, thereby affording the borrower credit at terms it would otherwise be unable to obtain. We will not participate in any investments with our advisor entities or any of their affiliates, including any prior program sponsored by affiliates of UDFH.

- UDF V Prospectus Form S-11 (February 26, 2014)

UDF V – Relationship with Other UDF Funds (continued)

- UDF V refinanced a loan for CTMGT Frisco 113, a Centurion American affiliate; UDF IV happens to have had a 2nd lien loan balance outstanding with CTMGT Frisco 113 as of September 30, 2014.

- So it appears UDF V will not participate in affiliate loans but it may refinance them and not disclose it.

CTMGT Frisco 113, LLC

Effective December 1, 2014, we entered into a loan agreement to provide a $10,660,000 land development loan (the "CTMGT Frisco Loan") to CTMGT Frisco 113, LLC, an unaffiliated Texas limited liability company ("CTMGT Frisco"). The CTMGT Frisco Loan is evidenced and secured by a first lien deed of trust to be recorded against 81 acres of entitled residential land in Collin County, Texas, a promissory note, assignments of builder lot sale contracts, and other loan documents. The CTMGT Frisco Loan is guaranteed by the principals of CTMGT Frisco. The proceeds of the loan will be used to refinance CTMGT Frisco's land acquisition and to develop the 81 acres into single-family residential lots for sale to homebuilders. The annual interest rate under the CTMGT Frisco Loan is the lower of 13% or the highest rate allowed by law. The CTMGT Frisco Loan matures and becomes due and payable in full on December 1, 2017. During the CTMGT Frisco Loan term, CTMGT Frisco is required to pay down the CTMGT Frisco Loan by paying over to us all net proceeds of land and lot sales. Payments on the CTMGT Frisco Loan will be generally applied first to accrued interest, and then to principal. The loan documents contain representations, warranties, covenants, and provisions for events of default that are typical for loans of this nature. As of December 1, 2014, UDF V had funded $1,072,435 to CTMGT Frisco under the CTMGT Frisco Loan.

- UDF V Supplement No. 6 (Dated December 11, 2014 to the Prospectus Dated July 25, 2014)

The following table summarizes our real property loans as of September 30, 2014

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible] TX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
CTMGT Frisco 113 LLC	UDF IV	Collin County, TX	2nd lien [illegible]	13%	[illegible]	[illegible]	[illegible]	[illegible]				[illegible]
[illegible] LTD	UDF IV [illegible]	[illegible] TX	[illegible]	13%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]

UDF IV 10Q (September 30, 2014)

UDF IV

UNITED DEVELOPMENT FUNDING IV

Example of UDF III Related Party Activity

Confidential

UDF III – Relationship with Other UDF Funds

- UDF III originated a **$25mm** loan to **CTMGT (Centurion American)** in **December 2007**
- The note was increased **7 months later** to **$50mm** in **July 2008**
- The note was further increased in **2011** to **$64.5mm**
- The **interest rate** on the note is **16.25%**
- The note is a co investment loan secured by multiple investments and are **cross collateralized, secured by** collateral-sharing arrangements in **second liens** covering finished lots and entitled land, **pledges of ownership interests** in the borrowing entities and **guaranties**

CTMGT Note

In December 2007, we originated a $25.0 million secured promissory note (the "CTMGT Note") with CTMGT, LLC, an unaffiliated Texas limited liability company and its subsidiaries, who are co-borrowers of the CTMGT Note. The CTMGT Note was subsequently increased to $50.0 million pursuant to an amendment entered into in July 2008, and to $64.5 million pursuant to an amendment entered into in November 2011. The CTMGT Note is a co-investment loan secured by multiple investments. These investments are cross-collateralized and are secured by collateral-sharing arrangements in second liens covering finished lots and entitled land, pledges of the ownership interests in the borrowing entities, and guaranties. The collateral-sharing arrangements with UDF I and our borrowers allocate the proceeds of the co-investment collateral between us and our affiliate. Under these collateral sharing arrangements for the CTMGT Note, we are entitled to receive 75% of collateral proceeds. In the event of a borrower's bankruptcy, we are entitled to receive 100% of the collateral proceeds after payment of the senior lenders, ahead of payment to UDF I. The CTMGT collateral is located in multiple counties in the greater Dallas-Fort Worth area and surrounding counties. The interest rate on the CTMGT Note is 16.25%. Pursuant to the amendment entered into in November 2011, the maturity date of the CTMGT Note was extended to July 1, 2012. Pursuant to a second amendment entered into in July 2012, the maturity date of the CTMGT Note was extended to July 1, 2013. Effective July 1, 2013, we entered into a Third Extension and Modification Agreement with CTMGT, LLC, pursuant to which the maturity date of the CTMGT Note was further extended to July 1, 2014. Effective

UDF III 10Q (September 30, 2014)

UDF III – Relationship with Other UDF Funds (continued)

- UDF III has a collateral sharing arrangement with UDF I, UDF III receives 75% of collateral proceeds
- In event of a bankruptcy, **UDF III** is entitled to 100% of collateral proceeds **AFTER** payments of the **senior lenders, AHEAD** of **UDF I**
- The note has been **extended and/or modified FOUR times**

CTMGT Note

In December 2007, we originated a $23.2 million secured promissory note (the "CTMGT Note") with CTMGT, LLC, an unaffiliated Texas limited liability company and its subsidiaries, who are co-borrowers of the CTMGT Note. The CTMGT Note was subsequently increased to $50.0 million pursuant to an amendment entered into in July 2008, and to $64.5 million pursuant to an amendment entered into in November 2011. The CTMGT Note is a co-investment loan secured by multiple investments. These investments are cross-collateralized and are secured by collateral-sharing arrangements in second liens covering finished lots and entitled land, pledges of the ownership interests in the borrowing entities, and guaranties. The collateral-sharing arrangements with UDF I and our borrowers allocate the proceeds of the co-investment collateral between us and our affiliate. Under these collateral-sharing arrangements for the CTMGT Note, we are entitled to receive 75% of collateral proceeds. In the event of a borrower's bankruptcy, we are entitled to receive 100% of the collateral proceeds after payment of the senior lenders, ahead of payment to UDF I. The CTMGT collateral is located in multiple counties in the greater Dallas-Fort Worth area and surrounding counties. The interest rate on the CTMGT Note is 16.25%. Pursuant to the amendment entered into in November 2011, the maturity date of the CTMGT Note was extended to July 1, 2012. Pursuant to a second amendment entered into in July 2012, the maturity date of the CTMGT Note was extended to July 1, 2013. Effective July 1, 2013, we entered into a Third Extension and Modification Agreement with CTMGT, LLC, pursuant to which the maturity date of the CTMGT Note was further extended to July 1, 2014. Effective July 1, 2014, we entered into a Fourth Loan Modification Agreement with CTMGT, LLC, pursuant to which the maturity date of the CTMGT Note was further extended to July 1, 2015. In determining whether to modify this loan, we evaluated the economic conditions, the estimated value and performance of the underlying collateral, the guarantor, adverse situations that may affect the borrower's ability to pay or the value of the collateral and other relevant factors.

UDF III 10Q (September 30, 2014)

UDF III – Relationship with Other UDF Funds (continued)

- **UDF III** entered into a **loan participation agreement** with **UDF LOF** on the **CTMGT** note through which UDF LOF acquired a portion of UDF III's interest in the loan.

- As of **September 30, 2014, UDF III** had a balance in the note of **$44mm** and UDF LOF had a balance of **$14mm**; it is unclear what the balance of UDF I's interest may be.

- Also note that from December 31, 2013 to September 30, 2014, **UDF III's** loan balance declined by **$1.7mm** while **UDF LOF's** balance **increased** by **$1.5mm**

CTMGT Note

Effective July 2011, we entered into a loan participation agreement with UDF LOF pursuant to which UDF LOF purchased a participation interest (the "CTMGT Participation") in the CTMGT Note. The general partner of UDF LOF is a wholly-owned subsidiary of our general partner and our general partner serves as the asset manager for UDF LOF. Pursuant to the CTMGT Participation, UDF LOF is entitled to receive repayment of its participation in the outstanding principal amount of the CTMGT Note, plus its proportionate share of accrued interest thereon, over time as the borrower repays the note.

As of September 30, 2014 and December 31, 2013, we had an outstanding balance in notes receivable of approximately $44.0 million and $45.7 million, respectively, associated with the CTMGT Note. As of September 30, 2014, we had an outstanding balance in accrued interest receivable of approximately $4.5 million associated with the CTMGT Note. As of December 31, 2013, we did not have an outstanding balance in accrued interest receivable associated with the CTMGT Note. For each of the three months ended September 30, 2014 and 2013, we recognized approximately $1.8 million of interest income associated with the CTMGT Note. For the nine months ended September 30, 2014 and 2013, we recognized approximately $5.4 million and $5.2 million, respectively, of interest income associated with the CTMGT Note. As of September 30, 2014 and December 31, 2013, UDF LOF had a participation interest associated with the CTMGT Participation of approximately $14.2 million and $12.7 million, respectively. The UDF LOF participation interest is not included on our balance sheet.

– *UDF III 10Q (September 30, 2014)*

UDF IV

UNITED DEVELOPMENT FUNDING IV

Other Noteworthy Players & Relationships

VSR Financial Services – Largest LISTED UDF IV Holder

- VSR Financial Services (VSR) is the largest LISTED holder of UDF IV, owning ~3% of the Company according to Bloomberg (~1mm shares).

- VSR was acquired by RCS Capital (RCAP) in August 2014, 2 months following the public listing of UDF IV

- Prior to the acquisition, VSR was an independent broker/dealer with $12.3bn under administration and 204 advisors; following the acquisition, RCAP grew to 9,500 advisors, second only to LPL Financial with 12,840 advisors

RCS Capital (RCAP) – Sponsor / Deal Manager for UDF V

- RCS Capital (RCAP) has recently come under fire because of its relationship with American Realty Capital Properties (ARCP)
- ARCP and RCAP formerly shared the same chairman, Nicholas Schorsch, and RCAP played a role in helping Schorsch roll up his network of private non-traded REITs into his public vehicle, ARCP
- RCS Capital had agreed to buy Cole Capital (broker/dealer) from ARCP for $700mm
- In October 2014, ARCP disclosed that it had issued financial statements, which were relied upon to raise equity and which the CFO and Chief Accounting Officer knew to be inaccurate, overstating AFFO
- In conjunction with the announcement, it was announced that the CFO and CAO were no longer with the Company; soon thereafter, RCAP terminated its agreement to acquire Cole Capital (ultimately settling with ARCP, paying a fee, and walking away)
- Then in December 2014, ARCP announced that Schorsch and CEO David Kay would be resigning; David Kay had just taken over the CEO role from Schorsch in October prior to the announcement of the accounting issues and following the initial announcement in October, Kay hosted an investor call indicating he would be staying (may be more to come from this one…)
- Realty Capital Securities (RC Securities), a subsidiary of RCAP, happens to be the dealer manager of UDV V. RCAP, through VSR happens to be the largest listed holder of UDF IV

Centurion SVP of Finance formerly President of UDF

Jeff Shirley
Senior Vice President– Finance

Shirley, a Certified Public Accountant, joined the Centurion American Team during the late spring of 2007. Prior to joining Centurion, Mr. Shirley was <u>President</u> of <u>United Development Funding</u> from July 2005 to June 2007.

UDF Relationship with Veritex Community Bank (Lender)

- Veritex Community Bank appears as a lender to several UDF related funds as well as Centurion American related entities.
- Jeff Kesler is listed as the EVP, Chief Lending Executive at Veritex Community Bank; the profile on the bottom right was taken from the current Veritex website, showing him currently listed in this position; the profile on the bottom left shows Kesler as Director of Loan Originations at UDF, mentioning that Kesler most recently served as 'Market President – North Dallas for Veritex Community'
- The UDF profile on the bottom left was taken from a 'cached' UDF webpage saved from April 2014; however, Kesler does not currently show up under key management on UDF's website; it could be that Kesler left Veritex for UDF and then returned to Veritex soon thereafter in a new role.

Old UDF cached webpage from April 2014

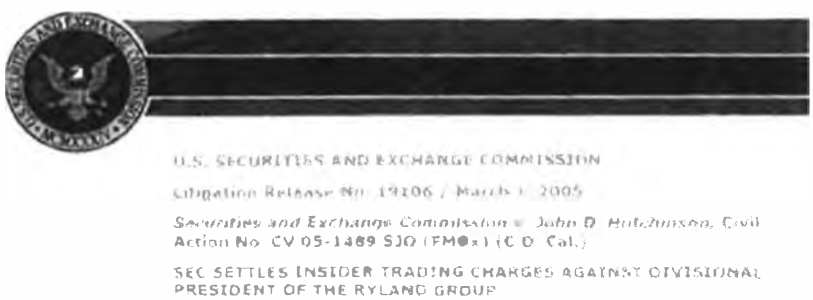
Director of Loan Originations

[redacted]

Current Veritex Website

Trez Capital / WTH Funding Relationship with Centurion

- Trez Capital and WTH Funding have appeared as senior lenders, with priority ahead of UDF IV, in multiple Centurion American developments.
- John D. Hutchinson, has appeared as the signee and President for both Trez Capital and WTH Funding in Deeds of Trust and Subordination Agreements alongside UDF IV
- Though there is little information available on Trez and WTH, the two companies are clearly related given they both have the same listed address and Hutchinson is the President of both.
- Hutchinson was previously the President of Ryland Group Inc.'s Dallas division, a home builder and mortgage finance company; he was investigated for insider trading and ultimately settled, paying a fine.



UDF Lender is also Manager of Sutherland Asset Mgmt

- UDF IV began listing on the Nasdaq in June of 2014; in conjunction with the public listing, UDF IV tendered for ~5% of its shares, financing the $35mm tender via a 18-month term loan from Waterfall Asset Management at a rate of L+900, with a LIBOR floor of 1%
- Subsequent to the release of the September 30, 2014 10Q, UDF IV entered into an incremental 1-yr term loan with Waterfall of $15mm at a rate of L+900m with a LIBOR floor of 1%
- Waterfall Asset Management also happens to be the External Manager of Sutherland Asset Management
- Tom Capasse, one of two principals of Waterfall Asset Management, attended the same college as Hollis Greenlaw, Bowdoin College in Brunswick, Maine, though he graduated 7 years earlier than Greenlaw

Tom Capasse, Principal

UDF IV

UNITED DEVELOPMENT FUNDING IV

Next Steps & Recommendations

Confidential

Update & Recommendations

- We are extremely confident that the value of the collateral is significantly less than the value of the notes, however, we believe that the regulators (SEC) will care more about the following fact patterns when deciding on whether to investigate than our view of the value of the land
  1) UDF IV does not disclose that affiliates own the Stoneleigh (Maple Wolf Stoneleigh) with Mehrdad Moayedi (its largest borrower)
  2) UDF IV bought a participation interest from UDF III and disclosed this but UDF IV does not disclose that UDF III no longer owns any portion of the note (this fact is disclosed in UDF III's financials); additionally, the fact that the loan had been extended three times is not disclosed in UDF IV's and the nature of the collateral and the fact that there is a senior loan ahead of the UDF IV is much better described in UDF III's SEC filings
  3) Separately, UDF IV bought a participation interest in a UDF III loan that UDF III originated to another UDF entity (UDF Northpointe); UDF IV's interest in the note has grown over time while UDF III's interest has declined (moving in separate directions)
  4) UDF IV loaned money to entity owned by UDF IV officers and directors, regulators will be interested in how this decision was made, how independently the decision was made and who recused themselves from the vote (if it went to a vote)
  5) Hollis Greenlaw is on the Dallas regional board of a bank that loans money to UDF IV
  6) Despite disclosing that it will not participate in loans issued by affiliates nor will it loan directly to affiliates, UDF V has loaned to the same entity that UDF IV has loaned to on 1 occasion (a Moayedi entity) and has loaned to Moayedi on 2 occasions (2 out of first 3 loans issued by UDF V); UDF V does not disclose that UDF IV is a lender to the same party or related parties
  7) General loan behavior – many loans issued to Moayedi just accrue larger and larger balances, do not generate any cash receipts and when the maturity date comes and passes, the loans are simply extended
  8) Taxable income is consistently higher than 'operating cash flow' due to the fact that a large portion of the taxable income is non-cash and actually PIK/accrued interest; while this appears to be clearly evident from the disclosure that a majority of the loans do not have any cash receipts in 2014 (through September), UDF IV does not specifically disclose the PIK nature of the loans. The fact that taxable income is higher than operating cash flow and the fact that, as a REIT, UDF IV is required to distribute 90% of taxable income, create a timing mismatch between income and cash as well as between cash generated and distributions to shareholders
  9) In many cases, loans are issued on raw land scheduled to be developed that are not income producing for several years and negative carry yet accrue interest at 13-15%; in one instance, THREE years after the issuance of the 13% loans, there are only TWELVE homes constructed or under construction and the note matured in December 2014 (2nd lien, $25mm); another instance, almost THREE years after the issuance of 4 separate 13% loans, there is no development and the property is still raw land (2nd liens, $26mm)
  10) Distributes more cash to shareholders than it generates, only able to do so by raising new equity and debt
  11) Realty Capital Securities (subsidiary of RCS Capital – RCAP) was the dealer-manager of UDF IV and is the dealer manager of UDF V; Nicholas Schorsch was the chairman of RCAP and ARCP; the SEC and FBI are investigating ARCP likely due to reported accounting irregularities
  12) AR Capital is the co-sponsor/fund manager of UDF V with UDF Holdings; Nicholas Schorsch is the CEO of AR Capital and Edward M Weil is President and COO; Edward M Weil is also the CEO of RCAP
  13) UDF V is currently raising money from unsuspecting retail investors and likely perpetuating greater harm to investors of several funds.