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**From:** Chris Kirkpatrick [CK@haymancapital.com]  
**Sent:** 5/26/2015 8:54:00 PM  
**To:** David Whipple [WhippleDa@SEC.GOV]; Hunter, Keith J. [HunterK@SEC.GOV]  
**Subject:** Updated Presentation  
**Attachments:** UDF Q1\_2015 Update (SEC 5.26.15).pdf

David:

Attached is a revised presentation.

Best,

Chris

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# **United Development Funding Q1 2015 Update**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

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- UDF IV
- UDF III
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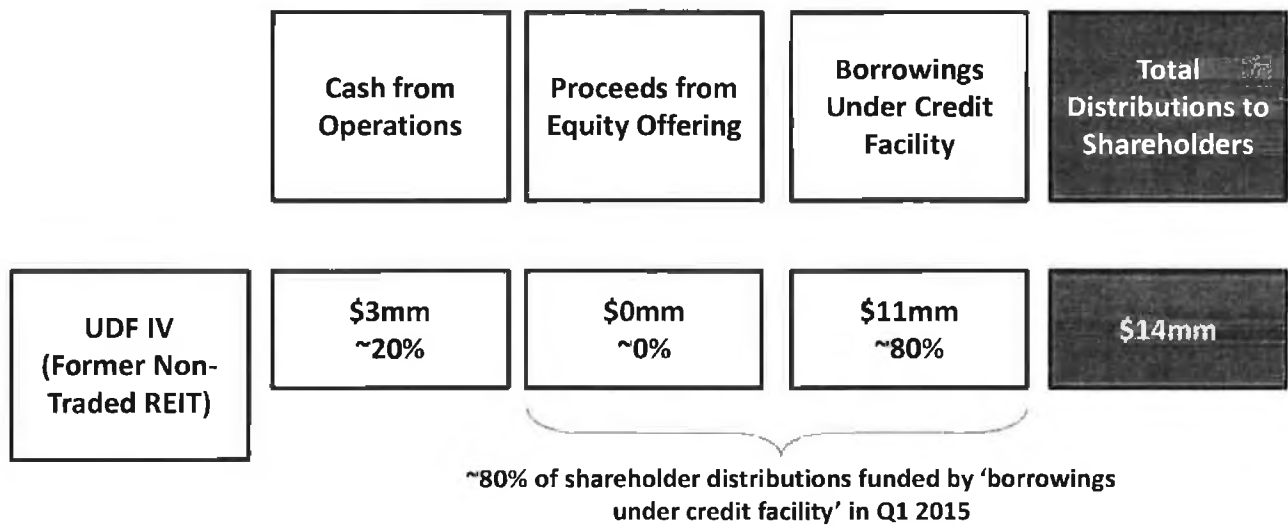
## **Other Topics of Interest**

- Review of Land Sale in Waxahachie TX
- Review of Undeveloped Land
  - Alpha Ranch
  - One Windsor Hills
  - Granbury (Knox Ranch)
- Review of Bankruptcy Impacting UDF III
- Review of RE Loans

# **UDF IV Q1 2015 Updates**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

## Funding Distributions with New Capital – Q1 2015



Source: UDF IV SEC Filing (10Q 3.31.15)

## Funding Distributions with New Capital – Q1 2015 (detail)

~80% of UDF IV shareholder distributions funded by 'borrowings under credit facility' in Q1 2015

As of March 31, 2015

(\$ in millions)

	2010A	2011A	2012A	2013A	2014A	2015 YTD	Cumulative
Distributions Paid in Cash	n/a	n/a	\$ 12.5	\$ 27.7	\$ 42.3	\$ 13.6	n/a
Distributions Reinvested	n/a	n/a	7.0	16.9	8.9	0.2	n/a
<b>Total Distributions</b>	<b>\$ 1.9</b>	<b>\$ 8.1</b>	<b>\$ 19.5</b>	<b>\$ 44.6</b>	<b>\$ 51.2</b>	<b>\$ 13.8</b>	<b>\$ 139.0</b>
<b>Sources of Distributions</b>							
Cash from Operations	\$ -	\$ 4.5	\$ 9.8	\$ 24.5	\$ 41.7	\$ 2.8	\$ 83.3
Proceeds from Offering	-	-	-	13.5	-	-	13.5
Borrowings under Credit Facility	1.9	3.6	9.7	6.6	9.6	11.0	42.2
<b>Total Sources</b>	<b>\$ 1.9</b>	<b>\$ 8.1</b>	<b>\$ 19.5</b>	<b>\$ 44.6</b>	<b>\$ 51.2</b>	<b>\$ 13.8</b>	<b>\$ 139.0</b>
% Funded via Cash from Operations	0.0%	56.0%	50.2%	55.0%	81.3%	20.3%	59.9%
% Funded via Equity Offering	0.0%	0.0%	0.0%	30.3%	0.0%	0.0%	9.7%
% Funded via Credit Facility	100.0%	44.0%	49.8%	14.7%	18.7%	79.7%	30.4%

Source: UDF IV SEC Filings (10Ks / 10Q 3.31.15)

## UDF IV Q4 2014 Maturities (Update)

### 20 loans matured in Q4-14

- Moayed: 10 (\$89mm)
- Related: 5 (\$18mm)
- Buffington: 5 (\$17mm)

Q4 scheduled maturities represented \$123mm or ~20% of outstanding loans.

All loans related to Moayed 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 not repaid and remain outstanding.

	Extended	Party Involved	Maturity Date		Outstanding (\$mm)		
	During Q4-14		As of 9/30/14	As of 12/31/14	9/30/14	12/31/14	3/31/15
<b>Moayed Q4 Maturities</b>							
160 Howe, LP	Extended	Moayed	11/12/14	11/22/15	\$ 1.4	\$ 1.6	\$ 1.6
The Resort at Eagle Mountain Lake, LP	Extended	Moayed	12/21/14	12/21/15	\$ 4.8	\$ 5.7	\$ 5.7
F-195 LLC/CTMGT	Extended	Moayed	10/5/14	10/5/15	\$ 15.3	\$ 13.3	\$ 12.3
CTMGT Willow Springs III	Extended	Moayed	10/31/14	10/31/15	\$ 17.9	\$ 14.7	\$ 14.9
UDF Frontier, LP	Extended	Moayed	12/12/14	12/12/15	\$ 9.0	\$ 9.0	\$ 9.0
CTMGT Montclair, LLC	Extended	Moayed	12/15/14	6/13/15	\$ 25.2	\$ 23.3	\$ 23.9
CTMGT Alpha Ranch, LLC	Extended	Moayed	10/31/14	10/31/15	\$ 17.4	\$ 18.1	\$ 18.3
Megaret Homes II, LLC	Extended	Moayed/Related	11/27/14	11/27/15	\$ 1.4	\$ 1.4	\$ 1.4
CTMGT Southlake Houston	Extended	Moayed	12/27/14	12/27/15	\$ 5.1	\$ 6.8	\$ 6.8
CTMGT Lats Holdings, LLC	Extended	Moayed	10/31/14	10/31/15	\$ 4.1	\$ 4.1	\$ 4.1
Total Moayed/Related - Q4 Maturities					\$ 88.7	\$ 94.3	\$ 93.7
<b>Related Party Q4 Maturities</b>							
UDF Ash Creek	Extended	Related	10/20/14	10/19/15	\$ 5.9	\$ 4.8	\$ 4.4
CTMGT Travis Ranch (UDF III) Finished	Repaid (?)	Related	5/28/15	N/A	\$ 0.7	\$ -	\$ -
CTMGT Homestead (UDF III)	Extended	Related	12/28/14	12/28/15	\$ 7.0	\$ 10.8	\$ 10.2
Megaret Homes II (UDF Home Finance)	Extended	Related	12/27/14	9/11/15	\$ 4.5	\$ 2.1	\$ 5.3
United Residential Home Finance, LP	Extended	Related	10/30/14	1/10/15	\$ 3.8	\$ 3.7	\$ 3.8
Total Related Party - Q4 Maturities					\$ 17.6	\$ 18.0	\$ 20.7
<b>Buffington (Moayed/Related) Maturities</b>							
UDF Highlands, LTD	Not Extended	Buffington	11/30/14	11/30/14	\$ 2.2	\$ 2.2	\$ 2.2
UDF Sullivan, LP	Not Extended	Buffington	12/31/14	12/31/14	\$ 0.9	\$ 0.9	\$ 0.9
UDF Highlands, LTD	Not Extended	Buffington	12/31/14	12/31/14	\$ 0.2	\$ 0.2	\$ 0.2
UDF Parkside, LLC	Not Extended	Buffington	12/30/14	12/30/14	\$ 0.4	\$ 0.4	\$ 0.4
UDF Crystal Springs, LLC	Not Extended	Buffington	12/31/14	12/31/14	\$ 3.2	\$ 11.9	\$ 11.0
Total Buffington/Related - Q4 Maturities					\$ 6.6	\$ 16.6	\$ 16.0
<b>Total Q4 Maturities</b>					\$ 122.8	\$ 128.6	\$ 130.4
% matured and extended (still outstanding)					86.0%		
% matured but not extended (still outstanding)					13.5%		
% potentially repaid					0.5%		

## A Look at Q1 2015 Maturities – A Similarly Conflicted Story

### 12 loans matured in Q1-15

- Moayed: 7 (\$54mm)
- Related: 4 (\$32mm)
- Buffington: 1 (\$16mm)

Q1-15 scheduled maturities represented \$102mm or ~16% of outstanding loans.

All loans related to Moayed were extended into 2015; all related party loans were also extended into 2015.

Conversely, the one loan issued to Buffington that matured was not extended.

100% of the loans that matured were not repaid and remain outstanding.

Combined with Q4, 36% of all loans have matured in the last 2 quarters yet only 1 loan representing <1% appears to have been repaid upon maturity.

	Extended	Party Involved	Maturity Date		Outstanding (\$mm)	
			As of 12/31/14	As of 1/31/15	12/31/14	3/31/15
<b>Moayed Q1-15 Maturities</b>						
CTMGT Land Holdings	Extended	Moayed	1/28/15	1/28/16	\$ 19.4	\$ 19.9
Srale-114	Extended	Moayed	3/28/15	3/28/16	\$ 3.4	\$ 3.7
Woods Creek Chapel	Extended	Moayed	1/31/15	1/31/16	\$ 10.6	\$ 10.9
CTMGT Williamsburg	Extended	Moayed	2/7/15	2/7/16	\$ 5.0	\$ 5.6
CTMGT Valley Ridge	Extended	Moayed	3/1/15	3/1/16	\$ 5.6	\$ 5.9
CTMGT Frisco 122	Extended	Moayed	3/28/15	5/21/15	\$ 4.8	\$ 4.9
<b>TOTAL Moayed Maturities</b>	Extended	Moayed	1/9/15	7/9/15	\$ 54.2	\$ 56.1
<b>Moayed Q1-15 Maturities</b>						
<b>Related Party Q1-15 Maturities</b>						
DL - Wilson Acquisitions of Texas	Extended	Related	1/22/15	1/22/16	\$ 1.8	\$ 1.8
HL - Land Acquisitions of Texas	Extended	Related	1/25/15	1/21/16	\$ 11.3	\$ 12.0
CTMGT Travis Ranch (LDF III) Paper Lots	Extended	Related	3/28/15	1/28/16	\$ 15.0	\$ 15.3
URHF Greenville Participation	Extended	Related	1/30/15	3/10/15	\$ 3.7	\$ 3.8
<b>Total Related Party - Q1-15 Maturities</b>					\$ 31.8	\$ 32.9
<b>Buffington (Non-Related) Maturities</b>						
Buffington - Legal	Not Extended	Buffington	1/29/15	1/29/15	\$ 16.0	\$ 16.6
<b>Total Buffington Related - Q1-15 Maturities</b>					\$ 16.0	\$ 16.6
<b>Total Q1-15 Maturities</b>					\$ 102.0	\$ 105.4
* matured and extended - still outstanding					84.3%	
* matured but not extended - still outstanding					15.7%	
* previously repaid					0.0%	

## Balance of Matured Loans Increased to 5% of Portfolio

As of March 31, 2015, 5% of total outstanding loan balances are matured, still outstanding and impaired

The following table represents the scheduled maturity dates of the 132 loans outstanding as of March 31, 2015

Maturity Date	Related Party			Non-related party			Total		
	Amount	Loans	% of Total	Amount	Loans	% of Total	Amount	Loans	% of Total
Matured	\$ -	-	-	\$ 32,573,000	6	6%	\$ 32,573,000	-	2%
2015	29,294,000	7	27%	249,272,000	42	48%	278,566,000	49	44%
2016	50,459,000	9	47%	159,437,000	42	31%	209,896,000	51	34%
2017	10,457,500	-	10%	79,555,000	22	15%	90,012,000	24	14%
2018	4,839,000	1	5%	-	-	-	4,839,000	1	1%
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	11,500,500	1	11%	-	-	-	11,500,000	1	2%
Total	\$ 106,549,000	20	100%	\$ 520,937,000	112	100%	\$ 627,486,000	132	100%

Full collectability is considered probable for all 6 loans that have matured as of March 31, 2015.

As of March 31, 2015, we had 6 matured loans with an unpaid principal balance of approximately \$32.6 million that are considered impaired because they remain outstanding beyond the contractual terms of the loan agreements. Full collectability is considered probable for all 6 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 three months ended March 31, 2015 was approximately \$82.8 million. For the three months ended March 31, 2015, we recognized approximately \$867,000 in interest income associated with impaired loans and we did not recognize any cash basis interest income. 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.

**All 6 of the matured / impaired loans are related to Buffington; Buffington-related notes represent \$67mm of the total \$627mm of loans, including the \$32.6mm that have matured and are considered impaired**

## Concentration of Credit Risk Unchanged

UDF IV's top 3 borrowers (Moayed, Buffington, other UDF related parties) still represent 87% of total outstanding loans, with UDF-related party loans increasing the most from year end 2014 to March 31, 2015.

	UDF IV - As of 12/31/14		UDF IV - as of 3/31/15	
	%	\$	%	\$
Moayed	65%	\$ 402	64%	\$ 401
Buffington	11%	67	11%	67
UDF Related	11%	71	12%	77
<b>Subtotal</b>	<b>87%</b>	<b>\$ 539</b>	<b>87%</b>	<b>\$ 546</b>
Other	13%	79	13%	82
<b>Total</b>	<b>100%</b>	<b>\$ 618</b>	<b>100%</b>	<b>\$ 627</b>

Source: UDF IV 10K 12.31.14, UDF IV 10Q 3.31.15

## UDF IV Loans Issued to Moayeddi Behaving Similarly (Q1 Update)

The three loan examples on this page show how UDF loans with Moayeddi 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 3/31/15, these loans had a combined balance of \$61mm, 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	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts				
							2012Q1	2012Q2	2012Q3	2012Q4	2013Q1
CTMGT Alpha Ranch	12/31/2012	2nd Lien	1,122 acres	\$ 10,960,159	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	3/31/2013	2nd Lien	1,122 acres	\$ 10,779,621	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	6/30/2013	2nd Lien	1,122 acres	\$ 12,553,731	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	9/30/2013	2nd Lien	1,122 acres	\$ 14,111,546	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	12/31/2013	2nd Lien	1,122 acres	\$ 14,402,832	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	3/31/2014	2nd Lien	1,122 acres	\$ 14,647,150	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	6/30/2014	2nd Lien	3,026 paper lots	\$ 14,948,758	7/31/11	7/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	9/30/2014	2nd Lien	3,026 paper lots	\$ 11,423,387	7/31/11	10/31/14	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	12/31/2014	2nd Lien	3,026 paper lots	\$ 12,001,252	7/31/11	10/31/15	\$	\$	\$	\$	n/m
CTMGT Alpha Ranch	3/31/2015	2nd Lien	3,026 paper lots	\$ 18,344,055	7/31/11	10/31/15	\$	\$	\$	\$	n/m

### One Windsor Hills History

Entity	Date	Security	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts				
							2012Q1	2012Q2	2012Q3	2012Q4	2013Q1
One Windsor Hills LP	12/31/2012	2nd Lien	1,583 acres across 3 notes	\$ 18,328,202	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2013	2nd Lien	1,583 acres across 3 notes	\$ 18,393,887	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	6/30/2013	2nd Lien	1,583 acres across 3 notes	\$ 20,037,167	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	9/30/2013	2nd Lien	1,583 acres across 3 notes	\$ 20,791,592	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	12/31/2013	2nd Lien	1,590 acres across 4 notes	\$ 23,256,122	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2014	2nd Lien	1,990 acres across 4 notes	\$ 23,826,489	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	6/30/2014	2nd Lien	1,652 acres across 4 notes	\$ 25,471,808	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	9/30/2014	2nd Lien	1,852 acres across 4 notes	\$ 25,755,171	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	12/31/2014	2nd Lien	1,934 acres across 4 notes	\$ 27,855,350	5/9/12	5/9/15	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2015	2nd Lien	1,936 acres across 4 notes	\$ 26,252,689	5/9/12	5/9/15	\$	\$	\$	\$	n/m

### Granbury History

Entity	Date	Security	Collateral	Outstanding Balance	Issue Date	Maturity Date	Cash Receipts				
							2012Q1	2012Q2	2012Q3	2012Q4	2013Q1
CTMGT Granbury	12/31/2012	1st Lien	552 acres	\$ 7,141,504	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	3/31/2013	1st Lien	552 acres	\$ 7,364,766	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	6/30/2013	1st Lien	552 acres	\$ 8,470,985	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	9/30/2013	1st Lien	552 acres	\$ 8,872,308	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	12/31/2013	1st Lien	552 acres	\$ 9,746,497	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	3/31/2014	1st Lien	552 acres	\$ 9,510,573	5/21/10	5/21/13	\$	\$	\$	\$	\$
CTMGT Granbury	6/30/2014	1st/2nd Lien	2,231 Paper Lots, 1,543 Acres	\$ 12,219,029	5/21/10	5/21/15	\$	\$	\$	\$	\$
CTMGT Granbury	9/30/2014	1st/2nd Lien	2,231 Paper Lots, 1,543 Acres	\$ 12,323,386	5/21/10	5/21/15	\$	\$	\$	\$	\$
CTMGT Granbury	12/31/2014	1st/2nd Lien	2,094 Acres	\$ 13,000,236	5/21/10	5/21/15	\$	\$	\$	\$	\$
CTMGT Granbury	3/31/2015	1st/2nd Lien	2,094 Acres	\$ 14,016,085	5/21/10	5/21/15	\$	\$	\$	\$	\$

## Case Study Update – CTMGT Montalcino

The outstanding loan balance related to CTMGT Montalcino remained relatively unchanged from the end of 2014 to March 31, 2015; however, the collateral was reduced by 3 finished lots, and there continued to not be any cash receipts disclosed.

Entity	Date	Security	Collateral	Outstanding		Issue Date	Maturity Date	Cash Receipts				
				Balance				2015A	2014A	2013A	2012A	2011A
CTMGT Montalcino	12/31/2012	2nd Lien	478 Acres	\$ 23,531,488		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	3/31/2013	2nd Lien	478 Acres	\$ 24,605,264		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	6/30/2013	2nd Lien	478 Acres	\$ 25,166,455		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	9/30/2013	2nd Lien	478 Acres	\$ 26,280,516		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	12/31/2013	2nd Lien	41 Finished Lots, 129 Paper Lots	\$ 20,231,487		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	3/31/2014	2nd Lien	36 Finished Lots, 129 Paper Lots	\$ 31,828,627		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	5/30/2014	2nd Lien	34 Finished Lots, 129 Paper Lots	\$ 25,085,276		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	9/30/2014	2nd Lien	34 Finished Lots, 129 Paper Lots	\$ 25,721,928		12/13/11	12/13/14	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	12/31/2014	2nd Lien	33 Finished Lots, 125 Paper Lots	\$ 28,589,524		12/13/11	6/13/15	\$ -	\$ -	\$ -	\$ -	\$ -
CTMGT Montalcino	3/31/2015	2nd Lien	30 Finished Lots, 125 Paper Lots	\$ 28,594,570		12/13/11	6/13/15	\$ -	\$ -	\$ -	\$ -	\$ -

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

## Case Study Update – CTMGT Travis Ranch (TR)

The outstanding loan balance related to UDF IV's participation interest in UDF III's loan to CTMGT Travis Ranch (the TR Paper Lot Participation) increased by ~\$250k in Q1 2015 and there were not any cash receipts disclosed in the quarter. This loan was extended for the FOURTH time in Q1 2015; the loan was originally issued in September 2009 (acquired by UDF IV in June 2010) with an original principal balance of \$8.1 million which has increased to \$15.3 million as of March 2015.

Entity	Date	Security	Collateral	Outstanding		Issue Date	Maturity Date	Cash Receipts				
				Balance				2015A	2014A	2013A	2012A	2011A
TR Paper Lot Participation	12/31/2012	Equity Pledge 472 acres		\$ 10,619,667		6/30/10	1/28/13	\$ -	\$ -	\$ -	\$ -	\$ -
TR Paper Lot Participation	3/31/2013	Equity Pledge 472 acres		\$ 10,632,663		6/30/10	1/28/14	\$ -	\$ -	\$ -	\$ -	\$ -
TR Paper Lot Participation	6/30/2013	Equity Pledge 472 acres		\$ 10,979,096		6/30/10	1/28/14	\$ -	\$ -	\$ -	\$ -	\$ -
TR Paper Lot Participation	9/30/2013	Equity Pledge 472 acres		\$ 12,853,610		6/30/10	1/28/14	\$ -	\$ -	\$ -	\$ -	\$ -
TR Paper Lot Participation	12/31/2013	Equity Pledge 472 acres, 10 finished lots		\$ 12,617,401		6/30/10	1/28/14	\$ -	\$ -	\$ 719,432	\$ -	\$ -
TR Paper Lot Participation	3/31/2014	Equity Pledge 472 acres, 10 finished lots		\$ 12,815,485		6/30/10	1/28/15	\$ -	\$ -	\$ 719,432	\$ -	\$ -
TR Paper Lot Participation	6/30/2014	Equity Pledge 472 acres, 10 finished lots		\$ 13,480,060		6/30/10	1/28/15	\$ -	\$ -	\$ 719,432	\$ -	\$ -
TR Paper Lot Participation	9/30/2014	Equity Pledge 472 acres, 9 finished lots		\$ 14,820,986		6/30/10	1/28/15	\$ -	\$ -	\$ 719,432	\$ -	\$ -
TR Paper Lot Participation	12/31/2014	Equity Pledge 401 acres, 10 finished lots		\$ 15,013,983		6/30/10	1/28/16	\$ -	\$ -	\$ 719,432	\$ -	\$ -
TR Paper Lot Participation	3/31/2015	Equity Pledge 401 acres, 10 finished lots		\$ 15,259,604		6/30/10	1/28/16	\$ -	\$ -	\$ 719,432	\$ -	\$ -

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

## In Aggregate, Moayeddi Loans Tell Similar Story

**58% of the loans issued to Moayeddi, representing over 75% of the total loan balances owed by Moayeddi to UDF IV, increased in Q1 2015, similar to loan behavior in Q4 2014.**

<i>(\$ in millions)</i>	Number of Loans		Loan Balance				Change in Balance	Q1-15 Cash Receipts
	3/31/15	%	12/31/14	3/31/15	%			
Loans that Increased	42	58%	\$ 286	\$ 298	<b>77%</b>	\$ 12	*	
Loans that Decreased	17	23%	61	45	16%	(16)		12
Loans w/ No Change	12	16%	24	24	7%	*		*
New Loans	2	3%	-	5	0%	5		-
Direct Loan Total	73	100%	\$ 371	\$ 371	100%	\$ 1		\$ 12
Participation Interests	4		31	29		(2)		3
Total Moayeddi Related	77		\$ 402	\$ 401		\$ (1)		\$ 15

**Of the loans that had balances increase in Q1 2015, the aggregate balances increased by \$12mm; at an average interest rate of 13%, the interest income for these loans should have been ~\$9mm for the quarter.**

## Related Party Loans Also Continue to Increase

Related party loans and related party participation interests increased by \$5.3 million in Q1 2015 and accrued interest related to these loans also increased by \$1.1 million.

Total interest for Q1 2015 associated with these loans was \$3.4 million; this is compared to the increase in 'assets' of \$6.4 million (receivable + loan balance increase)

Participation Interests - Related Party (\$ in Thousands)	Outstanding Balance				Accrued Interest				Interest Income 3 mths Q1-15
	12/31/2013	12/31/2014	3/31/2015	Q1-15 Change	12/31/2013	12/31/2014	3/31/2015	Q1-15 Change	
Bullington Participation Agreement	\$ 2,876	\$ -	\$ -	\$ -	\$ 47	\$ -	\$ -	\$ -	\$ -
Bullington Classic Participation Agreement	779	-	-	-	16	-	-	-	-
TR Franchise Lot Participation	3,346	-	-	-	66	-	-	-	-
TR Paper Lot Participation	12,617	15,014	15,160	246	197	369	1,172	\$62	562
Pine Tree Participation Agreement	6,646	3,756	2,584	(4,062)	462	111	2	(\$353)	117
Northport Participation Agreement	3,588	1,216	1,214	(2,372)	-	21	49	28	36
Northport II Participation Agreement	3,006	10,714	10,704	(750)	-	14	127	113	104
UMTHF Maguire Participation	-	2,085	5,317	3,232	-	2	3	1	126
UR-H Buckingham Participation	1,425	151	579	426	91	3	14	11	14
UR-H Braxton Hill Participation	1,186	34	25	(1,157)	64	-	-	-	1
UR-H Glenwood Participation	-	1,409	3,461	2,052	-	24	169	145	121
UR-H Gateway Participation	-	2,379	2,575	225	-	46	69	23	80
UMTHF Masch Park Participation	-	1,577	1,592	15	-	13	184	171	51
Participation Interests - Total	\$ 31,910	\$ 40,658	\$ 43,098	\$ 2,440	\$ 1,043	\$ 1,063	\$ 1,727	\$ 664	\$ 1,412

Notes Receivable - Related Party (\$ in Thousands)	Outstanding Balance				Accrued Interest				Interest Income 3 mths Q1-15
	12/31/2013	12/31/2014	3/31/2015	Q1-15 Change	12/31/2013	12/31/2014	3/31/2015	Q1-15 Change	
Watkinsville Classic LLC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-LL II Highland Farms Loan	1,574	1,773	1,756	(17)	-	6	46	40	53
-LL Hidden Meadows Loan	10,743	11,317	11,936	619	1,023	464	58	(\$100)	373
-LL Camex Loan	1,756	1,418	1,440	12	22	8	54	46	86
-DF IX 3rd Loan	1,02	-	-	-	15	-	-	-	-
-DF PM Loan	3,822	4,989	5,065	95	83	174	193	119	161
-LL IS Loan	2,342	2,751	2,617	(134)	32	20	27	7	80
One KIP Loan	10,201	13,665	15,721	1,715	-	62	351	289	465
Spoke Lane Loan	-	4,829	4,839	10	-	71	14	43	153
CRHS Loan	-	11,500	11,500	-	-	356	864	508	369
Stoneleigh Loan	-	7,682	7,682	-	-	571	428	(\$143)	251
One XR Venture Loan	-	423	1,362	939	-	-	79	79	89
Notes Receivable - Related Party Total	\$ 31,018	\$ 60,621	\$ 63,451	\$ 2,830	\$ 1,161	\$ 1,885	\$ 2,297	\$ 412	\$ 1,999
Combined Total	\$ 62,928	\$ 101,279	\$ 106,549	\$ 5,270	\$ 2,204	\$ 2,948	\$ 4,024	\$ 1,136	\$ 3,411

## Debt and Net Debt Balances Continue to Increase

- UDF IV's debt balance increased by \$3.4mm to \$173.6mm from 12/31/14 to 3/31/15.
- Net debt increased by \$20.6mm** over the same period as cash balances decreased by \$17.2mm as the company funded distributions in excess of free cash flow.
- 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 \$205mm maximum borrowing capacity matures in 2015 with \$127mm of this capacity outstanding at 3/31/15.

(Debt Outstanding, \$ in millions)	12/31/14	3/31/15
Community Trust Bank	\$ 52.7	\$ 53.3
Waterfall 3 + 4 Finance	50.0	50.0
Prosperity Bancshares	14.5	13.6
Legacy Texas Bank	11.0	14.5
Veritek Community Bank	13.1	12.8
Independent Bank	13.8	14.0
Capital Bank	7.7	8.0
Affiliated Bank	7.5	7.5
Total Outstanding Debt	\$ 170.2	\$ 173.6

Source: UDF IV 10Ks / 10Qs

(\$ in millions)		Maximum	Adjustment	Current Max	Current Outstanding			Rate	Maturity	Cross-Guarantee
Bank	Issued	Amount	Date	Amount	Amount	12/31/2013	12/31/2014	3/31/2015		
Community Trust Bank of Texas	5/19/2010	\$ 10.0	5/5/2014	\$ 20.0	\$ 30.0	\$ 10.0	\$ 19.3	\$ 23.1	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	\$ 19.8	\$ 15.4	4.250%	7/30/2015 UDF III
Prosperity Bancshares	12/14/2010	\$ 15.0	n/a	n/a	\$ 15.0	\$ -	\$ 14.5	\$ 13.6	5.000%	12/14/2015 UDF III
Legacy Texas Bank	11/1/2011	\$ 5.0	3/24/2015	\$ 10.0	\$ 15.0	\$ -	\$ 5.0	\$ 4.5	4.500%	1/12/2017 None Disclosed
Veritek Community Bank	7/31/2012	\$ 5.3	8/30/2014	\$ 9.2	\$ 14.5	\$ -	\$ 13.1	\$ 12.8	4.500%	7/31/2017 None Disclosed
Affiliated Bank	7/23/2013	\$ 5.5	6/5/2014	\$ 2.0	\$ 7.5	\$ -	\$ 7.5	\$ 7.5	4.000%	7/23/2015 None Disclosed
Legacy Texas Bank	8/5/2013	\$ 10.0	n/a	n/a	\$ 10.0	\$ -	\$ 6.0	\$ 10.0	5.000%	8/5/2015 None Disclosed
Community Trust Bank of Texas	8/19/2013	\$ 25.0	4/11/2014	\$ (10.0)	\$ 15.0	\$ 6.0	\$ 13.6	\$ 14.8	4.250%	8/19/2015 UDF III
Independent Bank	12/6/2013	\$ 15.0	n/a	n/a	\$ 15.0	\$ -	\$ 13.8	\$ 14.0	4.125%	12/6/2015 None Disclosed
Waterfall 4 Finance	1/2/2014	\$ 35.0	n/a	n/a	\$ 35.0	\$ -	\$ 35.0	\$ 35.0	10.000%	7/2/2015 None Disclosed
Waterfall 3 Finance	10/14/2014	\$ 15.0	n/a	n/a	\$ 15.0	\$ -	\$ 15.0	\$ 15.0	10.000%	10/14/2015 None Disclosed
Capital Bank Revolver	12/11/2014	\$ 8.0	n/a	n/a	\$ 8.0	\$ -	\$ 7.7	\$ 8.0	4.125%	12/11/2018 None Disclosed
Total					\$ 205.0	\$ 30.5	\$ 170.2	\$ 173.6		

## All Loans Are Still Fully Collectable

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 132 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	3/31/15
Level 1	\$ 515.0	\$ 618.0	\$ 627.5
Level 2	-	-	-
Level 3	-	-	-
Total	\$ 515.0	\$ 618.0	\$ 627.5

Level	Definition of Levels
Level 1	<u>Full collectability</u> of loans in this category is considered <u>probable</u>
Level 2	<u>Full collectability</u> of loans in this category is deemed <u>more likely than not, but not probable</u> , 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 <u>probable</u> that we will be <u>unable to collect all</u> amounts due

# **UDF III Q1 2015 Updates**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

## UDF III – High Concentration of Credit Risk

UDF III's top 3 borrowers (Moayedii, Buffington, other UDF related parties) still represent ~90% of total outstanding loans and remain the same as UDF IV's top 3 borrowers which represent 87% of UDF IV.

	UDF III - As of 12/31/14		UDF III - as of 3/31/15	
	%	\$	%	\$
Moayedii	45%	\$ 176	45%	\$ 177
Buffington	23%	88	22%	88
UDF Related	23%	91	23%	89
Subtotal	<b>91%</b>	\$ 355	<b>90%</b>	\$ 353
Other	9%	36	10%	39
Total	100%	\$ 391	100%	\$ 392

Source: UDF IV 10K 12.31.14, UDF IV 10Q 3.31.15

## UDF III – ‘Matured’ Loans Also Increasing

UDF III does not disclose details on a loan by loan basis for all loans like UDF IV does; however it does disclose a similar schedule regarding maturities. One incremental loan matured in Q1 2015 and remains outstanding. This loan has a balance of \$88.2 million (represents ~22% of total loans); we believe this loan is related to Buffington (which has 6 loans that have matured in UDF IV but also remain outstanding).

As of March 31, 2015, we had originated or purchased 62 loans, including 40 loans that have been repaid in full by the respective borrowers and 1 loan for which the remaining balance was written-off. For the three months ended March 31, 2015, we did not originate or purchase any loans, sell any loan participations, or acquire any additional participation interests. Of the 21 loans outstanding as of March 31, 2015, the scheduled maturity dates are as follows as of March 31, 2015.

Maturity Date	Related			Non-Related			Total		
	Amount	Loans	% of Total	Amount	Loans	% of Total	Amount	Loans	% of Total
Matured	\$ -	-	-	\$ 126,367,000	7	42%	\$ 126,367,000	7	37%
2015	\$ 75,269,000	7	82%	\$ 148,750,000	7	38%	\$ 220,519,000	9	56%
2016	\$ 16,340,000	1	18%	\$ 22,752,000	1	7%	\$ 39,102,000	3	10%
2017	\$ -	-	-	\$ 6,495,000	1	2%	\$ 6,495,000	1	2%
Total	\$ 91,609,000	8	100%	\$ 347,859,000	18	100%	\$ 439,468,000	26	100%

As of December 31, 2014, we had originated or purchased 62 loans, including 40 loans that have been repaid in full by the respective borrowers and 1 loan for which the remaining balance was written-off. For the year ended December 31, 2014, we originated or purchased 1 loan and did not acquire any additional participation interests. Of the 21 loans outstanding as of December 31, 2014, the scheduled maturity dates are as follows as of December 31, 2014.

Maturity Date	Related			Non-Related			Total		
	Amount	Loans	% of Total	Amount	Loans	% of Total	Amount	Loans	% of Total
Matured	\$ -	-	-	\$ 26,945,000	6	17%	\$ 26,945,000	6	3%
2015	\$ 74,749,000	7	82%	\$ 256,345,000	11	86%	\$ 331,123,000	13	89%
2016	\$ 16,340,000	1	18%	\$ -	-	-	\$ 16,340,000	1	4%
2017	\$ -	-	-	\$ 6,481,000	1	2%	\$ 6,481,000	1	2%
Total	\$ 91,089,000	8	100%	\$ 299,866,000	18	100%	\$ 390,955,000	26	100%

Source: UDF III 10Q (3.31.15)

Increase of matured loans from \$36.9 million as of 12/31/14 to \$126.4 million as of 3/31/15, with number of matured loans increasing from 6 to 7; the current total represents 32% of all loan balances.

## UDF III – A Closer Look at the Q1 Matured Loan

A breakdown of the matured loans specifically shows that 1 loan with a balance of \$88.2 million matured in the first quarter of 2015; full collectability “is considered probable” for this loan as well as for 3 other loans that account for \$30.5 million (\$118.7 million in total loans that have matured and remain outstanding but for which, full collectability is considered probable).

The following table represents the maturity dates of loans that were matured as of March 31, 2015 and had not been repaid or extended as of March 31, 2015

Maturity Date	Related			Non-Related			Total		
	Amount	Loans	% of Total	Amount	Loans	% of Total	Amount	Loans	% of Total
2009	\$ -	-	-	\$ 17,435,000	5	14%	\$ 17,435,000	5	14%
2010	-	-	-	\$ 9,800,000	3	8%	\$ 9,800,000	3	8%
2015	-	-	-	\$ 88,153,000	1	72%	\$ 88,153,000	1	72%
Total	\$ -	-	-	\$ 128,388,000	9	100%	\$ 128,388,000	9	100%

Of these 7 loans, as of March 31, 2015, full collectability is considered probable for 4 loans with an aggregate unpaid principal balance of approximately \$118.7 million, full collectability is considered more likely than not, but not probable, for 2 loans with an aggregate unpaid principal balance of approximately \$2.4 million, and 1 note receivable with an aggregate unpaid principal balance of approximately \$5.3 million was deemed as probable that we will be unable to collect all amounts due. In addition to the 7 loans considered unpaid due to the loans remaining outstanding beyond the contractual terms of the loan agreement, we had one loan with an aggregate unpaid principal balance of approximately \$11 million that was considered impaired due to the estimated value of the underlying collateral and as such, full collectability on this loan is considered more likely than not, but not probable, as of March 31, 2015

Source: UDF III 10Q (3.31.15)

## UDF III – A Closer Look at the Q1 Matured Loan (continued)

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We believe that the one UDF III loan which matured in Q1 2015 is related to Buffington Land. This view is based on 1) that Buffington-related entities have \$32.6 million of matured loans that are still outstanding due to UDF IV, 2) UDF III disclosures that the matured loan is to a 'non-related party' (see previous page) and 3) UDF III disclosures regarding its concentration of credit risk (see below), namely that ~22% of the outstanding balance of its portfolio is Buffington-related (~\$88mm).

One thing is for sure: if this loan is NOT related to Buffington, then it has to be related to Mehrdad Moayedi. Based on the disclosure below, affiliated entities account for 22% of the portfolio which implies 78% is 'unaffiliated' or 'non-related party'. Buffington accounts for 22% and CTMGT (Mehrdad Moayedi) accounts for 45% which only leaves ~11% (78% less 22% less 45% = ~11%). Given that this one loan accounts for 22% and is to a non-related party, it could only be related to either Buffington or Moayedi.

As of March 31, 2015, three entities and their affiliates were included in our notes receivables (including related party transactions) and participation interest – related party that accounted for over 10% of the outstanding balance of our portfolio. These entities include (i) CTMGT LLC, an unaffiliated Texas limited liability company, which comprises approximately 32% of the outstanding balance of our portfolio, and certain of its affiliated entities, which comprise an additional 13% of the outstanding balance; (ii) Buffington Land, Ltd., an unaffiliated Texas limited partnership, which comprises approximately 22% of the outstanding balance of our portfolio, including additional loans to its affiliated entities; and (iii) UDF I, an affiliated Delaware limited partnership, which comprises approximately 18% of the outstanding balance of our portfolio, and additional loans to its affiliated entities, which comprise an additional 4% of the outstanding balance. Our general partner is the asset manager for UDF I.

Source: UDF III 10Q (3.31.15)

## UDF III – A Closer Look at the Q1 Matured Loan (continued)

Despite such a significant loan maturing and remaining unpaid and outstanding, UDF III has not written-off any portion of this loan, likely because “full collectability is considered probable”. Notice below that the ending balance of the ‘allowance for loan losses’ for loans ‘individually evaluated for impairment’ remained unchanged at \$5.3 million from 12/31/14 to 3/31/15.

	For the three months ended March 31, 2015	For the year ended December 31, 2014
<b>Allowance for loan losses:</b>		
Balance at beginning of period	\$ 19,040,000	\$ 18,715,000
(Recapture) provision charged to earnings	-	(184,000)
Loan losses:		
Charge-offs	-	(491,000)
Recoveries	-	-
Net loan losses	-	(491,000)
Balance at end of period	\$ 19,040,000	\$ 18,140,000
Ending balance, individually evaluated for impairment	\$ 5,310,000	\$ 5,310,000
Ending balance, collectively evaluated for impairment	\$ 13,730,000	\$ 12,830,000
<b>Financing receivables:</b>		
Balance at end of period	\$ 392,476,000	\$ 390,958,000
Ending balance, individually evaluated for impairment	\$ 127,323,000	\$ 127,903,000
Ending balance, collectively evaluated for impairment	\$ 265,153,000	\$ 263,055,000

In accordance with GAAP, the restructuring of a loan is considered a “troubled debt restructuring” if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. As of March 31, 2015 and December 31, 2014, we have no loan modifications that are classified as troubled debt restructurings.

Source: UDF III 10Q (3.31.15)

## Neither UDF III or UDF IV Accrued Any Loan Losses in Q1

Despite both having loans mature and not be repaid in the quarter, neither UDF III or UDF IV even took a standard quarterly charge/expense for "provision for loan losses", effectively implying that the reserve account for loan losses is adequately (and perfectly) reserved.

### Q1 2015 Income Statement – UDF IV

	Three Months Ended March 31,	
	2015	2014
Interest income:		
Interest income	\$ 18,723,991	\$ 14,990,712
Interest income – related parties	2,411,089	2,141,189
Total interest income	<u>20,135,080</u>	<u>17,131,901</u>
Interest expenses:		
Interest expense	3,037,373	363,032
Net interest income	<u>17,097,707</u>	<u>16,768,869</u>
Provision for loan losses	<u>56,778.17</u>	<u>79,701.00</u>
Net interest income after provision for loan losses	<u>17,040,929</u>	<u>16,689,168</u>
Noninterest income:		
Commitment fee income	1,129,942	54,642
Commitment fee income – related parties	109,216	46,345
Loan origination fee income	2,975,481	2,769,692
Total noninterest income	<u>4,235,639</u>	<u>2,870,680</u>
Noninterest expenses:		
Management fees – related party	1,482,706	2,499,352
Loan inventory interest	2,078,411	2,790,090
General and administrative	1,090,775	1,099,477
General and administrative – related parties	190,617	1,286,098
Total noninterest expense	<u>4,842,509</u>	<u>7,675,018</u>
Net income	<u>\$ 14,266,961</u>	<u>\$ 11,600,915</u>
Net income per weighted average share outstanding	<u>\$ 0.47</u>	<u>\$ 0.37</u>
Weighted average share outstanding	<u>30,617,093</u>	<u>32,095,112</u>
Distributions per weighted average share outstanding	<u>\$ 0.41</u>	<u>\$ 0.46</u>

### Q1 2015 Income Statement – UDF III

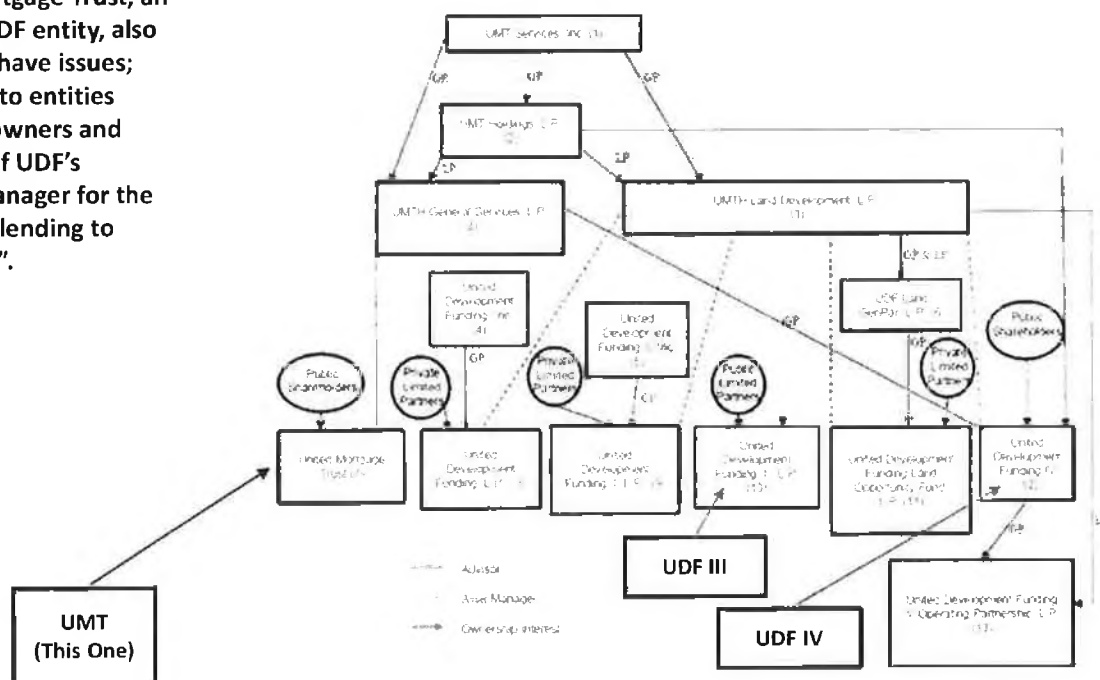
	Three Months Ended March 31,	
	2015	2014
Revenues:		
Interest income:		
Interest income	\$ 10,537,991	\$ 9,663,786
Interest income – related parties	2,271,809	2,553,546
Mortgage and transaction service revenues	86,720	83,017
Mortgage and transaction service revenues – related parties	150,305	46,169
Total revenues	<u>13,056,225</u>	<u>12,347,518</u>
Expenses:		
Interest expense	18,868.33	2,624.9
Provision for loan losses	<u>436,148</u>	<u>144,743</u>
General and administrative	436,725	232,612
General and administrative – related parties	436,725	396,167
Total expenses	<u>1,038,066</u>	<u>980,394</u>
Net income	<u>\$ 12,018,159</u>	<u>\$ 11,417,124</u>
Expenses allocated to limited partners	<u>\$ 10,793,950</u>	<u>\$ 10,212,128</u>
Earnings per weighted average limited partnership units outstanding, basic and diluted	<u>\$ 0.55</u>	<u>\$ 0.54</u>
Weighted average limited partnership units outstanding	<u>19,496,793</u>	<u>19,160,235</u>
Distributions per weighted average limited partnership units outstanding	<u>\$ 0.48</u>	<u>\$ 0.48</u>

Source: UDF III 10Q (3.31.15) & UDF IV 10Q (3.31.15)

# **Other UDF Updates Q1 2015**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

**United Mortgage Trust, an affiliated UDF entity, also appears to have issues; UMT lends to entities owned by owners and operators of UDF's external manager for the purpose of lending to "3rd parties".**



Source: Organization Chart sourced from UDF IV 10K (12.31.14)

## UMT – Significant Increase in ‘Deficiency Note, Related Party’

Notice the big swings (relative to the size of the balance sheet) in (1) ‘lines of credit receivable, related parties’, (2) ‘accrued interest receivable, related parties’ and (3) ‘deficiency note, related party’.

(1) and (2) decline but are offset to a large extent by an increase in (3)...‘deficiency note, related party’

	March 31, 2015 (unaudited)	December 31, 2014 (audited)
<b>Assets:</b>		
Cash and cash equivalents	\$ 68,370	\$ 984,841
Mortgage investments:		
Investment in trust receivable	486,561	536,084
Investment in residential mortgages	159,375	159,375
Interim mortgages, related party	15,830,254	15,830,254
Allowance for loan losses	(105,462)	(105,462)
Total mortgage investments, net	16,370,728	16,420,251
Lines of credit receivable, related parties	80,972,684	90,844,122
Lines of credit receivable	18,741,952	15,706,986
Accrued interest receivable	3,739,819	4,234,105
Accrued interest receivable, related parties	1,827,808	13,025,687
Reserves – accrued interest receivable	(1,620,749)	(5,027,174)
Recourse obligations, related parties	20,916,389	20,190,990
Real estate owned, net	4,429,165	4,439,004
Deficiency notes	3,235,770	3,256,330
Deficiency note, related party	42,944,691	28,739,855
Allowance for loan losses – deficiency notes	(801,447)	(591,447)
Other assets	299,146	394,783
Total assets	\$ 190,124,236	\$ 192,620,333

Source: United Mortgage Trust 10Q (3.31.15)

## UMT – Supplemental Disclosure of Noncash Activity

Typically, reductions in receivable balances are associated with cash receipts but not in this case, as the company discloses in its 'Supplemental Disclosure of Noncash Activity' that these balance sheet adjustments are almost exclusively non-cash; effectively, UMT has reclassified a receivable which is generally thought of as current to a 'deficiency note, related party'.

	Three Months Ended March 31,	
	2015	2014
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the period for interest	\$ 284,600	\$ 216,013
<b>Supplemental Disclosure of Noncash Activity:</b>		
Increase in residential mortgages	\$ -	\$ 47,749
Decrease in participation receivable, related parties	\$ 2,478,316	\$ -
Increase in participation payable, related parties	\$ (2,478,316)	\$ -
(Increase) decrease in participation accrued interest receivable, related parties	\$ (108,540)	\$ (1,615,623)
Increase in participation accrued interest payable, related parties	\$ 108,540	\$ 1,615,623
Decrease in accrued interest receivable, related parties	\$ 11,415,330	\$ -
(Increase) in lines of credit receivable	\$ (1,336,237)	\$ -
Decrease in accrued interest receivable	\$ 1,483,176	\$ -
(Increase) decrease in interim mortgages and deficiency notes, related parties	\$ (14,709,094)	\$ 317,754
(Increase) in recourse obligations, related parties	\$ (4,246,297)	\$ (151,912)
(Decrease) in real estate owned	\$ -	\$ (213,592)
Decrease lines of credit receivable, related parties	\$ 7,393,122	\$ -

Source: United Mortgage Trust 10Q (3.31.15)

## UMT – What Are “Deficiency Notes – Related Party”?

**“The Company has made loans in the normal course of business to [...] related parties, the proceeds [...] have been used to originate underlying loans”**

**“If the borrower or Company [UMT] foreclosed on property securing an underlying loan [...] and the proceeds from the sale were insufficient to pay the loan, the originating company had the option of (1) repaying the outstanding balance [...] or (2) delivering to the Company an unsecured deficiency note”**

### 5. Deficiency Notes – Related Party and Non-Related Party

The Company has made loans in the normal course of business to related parties and non-related parties, the proceeds from which have been used to originate underlying loans that are pledged to the Company as security for such obligations. When principal and interest on an underlying loan is due in full, at maturity or otherwise, the corresponding obligation owed by the originating company to the Company is also due in full. If the borrower or the Company foreclosed on property securing an underlying loan, or if the Company foreclosed on property securing a purchase loan, and the proceeds from the sale were insufficient to pay the loan in full, the originating company had the option of (1) repaying the outstanding balance owed to the Company associated with the underlying loan or purchase loan, as the case may be, or (2) delivering to the Company an unsecured deficiency note in the amount of the deficiency.

As of March 31, 2015, the Company had two deficiency notes with non-related parties totaling approximately \$3,236,000. One note in the amount of approximately \$1,703,000 bears interest at a rate of 14% per annum. The second note in the amount of approximately \$1,533,000 had a reserve of approximately \$300,000. The Company does not accrue interest on this note as the underlying collateral value approximates the note balance, net of reserves.

As of December 31, 2014, the Company had two deficiency notes with non-related parties totaling of approximately \$3,258,000. One note in the amount of approximately \$1,725,000 bears interest at a rate of 14% per annum. The second note in the amount of approximately \$1,533,000 had a reserve of approximately \$591,000. The Company does not accrue interest on this note as the underlying collateral value approximates the note balance, net of reserves.

As of December 31, 2007, UMTI Lending Company, L.P. (“UMTHLC”) issued to the Company a variable amount promissory note in the amount of \$5,100,000 to evidence its deficiency obligations to the Company. The initial principal amount of the note was approximately \$1,848,000. The principal balance as of December 31, 2014 was approximately \$28,740,000. Effective January 1, 2015, UMT entered into a loan modification agreement (“Agreement”) with UMTI in which the UMTIHC indebtedness is evidenced by two notes: Note 1 which bears interest at the rate of 7.75% and Note 2 which bears interest at the rate of 2.70%. Both notes mature on December 31, 2017. Under the terms of the modification agreement the following amounts were rolled into the modified UMTIHC Deficiency Note: (1) accrued interest of approximately \$3,333,000; (2) the principal balance and related accrued interest of the UMTIHC Promissory Note of approximately \$11,376,000. As of March 31, 2015, the total outstanding principal balance of the modified UMTIHC Deficiency Notes was approximately \$42,945,000. From December 31, 2007 through March 31, 2015 the Company has received approximately \$9,814,000 in aggregate principal and interest payments under the UMTIHC Promissory Note. Please see Note 4 above for additional information regarding the Agreement.

**So UMT lent to affiliated entities that lent to third-parties; when the loans to third-parties went bad, the affiliated entities could not repay the UMT loans and instead provided UMT with deficiency notes...the ‘I OWE YOU’**

Source: United Mortgage Trust 10Q (3.31.15)

## UMT – Who Owes the Deficiency Notes?

**100% of the related party deficiency note is related to one entity, UMTL Lending Company, L.P. (UMTHLC)**

**The balance has grown from \$5.1 million as of December 2007 to \$42.9 million as of March 2015.**

**In aggregate, over the 7 plus years, only \$9.8 million has been repaid in interest in principal.**

### **5. Deficiency Notes – Related Party and Non Related Party**

The Company has made loans in the normal course of business to related parties and non-related parties, the proceeds from which have been used to originate underlying loans that are pledged to the Company as security for such obligations. When principal and interest on an underlying loan is due in full, at maturity or otherwise, the corresponding obligation owed by the originating company to the Company is also due in full. If the borrower or the Company foreclosed on property securing an underlying loan, or if the Company foreclosed on property securing a purchased loan, and the proceeds from the sale were insufficient to pay the loan in full, the originating company had the option of (1) repaying the outstanding balance owed to the Company associated with the underlying loan or purchased loan, as the case may be, or (2) delivering to the Company an unsecured deficiency note in the amount of the deficiency.

As of March 31, 2015, the Company had two deficiency notes with non-related parties totaling approximately \$3,236,000. One note in the amount of approximately \$1,703,000 bears interest at a rate of 14% per annum. The second note in the amount of approximately \$1,533,000 had a reserve of approximately \$301,000. The Company does not accrue interest on this note as the underlying collateral value approximates the note balance, net of reserves.

As of December 31, 2014, the Company had two deficiency notes with non-related parties totaling of approximately \$3,258,000. One note in the amount of approximately \$1,725,000 bears interest at a rate of 14% per annum. The second note in the amount of approximately \$1,533,000 had a reserve of approximately \$591,000. The Company does not accrue interest on this note as the underlying collateral value approximates the note balance, net of reserves.

As of December 31, 2007, UMTL Lending Company, L.P. ("UMTHLC") issued to the Company a variable amount promissory note in the amount of \$5,100,000 to evidence its deficiency obligations to the Company. The initial principal amount of the note was approximately \$1,648,000. The principal balance as of December 31, 2014 was approximately \$28,746,000. Effective January 1, 2015, UMT entered into a loan modification agreement ("Agreement") with UMTL in which the UMTLHC indebtedness is evidenced by two notes – Note 1 which bears interest at the rate of 1.75% and Note 2 which bears interest at the rate of 2.70%. Both notes mature on December 31, 2017. Under the terms of the modification agreement the following amounts were rolled into the modified UMTLHC Deficiency Note: (1) accrued interest of approximately \$3,333,000; (2) the principal balance and related accrued interest of the UMTLHC Promissory Note of approximately \$11,376,000. As of March 31, 2015, the total outstanding principal balance of the modified UMTLHC Deficiency Notes was approximately \$42,935,000. From December 31, 2007 through March 31, 2015 the Company has received approximately \$9,804,000 in aggregate principal and interest payments under the UMTLHC Promissory Note. Please see Note 4 above for additional information regarding the Agreement.

**So UMT lent to UMTHLC that lent to third-parties; UMTHLC has not been able to repay its deficiency note over the past 7+ years and the deficiency has grown significantly over time.**

Source: United Mortgage Trust 10Q (3.31.15)

## UMT – Who Owns UMTH Lending Company?

UMTH Lending Company (UMTHLC) is the counterparty to the related party deficiency note; UMTHLC is 99.9% owned by UMT Holdings (UMTH).

UMTH is owned by 10 limited partners.

Who are the 10 limited partners? Hollis Greenlaw et al.

So UMT lent to UMTHLC which is owned by UMTH which is owned by the same people that externally manage UMT and UDF entities; UMTH and related individuals owe a significant amount of debt to UMT in deficiency notes.

United Mortgage Trust Related Party Relationships			
Company	Relationship	Ownership	Ownership
UMT Holdings, L.P. ("UMTH")	99.9% owner of our borrower, UMTHLC and our advisor, UMTHGS	UMT Services, Inc. serves as General Partner	10 Limited Partners
UMTH Lending Company, L.P. ("UMTHLC")	Borrower	UMT Services, Inc. serves as General Partner	99.9% owned by UMTH
UMTH Land Development, L.P. ("UMTHLD")	Asset Manager for UDF I and General Partner of UDF III	UMT Services, Inc. serves as General Partner	99.9% owned by UMTH
United Development Funding, L.P. ("UDF I")	Borrower	United Development Funding, Inc. serves as General Partner	41 Limited Partners
United Development Funding III L.P. ("UDF III")	Loan Participant	UMTHLD serves as General Partner	90031 Limited Partners
Capital Reserve Group, Inc. ("CRG")	Borrower	2 UMTH Limited Partners serve as directors	Owned by 2 UMTH Limited Partners
Ready America Funding Corp. ("RAF")	Borrower	2 UMTH Limited Partners serve as directors	Beneficially owned by 2 UMTH Limited Partners
South Central Mortgage, Inc. ("SCM")	Note Seller	One UMTH Limited Partner serves as director	Beneficially owned by 1 UMTH Limited Partner
Wander Funding, L.P. ("Wander")	Borrower	One UMTH Limited Partner serves as director	Beneficially owned by 1 UMTH Limited Partner

Source: United Mortgage Trust Proxy Statement (4.29.15)

(2) UMT Services serves as the general partner and owns 0.1% of the limited partnership interests in UMT Holdings, L.P. ("UMTH Holdings"). The remaining 99.9% of the limited partnership interests in UMT Holdings are held as follows as of December 31, 2014: Mr. Etter (30.00%), Mr. Greenlaw (30.00%), Craig A. Pettit (5.00%), Timothy J. Kopacka (4.84%), Michael K. Wilson (7.41%), Christine A. Griffin (1.95%), Cara D. Obert (4.82%), William F. Lowe (1.06%), Ben L. Wissink (10.09%) and Melissa H. Youngblood (4.83%).

Source: UDF IV 10K (12.31.15) – this footnote (2) corresponds to the org chart on page 24.

## UMT – Other Related Party Assets

In addition, to the deficiency notes of \$42.9 million which increased significantly from year end (note table to right shows \$28.7 million as of December 31, 14), almost all of UMT's assets are associated with related parties (~85% in total)

(As of December 31, 2014)

	2014	Collateral
<b>Interim loans, related parties</b>		
RAFC	\$ 15,830,254	Real estate
Total	15,830,254	
<b>Lines of credit receivable, related parties</b>		
UDFI	\$ 8,580,538	Land development loans and equity investments
UDFI (UDFI III economic interest participation agreement)	74,686,618	Land development loans and equity investments
UMTHLC	7,576,966	Real estate
Total	\$ 90,844,122	
<b>Recourse obligations, related parties</b>		
CRG	\$ 4,504,044	Pledge of equity interest & limited guaranty
RAFC	10,267,408	Pledge of equity interest & limited guaranty
SCMI	3,448,002	Pledge of equity interest & limited guaranty
RAFC/Wonder	1,971,536	Pledge of equity interest & limited guaranty
Total	\$ 20,190,990	
<b>Deficiency note, related party</b>		
UMTHLC	\$ 28,739,855	Guaranty

**Total Related Party Assets: \$155 million**  
**(\$164 million including related party receivables)**

**Total Assets: \$193 million**  
**(Related Party Assets represent ~85% of total assets)**

Source: United Mortgage Trust 10K (12.31.14)

**In addition, UDF III has equity interests in related entities that have received loans from UMT.**



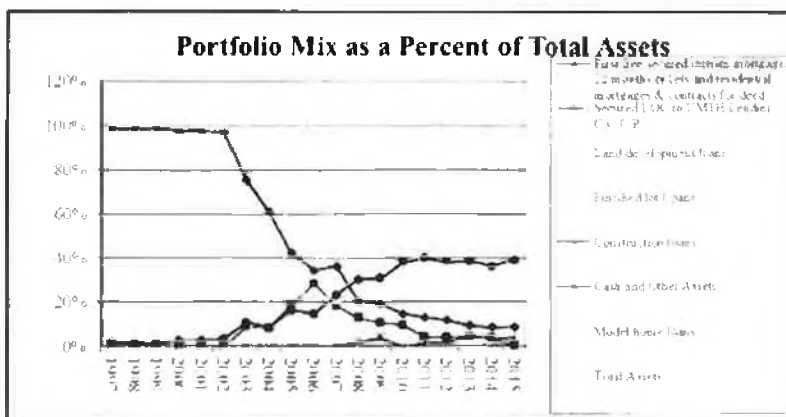
## How UMT Summarizes Its Evolution Over Time

UMT's asset mix transitioned from almost 100% 1<sup>st</sup> lien secured interim loans to an even split of "land development loans" and "cash and other assets".

"Land development loans" is really one loan to UDF I, an affiliated entity.

"Cash and other assets" is really 'recourse obligations' and 'deficiency notes' due from related parties (~75% of these assets).

*"Our portfolio concentrations have shifted over the years, as we have sought adequate supplies of suitable loans in a changing real estate finance market." - UMT 10Q*



Source: United Mortgage Trust 10Q (3.31.15)

### One theory of what explains the 'strategic' shift:

UMT originated 1<sup>st</sup> lien interim mortgages that performed poorly and could not be repaid; as the loans went bad, the related parties who issued loans to 3<sup>rd</sup> parties assumed the liabilities through recourse obligations and deficiency notes or a related UMT entity assumed/acquired the obligation and corresponding assets through a new development loan from UMT

# Waxahachie Land Sale

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

## A 226 Acre Parcel of Land Was Sold in Waxahachie

In December 2014, Mehrdad Moayedi sold 226 acres of land in Waxahachie, TX, about 25 miles south of Dallas, TX.

The land was owned through an entity called 287 Waxahachie, LP and was sold to an entity called Morrisville Investments, LLC; the land sold was only a portion of 589 acres owned by 287 Waxahachie, LP prior to the sale.

In addition to 287 Waxahachie LP acreage, Mehrdad Moayedi owns finished lots adjacent to the undeveloped acreage through an entity called CTMGT Saddlebrook Estates FL-1, LLC

There are outstanding loans from UDF IV to both 287 Waxahachie, LP and CTMGT Saddlebrook Estates FL-1, LLC.

Following the sale, UDF IV also now has a loan outstanding to Morrisville Investments, LLC.



## A 226 Acre Parcel of Land Was Sold in Waxahachie

**A**

ID: 262511

Morrisville Investments, LLC  
226 Acres (undeveloped)

Albert Coppola Jr

*Sold from 287 Waxahachie, L.P. to  
Morrisville Investments, LLC (Dec 2014)*

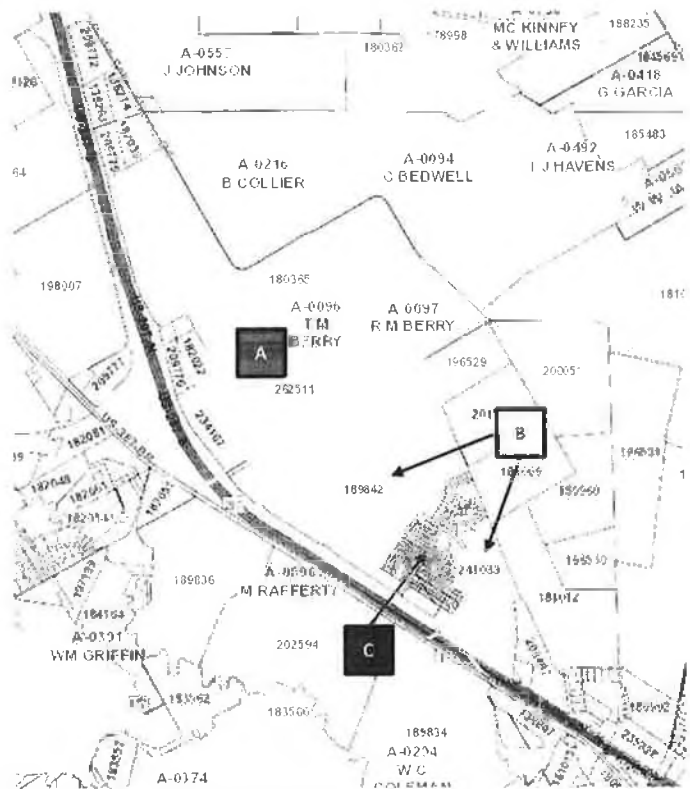
**B**

ID: 189642 & 241033

287 Waxahachie, L.P.  
265 Acres (undeveloped) &  
98 Acres (undeveloped)  
Mehrdad Moayed

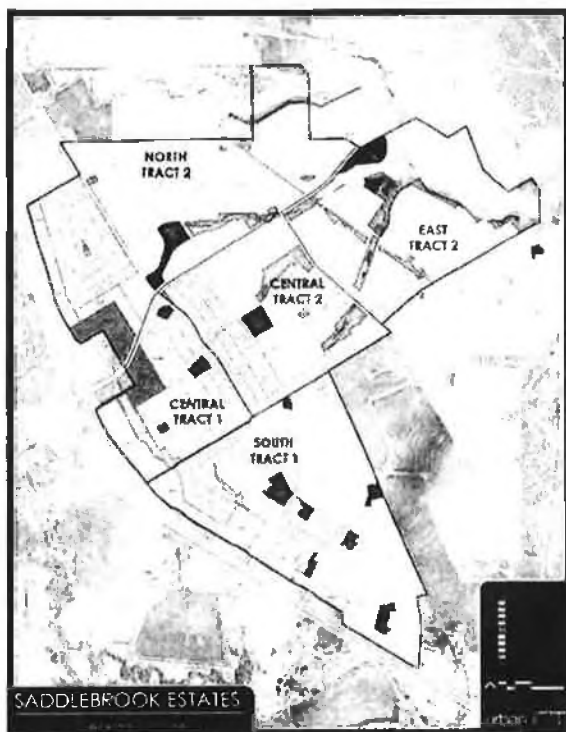
**C**

CTMGT Saddlebrook Estates FL-1  
65 finished lots  
Mehrdad Moayed



## Saddlebrook Estates – Overview

*"Saddlebrook Estates—2,000 acres which will be home to over 4,000 families." - Centurion American Website*



<http://centurionamerican.com/community/saddlebrook-estates/>



### COMMUNITY FEATURES

Private Bus Station: Lillian Cedron Center  
Miguel Home

School District: Waxahachie ISD

### DEVELOPMENT PROFILE

Property: 2,000 acres  
Development: 4,000 homes

SADDLEBROOK  
Estates

© 2000 Centurion American

## Saddlebrook Estates – A Closer Look

- Saddlebrook Estates was a development that began in 2008.
- There are ~120 homes occupied after ~7 years of 'development', 8 of which are currently listed as 'For Sale' on Zillow.
- There are currently 65 finished lots on the ground; at a current pace of ~5 starts per quarter (20/year).
- There is ~3 years of finished lot inventory that needs to be absorbed (to a significant extent) before there would be a need for incremental horizontal development of currently undeveloped acreage.
- This is for a master community that was planned for 4,000 home sites, over half a decade ago.



All That Has Been Developed to Date

## The Disclosure – Connecting the Dots in UDF IV Financials

UDF IV's loan to 287 Waxahachie declined from \$6.6 million at 9/30/14 to \$1.0 million at 12/31/14 and cash receipts increased from \$0 to \$1.3 million; a new loan appeared as of 12/31/14 to Morrisville Investments of \$4.4 million.

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

Borrower	Lender (L)	Location	Collateral (C)	Interest Rate	Original Note Date	Maturity Date (M)	Maximum Loan Amount (L)	Principal Balance	2014 Cash Receipts	2013 Cash Receipts	2012 Cash Receipts	Unfunded Balance
BIRM Holdings, LTD	UDF IV III	Austin, TX	12 lots and improvements, 22 finished lots	1.75%	8/7/2012	12/31/2014	3,409,735	151,585	2,084,802	1,295,130	-	236,828
287 Waxahachie, LP	UDF IV	Ellis County, TX	12 lots and improvements, 27 acres	1.75%	8/10/2012	8/10/2015 (4)	9,732,500	6,600,630	-	1,132,093	-	1,904,725
UDF IV III	UDF IV III	San Antonio, TX	1st lien, 20 finished lots	1.75%	8/25/2012	6/30/2015	1,127,404	800,180	443,844	74,783	-	-

The following table summarizes our real property loans and investments as of December 31, 2014:

Borrower	Lender (L)	Location	Collateral (C)	Interest Rate	Original Note Date	Maturity Date (M)	Maximum Loan Amount (L)	Principal Balance	2014 Cash Receipts	2013 Cash Receipts	2012 Cash Receipts	Unfunded Balance
BIRM Holdings, LTD	UDF IV III	Austin, TX	12 lots and improvements, 22 finished lots	1.75%	8/7/2012	12/31/2014	3,409,735	151,382	2,084,802	1,295,130	-	236,828
287 Waxahachie, LP	UDF IV	Ellis County, TX	1st lien and 2nd lien and improvements, 27 acres	1.75%	8/10/2012	8/10/2015 (4)	9,732,500	6,600,630	1,295,130	1,132,093	-	1,904,725
UDF IV III	UDF IV III	San Antonio, TX	1st lien, 19 finished lots, 6 finished	1.75%	8/25/2012	6/30/2015	1,123,404	118,640	705,444	74,783	-	-

Borrower	Lender (L)	Location	Collateral (C)	Interest Rate	Original Note Date	Maturity Date (M)	Maximum Loan Amount (L)	Principal Balance	2014 Cash Receipts	2013 Cash Receipts	2012 Cash Receipts	Unfunded Balance
Summer Lake Properties, LLC	UDF IV IV	York County, SC	1st lien, 35 acres	3.5%	7/24/2014	10/1/2018	1,247,000	921,825	548,097	-	-	-
CTARGET Texas Ranch 75-1, LLC	UDF IV	Madison County, TX	1st lien, 75 finished lots	3%	8/18/2014	8/18/2019	3,753,000	991,467	-	-	-	2,761,533
East Red Dog Road Development, LLC	UDF IV AC	Seminole County, FL	1st lien, 100 acres	3%	9/30/2014	9/30/2019	17,147,000	5,567,144	-	-	-	11,579,856
276 Georgetown, Inc.	UDF IV III	Washington County, TX	1st lien, 100 acres, 521 paper lots	3.5%	10/21/2014	10/21/2019	18,750,000	6,416,545	61	-	-	12,333,454
END-A1, LLC	UDF IV AC	Seminole County, FL	1st lien, 44 acres	3%	12/15/2014	12/15/2019	3,157,770	604,985	-	-	-	2,552,785
287 Waxahachie, LP	UDF IV	Ellis County, TX	1st lien, 64 finished lots	1.75%	8/10/2012	8/10/2015	9,732,500	1,000,000	-	-	-	1,407,164
Morrisville Investments, LLC	UDF IV	Ellis County, TX	1st lien, 225 acres	1.75%	12/31/2014	12/31/2017	7,185,000	1,425,300	-	-	-	5,759,700

Source: UDF IV 10Q (9.30.14) & 10K (12.31.14)

## The Disclosure Summarized & Implied Economics

UDF IV does not specifically disclose that \$4.4 million was assigned from 287 Waxahachie to Morrisville Investments but it does disclose that \$8.7 million of loans were assigned in total in the quarter; given that 287 Waxahachie's loan declined by \$5.7 million and that there were only \$1.3 million of cash receipts, it is clear that the difference (\$4.4 million) went somewhere and specifically to a new loan issued to Morrisville Investments.

(\$ in millions, except per acre metrics)	Cash				
	Balance	Receipts	Security	Collateral	
287 Waxahachie, LP					
Balance 9/30/14	\$ 6.6	\$ -	1st lien		478 acres
Balance 12/31/14	\$ 1.0	\$ 1.3	1st lien/2nd lien		252 acres
Decrease in Loan Balance	\$ (5.7)				
New Loan - Morrisville Investments, LLC (12/30/14)	\$ 4.4	\$ -	1st lien		226 acres
Theoretical Purchase Price Analysis					
Proceeds from New Capital (Cash Receipts)	\$ 1.3				
"Proceeds" from New UDF Loan		4.4			
Implied Purchase Price	\$ 5.7				
UDF Financing (% of total purchase price)		77%			
Debt / Acre	\$ 19,584				
Total Implied Purchase Price / Acre	\$ 25,328				

Assuming the reduction in the loan of \$5.7 million as the implied 'sale' price, Morrisville Investments acquired raw land for \$25,000 per acre, including debt per acre of ~\$19,600 @ 13% interest.

Comparable land on the outskirts of Waxahachie is worth ~\$6,000-\$10,000 per acre

Source: UDF IV 10Q (9.30.14) & 10K (12.31.14)

## Who Acquired Land in Waxahachie at Such a High Price?

Morrisville Investments, LLC is an entity registered in the state of North Carolina; the name of the individual that is listed for this entity is Albert Peter Coppola Jr and the address listed is in McLean, Virginia.

Corporation Names	
Name	Name Type
MC MORRISVILLE INVESTMENTS, LLC	LEGAL
Limited Liability Company Information	
SOSID:	1112209
Status:	Withdrawn
Effective Date:	10-18-2023
Citizenship:	FOREIGN
State of Inc.:	DE
Duration:	PERPETUAL
Registered Agent	
Agent Name:	SECRETARY OF STATE
Office Address:	2 SOUTH SALISBURY STREET RALEIGH NC 27601
Mailing Address:	PO BOX 2621 RALEIGH NC 27602
Principal Office	
Office Address:	6011 OAKDALE ROAD MCLEAN VA 22101-3335
Mailing Address:	6011 OAKDALE ROAD MCLEAN VA 22104-3335
Officers/Company Officials	
Title:	MANAGER
Name:	ALBERT PETER COPPOLA JR
Business Address:	6011 OAKDALE ROAD MCLEAN VA 22101

Source: UDF IV 10Q (9.30.14) & 10K (12.31.14)

## Who is the Manager of Morrisville Investments, LLC?

Search results for Albert Coppola and Albert Coppola Jr in McLean Virginia return very similar and very limited results; there is information regarding the death of Albert Coppola Sr on December 29, 2013 and the address listed for Morrisville Investments: 6014 Oakdale Rd. There is nothing that indicates Albert Coppola is a land developer.

**Albert Coppola McLean Virginia**

Owner/Breeder Albert Coppola Dies at 89 | BloodHorse.com  
[www.bloodhorse.com](#) - Owner/Breeder Albert Coppola - The blood horse  
 Albert Coppola, 89, of McLean, Va., died on Monday, December 29, 2013.  
 Albert Coppola was born in 1924 in Italy and moved to McLean, Va., in 1950.

Albert Coppola Dies at 89 | Virginia Thoroughbred Association  
[www.vta.org/albert-coppola-dies-at-89](#) - Virginia Thoroughbred Association  
 Albert Coppola, 89, of McLean, Va., died on Monday, December 29, 2013.  
 Albert Coppola was born in 1924 in Italy and moved to McLean, Va., in 1950.

St. John the Beloved Roman Catholic Church: Home  
[www.stjohnsmc.com](#) - St. John the Beloved Roman Catholic Church  
 Albert Coppola, 89, of McLean, Va., died on Monday, December 29, 2013.  
 Albert Coppola was born in 1924 in Italy and moved to McLean, Va., in 1950.

Albert Coppola in VA | Whitepages  
[www.whitepages.com/name/Albert-Coppola-VA](#) - Whitepages  
 Whitepages provides information for Albert Coppola in VA and 2 (see details below). Albert  
 Coppola's Address, Phone, Age, Spouse, Kids in McLean VA.

Albert Peter Coppola Sr. - Dignity Memorial  
[dignitymemorial.com/dignitymemorial.aspx?pid=...](#)  
 Dignity Memorial provides information for Albert Coppola Sr. in McLean, VA. 1142 West Brook  
 Street, Falls Church, VA 22043. 703.255.3841 (FAX) - DignityMemorial.com

6014 Oakdale Rd. MCLEAN, VA - Owner: Coppola Albert P...  
[www.avah.com/property/search/6014Oakdale.htm](#)  
 6014 Oakdale Rd. MCLEAN, VA is owned by Coppola  
 Albert P. 89. Coppola is 89 years old.

**Albert Coppola Jr McLean Virginia**

Owner/Breeder Albert Coppola Dies at 89 | BloodHorse.com  
[www.bloodhorse.com](#) - Owner/Breeder Albert Coppola - The blood horse  
 Albert Coppola, 89, of McLean, Va., died on Monday, December 29, 2013.  
 Albert Coppola was born in 1924 in Italy and moved to McLean, Va., in 1950.

Albert Coppola Dies at 89 | Virginia Thoroughbred Association  
[www.vta.org/albert-coppola-dies-at-89](#) - Virginia Thoroughbred Association  
 Albert Coppola, 89, of McLean, Va., died on Monday, December 29, 2013.  
 Albert Coppola was born in 1924 in Italy and moved to McLean, Va., in 1950.

Albert Coppola in VA | Whitepages  
[www.whitepages.com/name/Albert-Coppola-VA](#) - Whitepages  
 Whitepages provides information for Albert Coppola in VA and 2 (see details below). Albert  
 Coppola's Address, Phone, Age, Spouse, Kids in McLean VA.

Coppola in VA | Whitepages  
[www.whitepages.com/name/Coppola-VA](#) - Whitepages  
 Whitepages provides information for Coppola in VA and 2 (see details below). Albert  
 Coppola's Address, Phone, Age, Spouse, Kids in McLean VA.

1031 Turkey Run Rd, MCLEAN, VA - Owner: Coppola Albert P...  
[www.avah.com/property/search/1031TurkeyRun.htm](#)  
 1031 Turkey Run Rd, MCLEAN, VA is owned by Coppola  
 Albert P. 89. Coppola is 89 years old.

6014 Oakdale Rd. MCLEAN, VA - Owner: Coppola Albert P...  
[www.avah.com/property/search/6014Oakdale.htm](#)  
 6014 Oakdale Rd. MCLEAN, VA is owned by Coppola  
 Albert P. 89. Coppola is 89 years old.

Includes "Jr" in the search

Passing of Albert Coppola Sr

Business Address Listed for Morrisville Investments LLC

## What Search Results Look Like for 'Actual' Developers

Similar searches for Mehrdad Moayed and Tom Buffington return information that suggest each is in the business of developing land and/or building homes whereas a search for 'Albert Coppola' returns no indication that this person is in a similar type of business. This begs the questions of 1) is Albert Coppola Jr really a land developer or homebuilder, 2) if not, why did he receive a \$4.4 million loan to buy land in Waxahachie, TX from UDF.

**mehrdad moayed**

Web First News Photos Products Video Search

Images for mehrdad moayed

More images for mehrdad moayed

Mehrdad Moayed - Century American  
centuryamerica.com/mehrdad-moayed/ +  
Mehrdad Moayed has more than 20 years of hands-on experience in land development, including Value Engineering, construction and real estate. He is Moayed

An inside look at Mehrdad Moayed's first \$250M luxury high  
www.bonanza.com - An inside look at... +  
Mehrdad Moayed's first \$250M luxury high... +  
Mehrdad Moayed's first \$250M luxury high... +

Search Results for 'Mehrdad Moayed' - Dallas Business  
www.bizjournals.com/dallas/search/?q=Mehrdad Moayed +  
Mehrdad Moayed's first \$250M luxury high... +  
Mehrdad Moayed's first \$250M luxury high... +

**Thomas Buffington Austin**

Web First News Photos Products Video Search

Tom Buffington - Wikipedia, the free encyclopedi  
en.wikipedia.org/wiki/Tom\_Buffington +  
Tom Buffington (born January 8, 1943) is an American businessman who lives in Austin, Texas. Tom is the son of Robert J. Buffington, a former Dallas

Home Design - Buffington Homes - New Homes  
www.buffingtonhomes.com/properties/444 +  
Home Design - Buffington Homes - New Homes... +  
Home Design - Buffington Homes - New Homes... +

Tom Buffington | The Fortress Group | ZoomInfo.com  
www.zoominfo.com/p/Tom-Buffington/2402143 +  
In 1987, Tom started Buffington Homebuilding, Inc. (Buffington Homes), which focused on buying and selling large homebuilding companies in Austin.

Dennis Quaid Sues Seller of Austin (TX) Mansion - Variety  
variety.com - Dennis Quaid sues seller of Austin mansion, 120... +  
Dennis Quaid sues seller of Austin mansion, 120... +  
Dennis Quaid sues seller of Austin mansion, 120... +

Thomas Buffington's house in Austin, TX (Bing Maps)  
v.bing.com/maps/#mehrdad-thomas-buffington-house-in-austin +  
Thomas Buffington's house in Austin, TX (Bing Maps)... +  
Thomas Buffington's house in Austin, TX (Bing Maps)... +

## The Address Listed for Morrisville Investments, LLC

The 'business address' listed for Morrisville Investments, LLC is '6014 Oakdale Rd McLean, Virginia 22101'. Based on a Zillow search, this address is a single family home (7 beds, 6 baths, 3,346 sq ft)

6014 Oakdale Rd,  
Mc Lean, VA 22101

7 beds · 6 baths · 3,346 sqft · 6014  
Sq Ft Home Value: \$1,240,000 (Zestimate)

OFF MARKET  
Zestimate: \$1,241,427  
Rental History: 243 months  
Rent Zestimate: \$1,996/mo

EST. REFI PAYMENT  
\$4,618/mo

This 3346 square foot single family home has 7 bedrooms and 6.0 bathrooms. It is located at 6014 Oakdale Rd McLean, Virginia.

## A Summary of the Fact Patterns

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- 226 acres of land in Waxahachie was sold by Mehrdad Moayedi to Albert Coppola Jr.
- The transaction price appears to be significantly above market (~4x a recent comparable transaction)
- UDF provided the financing for both the seller and buyer; it appears the loan was assigned from seller to buyer and that UDF would have had to reasonably re-underwrite the deal.
- Mehrdad Moayedi still owns 65 finished lots, plus 363 acres adjacent to the finished lots.
- At the least, the land still owned by Moayedi will be a competing developed; at worst and more likely, the land still owned by Moayedi will need to be developed before the land owned by Albert Coppola Jr will be developed.
- The 65 finished lots represent ~3 years of supply based on current starts/absorption; the 363 undeveloped acres still owned by Moayedi represents over 10 years of paper lot inventory.
- Which means...the land owned by Coppola will almost certainly not be developed in the next 5 years and more likely, will not be developed in the next 10 years, if ever.
- A Google search for Coppola returns nothing that suggests he is a developer or home builder; typically, if someone is one or the other, there is information on the internet about it.
- The address listed for Morrisville Investments LLC is a single family home, not an office building.

## Even the Finished Lots Appear to be Under Water

- In the last quarter, 6 lots were sold at Saddlebrook Estates at an implied average selling price of \$22.4k (decrease in loan/lot).
- Assuming the average lot value in the last quarter (Q1-15) and the remaining # of finished lots as collateral of 65, the total remaining value of the collateral is \$1.5 million vs. the current balance of the loan of \$1.9 million. This math implies the loan, assuming no incremental interest, is impaired by ~22%.
- This also means there is likely ZERO equity in this deal for Mehrdad Moayedi.
- Also note that Megatel Homes has bought a majority of the lots that have been sold and UDF IV also provides Megatel with financing.

	# of Lots	Principal/ Decrease	Value / Lot
Balance (12/31/13)	95	\$ 2,486,029	\$ 26,169
Assumed Lots Sold - Q1-14	6	\$ (124,834)	\$ 20,806
Assumed Lots Sold - Q2-14	5	\$ (54,303)	\$ 10,861
Assumed Lots Sold - Q3-14	11	\$ (302,883)	\$ 27,595
Assumed Lots Sold - Q4-14	2	\$ (4,479)	\$ 2,240
Assumed Lots Sold - Q1-15	6	\$ (134,658)	\$ 22,443
<b>Subtotal of Lots Sold</b>	<b>30</b>	<b>\$ (621,157)</b>	<b>\$ 20,705</b>
<b>Current Balance (3/31/15)</b>	<b>65</b>	<b>\$ 1,864,872</b>	<b>\$ 28,690</b>
<b>Collateral Value Assuming Q1-15 Average</b>		<b>\$ 1,458,795</b>	<b>\$ 22,443</b>
<b>% impairment (assuming no interest)</b>		<b>(21.8%)</b>	

Entity	Date	Security	Collateral	Outstanding			Cash Receipts		
				Balance	Issue Date	Maturity Date	2015A	2014A	2013A
CTMGT Saddlebrook Estates	12/31/2013	First Lien	95 finished lots	\$ 2,485,029	11/5/13	11/5/17	\$ -	\$ -	\$ 70,371
CTMGT Saddlebrook Estates	3/31/2014	First Lien	89 finished lots	\$ 2,361,195	11/5/13	11/5/17	\$ -	\$ 124,834	\$ 70,371
CTMGT Saddlebrook Estates	6/30/2014	First Lien	84 finished lots	\$ 2,305,892	11/5/13	11/5/17	\$ -	\$ 179,135	\$ 70,371
CTMGT Saddlebrook Estates	9/30/2014	First Lien	73 finished lots	\$ 2,004,009	11/5/13	11/5/17	\$ -	\$ 482,020	\$ 70,371
CTMGT Saddlebrook Estates	12/31/2014	First Lien	71 Finished Lots	\$ 1,999,530	11/5/13	11/5/17	\$ -	\$ 486,498	\$ 70,371
CTMGT Saddlebrook Estates	3/31/2015	First Lien	65 Finished Lots	\$ 1,864,872	11/5/13	11/5/17	\$ 134,658	\$ 486,498	\$ 70,371

Source: UDF IV 10Qs & 10Ks

# Undeveloped Land Sites

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

## Investments in Land Development Loans

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**"We may invest in loans to purchase unimproved real property. As of December 31, 2014, we have invested 0% of our assets in such loans. Unimproved real property is generally defined as real property [that...] (b) has no development or construction in process [...] and (c) no development or construction on such land is planned in good faith to commence within one year."**

*Investments in land development loans present additional risks compared to loans secured by operating properties.*

We may invest in loans to purchase unimproved real property. As of December 31, 2014, we have invested 0% of our assets in such loans. Unimproved real property is generally defined as real property which has the following three characteristics: (a) an equity interest in real property which was not acquired for the purpose of producing rental or other income; (b) has no development or construction in process on such land; and (c) no development or construction on such land is planned in good faith to commence within one year. Land development mortgage loans may be riskier than loans secured by improved properties, because

- until disposition, the property does not generate separate income for the borrower to make loan payments;
- the completion of planned development may require additional development financing by the borrower, which may not be available;
- depending on the velocity or amount of lot sales to homebuilders, demand for lots may decrease, causing the price of the lots to decrease;
- depending on the velocity or amount of lot sales to developers or homebuilders, demand for land may decrease, causing the price of the land to decrease;
- there is no assurance that we will be able to sell unimproved land promptly if we are forced to foreclose upon it, and
- lot sale contracts are generally not "specific performance" contracts, and the borrower may have no recourse if a homebuilder elects not to purchase lots.

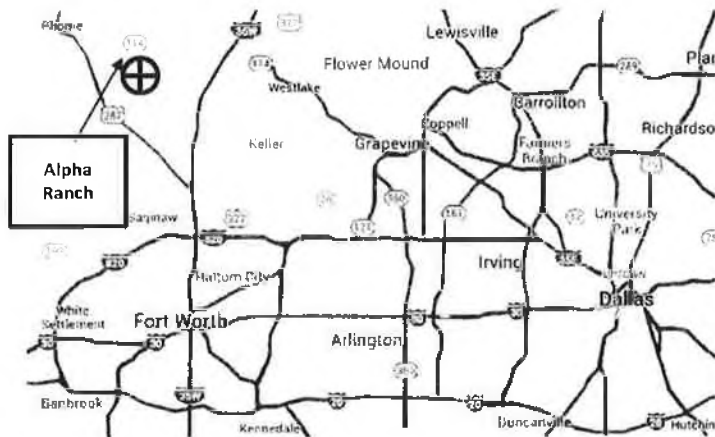
Source: UDF IV 10K (12.31.14)

# CTMGT Alpha Ranch

UDF IV has a \$18.3mm 2nd lien to "CTMGT Alpha Ranch"; Alpha Ranch is still undeveloped land with no signs of development

## Alpha Ranch History

Entry	Date	Security	Collateral	Outstanding			Maturity Date	Cash Receipts				
				Balance	Issue Date			2011A	2011A	2011B	2012B	2013A
CTMGT Alpha Ranch	12/11/2012	2nd Lien	1,122 acres	\$ 10,950,159	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	5/4/2013	2nd Lien	1,122 acres	\$ 12,275,621	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	8/20/2013	2nd Lien	1,122 acres	\$ 12,533,751	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	9/20/2013	2nd Lien	1,122 acres	\$ 14,111,550	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	12/22/2013	2nd Lien	1,122 acres	\$ 14,402,952	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	7/31/2014	2nd Lien	1,122 acres	\$ 14,647,133	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	6/20/2014	2nd Lien	1,000 paper lots	\$ 14,948,796	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	9/20/2014	2nd Lien	1,000 paper lots	\$ 17,474,580	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	12/22/2014	2nd Lien	1,000 paper lots	\$ 18,101,265	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m
CTMGT Alpha Ranch	3/31/2015	2nd Lien	1,000 paper lots	\$ 18,344,043	7/31/12		7/31/14	\$ -	\$ -	\$ -	\$ -	n/m



## CTMGT Alpha Ranch (continued)

There are several reasons why Alpha Ranch is a challenged development, a few of the reasons are listed below:

- Limited access to Highway 114
- Numerous gas wells that have set back requirements and require access not be restricted for gas trucks
- Large portion of land is in flood plain



# One Windsor Hills

UDF IV has 4 notes due from "One Windsor Hills LP" with aggregate loan balances of \$28.3mm (All 2nd liens); Windsor Hills is still undeveloped land with no signs of development

## One Windsor Hills History

Entity	Date	Security	Collateral	Outstanding Balance	Windsor Hills		Cash Receipts				
					Issue Date	Maturity Date	2013A	2014A	2015A	2016A	2017A
One Windsor Hills LP	12/31/2012	2nd Lien	1,845 acres across 3 notes	\$ 18,824,202	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2013	2nd Lien	1,583 acres across 3 notes	\$ 18,057,867	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	6/30/2013	2nd Lien	1,583 acres across 3 notes	\$ 20,077,367	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	9/30/2013	2nd Lien	1,583 acres across 3 notes	\$ 20,751,692	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	12/31/2013	2nd Lien	1,890 acres across 4 notes	\$ 23,758,172	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2014	2nd Lien	1,990 acres across 4 notes	\$ 23,825,489	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	6/30/2014	2nd Lien	1,952 acres across 4 notes	\$ 25,471,848	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	9/30/2014	2nd Lien	1,952 acres across 4 notes	\$ 25,735,171	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	12/31/2014	2nd Lien	1,954 acres across 4 notes	\$ 27,855,350	5/9/11	5/9/12	\$	\$	\$	\$	n/m
One Windsor Hills LP	3/31/2015	2nd Lien	1,954 acres across 4 notes	\$ 28,251,889	5/9/11	5/9/12	\$	\$	\$	\$	n/m



**WINDSOR HILLS**  
 One One-Windsor Hills, Suite 100, Dallas, Texas 75201  
 Phone: (214) 343-5000  
 Fax: (214) 343-5001  
 Website: www.windsorhills.com

Property: 1,954 acres across 4 notes  
 Description: 1,954 acres across 4 notes  
 Current: 1,954 acres across 4 notes  
 Future: 1,954 acres across 4 notes  
 Total: 1,954 acres across 4 notes

For more information on Windsor Hills please write to  
 John Sullivan at 469.502.7100

## One Windsor Hills (continued)

One Windsor Hills... "Coming Soon"... "A Master-Planned Community Featuring Active Adult and Town Center Lifestyle"



*Windsor*  
HILLS

A Community Real Estate Development



## CTMGMT Granbury LLC (aka Knox Ranch)

UDF IV has a \$14.0mm 1<sup>st</sup> lien and 2<sup>nd</sup> lien to "CTMGMT Granbury LLC" aka "Knox Ranch"; Knox Ranch is still undeveloped land with no signs of development.

### Granbury History

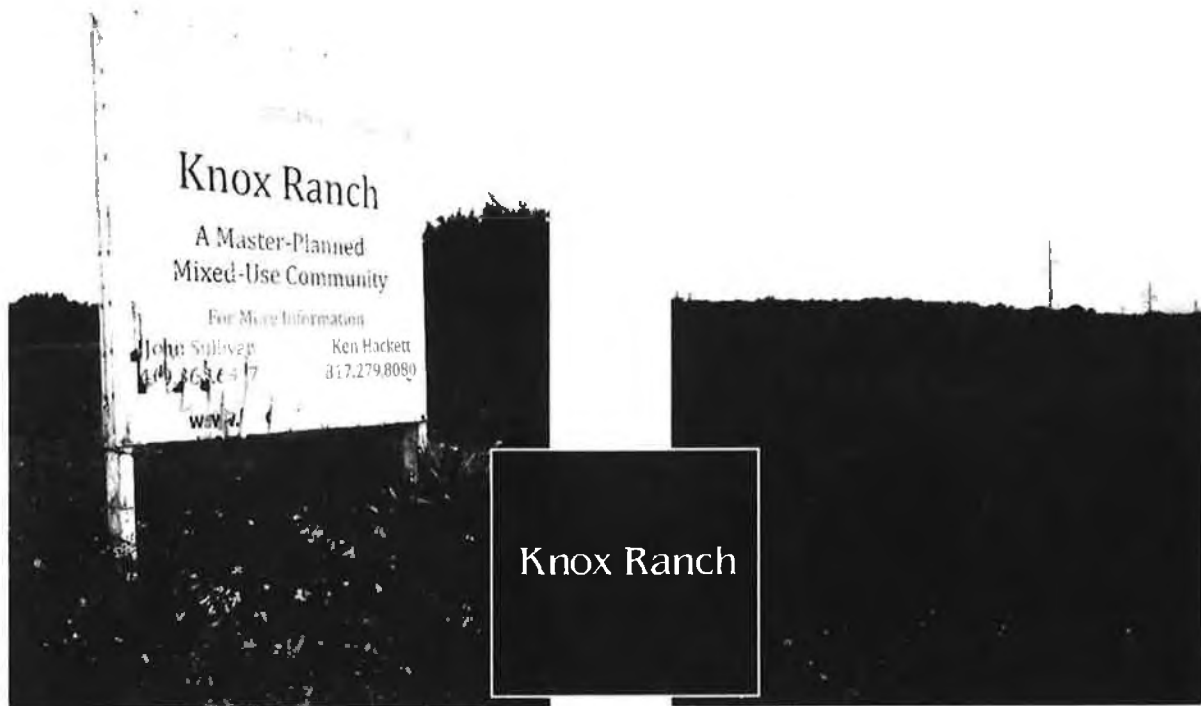
Entry	Date	Security	Collateral	Outstanding		Issue Date	Maturity Date	Cash Payments					
				Balance				2013A	2013B	2014A	2014B	2015A	
CTMGMT Granbury	12/31/2012	1st Lien	552 acres	\$ 1,142,044		4/21/10	5/21/13	\$	+	\$	+	\$	+
CTMGMT Granbury	1/31/2013	1st Lien	552 acres	\$ 7,264,766		5/21/10	5/21/13	\$	+	\$	+	\$	+
CTMGMT Granbury	6/30/2013	1st Lien	552 acres	\$ 8,656,865		5/21/10	5/21/14	\$	+	\$	+	\$	+
CTMGMT Granbury	9/30/2013	1st Lien	552 acres	\$ 8,419,386		5/21/10	5/21/14	\$	+	\$	+	\$	+
CTMGMT Granbury	12/31/2013	1st Lien	552 acres	\$ 9,256,497		5/21/10	5/21/14	\$	+	\$	+	\$	+
CTMGMT Granbury	3/31/2014	1st Lien	552 acres	\$ 9,510,523		5/21/10	5/21/14	\$	+	\$	+	\$	+
CTMGMT Granbury	6/30/2014	1st/2nd Lien	3,711 Acres (Lien 1,541 Acres)	\$ 11,211,029		5/21/10	5/21/15	\$	+	\$	+	\$	+
CTMGMT Granbury	9/30/2014	1st/2nd Lien	5,231 Acres (Lien 1,541 Acres)	\$ 12,323,585		5/21/10	5/21/15	\$	+	\$	+	\$	+
CTMGMT Granbury	12/31/2014	1st/2nd Lien	2,064 Acres	\$ 13,906,295		5/21/10	5/21/15	\$	+	\$	+	\$	+
CTMGMT Granbury	3/31/2015	1st/2nd Lien	2,064 Acres	\$ 14,016,065		5/21/10	5/21/15	\$	+	\$	+	\$	+



## CTMGT Granbury LLC (aka Knox Ranch) (continued)

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The Knox Ranch sign has been there so long that the "C" and "A" in Centurion American have nearly completely faded out.



# **Bankruptcy Impacting UDF III**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

# UDF III Claim in Will Clay Perry Bankruptcy

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE

WILL CLAY PERRY,

Debtor.

CASE NO. 08-32362-(14-1)  
(Chapter 11)

## Class 5 Unsecured Claims (Continued)

Case 08-32362 Document 941 Filed 11/08/10 Page 6 of 18

### THIRD AMENDED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE FOR WILL CLAY PERRY

Class 5. This Class shall consist of all Allowed General Unsecured Claims except for the claims of Will Clay and Barbara who are classified in Class 6. Which class shall specifically consist of the following Holders of Allowed Unsecured Claims:

Creditor Name	Allowed Amount
Amegy Bank NA	\$9,398,873.32
Amegy Bank NA	\$ 249,396.71
Amegy Mortgage Company, LLC	\$ 32,828.94
American Express Commercial Bank	\$ 159,500.14
American Express Bank, FSB	\$ 14,654.18
Bank of Texas NA	\$ 37,782.61
Compass Bank NA	\$ 214,266.65
Direct TV	\$ 48.00

The Spring Branch Class has been allowed in the amount of \$9,398,873.32 plus \$4,000.00 for a total allowance of \$9,402,873.32. The Amegy Bank Spring Branch Class. Reserve for the Amegy Bank Spring Branch Class shall be made by the Trustee retaining a class reserve of \$1,000,000.00. Contributions under the Plan due prior to the Amegy Bank Spring Branch Class shall be made in accordance with the Bankruptcy Court orders contained in Exhibit A-101.

Enroute System	\$ 27.96
First Bank NA	\$ 139,757.64
Frost Bank NA	\$ 101,913.36
Home Depot	\$ 2,000.00
Jaime Lopez	\$ 400.00
McGrincher Stafford	\$ 40,000.00
One Sugar Lakes Prof. Ctr. Pairs, LP	\$ 279,332.52
Parkway Properties, LP	\$ 10,407.07
Ray J. Black	\$ 4,000.00
Si Energy	\$ 100.00
Sienna Plantation GC	\$ 294.00
Star Pool & Spa	\$ 425.00
SMU Energy	\$ 1,342.00
United Commercial Bank	\$ 14,275.00
United Development Funding III, LP	\$ 555,538.77
Verizon Wireless	\$ 1,000.00
Wachovia Bank, NA	\$ 25,633.97

Source: Will C Perry Bankruptcy Plan of Reorganization.

## Breakdown of UDF III Claim in Perry Bankruptcy

UDF III had an unsecured claim of ~\$5.6 million in the bankruptcy of Will C. Perry; it was determined that UDF III did not have a lien on real property while UDF did have such a lien; we believe this is why UDF III had a claim in the personal bankruptcy of Will C. Perry and UDF did not. In the absence of a lien and claim on real property, UDF III likely had to rely on a personal guarantee that turned out to be worth very little.

Original Principal Advanced - Hidden Lakes	\$ 1,481,250
RBC Advance - Hidden Lakes	\$ 1,720,320
<b>Total Principal Advanced</b>	<b>\$ 3,201,570</b>
Interest - Hidden Lakes	\$ 202,711
<b>Total Claim - Hidden Lakes</b>	<b>\$ 3,404,281</b>

<b>Total Principal Advanced - Southern Colony</b>	<b>\$ 1,894,920</b>
Interest Due - Southern Colony	\$ 256,637
<b>Total Claim - Southern Colony</b>	<b>\$ 2,151,558</b>

<b>Total - Hidden Lakes / Southern Colony</b>	<b>\$ 5,555,838.77</b>
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"First and foremost, UDF is described as the intended and actual lienholder on the Hidden Lakes Property in almost every document pertaining to the loan between Hidden Lakes and UDF, whereas UDF III is never mentioned in connection with the lien except for the entry on item 811 of the Settlement Statement for Purchase of the Hidden Lakes Property"

"For example, the Loan Commitment Letter from UDF to Hidden Lakes [Exhibit No. 20] sets forth that such a lien will be created in favor of UDF ("The Loan will be secured by (i) a deed of trust creating a lien against the Property, second in priority only to a senior lender providing financing for the acquisition of the Property...") whereas the Loan Commitment Letter from UDF III to Hidden Lakes [Exhibit No. 21] for the loan between Hidden Lakes and UDF III does not."

Source: <http://www.leggle.com/decision/in%20BCK%2020100225846>

## Recovery for Class 5 Claims

**"The Holders of Allowed Class 5 Claims shall be paid, pro rata, a total of \$1,002,529.76"**

**Class 5 allowed claims totaled ~\$16.1 million and had a recovery of ~\$1.0 million, representing a recovery of ~6.2%**

**Assuming a pro rata recovery of 6.2%, UDF III's claim of \$5.6 million would have recovered ~\$345k, or a realized loss of ~\$5.2 million.**

### ARTICLE III

#### TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

CLASSES 3, 5 AND 6 ARE IMPAIRED UNDER THE PLAN

Date: 03/02/2020 Document: 6-1 Filed: 07/02/20 Entered: 06/09/20 Page 3 of 26

3.05 Treatment of Class 5 Claims. The Holders of Allowed Class 5 Claims shall be paid, pro rata, a total of \$1,002,529.76 with payments to be made at the following times:

- (i) \$375,000.00 on the date on which the 301C motion is approved, at an interim distribution to unsecured creditors. The Holders of Allowed Class 5 Claims will not share in any such distribution. Appropriate reserves will be established for claims of which the final amount has not yet been determined and will be held in trust exclusively for the benefit of the creditors to whom such distribution ultimately should be made.
- (ii) \$8,704.55 for a period of 10 months, with the first such monthly payment due on the tenth day of the month following the Effective Date.
- (iii) \$6,300.00 for a period of 16 months, with the first such monthly payment due on the tenth day of the month following the last payment of the \$8,704.55.

Total Class 5 Claims	\$ 16,131,180
Total Class 5 Recovery	\$ 1,002,530
% Recovery	6.2%
UDF III Claim	\$ 5,555,839
UDF III Recovery	\$ 345,287
UDF III Loss	\$ (5,210,551)

Source: Will C Perry Bankruptcy, Plan of Reorganization,

## UDF III Accounting Shows No Individual Loan Loss Until 2014

Despite apparently having a crystallized loss of \$5.2 million, UDF III did not take a charge for any loans "individually evaluated for impairment" until 2014. A charge for a similar amount (\$5.3 million) was taken in 2014; however, the company only reclassified an accrued balance from its allowance for loan losses "collectively evaluated for impairment" to "individually evaluated for impairment" which basically means that it did not take an incremental charge for whatever loan was "individually evaluated".

	For the year ended December 31,	
	2014	2013
<b>Allowance for loan losses:</b>		
Balance at beginning of period	\$ 19,715,000	\$ 16,644,000
(Recapture) provision charged to earnings	(184,000)	4,513,000
<b>Loan losses:</b>		
Charge-offs	(491,000)	(1,442,000)
Recoveries	-	-
Net loan losses	(491,000)	(1,442,000)
Balance at end of period	\$ 19,040,000	\$ 19,715,000
Ending balance, individually evaluated for impairment	\$ 5,310,000	\$ -
Ending balance, collectively evaluated for impairment	\$ 13,730,000	\$ 19,715,000
<b>Financing receivables:</b>		
Balance at end of period	\$ 390,958,000	\$ 373,380,000
Ending balance, individually evaluated for impairment	\$ 47,903,000	\$ -
Ending balance, collectively evaluated for impairment	\$ 343,055,000	\$ 373,380,000

Source: UDF III 10-K

# **Review of RE Loans**

FOIA CONFIDENTIAL TREATMENT  
REQUESTED BY KATTEN LLP

## RE Loans – SEC Litigation Release

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### U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 23059 / August 4, 2014

*Securities and Exchange Commission v. Walter Ng, Kelly Ng, Bruce Horwitz, and The Mortgage Fund, LLC*, Civil Action No. C-13-0895 (N.D. Cal. filed Feb. 28, 2013)

#### San Francisco Bay Area Real Estate Fund Managers Settle Fraud Claims

The Securities and Exchange Commission today announced that Kelly Ng and Walter Ng, their affiliated investment advisory firm The Mortgage Fund, LLC, and Bruce Horwitz agreed to resolve fraud charges against them, which fully resolves the Commission's litigation. In the settlement, Kelly Ng, Horwitz, and The Mortgage Fund, LLC will pay a total of \$5,205,367 and Kelly Ng and Walter Ng will be barred from the securities industry. The SEC filed a complaint against the Ngs, Horwitz and the firm in federal court in Oakland, California in 2013, alleging that they defrauded investors in their real estate fund called Mortgage Fund '08 LLC (MF08) by secretly using its assets to rescue an older, rapidly collapsing fund called R.E. Loans, LLC.

According to the SEC's complaint, the Ngs and Horwitz promoted MF08 in the midst of the 2008 financial crisis as a new opportunity to invest in conservatively underwritten commercial real estate loans secured by deeds of trust. But the Ngs and their advisory firm, The Mortgage Fund, LLC, immediately began transferring money raised by MF08 to R.E. Loans so that they could afford distributions to investors in that fund. From December 2007 to March 2008, the Ngs transferred almost \$39 million from MF08 to R.E. Loans. They later attempted to justify the transfers by claiming MF08 had purchased three loans from R.E. Loans that totaled around \$39 million.

The SEC further alleged that both the Ngs and Horwitz lured investors into MF08 by making false claims about its performance and the R.E. Loans fund's performance. What investors did not know was that both R.E. Loans and MF08 began to experience significant and dramatic borrower defaults in 2008. Despite the funds' rapidly disintegrating portfolios, the Ngs and Horwitz repeatedly assured investors that R.E. Loans and MF08 were performing well and the underlying loans were safe and secure.

Walter Ng, Kelly Ng, Horwitz, and The Mortgage Fund, LLC, without admitting or denying the SEC's allegations, all consented to the entry of final judgments, which the court entered on August 1, 2014. Under the terms of the settlements, Kelly Ng and the Ngs' firm will pay a total of \$4,480,025 in disgorgement, prejudgment interest, and civil monetary penalties and Horwitz will pay \$725,342. The Commission intends to ask the Court to authorize the transfer of any disgorgement, interest, and penalty payments collected to the MF08 Liquidating Trustee for distribution to MF08 investors. All four agreed to be permanently enjoined from violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder. Kelly Ng, Walter Ng, and The Mortgage Fund further agreed to be permanently enjoined from violating Sections 206(1) and (2) of the Investment Advisers Act of 1940.

Walter Ng and Kelly Ng further agreed to be barred from the securities industry, including association with any brokerage firm or investment adviser. Kelly Ng currently is incarcerated and serving an 18 month sentence after he pled guilty to twenty counts of structuring cash transactions to avoid bank reporting requirements.

Previous release: Litigation Release No. 23027 (Feb. 28, 2013).

Source: <https://www.sec.gov/litigation/litreleases/2014/lr23059.htm>