



4. Hayman's expectation of a UDF bankruptcy was a result of its analysis of UDF's own public SEC filings, and other publicly-filed information, and was not the result of some greater "scheme" as claimed by Plaintiffs.

5. According to UDF IV's financial statements, UDF IV raised gross proceeds from its investors of approximately \$615 million through its primary offering and gross proceeds of approximately \$36 million through secondary offerings. Given its dealer manager's distribution network, these funds were largely sourced from retail investors. Prior to certain events of default which occurred effective March 4, 2016, UDF IV's regular distributions to shareholders amounted to approximately \$4.2 million per month or in excess of \$50 million annually. Pursuant to a forbearance agreement with one of its creditors also effective March 4, 2016, UDF IV agreed to suspend formally normal distributions to its shareholders. UDF has never reauthorized normal distributions in any public disclosures since this time. As a result, UDF IV owes its investors approximately \$110 million in distributions which they reasonably expected to receive but have not been paid. UDF IV also last reported net asset values of approximately \$510 million, amounts which its investors also reasonably expected to receive. These are obligations in aggregate that UDF IV reasonably owed to its shareholders and UDF IV has not met even the minimum of paying distributions.

6. The reality is given the issues faced by UDF related to its creditors, notably the inability to timely repay debt or file financial statements in a timely manner -

principally owing to UDF's own predictable shortcomings, UDF likely should have filed UDF IV for bankruptcy protection. Instead, it pursued asset sales to repay creditors under the guise of multiple federal investigations without disclosing the terms of such sales to its shareholders, which likely resulted in a lesser recovery than otherwise could have been secured with an open process, blessed by an open bankruptcy court. I believe it did so to the detriment of UDF IV shareholders and as an all cost effort to benefit management as management faced significant scrutiny from criminal and civil authorities.

7. Once Hayman decided to make public statements about UDF's business, Hayman also determined that it would not be in its best interest to pursue opportunities to acquire first lien loans owned and issued by banks (not UDF), recognizing that it would be within its rights to do so but also recognizing that public perception needed to be considered – given Hayman's public statements and existing financial position. In other words, Hayman considered raising a fund before it decided to speak publicly about UDF but determined not to do so.

8. Accordingly, such a fund was never formed and capital was never raised to pursue such activity. Hayman did not consider pursuing such activity through any pre-existing fund structure nor did it contemplate using any existing funds under management to pursue such activity. In short, beyond considering as an idea and discussing with potential partners in private, Hayman never formally pursued the

acquisition of any loans related to this matter, and its decision not to do so was significantly influenced by the determination to make public statements.

9. In connection with Hayman's public statements about UDF, Hayman retained the Edelman public relations firm. Hayman did not hire Edelman to influence the government. I am not aware (and given my position at Hayman, I would expect to be aware of them had such communications occurred) of any representatives of Edelman ever speaking with any government agencies or representatives of those agencies related to this matter.

10. My date of birth is September 7, 1969, and my address is 2101 Cedar Springs Road Suite 1400, Dallas, TX 75201, USA. I declare under penalty of perjury that the foregoing is true and correct.

Executed in New York County, State of New York, on the 30<sup>th</sup> day of May, 2018.



J. Kyle Bass