

Message

From: Mack Hicks [/O=HOSTNET/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MHICKS]
Sent: 12/14/2015 7:46:45 PM
To: Thomas O. Hicks [/O=HOSTNET/OU=First Administrative Group/cn=Recipients/cn=thicks66095606]; Thomas Hicks Jr. [/O=HOSTNET/OU=First Administrative Group/cn=Recipients/cn=tohjr]
CC: Dary Stone [/O=HOSTNET/OU=First Administrative Group/cn=Recipients/cn=dstone52556079]
Subject: RE: A Texas-Sized Ponzi Scheme - Must Read

There might be a lot of credit folks out of a job here pretty soon... Not just locally!

From: Thomas O. Hicks
Sent: Monday, December 14, 2015 7:17 PM
To: Thomas Hicks Jr. <tohjr@hicksholdings.com>
Cc: Mack Hicks <mhicks@hicksholdings.com>; Dary Stone <dstone@hicksholdings.com>
Subject: Re: A Texas-Sized Ponzi Scheme - Must Read

Interesting

Sent from my iPhone

On Dec 14, 2015, at 6:37 PM, Thomas Hicks Jr. <tohjr@hicksholdings.com> wrote:

As you know, Farley Dakan will be in our office tomorrow.

Farley worked two years to put together this trade (below) that Kyle Bass just launched. Kyle's fund just made 50% on shorting the shares of UDF last week. I'd encourage you to read the PDFs in the link below.

As a part of this specific short trade, Kyle agreed to let Farley set up a vehicle as UDF unwinds to take advantage of investment opportunities within the portfolio. There is \$550mm of debt owned by 27 local banks, some of whom are very small and will potentially have survival issues as a result of losses they might incur because of UDF.

Farley has underwritten a conservative scenario where you can buy \$100mm of this debt at 75 cents on the dollar and achieve unlevered returns of 18.5%. He thinks you might be able to buy more and if you can get control of the debt, there could be additional opportunities to create value (off the charts value in Farley's words) by getting control of many development opportunities. Even if it is only an opportunity to invest \$75mm to earn 18% unlevered, it is something we can make commercial.

He is actively seeking us because we aren't a fund and can look at things differently than funds, and also because of Dary and his team, both current and other relationships (and Baylor I suppose). He thinks we can also help knock of the doors of the various local banks and get them to engage in discussion about our buying their loans.

This could be the catalyst that gives us a profitable real estate vehicle. Again, he has two years of work in this idea.

I figure that we will spend half an hour on Homeland Healthcare and then budget 45 minutes on this new opportunity. He will be prepared to talk about both.

Tommy

Sent from my iPad

Begin forwarded message:

From: "J. Kyle Bass" <k@haymancapital.com>
Date: December 10, 2015 at 11:43:11 AM CST
To: Thomas Hicks Jr. <tohjr@hicksholdings.com>
Subject: A Texas-Sized Ponzi Scheme - Must Read

Tommy,

I hope you don't do any business with Mehrdad or UDF because I think it is all about to come crashing down. Look at this posting from this morning. Make sure to read PDF1 and PDF 2.

Let me know what you think.

<https://www.hvst.com/public-pages/investors-for-truth/posts/55247-a-texas-sized-scheme>

JKB

J. Kyle Bass
Chief Investment Officer
Hayman Capital Management