CAUSE NO. CC-17-06253-C

UNITED DEVELOPMENT FUNDING, L.P., A DELAWARE LIMITED PARTNERSHIP, ***et al.*****,**	§	**IN THE COUNTY COURT**
	§	**AT LAW NO. 3**
Plaintiffs,	§	**DALLAS COUNTY, TEXAS**
v.	§	
J. KYLE BASS, ***et al.*****,**	§	
Defendants.	§	

AFFIDAVIT OF MEHRDAD MOAYEDI

STATE OF TEXAS	§
	§
COUNTY OF DALLAS	§

BEFORE ME, the undersigned authority, on this day personally appeared Mehrdad Moayedi, known to me to be the person whose name appears below, who upon being duly sworn, deposes and states the following:

1. My name is Mehrdad Moayedi. I am over eighteen (18) years of age. I have never been convicted of a felony or a crime of moral turpitude. I am of sound mind, and I am fully competent to make this affidavit.

2. I am the founder, CEO, and President of Centurion American Development Group and hold a direct or indirect controlling interest in all of its affiliates (collectively, "Centurion"). I have personal knowledge of the facts stated herein, which are true and correct. I submit this affidavit in connection with the pending lawsuit between plaintiffs United Development Funding, L.P. ("UDF I"), United Development Funding II, L.P. ("UDF II"), United Development Funding III, L.P. ("UDF III"), United Development Funding IV ("UDF IV"), United Development Funding Income Fund V ("UDF V"), United Mortgage Trust ("UMT"), United Development Funding Land Opportunity Fund, L.P. and United Development Funding Land Opportunity Fund Investors, LLC (collectively, "UDF") and defendants J. Kyle Bass, Hayman Capital Management, L.P., Hayman Offshore Management, Inc., Hayman Capital Master Fund, L.P., Hayman Capital Partners, L.P., Hayman Capital Offshore Partners, L.P., and Hayman Investments, LLC (collectively, "Hayman Capital").

3. Centurion is a real estate developer that primarily develops subdivisions, condominiums, and hotels in Texas. Since 1990, Centurion has developed well over 25,000 single-family lots in dozens of premier communities in North Texas. Centurion has demonstrated

hereto as Annex B. That post was followed by a second post on December 11 (Annex C) and a third post on December 15 (Annex D). These three posts are collectively referred to hereafter as the "anonymous posts."

9. As I understood them, the anonymous posts asserted that UDF's business was not engaged in a legitimate real estate business, but was instead a Ponzi scheme that was making non-market rate loans (at 13%) to an insolvent borrower, Centurion, and strongly implied that the loan proceeds were being misappropriated. That was and continues to be incorrect. The loans were at market rate. Centurion was not, and is not, insolvent. No loan proceeds were misappropriated. Centurion has had no involvement in any Ponzi scheme. Centurion borrows from many lenders, both bank lenders and non-bank lenders, and does so based on what rates and other loan terms it can obtain in the market. Like any borrower, Centurion seeks capital on the best possible terms, but rate is not the only factor. There are other factors, such as how much capital is actually available, for what period of time, with what loan covenants, security and guarantees, etc. Contrary to the assertions in the anonymous posts, loans from UDF to Centurion at 13% interest were market rate loans because those loans were competitive with what was available from other lenders for development loans. It is commonplace for real estate developers like Centurion to borrow money at higher interest rates from alternative lenders where bank capital is not available in a sufficient amount for the necessary period of time or where bank capital is subject to unfavorable terms and conditions.

10. On page five of the December 15, 2015 anonymous post, the author asserted that Centurion was not a seasoned and accomplished developer because seasoned and accomplished developers do not borrow capital to finance residential development at 13% interest. *See* Annex D. This was and continues to be incorrect. Centurion is a seasoned and accomplished developer. Centurion, like other developers, will borrow at lower rates as stated above in paragraphs 7 and 9; however, Centurion, like other developers, will also borrow at higher rates, including 13%, to satisfy its capital needs. In deciding whether to enter into such a loan, a seasoned and accomplished developer will consider the value of the development opportunity before it, not just the interest rate on the loan. Some factors in measuring the value of a development opportunity include the expected return, the trends in market conditions, and the carrying cost of the loan, etc.

11. On its website, Hayman Capital asserted that UDF's loans to Centurion were "irregular" because the loans "do not generate any cash (principal or interest)."[1] *Irregular Loan Patterns Related to UDF's Largest Borrower*, Annex E at 3. This assertion was and continues to be incorrect. In truth, loans from UDF to Centurion generated cash. There was nothing "irregular" about the "loan patterns" and alleged lack of cash generated. Loans to a real estate developer will not generate cash in the same manner as, for example, a shopping mall generates cash. In real estate development of residential subdivisions, an individual loan will generate cash at some points in time, but not others. When reviewing a large portfolio of loans at a particular time, it is to be expected that some loans will be generating cash while others will not be

[1] Comparable statements were made in the December 10 and 15 anonymous posts. Annex B, Letter to Whitley Penn, at 2 (stating that "[l]oans appear to accrue larger and larger balances for years...without ever generating any cash receipts"); Annex D, at 7 (stating that "loans to Centurion regularly (i) do not generate any cash (principal or interest)...").