

Message

From: Klimek, David R. (DL) (FBI) [David.Klimek@ic.fbi.gov]
Sent: 6/24/2015 6:37:54 PM
To: Chris Kirkpatrick [CK@haymancapital.com]
Subject: RE: UDF - Correspondence between SEC / UMT

Chris,

I would like some of the people on my accounting team to meet with Parker in the near future. My lead forensic accountant is Scott Martinez. Scott has been briefed and is available at Parker's convenience. Additionally, there are two other individuals who I would like to accompany him for the meeting; Mark Bryant and Tim Grady.

Let me know what works with Parker's schedule.

Thanks in advance.

Regards,

SA Dave Klimek

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----- Original message -----

From: Chris Kirkpatrick <CK@haymancapital.com>
Date: 06/24/2015 1:28 PM (GMT-06:00)
To: "Klimek, David R. (DL) (FBI)" <David.Klimek@ic.fbi.gov>
Subject: Fwd: UDF - Correspondence between SEC / UMT

Begin forwarded message:

From: Parker Lewis <PL@haymancapital.com>
Date: June 24, 2015 at 12:41:40 PM CDT
To: Chris Kirkpatrick <CK@haymancapital.com>
Subject: RE: UDF - Correspondence between SEC / UMT

Chris – one more correspondence that I found to send. This is the UMT's response to the Nov 28 2012 letter/email from the SEC.

Jan 8 2013: <http://www.sec.gov/Archives/edgar/data/101390/000114420413001328/filename1.htm>

"As discussed in the December 10th, 2012 telephone call with the Staff, only one of the affiliates (UDF) has audited financial statements. The Company, while affiliated with a number of entities, has no ownership interest or governance role in those affiliates and thus has no ability to compel them to produce audited financial statements. Requiring audited financial statements would place an insurmountable hardship on the Company."

It's unclear to which entities they are referring. It is possible that this statement could technically be true in the case of one or more of the entities that owe the recourse obligations to UMT (such as Wonder Funding which is

EXHIBIT

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100% owned by Craig Pettit, who is a partner of UMTH...the people who run UMT/UDF may not be able to compel one of their partners in UMTH to provide audited financial statements for another entity.

However, UMT, in this letter, mentions that only 1 affiliate has audited financials (this 1 affiliate UDF I). This implies that UMTH did not have audited financials. At this time, the external manager of UMT was controlled by the same people who owned a majority of UMTH so they could have actually compelled themselves to produce audited financial statements. As we know, UMTH has provided audited financials (attached as exhibits to UMT 10-Ks); it is possible that they changed course from this position and later compelled themselves to audit UMTH.

While it is technically possible this is accurate, it is more likely not accurate and at best disingenuous given all the relationships/cross ownership. Not to mention...why UMT, a public entity, is lending to affiliates that do not have audited financial statements? Unclear...



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From: Parker Lewis
Sent: Wednesday, June 24, 2015 11:53 AM
To: Chris Kirkpatrick
Subject: UDF - Correspondence between SEC / UMT

Chris – see below, looks like the correspondence regarding UMT disclosures was in 2012 / 2013

After Feb 1 2013:

<http://www.sec.gov/Archives/edgar/data/101390/000114420413009645/filename1.htm>

Feb 1 2013: <http://www.sec.gov/Archives/edgar/data/101390/000000000013006130/filename1.pdf>

Nov 28 2012: <http://www.sec.gov/Archives/edgar/data/101390/000000000012064349/filename1.pdf>

Oct 22 2012: <http://www.sec.gov/Archives/edgar/data/101390/000114420412057160/filename1.htm>

Sep 28 2012: <http://www.sec.gov/Archives/edgar/data/101390/000000000012053665/filename1.pdf>

July 25 2012: <http://www.sec.gov/Archives/edgar/data/101390/000000000012039622/filename1.pdf>

From the November 28 2012 Correspondence from SEC to UMT:

“You have indicated that loans to affiliates are secured by pledges of third-party mortgages on single family residential properties and therefore do not present an asset concentration risk. You have further indicated that these loans are not secured by operating residential or commercial property. We continue to believe that your loans to affiliates are considered an asset concentration risk regardless if they are secured by operating residential or commercial property.”

“We also continue to believe that audited financial statements of your affiliate would provide useful information on their ability to pay the outstanding line of credit.”

“We also note that some of your receivables from affiliates do not appear to be secured by assets of unaffiliated third parties.”

“As an example only, we note that Deficiency notes - affiliates (page 52) and Recourse obligations - affiliates (page 54) appear to be secured only by guaranty of an affiliate and assignment of the distributions on equity units of an affiliate. Please clarify to us how you considered these receivables in your evaluation of your asset concentration risk and the investors’ need of your affiliates’ audited financial statements.”

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