



**AFFIDAVIT OF JOSEPH W. STRAUB**

STATE OF TEXAS           §  
  §  
COUNTY OF TRAVIS       §

BEFORE ME, the undersigned authority, on this day personally appeared Joseph W. Straub, 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 Joseph W. Straub. I am over eighteen (18) years of age. I have never been convicted of a felony. I am of sound mind, and I am fully competent to make this affidavit. I have personal knowledge of the facts stated herein, which are true and correct.
2. Since 2003, I have been a partner of Harris & Straub LLC (“H&S”), an Austin-based affiliate of James R. Harris Partners. I am also the President of H&S. I have personal knowledge of the facts stated herein, which are true and correct.
3. Since 1992, H&S and its predecessor firms have developed large master-planned communities, custom estate subdivisions and infill homesites as well as commercial and multifamily developments. The neighborhoods total over 3,600 homesites valued at more than \$250 million.
4. I have over four decades of experience in real estate development. I have been involved in all aspects of real estate development including sales, marketing and management. I am an area partner and co-managing partner of numerous real estate developments in the Greater Austin area.
5. H&S has worked with various United Development Funding entities (“UDF”) on our projects. For example, we worked with UDF on the Commons at Rowe Lane, a luxury single-family home community 25 miles from downtown Austin in Pflugerville, Texas. In 2014, UDF acquired 71.388 acres from an affiliate of H&S that owned the Rowe Lane project, and UDF hired H&S for the fee development work on that land. UDF later purchased another phase of the Rowe Lane project from H&S’s affiliate. H&S also worked with UDF on the Shadow Canyon residential community in Georgetown, Texas, and the Bar W Ranch project.
6. On November 12, 2015, H&S reached an agreement with United Development Funding III, L.P., United Development Funding IV and United Residential Home Finance (part of United Mortgage Trust) (“UDF”) on principal terms for an additional development transaction. A true and correct copy of that agreement is attached hereto as Annex 1 (“Term Sheet”).

7. Pursuant to the Term Sheet, entities controlled by me (“Straub Entities”) were going to take over development of various properties (“Properties”) that were then-owned by various entities affiliated with another Texas developer, Thomas Buffington (“Buffington”). UDF had outstanding acquisition and development loans to Buffington. Buffington was going to transfer ownership of the Properties to UDF, and UDF would then convey the ownership interests and assets of the Properties to the Straub Entities. The Straub Entities would take over the UDF debt. The UDF debt would continue to be secured by the Properties, as well as additional projects which the Straub Entities would pledge to secure the debt.
8. The parties intended that UDF would fund the further development of the Properties.
9. On November 21, 2014, I granted UDF an option to purchase 278.212 acres of land that one of my companies owned in Williamson County, Texas, or the equity interests in that same company, for a purchase price of \$10 (“Option”) during a term of 25 years. A true and correct copy of such option is attached hereto as Annex 2. The purpose of such Option was for UDF to secure the equity and expected profit in the project to be pledged as additional collateral to the Buffington portfolio debt.
10. On November 16, 2015, I granted UDF an option to purchase 72.809 acres of land that one of my companies owned in Williamson County, Texas, or the equity interest in that same company, for a purchase price of \$10 (“Option”) during a term of 25 years. A true and correct copy of such option is attached hereto as Annex 3. The 72.809 acres is the first purchase of a 9 year structured takedown contract for a total of 575 acres to be developed into 1,400 single-family lots. The purpose of such Option was for UDF to secure the equity and expected profit in the project to be pledged as additional collateral to the Buffington portfolio debt.
11. **As of December 10, 2015, the Straub Entities were ready, willing and able to complete the takeover of the Buffington Properties.**
12. **On December 10, 2015, I became aware of an internet post about UDF on a website called Harvest Exchange.** My son Jake Straub emailed me a link to the website at 3:18PM on December 10, 2015. A true and correct copy of his email forwarding the link and the article contained in the link is attached hereto as Annex 4.
13. The post, and subsequent posts to the same website in December 2015, made negative statements about UDF’s business, especially the statements that asserted that UDF’s business was a Ponzi scheme instead of a genuine real estate business, that UDF’s business was generating returns that were not legitimate, that UDF had failed to disclose a disagreement between it

and Whitley Penn about UDF's financials that caused Whitley Penn's termination as UDF's auditor, that the auditor and UDF were concealing known reportable events, that UDF was taking advantage of its investors as gullible victims, and other statements made throughout various posts.

14. The information in the Harvest Exchange posts was republished and talked about in the real estate community.
15. The statements in the post described above in paragraph 14 were not consistent with my experience with and knowledge of UDF's business. I was aware of no information that would support the assertions made in the post.
16. I believed that due to the negative nature of the posts, and their distribution in the community of real estate developers, lenders and investors, that UDF would face obstacles in raising any new capital to support future development. UDF obtained capital through banks and investors. It was my belief that the posts would interfere with UDF's ability to raise capital from either source. Attached hereto as Annex 5 is a true and correct copy of an email I authored expressing such concern on December 15, 2015. I also expressed such concern to UDF in discussions about the Properties after December 10, 2015.
17. Accordingly, as a result of the negative posts, I did not believe it was feasible to move forward with developing the Buffington Properties, and the Straub Entities did not acquire the Properties. Absent the posts made in December 2015, especially the December 10, 2015 post that is attached to Annex 4, I believe the Straub Entities would have acquired the Buffington Properties.
18. Annex 1, 2, 3, 4 and 5 are records kept in the regular course of business; it was in the regular course of business and regular practice of the Straub Entities that the records were made by—or from information transmitted by—someone with knowledge of the act, event, condition, opinion or diagnosis recorded; and the documents were made at or near the time or reasonably soon thereafter.

FURTHER AFFIANT SAITH NOT.

*[Signature]*

SUBSCRIBED AND SWORN TO BEFORE ME by the aforesaid *Joe Straub*  
on this *28* day of *March*, 201*8*, to certify which witness my hand and seal  
of office.

*Fran Powell*  
Notary Public in and for the State of *TX*

My commission expires:

*8-9-2019*

