

Message

**From:** J. Kyle Bass [k@haymancapital.com]  
**Sent:** 3/24/2015 2:39:09 PM  
**To:** Parker Lewis [PL@haymancapital.com]  
**CC:** Chris Mahowald [cmahowald@rsfpartners.com]; Bennie Bray [bbray@specialtybakeryllc.com]  
**Subject:** Re: Ponzi Scheme and Real Estate  
**Attachments:** image001.jpg

If Legacy has underwritten a 30% ltv first lien that accrues each year up to a threshold that they have internally set (maybe it's 50% ltv), it simply continues to prime UDF and its investors. The UDF second liens continue to pick and destroy value to the current (and more importantly...future) investors in UDF V.

I can easily understand that the banks have underwritten these properties to protect themselves but the unregulated lending side is going to be destroyed.

Tell your friend at Legacy that he might be involved in a bankruptcy proceeding soon. It looks to be as good as a Ponzi scheme gets. **The seconds get annihilated.**

JKB a

J. Kyle Bass  
Chief Investment Officer  
Hayman Capital Management

On Mar 24, 2015, at 10:32 AM, Parker Lewis <PL@haymancapital.com<mailto:PL@haymancapital.com>> wrote:

Legacy only represents \$11mm (between 2 facilities) of the \$170mm of UDF IV debt but it would be interesting to know which 10 projects comprise Legacy's collateral. The \$5mm Legacy revolver was just extended for 2 years in January (extended to January 2017). The \$10mm legacy revolver (\$6mm drawn) is due to mature in August 2015.

"The Legacy Revolver has been amended three times to extend the maturity date and, pursuant to a modification agreement entered into on January 21, 2015, the Legacy Revolver is scheduled to mature on January 12, 2017. The Legacy Revolver is secured by a first priority collateral assignment and lien on certain mortgage notes and construction loans held by UDF IV FIII. The Legacy Revolver is guaranteed by us (UDF IV). In connection with the Legacy Revolver, as amended, UDF IV FIII has agreed to pay origination fees totaling \$100,000 to Legacy "

<image001.jpg>

Parker Lewis  
Hayman Capital Management, L.P.  
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From: Chris Mahowald [mailto:cmahowald@rsfpartners.com]  
Sent: Tuesday, March 24, 2015 8:53 AM  
To: J. Kyle Bass; Bennie Bray  
Cc: Parker Lewis  
Subject: RE: Ponzi Scheme and Real Estate

Kyle/Parker

Thanks for lunch and your time yesterday. We are working on the sample collateral underwriting and will report back. **I spoke to the CEO of Legacy this morning and he was clueless about UDF. He characterized them as very sharp guys who know what they're doing.** He believes that the collateral for the financing they have provided to UDF comprises of ~10 projects and said they (Legacy) did a thorough underwriting of each project.

From: J. Kyle Bass [mailto:k@haymancapital.com]  
Sent: Monday, March 23, 2015 12:11 PM

To: Bennie Bray  
Cc: Chris Mahowald; Amber Shoevlin; Parker Lewis  
Subject: Re: Ponzi Scheme and Real Estate

I may be 10-15 mins late. This MRI takes 40 mins from now.

Amber, pls make sure we have a res for 4 at ocean prime at 1pm.

I will be there asap.

J. Kyle Bass  
Chief Investment Officer  
Hayman Capital Management

On Mar 23, 2015, at 7:43 AM, Bennie Bray  
<bbray@specialtybakeryllc.com<mailto:bbray@specialtybakeryllc.com>> wrote:  
See you at 1

Sent from my iPhone

On Mar 23, 2015, at 7:37 AM, J. Kyle Bass <k@haymancapital.com<mailto:k@haymancapital.com>> wrote:

Thanks guys. Let's do Ocean Prime if it's easier for you guys. 1pm works perfectly for us.

As for the PowerPoint, I will give you a physical copy and will send you the PowerPoint after lunch today. I want to make sure we have an understanding about its use beforehand.

Thanks!

JKB

J. Kyle Bass  
Chief Investment Officer  
Hayman Capital Management

On Mar 20, 2015, at 7:02 PM, Chris Mahowald <cmahowald@rsfpartners.com<mailto:cmahowald@rsfpartners.com>> wrote:  
Kyle

Good to see you at the game. Looking forward to lunch. Please forward the PowerPoint you mentioned. Also - just connected with Bennie and we're happy to move lunch to Ocean Prime or some other place close to where we all office. Why don't you pick a spot and just email us when you're finished with your MRI? Since Bennie and I office in the same building, we'll just leave together when we hear from you.

Note new address listed below:

Chris Mahowald

[cid:image001.gif@01D02A0C.A28F7870]

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On Mar 20, 2015, at 10:37 AM, J. Kyle Bass <k@haymancapital.com<mailto:k@haymancapital.com>> wrote:

Chris,

We have been working on something that I would like to share with you on Monday at lunch if you happen to be free. We think that a billion dollar Ponzi scheme is about to unravel and it has implications for a few real estate projects in the DFW area.

Let me know if you are free around 1pm on Monday. Bennie is going to join as well.

JKB

J. Kyle Bass  
Chief Investment Officer  
Hayman Capital Management