

# UNITED DEVELOPMENT FUNDING IV COMPENSATION COMMITTEE CHARTER

Adopted April 22, 2014

## I. STATEMENT OF PURPOSE

The Board of Trustees (the “Board”) of United Development Funding IV (the “Trust”) appoints a Compensation Committee to represent and assist the Board to oversee the Trust’s compensation and employee benefit plans and practices, including its executive compensation plans, and its incentive-compensation and equity-based plans; to review and discuss with management the Trust’s compensation discussion and analysis (“CD&A”) to be included in the Trust’s annual proxy statement or annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”); to prepare the Compensation Committee Report as required by the rules of the SEC; to oversee the review of the Advisory Agreement, dated November 12, 2008, as the same may be amended from time to time (the “Advisory Agreement”), between the Trust and UMTH General Services, L.P. (the “Advisor”); and to oversee the annual review of the Advisor Equity Plan, the Equity Plan and the Non-Executive Trustee Stock Plan of the Trust and any other equity plan of the Trust as may hereafter be established (collectively, the “Equity Plans”).

## II. COMMITTEE MEMBERS

The Compensation Committee shall have at least two members appointed by the Board, with one member appointed as chairperson. The Compensation Committee shall consist entirely of independent trustees. Each Compensation Committee member must not accept directly or indirectly any consulting, advisory or other compensatory fee from the Trust or any subsidiary thereof, other than fees received for Board or committee service or fixed amounts of compensation received under a retirement plan (including deferred compensation) for prior service with the Trust (provided that such compensation is not contingent in any way on continued service). Additionally, members of the Compensation Committee must qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code. A subsequent determination that any member of the Compensation Committee does not qualify as a “non-employee director” or an “outside director” will not invalidate any previous actions by the Compensation Committee except to the extent required by law or determined appropriate to satisfy regulatory standards.

## III. POWERS, DUTIES AND RESPONSIBILITIES

The Compensation Committee shall have the powers, duties and responsibilities delegated to it by the Board as set forth below.

### A. *Executive Compensation*

The Compensation Committee shall have the following duties and responsibilities with respect to the Trust’s executive compensation plans:

(a) To review at least annually the goals and objectives of the Trust's executive compensation plans, and recommend that the Board amend, these goals and objectives if the Compensation Committee deems it appropriate.

(b) To review at least annually the Trust's executive compensation plans in light of the Trust's goals and objectives with respect to such plans, and, if the Compensation Committee deems it appropriate, adopt, or recommend to the Board the adoption of, new, or the amendment of existing, executive compensation plans.

(c) To the extent that the Trust is responsible for paying the compensation and/or any other employee benefits of the Chief Executive Officer, to evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Trust's executive compensation plans, and, either as a Committee or together with the other independent trustees (as directed by the Board), determine and approve the Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Compensation Committee shall consider all relevant factors, including the Trust's performance and relative shareholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Trust in past years. The Compensation Committee may discuss the Chief Executive Officer's compensation with the Board if it chooses to do so. The Chief Executive Officer may not be present during voting or deliberations on his or her compensation.

(d) To the extent that the Trust is responsible for paying the compensation and/or any other employee benefits of any of its executive officers (other than the Chief Executive Officer), to evaluate annually the performance of such executive officers of the Trust in light of the goals and objectives of the Trust's executive compensation plans, and make recommendations to the Board with respect to either as a Committee or together with the other independent trustees (as directed by the Board), determine and approve the compensation of such other executive officers. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Compensation Committee shall consider all relevant factors in determining the appropriate level of such compensation, including the factors applicable with respect to the Chief Executive Officer.

(e) To evaluate annually the appropriate level of compensation for Board and Committee service by non-employee trustees.

(f) To review and approve any severance or termination arrangements to be made with any executive officer of the Trust.

(g) To perform such duties and responsibilities as may be assigned to the Board or the Compensation Committee under the terms of any executive compensation plan.

(h) To review perquisites or other personal benefits to the Trust's executive officers and trustees and recommend any changes to the Board.

(i) To review and discuss with management the Trust's CD&A, and based on that review and discussion, to recommend to the Board that the CD&A be included in the Trust's annual proxy statement or annual report on Form 10-K.

(j) To prepare the Compensation Committee Report in accordance with the rules and regulations of the SEC for inclusion in the Trust's annual proxy statement or annual report on Form 10-K.

(k) To review the description of the Compensation Committee's processes and procedures for the consideration and determination of executive and trustee compensation to be included in the Trust's annual proxy statement.

### ***B. General Compensation and Employee Benefit Plans***

The Compensation Committee shall have the following duties and responsibilities with respect to the Trust's general compensation and employee benefit plans, including incentive compensation and equity-based plans:

(a) To review at least annually the goals and objectives of the Trust's general compensation plans and other employee benefit plans, including incentive compensation and equity-based plans (including, but not limited to, the Equity Plans) and amend, or recommend that the Board amend, these goals and objectives if the Compensation Committee deems it appropriate.

(b) To review at least annually the Trust's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Compensation Committee deems it appropriate.

(c) To review all equity-compensation plans to be submitted for shareholder approval and to review and, in the Compensation Committee's sole discretion, approve all equity-compensation plans that are exempt from such shareholder approval requirement.

(d) To perform such duties and responsibilities as may be assigned to the Board or the Compensation Committee under the terms of any compensation or other employee benefit plan, including any incentive-compensation or equity-based plan.

### ***C. Advisory Agreement Review***

The Compensation Committee shall evaluate annually the performance of the Advisor in light of the goals and objectives of the Company and the terms of the Advisory Agreement, taking into account such factors as the Compensation Committee shall consider relevant, and report to the Board the Compensation Committee's views regarding the performance by the Advisor.

## **IV. SUBCOMMITTEES**

The Compensation Committee may delegate its duties and responsibilities to one or more subcommittees, consisting of at least two members of the Committee, as it determines appropriate.

## **V. OUTSIDE ADVISORS**

The Compensation Committee will have the authority, in its sole discretion, to retain or obtain the advice of such consultants, outside counsel and other advisors as it determines appropriate to assist it in the full performance of its functions, including any compensation consultant used to assist in the evaluation of trustee or executive compensation. The Compensation Committee will be directly responsible for the appointment, compensation and oversight of the work of any consultants, outside counsel and other advisors retained by the Compensation Committee, and will receive appropriate funding, as determined by the Compensation Committee, from the Trust for payment of compensation to any such advisors. The Compensation Committee will assess the independence of consultants, outside counsel and other advisors (whether retained by the Compensation Committee or management) that provide advice to the Compensation Committee, prior to selecting or receiving advice from them, in accordance with industry or other applicable standards.

## **VI. COMMITTEE MEETINGS**

The Compensation Committee will meet as often as may be deemed necessary or appropriate, in its judgment, either in person or telephonically, and at such times and places as the Compensation Committee determines. The majority of the members of the Compensation Committee constitutes a quorum. The Compensation Committee will report regularly to the full Board with respect to its activities.

## **VII. EVALUATION OF THE COMMITTEE**

The Compensation Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Compensation Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Compensation Committee shall address all matters that the Compensation Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Compensation Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Compensation Committee were adequate for the Compensation Committee to complete its work in a thorough and thoughtful manner.