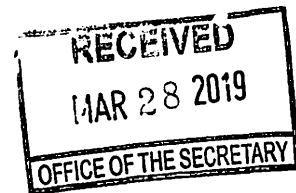


**HARD COPY**

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING  
File No. 3-18832**



**In the Matter of**

**United Development Funding III, LP,  
United Development Funding IV, and  
United Development Funding Income  
Fund V,**

**Respondents.**

**DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION  
AND MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT**

Keefe Bernstein  
Securities and Exchange Commission  
Fort Worth Regional Office  
Burnett Plaza, Suite 1900  
801 Cherry Street, Unit 18  
Fort Worth, Texas 76102  
(817) 900-2607  
(817) 978-4927 (facsimile)  
[Bernsteink@sec.gov](mailto:Bernsteink@sec.gov)

Counsel for Division of Enforcement

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## **MOTION FOR SUMMARY DISPOSITION**

The Division of Enforcement (“Division”), by counsel, pursuant to Commission Rules of Practice 154 and 250(b), respectfully moves for summary disposition against Respondents United Development Funding III, LP (“UDF III”), United Development Funding IV (“UDF IV”), and United Development Funding Income Fund V (“UDF IV”) (“Respondents”) on the grounds that there is no genuine issue with regard to any material fact, and that pursuant to Section 12(j) of the Securities Exchange Act of 1934 (“Exchange Act”), the Division is entitled, as a matter of law, to an order revoking each class of Respondents’ securities registered with the Commission pursuant to Section 12 of the Exchange Act.

### **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT**

#### **I. INTRODUCTION**

The Commission instituted this administrative proceeding against Respondents pursuant to Section 12(j) of the Exchange Act, because Respondents have failed to file any periodic reports since the third quarter of 2015 in violation of Section 13(a) of the Exchange Act and rules thereunder.<sup>1</sup> Respondents do not dispute that they have failed to file any periodic reports for approximately three years, or that they are not presently able to become current in their reporting. Instead, Respondents argue that the Commission should excuse these protracted deficiencies, alleging that a short seller previously impeded their efforts to obtain audited financial statements and that they now believe they will be able to bring their reporting current at some undetermined point in the future. But Respondents’ allegations, even if accepted as true, do not demonstrate a

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<sup>1</sup> Respondents are part of the United Development Funding family of private and publicly-traded investment funds that deploy investor capital as loans to homebuilders and land developers. As discussed below, the Commission also filed a settled enforcement action in United States District Court (“District Court”) against Respondents UDF III and UDF IV and five UDF executives arising from allegations that UDF, among other misconduct, misled investors by failing to disclose that it could not pay distributions from operations and was instead using money from a newer fund (UDF IV) to pay distributions to investors in an older fund (UDF III).

genuine issue of fact that is material to a decision in this proceeding and, in any event, relate to actions that occurred years ago and cannot credibly explain Respondents' current and long-running delinquencies. Settled Commission precedent compels revocation of Respondents' securities under these circumstances.

## **II. STATEMENT OF UNDISPUTED FACTS<sup>2</sup>**

### **A. Respondents' Failure to File Periodic Reports**

1. UDF III is a Delaware limited partnership headquartered in Grapevine, Texas with a class of securities registered with the Commission pursuant to Section 12(g) of the Exchange Act. (OIP, ¶ II.A.1; Respondents' Answer, ¶ 1.) UDF III has failed to file its periodic reports with the Commission since it filed a Form 10-Q for the period ended September 30, 2015, almost three-and-a-half-years ago. (OIP, ¶ II.A.1; Respondents' Answer, ¶ 1; List of all EDGAR filings for UDF III as of March 26, 2019.)<sup>3</sup>

2. UDF IV is a Maryland real estate investment trust headquartered in Grapevine, Texas with a class of securities registered with the Commission pursuant to Section 12(g) of the Exchange Act. (OIP, ¶ II.A.2; Respondents' Answer, ¶ 2.) UDF IV has failed to file its periodic reports with the Commission since it filed a Form 10-Q for the period ended September 30, 2015, almost three-and-a-half-years ago. (OIP, ¶ II.A.2; Respondents' Answer, ¶ 2; List of all EDGAR filings for UDF IV as of March 26, 2019, Bernstein Decl., Ex. 2.)

3. UDF V is a Maryland real estate investment trust headquartered in Grapevine, Texas with a class of securities registered with the Commission pursuant to Section 12(g) of

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<sup>2</sup> The Statement of Undisputed Facts is cited below as "SOF ¶ \_."

<sup>3</sup> The list of Edgar filings is Ex. 1 to the Declaration of Keefe Bernstein in Support of this Motion ("Bernstein Decl."). The Division requests that pursuant to Rule of Practice 323 [17 C.F.R. § 201.323 ], the Court take official notice of all EDGAR and District Court filings and information referenced in this submission and/or attached to the Bernstein Decl., including, but not limited to, Exs. 1-15 and 22-23 to the Bernstein Decl.

Exchange Act. (OIP, ¶ II.A.3; Respondents' Answer, ¶3.) UDF V has failed to file its periodic reports with the Commission since it filed a Form 10-Q for the period ended September 30, 2015, almost three-and-a-half-years ago. (OIP, ¶ II.A.3; Respondents' Answer, ¶ 3; List of all EDGAR filings for UDF V as of March 26, 2019, Bernstein Decl., Ex. 3.)

4. As of the date of this Motion, Respondents have collectively failed to file a total of 37 required periodic reports: UDF IV having failed to file 13 required periodic reports, including four Forms 10-K and nine Forms 10-Q; UDF III having failed to file 12 required periodic reports, including three Forms 10-K and nine Forms 10-Q; and UDF V having failed to file 12 required periodic reports, including three Forms 10-K and nine Forms 10-Q (OIP, ¶¶ II.A.1-3; Respondents' Answer, ¶¶ 1-3; Bernstein Decl., Exs. 1-3.)<sup>4</sup>

5. For certain delinquent periods, Respondents filed Form 12b-25 notifications of their inability to timely file the required reports. (Bernstein Decl., Exs. 1-3.) Respondents initially claimed that they could not timely file reports due to the resignation of their auditing firm, Whitley Penn LLP. (*See, e.g.*, Forms 12b-25 filed for the period ended 12/31/2015 (UDF III and UDF V) and 3/31/2016 (UDF IV), Bernstein Decl., Exs. 4-6.)<sup>5</sup> On June 8, 2016, Respondent UDF IV filed a Form 8-K announcing that it had retained a new auditing firm, EisnerAmper LLP. (Respondent UDF IV's Form 8-K filed 6/8/2016, Bernstein Decl., Ex. 7.)<sup>6</sup> Since that time more than two-and-a-half years ago, Respondents have continued to recite in

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<sup>4</sup> On March 19, 2019, UDF IV filed a notice of its inability to timely file its Form 10-K for the period ended December 31, 2018. (Bernstein Decl., Ex. 2.) The Division anticipates UDF III and UDF V will also not timely file Forms 10-K for that period, which would bring the growing total to 39 missed filings, with each Respondent having failed to file four Forms 10-K and nine Forms 10-Q.

<sup>5</sup> The Bernstein Decl. attaches UDF III's and UDF V's Forms 12b-25 for the missed Form 10-K for the year ended December 31, 2015, and UDF IV's Form 12b-25 for the missed Form 10-Q for the quarter ended March 31, 2016. UDF IV does not appear to have filed a Form 12b-25 for the Form 10-K it failed to file for the year ended December 31, 2015.

<sup>6</sup> UDF III and UDF V filed similar Forms 8-K on June 30, 2016. (Bernstein Decl., Exs. 8-9.)



their Forms 12b-25 that EisnerAmper LLP has been engaged but that there can be no assurance as to when Respondents will be able to file periodic reports. (*See, e.g.*, Forms 12b-25 filed for the periods ended 6/30/16 (Respondents), 9/30/18 (UDF III and UDV V), and 12/31/18 (UDF IV), Bernstein Decl., Exs. 10-15.)

#### **B. The Delisting of UDF IV's Securities**

6. Respondents' securities are not listed on any exchange, and UDF IV is the only Respondent whose securities are publicly traded. (OIP, ¶¶ II.A.1-3; Respondents' Answer, ¶¶ 1-3.) UDF IV's common shares previously traded on the Nasdaq Global Select Market under the symbol "UDF" beginning on June 4, 2014. (OIP, ¶ II.A.2; Respondents' Answer, ¶ 2.) However, on February 18, 2016, Nasdaq halted trading in UDF IV's shares; the same day the Federal Bureau of Investigation ("FBI") executed a search warrant at the company's headquarters in Grapevine, Texas. (OIP, ¶ II.A.2; Respondents' Answer, ¶¶ 2, 16.)

7. On May 26, 2016, UDF IV received notice from Nasdaq's listing qualifications staff that it would be delisted due to its failure to file periodic reports with the Commission unless it requested a hearing. (UDF 6/17/2016 Pre-hearing Submission at 1, Bernstein Decl., Ex. 16.) UDF IV subsequently requested a hearing, and on June 17, 2016, made a pre-hearing submission to a Nasdaq listing qualifications hearing panel stating that its delay in filing periodic reports was precipitated by its need to find a replacement auditor for Whitley Penn LLP, public allegations made online by short seller Hayman Capital Management, L.P. ("Hayman"), and the FBI search warrant. (*Id.* at 3-5.) UDF IV further stated that its audit committee had substantially completed an investigation of the Hayman allegations and that it had engaged new auditors—EisnerAmper LLP—that should enable it to file the delinquent periodic reports well within the discretionary period available to the hearing panel. (*Id.* at 7.)

8. On July 7, 2016, Nasdaq's listing qualifications panel conducted a hearing. (Nasdaq Hearing Transcript, Bernstein Decl., Ex. 17.) UDF IV's stated reasons for the filing delinquencies—the Hayman allegations, the FBI search warrant, and Whitley Penn LLP's decision not to stand for reappointment—were addressed at the hearing. (*See id.* at 15:3-12; 16:12-17:20; 20:8-21-12, 29:21-30:10; *see also* UDF IV Power Point to Nasdaq at 15-17, Bernstein Decl., Ex. 18.)

9. UDF IV assured the hearing panel at the hearing and again in a post-hearing submission that UDF IV and EisnerAmper LLP were confident that UDF IV would be in a position to file its periodic reports and become compliant by September 12, 2016, and requested the hearing panel to extend its listing through that date. (Nasdaq Hearing Transcript at 6:11-7:7; 32:7-33-21, Bernstein Decl., Ex. 17; UDF IV Presentation to Nasdaq at 18-19, Bernstein Decl., Ex. 18; UDF IV 7/13/2016 Letter to Nasdaq at 2, Bernstein Decl., Ex. 19.) The hearing panel agreed to continue UDF IV's listing, provided that, it became current in its filings by September 12, 2016. (Nasdaq 7/25/2016 Letter to UDF, Bernstein Decl., Ex. 20.)

10. On August 29, 2016, UDF IV informed Nasdaq's hearing panel that it no longer believed the September 12, 2016 filing date was achievable, and asked for a further extension until October 17, 2016. (UDF IV 8/29/2016 Letter to Nasdaq at 1, Bernstein Decl., Ex. 21.) However, UDF IV did not file its periodic reports by October 17, 2016 either, and Nasdaq suspended trading in UDF IV's common stock on October 19, 2016. (OIP, ¶ II.A.2; Respondents' Answer, ¶2; UDF IV Form 8-K filed 10/18/2016, Bernstein Decl., Ex. 22.) On May 18, 2017, Nasdaq filed a Form 25 with the Commission to delist UDF IV. (OIP, ¶ II.A.2; Respondents' Answer, ¶2; Nasdaq Form 25 filed 5/18/2017, Bernstein Decl., Ex. 23.)

11. UDF IV's common stock began trading on the over-the-counter markets. As of

August 22, 2018, UDF IV's common stock was quoted on OTC Markets Inc. under the symbol "UDFI," and had four market makers. (OIP, ¶ II.A.2; Respondents' Answer, ¶2.) On March 26, 2019, UDF IV's stock was trading on the over-the-counter markets at \$4.75 per share on volume of 61,238. (3/26/2019 OTC Printout, Bernstein Decl., Ex. 24.)

### C. The District Court Enforcement Action

12. On July 3, 2018, the Commission filed a settled enforcement action against UDF III, UDF IV, and five company executives styled *SEC v. United Development Funding III, LP et al.*, Case 3:18-cv-01735 (N.D. Tex. Dallas Division) ("*SEC v. UDF*"), alleging violations of various antifraud, reporting, books and records, and internal accounting control provisions of the federal securities laws. (Complaint, Bernstein Decl., Ex. 25).<sup>7</sup>

13. The Commission's Complaint alleged that UDF solicited investors by advertising annualized returns of up to 9.75 percent as well as regular distributions. (*Id.* ¶2.) For almost five years, UDF did not tell investors that it lacked the monthly cashflow at times to cover investor distributions in one of its older funds, UDF III. (*Id.* ¶¶ 1-3, 25-34.) Instead, to pay these distributions, the newer UDF IV fund loaned money to developers who had also borrowed money from UDF III. (*Id.* ¶¶ 3, 27.) Rather than using those funds for development projects that were underwritten by UDF IV, UDF directed the developers to use the loaned money to pay down their older loans from UDF III. (*Id.*) In most of these cases, the developer never received the borrowed funds at all, and UDF simply transferred the money between funds so that UDF III could make distributions to its investors. (*Id.* ¶¶ 3, 27-28.) The Complaint also alleged that UDF III failed to appropriately impair loans in violation of GAAP, and that UDF IV did not

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<sup>7</sup> As noted above, the Division requests that pursuant to Rule of Practice 323, the Court take official notice of all EDGAR and District Court filings and information referenced in this submission and/or attached to the Bernstein Decl., including, but not limited to, Exs. 25-29 to the Bernstein Decl.

adequately disclose the status of real property within its portfolio. (*Id.* ¶¶ 4-5, 35-45.).

14. On July 31, 2018, the Court entered Final Judgments by consent against UDF III, UDF IV, and the company executives ordering, among other relief, that the executives pay approximately \$8.2 million in disgorgement, prejudgment interest, and civil penalties and that the defendants be permanently enjoined from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 (“Securities Act”), and the disclosure, books and records, and internal accounting control provisions of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. (Consents and Final Judgments, Bernstein Decl., Exs. 26-29.) Following the entry of the Final Judgments, the management of Respondents has remained substantially unchanged. (*See, e.g.*, Respondents’ Forms 12b-25 signed by Hollis Greenlaw, Bernstein Decl., Exs. 13-15.)

### **III. ARGUMENT AND AUTHORITIES**

Section 12(j) empowers the Commission to either suspend (for a period not exceeding twelve months) or permanently revoke the registration of a class of securities if an issuer has failed to comply with any provision of the Exchange Act or the rules and regulations thereunder. There is no dispute that Respondents have failed to comply with Section 13(a) of the Exchange Act and rules thereunder. Thus, summary disposition is warranted, and revocation, as demonstrated below, is the appropriate remedy.

#### **A. Standards Applicable to the Division’s Summary Disposition Motion**

Rule 250(b) of the Commission’s Rules of Practice provides that a hearing officer may grant a motion for summary disposition if there is no genuine issue with regard to any material fact and the party making the motion is entitled to summary disposition as a matter of law. 17 C.F.R. § 201.250(b); *see Michael Puorro*, Initial Dec. Rel. No. 253, 2004 SEC LEXIS 1348, at \*3 (June 28,

2004) (citing 17 C.F.R. § 201.250(b)). A factual dispute will therefore preclude summary disposition only where it is both genuine and material:

By analogy to Rule 56 of the Federal Rules of Civil Procedure, a factual dispute between the parties will not defeat a motion for summary disposition unless it is both genuine and material. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-48 (1986). Once the moving party has carried its burden, ‘its opponent must do more than simply show that there is some metaphysical doubt as to the material facts.’ *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). The opposing party must set forth specific facts showing a genuine issue for a hearing and may not rest upon the mere allegations or denials of its pleadings. At the summary disposition stage, the hearing officer’s function is not to weigh the evidence and determine the truth of the matter, but rather to determine whether there is a genuine issue for resolution at a hearing. *See Anderson*, 477 U.S. at 249.

*Edward Becker*, Initial Dec. Rel. No. 252, 2004 SEC LEXIS 1135, at \*5 (June 3, 2004). Put another way, “[n]ot every alleged factual dispute precludes summary disposition. To prevent summary disposition, the opposing party must present facts demonstrating ***a genuine issue of fact that is material to the charged violation.***” *Absolute Potential, Inc.*, Exchange Act Rel. No. 71866, 2014 SEC LEXIS 1193, at \*20-21 (April 4, 2014) (internal citation omitted) (emphasis added).

Section 12(j) authorizes the Commission to either suspend (for a period not exceeding twelve months) or permanently revoke the registration of a class of securities “if the Commission finds, on the record after notice and opportunity for hearing, that the issuer of such security has failed to comply with any provision of this title or the rules and regulations thereunder.” 15 U.S.C. § 781(j). It is appropriate to grant summary disposition and revoke a registrant’s registration in a Section 12(j) proceeding where, as here, there is no dispute that the registrant has failed to comply with Section 13(a) of the Exchange Act. *See Citizens Capital Corp.*, Exchange Act Rel. No. 67313, 2012 SEC LEXIS 2024, at \*34-35 (June 29, 2012); *Cobalis Corp.*, Exchange Act Rel. No. 64813, 2011 WL 2644158, at \*4-6 (July 6, 2011); *Ocean Res., Inc.*, Initial Decision Rel. No. 365, 2008 SEC LEXIS 2851, at \*2-5 (Dec. 18, 2008).

**B. The Division is Entitled to Summary Disposition, Because Respondents Have Repeatedly Violated Section 13(a) of the Exchange Act and Rules Thereunder**

As explained in the initial decision in *St. George Metals, Inc.*:

Section 13(a) of the Exchange Act and the rules promulgated thereunder require issuers of securities registered pursuant to Section 12 of the Exchange Act to file periodic and other reports with the Commission. Exchange Act Rule 13a-1 requires issuers to submit annual reports, and Exchange Act Rule 13a-13 requires issuers to submit quarterly reports. No showing of scienter is necessary to establish a violation of Section 13(a) or the rules thereunder.

*St. George Metals, Inc.*, Initial Dec. Rel. No. 298, 2005 SEC LEXIS 2465, at \*7 (Sept. 29, 2005); *see also Stansbury Holdings Corp.*, Initial Dec. Rel. No. 232, 2003 SEC LEXIS 1639, at \*15 (July 14, 2003).

Further, Section 13(a) is the cornerstone of the Exchange Act, establishing a system of periodically reporting core information about issuers of securities. The Commission has stated:

Failure to file periodic reports violates a central provision of the Exchange Act. The purpose of the periodic filing requirements is to supply investors with current and accurate financial information about an issuer so that they may make sound decisions. Those requirements are “the primary tool[s] which Congress has fashioned for the protection of investors from negligent, careless, and deliberate misrepresentations in the sale of stock and securities.” Proceedings initiated under Exchange Act Section 12(j) are an important remedy to address the problem of publicly traded companies that are delinquent in the filing of their Exchange Act reports, and thereby deprive investors of accurate, complete, and timely information upon which to make informed investment decisions.

*Gateway Int’l Holdings, Inc.*, Exchange Act Rel. No. 53907, 2006 SEC LEXIS 1288, at \*26 (May 31, 2006) (quoting *SEC v. Beisinger Indus. Corp.*, 552 F.2d 15, 18 (1st Cir. 1977)).

There is no genuine issue with regard to any material fact as to Respondents’ violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder. It is undisputed that Respondents are issuers of securities registered pursuant to Section 12 of the Exchange Act, and that Respondents have failed to file periodic reports for approximately three years. (SOF ¶¶ 1-4.)

Thus, the Division is entitled to summary disposition as a matter of law. *See Citizens Capital Corp.*, 2012 SEC LEXIS 2024 at \*34-35 (summary disposition appropriate in Section 12(j) action where, as here, there was no dispute respondent had failed to file periodic reports).<sup>8</sup>

### **C. Revocation is the Appropriate Sanction for Respondents' Serial Violations of the Exchange Act**

Section 12(j) of the Exchange Act provides that the Commission may suspend or revoke the registration of a class of an issuer's securities "as it deems necessary or appropriate for the protection of investors." 15 U.S.C. § 78l(j). The Commission's determination of which sanction is appropriate "turns on the effect on the investing public, including both current and prospective investors, of the issuer's violations, on the one hand, and the Section 12(j) sanctions on the other hand." *Gateway*, 2006 SEC LEXIS 1288, at \*19-20.

In making this determination, the Commission has said it will consider, among other things: (1) the seriousness of the issuer's violations; (2) the isolated or recurrent nature of the violations; (3) the degree of culpability involved; (4) the extent of the issuer's efforts to remedy its past violations and ensure future compliance; and (5) the credibility of the issuer's assurances against future violations. *Id.* Further, although no one factor is dispositive, the Commission has stated that a "***recurrent failure to file periodic reports' is 'so serious that only a strongly compelling showing with respect to the other factors we consider would justify a lesser sanction than revocation.'***" *Absolute Potential, Inc.*, 2014 SEC LEXIS 1193, at \*24 (quoting *Impax Labs., Inc.*, Exchange Act Rel. No. 57864, 2008 SEC LEXIS 1197, at \*27 (May 23, 2008) ) (emphasis

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<sup>8</sup> See also *Chemfix Techs, Inc.*, Initial Dec. Rel. No. 378, 2009 SEC LEXIS 2056, at \*23 (May 15, 2009) (same); *California Serv. Stations, Inc.*, Initial Dec. Rel. No. 368, 2009 SEC LEXIS 85, at \*15 (Jan. 16, 2009) (same); *Ocean Res, Inc.*, 2008 SEC LEXIS 2851, at \*17 (same); *Wall Street Deli, Inc.*, Initial Dec. Rel. No. 361, 2008 SEC LEXIS 3153, at \*4-13 (Nov. 14, 2008); *Bilogic, Inc.*, Initial Dec. Rel. No. 322, 2006 SEC LEXIS 2596, at \*12 (Nov. 9, 2006) . (same); *Investco, Inc.*, Initial Dec. Rel. No. 240, 2003 SEC LEXIS 2792, at \*7 (Nov. 24, 2003) (same); *Nano World Projects Corp.*, Initial Dec. Rel. No. 228, 2003 SEC LEXIS 3146, at \*3 (May 20, 2003) (same).

added). An analysis of the *Gateway* factors confirms that revocation of Respondents' securities is the appropriate remedy.

**1. Respondents' violations are serious and recurrent**

Given the central importance of the Exchange Act's periodic reporting requirements, there is no question that Respondents' violations of Section 13(a) and the rules thereunder are extremely serious. Further, these violations are recurrent and continuing; they are not isolated in nature. Respondents have failed to file *any* periodic reports since filing Forms 10-Q for the period ended September 30, 2015, almost three-and-a-half-years ago. (SOF at ¶¶ 1-4.) As of the date of this motion, *each* Respondent has failed to file twelve or more required periodic reports. (*Id.*)

The Commission and its Administrative Law Judges have repeatedly found violations of this nature and of the same or shorter duration to be both serious and recurrent. *See, e.g., Impax Labs., Inc.*, 2008 SEC LEXIS 1197 at \*24-26 (Commission finding failure to file eight required periodic reports over more than four years was serious and recurring); *Eagletech Commc'ns, Inc.*, Exchange Act Rel. No. 54095, 2006 SEC LEXIS 1534, at \*4 (July 5, 2006) (Commission finding failure to file multiple periodic reports over more than three years was serious and recurring); *Gateway*, 2006 SEC LEXIS 1288, at \*21 (Commission finding failure to file seven periodic reports over eighteen months was serious, egregious, and recurrent); *Digital Brand Media & Mktg. Grp., Inc.*, Initial Dec. Rel. No. 1226, 2017 SEC LEXIS 3620, at\*23-25 (November 16, 2017) (failure to file two annual reports and six quarterly reports over almost two years was serious and recurrent); *Freedom Golf Corp.*, Initial Dec. Rel. No. 227, 2003 SEC LEXIS 1178, at \*5 (May 15, 2003) (failure to file one annual report and one quarterly report over less than a year was recurrent and egregious).



## **2. Respondents' culpability supports revocation**

Respondents' long-standing and serious violations also establish a high degree of culpability. In *Gateway*, the Commission found that the delinquent issuer "evidenced a high degree of culpability," because it "knew of its reporting obligations, yet failed to file" its periodic reports. *Gateway*, 2006 SEC LEXIS 1288, at \*21; *see also Digital Brand Media & Mktg. Grp., Inc.*, 2017 SEC LEXIS 3620, at\*23-25 ("Because [respondent] knew of its reporting obligations and nevertheless failed to file periodic reports, it has shown more than sufficient culpability to support revocation"). Similarly, it is undisputed that Respondents knew of their reporting obligations yet each failed to file numerous periodic reports. (SOF ¶ 5; Answer, p. 2-8.)<sup>9</sup>

Respondents' executives were also ordered to pay \$8.2 million in disgorgement, prejudgment interest, and civil penalties, and UDF III, UDF IV, and the executives have been permanently enjoined from violating Sections 17(a)(2) and (3) of the Securities Act and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. Nonetheless, Respondents have continued to violate Section 13(a) of the Exchange Act by not filing any periodic reports in the reporting periods following the entry of the District Court final judgments. *Gateway*, 2006 SEC LEXIS 1288, at \*24, n.30 (Commission may consider "other matters that fall outside of the OIP in assessing appropriate sanctions").

## **3. Respondents have not made sufficient efforts to remedy their past violations or provided credible assurance against future violations**

The Commission has made it clear that for a delinquent issuer to demonstrate sufficient efforts toward remedying filing delinquencies, it must, at a minimum, file all of its past-due reports, and those filings must not contain any material deficiencies. *See Nature's Sunshine*

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<sup>9</sup> Further, as discussed in more detail at Section III.D below, Respondents' attempts to blame third parties for their failure to file periodic reports does not absolve them of culpability under the *Gateway* factors.

*Prods., Inc.*, Exchange Act Rel. No. 59268, 2009 SEC LEXIS 81, at \*15-17 (Jan. 21, 2009);

*California Serv. Stations, Inc.*, Initial Dec. Rel. No. 368, 2009 SEC LEXIS 85 at \*13-15.

Respondents have not remedied their past violations by filing *any* of their delinquent periodic reports, and they have continued to violate the Exchange Act by failing to file periodic reports since the Commission instituted the OIP more than six months ago. To whatever extent Respondents purport to have made efforts toward remedying their past violations, the investing public still does not have access to past and current audited financial information.

Respondents have also not provided, and cannot provide, credible assurance against future violations.<sup>10</sup> For more than two-and-a-half years, Respondents have continued to recite in their Forms 12b-25 that their outside auditor's audit is ongoing and that there can be no assurance as to when Respondents will be able to file periodic reports. (SOF at ¶ 5). In their Answer, Respondents acknowledged that they still do not know when, if ever, UDF III will satisfy its reporting requirements, and instead told the Commission that Respondents will "work to bring UDF III into current compliance at their earliest opportunity." (Respondents' Answer, ¶ 35).

Respondents' answer included an estimate of June 30, 2019 for bringing UDF IV and UDF V into current compliance. (Respondents' Answer, ¶ 34). Setting aside that this would mean three more months of delinquent reporting, Respondents have provided no support for what amounts to a guesstimate based on conversations with its auditors. (*Id.*) Further, Respondents conceded they premised the June 30, 2019 estimate on UDF IV and UDF V filing an omnibus 2017 Form 10-K to cover all of their delinquent annual and quarterly reporting for 2015 through 2017. (*Id.*) However, such an omnibus filing would not bring UDF IV and UDF V into current compliance under Section

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<sup>10</sup> The likelihood of future violations can be inferred from a single past violation, including the violation that led to the enforcement action. See *KPMG Peat Marwick LLP*, Exchange Act Rel. No. 44050, 2001 SEC LEXIS 422, at \*21-22 (March 8, 2001).

13(a). *See In the Matter of Advanced Life Sciences Holdings, Inc.* Exchange Act Rel. No. 81253, 2017 WL 3214455, at \*4 (July 28, 2017); *Citizens Capital Corp.*, 2012 SEC LEXIS 2024, at \*26.

Moreover, over a period of several years, Respondents have repeatedly underestimated when they will file their periodic reports. For example, UDF IV repeatedly failed to meet their own estimated filing deadlines it provided to NASDAQ in 2016—and more than two-and-a-half years later, it still has not made any filings. (SOF at ¶¶ 7-10.) This history severely undermines the credibility of Respondents' current estimate. *See Impax Labs., Inc.*, 2008 SEC LEXIS 1197 at \*30 (respondent's failure to meet its promise to Nasdaq to file delinquent reports undermined its assurances of future performance); *Nature's Sunshine Prods., Inc.*, 2009 SEC LEXIS 81, at \*23-24 (discounting assurances of respondent who had previously underestimated the time it needed to become compliant).<sup>11</sup> In sum, Respondents have not remedied any of their past violations, have provided no assurances of future compliance by UDF III, and have provided no acceptable or credible assurances of future compliance by UDF IV or UDF V.

Finally, even if Respondents were able to become current in their filings now, the public interest would still require revocation to support the purpose of the reporting requirements and to deter other issuers that might become delinquent. In fact, the Commission has repeatedly found revocation appropriate in cases where registrants fail to comply with their filing requirements and then make filings during the pendency of a Commission administrative proceeding. *See Absolute Potential, Inc.*, 2014 SEC LEXIS 1193, at \*6-8 (revoking respondent's registration despite respondent having filed twenty past-due reports and becoming current in its filings while action was pending); *see also Nature's Sunshine Prods., Inc.*, 2009 SEC LEXIS 81, at \*34.

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<sup>11</sup> The credibility of the June 30, 2019 estimate for UDF IV and UDF V is further undermined by the fact that the Forms 12b-25 that UDF IV and UDF V filed *after* filing their Answer again state that there can be no assurance of when UDF IV and UDF V will be able to file their periodic reports. (Bernstein Decl. at Exs. 14-15.)

#### **D. Respondents' Purported "Affirmative Defense" Does Not Support A Lesser Sanction than Revocation**

Respondents, in what they label as an "affirmative defense" in their Answer, argue that actions by third parties made it impossible for them to file their required reports. (Respondents' Answer, p. 2.) More specifically, Respondents claim that their outside auditors resigned in November 2015, and that it took them until June 2016 to engage new auditors. (*Id.*, ¶¶ 10, 18). According to Respondents, it was difficult to retain new auditors, because Hayman was allegedly engaged in a short-and-distort campaign against them. (*Id.*, ¶¶ 12-18.) Respondents contend that after it engaged its new auditors, Hayman impeded their audit work by providing allegedly false submissions. (*Id.*, ¶ 19.) Respondents also claim that their auditors would not sign off on the audits if the Commission investigation that resulted in the *SEC v. UDF* District Court enforcement action included *scienter* fraud charges. (*Id.*, ¶¶ 26, 28.)

Solely for purposes of this Motion, the Division accepts the factual allegations in Respondents' Answer.<sup>12</sup> Yet, even if Respondents' allegations are accepted as true, Respondents cannot make a case for a lesser sanction than revocation, because the allegations (1) do not demonstrate a genuine issue of fact that is material to the charged violations and (2) in any event do not support Respondents' claim that they have been prevented for the last three years from meeting their obligations under Section 13(a).

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<sup>12</sup> The Division disputes Respondents' characterizations of the facts—namely, that the facts alleged, even if true, prevented Respondents from fulfilling their Exchange Act reporting obligations for three years. The Division also reserves the right to contest Respondents' factual allegations for other purposes, including at a hearing of this matter. The Division also expressly disputes the factual allegations in the Answer to the extent they contradict the allegations in the *SEC v. UDF* Complaint.

## 1. Respondents' allegations are not material to the charged violations

Respondents' claims of third-party interference are only relevant if they raise a genuine issue of fact that is material to the charged reporting violations. *Absolute Potential, Inc.*, 2014 SEC LEXIS 1193, at \*20-21. They do not.

The Commission's decision in *Eagletech Commc'ns, Inc.*, 2006 SEC LEXIS 1534, illustrates. There, the respondent did not dispute that it had failed to file its periodic reports, but, like Respondents in this proceeding, asserted an "affirmative defense" that it was prevented from doing so by the actions of third party market manipulators (*e.g.*, short sellers) that had damaged the company and led to the resignation of the company's auditors. *Eagletech Commc'ns, Inc.*, 2006 SEC LEXIS 1534, at \*3. The Commission was not swayed by this argument and revoked the respondent's securities. *Id.* at \*16. The Commission found that even if the facts were accepted as respondent represented them to be, the alleged third-party wrongdoing did not alter the only matter relevant to the proceeding—the fact that respondent had failed to file its periodic reports and was presently not able to cure the deficiencies:

Eagletech asserts as an affirmative defense that it has been the victim of criminal activity by third parties that has made Eagletech financially unable to comply with its filing obligations. Even if the facts are as Eagletech represents them to be, however, the alleged criminal activity does not alter the fact of Eagletech's failure to file its quarterly and annual reports or its present inability to cure these deficiencies, the only matters relevant to this proceeding.

*Id.* at \*6. As in *Eagletech Commc'ns, Inc.*, Respondents' claim that they have encountered trouble with short sellers and their auditors, even if accepted as true for purposes of this Motion, does not change or excuse the relevant facts—*i.e.*, that Respondents have not filed periodic reports for three years and have been unable to cure the deficiencies.<sup>13</sup>

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<sup>13</sup> *Eagletech Commc'ns, Inc.* is not an isolated case, as the Commission has repeatedly rejected respondents' efforts to avoid revocation by blaming third parties or business difficulties. See, *e.g.*, *In the Matter of Advanced Life*

## 2. Respondents' allegations do not justify their continued delinquency

While the Division accepts Respondents' factual allegations solely for purposes of this Motion, the Division disputes Respondents' characterizations of those allegations—including, that the alleged “affirmative defense” facts have made it “impossible” for Respondents to meet their periodic reporting obligations for three years and counting.

More specifically, Respondents' prior auditors resigned in the fall of 2015, and Respondents engaged their current auditors in June 2016. (Respondents' Answer, ¶¶ 13, 18.) Respondents cannot credibly claim that a change in auditors that occurred approximately three years ago has prevented them from filing any of their delinquent reports as of the date of this Motion.

Respondents claim that Hayman initiated a “short and distort” campaign against them in the fall of 2015 that continued into 2016. (*Id.*, ¶¶ 13-19.) Again, Respondents cannot credibly claim that information a short seller disseminated approximately three years ago has prevented them from filing *any* of their delinquent reports as of the date of this Motion. Indeed, UDF IV told a Nasdaq listing qualifications hearing panel more than two-and-a-half years ago in June 2016 that its audit committee had substantially completed its investigation of the Hayman allegations, that it had engaged new auditors and apprised them of the situation, and that it would be in a position to file its delinquent reports in the coming weeks. (SOF ¶¶ 7-10.) It still has not done so.

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*Sciences Holdings, Inc.* 2017 WL 3214455, at \*3-4 (finding revocation at summary disposition was appropriate because respondent's business and auditor difficulties did not excuse its failure to file periodic reports); *Impax Labs., Inc.*, 2008 SEC LEXIS 1197 at \*34 (rejecting respondents argument that registration should not be revoked, because its outside auditors failed to act quickly enough to address a revenue recognition policy); *Cobalis Corp.*, 2011 WL 2644158, at \*5-6 (actions of shareholder in forcing involuntary bankruptcy proceeding and forcing issuance of stock did not excuse Exchange Act violations); *Cf. China MediaExpress Holdings, Inc.*, Initial Dec. Rel. No. 464, 2012 WL 2884859, at \*1, 6 (July 16, 2012) (ALJ granting summary disposition despite claims that an alleged short selling scheme, the resignation of the company auditors, and an ongoing internal investigation prevented respondent from filing its periodic reports).

Respondents also contend that their auditors would not complete the audit while the staff considered recommending scienter-based fraud charges in the underlying investigation that resulted in the *SEC v. UDF* enforcement action. At the outset, a Commission investigation does not suspend an issuer's Section 13(a) obligations, and issuers routinely fulfil their reporting obligations during Commission investigations, including investigations that could result in *scienter* fraud charges. In any event, Respondents concede that any purported impediment to the auditor's work disappeared based on indications of a non-scienter settlement almost two years ago in June 2017 (Respondents' Answer, ¶ 24), and the Commission filed the settled Complaint approximately nine months ago in July 2018 (SOF ¶ 12.) Thus, even accepting Respondents' flawed premise, Respondents should have been able to bring their periodic filings current last summer or earlier.

Further, Respondents have not demonstrated, and cannot demonstrate, why remaining registered but not filing any periodic reports for over three years is a justified response to the difficulties they claim they encountered. If their current auditors were not willing to issue an *unqualified* opinion in light of the circumstances at the company, Respondents had other options. If the problems at Respondents were truly so acute that it was actually impossible for Respondents to make any periodic filings for a prolonged period of time as Respondents' claim, then Respondents could have sought to deregister their securities and then register again if and when the storm passed. Simply put, the law does not authorize an issuer to throw up its hands and continually violate Section 13(a) of the Exchange Act.

#### **E. No "Strongly Compelling Showing" Justifies A Lesser Sanction Than Revocation**

The above-discussed *Gateway* factors establish that revocation is the appropriate remedy for Respondents' long-standing and continuing violations of the Exchange Act's periodic filings requirements. These violations are not outweighed by "a strongly compelling showing with

respect to the other factors” which “would justify a lesser sanction than revocation.” *Impax Labs., Inc.*, 2008 SEC LEXIS 1197, at \*27.

Revocation will not be overly harmful to Respondents’ business operations, finances, or shareholders, and it will not cause Respondents to cease being the kind of companies they currently are. Rather, revocation will ensure that until Respondents become current and compliant, their shares cannot trade publicly (but may be traded privately). *See Eagletech Commc’ns, Inc.*, 2006 SEC LEXIS 1534, at \*9 (revocation would lessen, but not eliminate, shareholders’ ability to transfer their securities).<sup>14</sup> Revocation will not only protect current and future investors, who lack the necessary information about the issuer because of its failure to make required Exchange Act filings, it will also deter other similar companies from failing in their reporting obligations.

If Respondents decide to seek registration after their securities are deregistered, a new registration process will place all investors on an even playing field. All current investors will still own the same amount of shares that they did before registration, but their shares will no longer be devalued due to the issuers’ delinquent statuses. All investors, current and future alike, will also benefit from the legitimacy, reliability, and transparency of a company in compliance. The time-out will protect the status quo, and will give Respondents the opportunity to come into full compliance, to thoroughly work through all of their remaining issues with their consultants, auditors, and management, and to complete their financial statements in compliance with applicable rules and regulations.

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<sup>14</sup> UDF IV is the only Respondent whose shares trade publicly in any event.

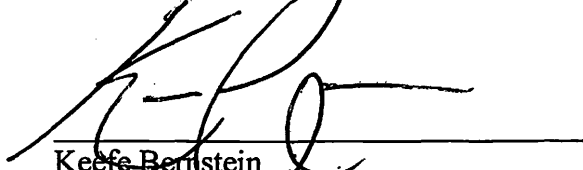


**IV. CONCLUSION**

For the reasons set forth above, the Division respectfully requests that the Commission grant this Motion and revoke the registration of each class of Respondents' securities registered under Section 12 of the Exchange Act.

Dated: March 27, 2019

Respectfully submitted,



Keefe Bernstein  
Texas Bar No. 24006839  
Securities and Exchange Commission  
Fort Worth Regional Office  
Burnett Plaza, Suite 1900  
801 Cherry Street, Unit 18  
Fort Worth, Texas 76102  
(817) 900-2607  
(817) 978-4927 (facsimile)  
[Bernsteink@sec.gov](mailto:Bernsteink@sec.gov)

Counsel for Division of Enforcement

Service List

Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a copy of the foregoing was served to each of the following, on March 27, 2019, by the method indicated:

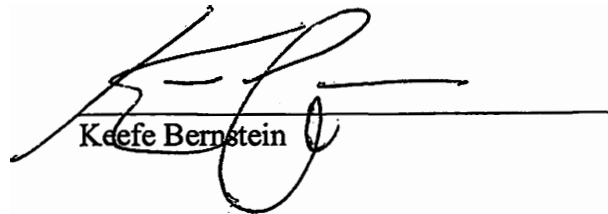
*Via Electronic Mail and UPS Overnight*

Vanessa Countryman, Secretary  
Office of the Secretary  
100 F. Street, N.E.  
Washington, DC 20549

*Via Electronic Mail and UPS Overnight*

William E. Donnelly, Esq.  
Stephen J. Crimmins, Esq.  
Murphy & McGonigle PC  
1001 G Street NW, 7th floor  
Washington DC 20001  
*Counsel for Respondents*

In addition, an electronic courtesy copy of this filing was emailed to [APFilings@sec.gov](mailto:APFilings@sec.gov).



Keefe Bernstein

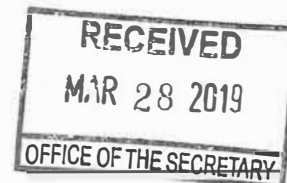
UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-18832

In the Matter of

United Development Funding III, LP,  
United Development Funding IV, and  
United Development Funding Income  
Fund V,

Respondents.



**DIVISION OF ENFORCEMENT'S APPENDIX**  
**IN SUPPORT OF ITS MOTION FOR SUMMARY DISPOSITION**

Keefe Bernstein  
Securities and Exchange Commission  
Fort Worth Regional Office  
Burnett Plaza, Suite 1900  
801 Cherry Street, Unit 18  
Fort Worth, Texas 76102  
(817) 900-2607  
(817) 978-4927 (facsimile)  
[Bernsteink@sec.gov](mailto:Bernsteink@sec.gov)

Counsel for Division of Enforcement

Service List

Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a copy of the foregoing was served to each of the following, on March 27, 2019, by the method indicated:

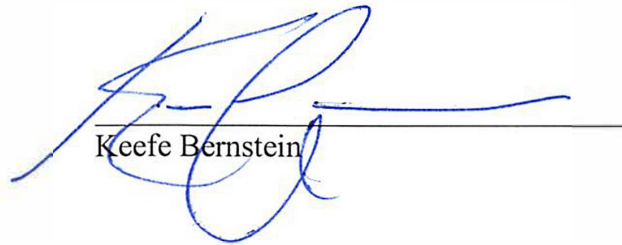
*Via Electronic Mail and UPS Overnight*

Vanessa Countryman, Secretary  
Office of the Secretary  
100 F. Street, N.E.  
Washington, DC 20549

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William E. Donnelly, Esq.  
Stephen J. Crimmins, Esq.  
Murphy & McGonigle PC  
1001 G Street NW, 7th floor  
Washington DC 20001  
*Counsel for Respondents*

In addition, an electronic courtesy copy of this filing was emailed to [APFilings@sec.gov](mailto:APFilings@sec.gov).



Keefe Bernstein

## **APPENDIX TABLE OF CONTENTS**

### **Declaration of Keefe M. Bernstein**

Exhibit 1	List of UDF III's filings printed from EDGAR on March 26, 2019
Exhibit 2	List of UDF IV's filings printed from EDGAR on March 26, 2019
Exhibit 3	List of UDF V's filings printed from EDGAR on March 26, 2019
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Exhibit 5	Form 12b-25 that UDF IV filed on EDGAR on May 11, 2016.
Exhibit 6	Form 12b-25 that UDF V filed on EDGAR on March 31, 2016
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Exhibit 11	Form 12b-25 that UDF IV filed on EDGAR on August 10, 2016
Exhibit 12	Form 12b-25 that UDF V filed on EDGAR on August 16, 2016
Exhibit 13	Form 12b-25 that UDF III filed on EDGAR on November 14, 2018
Exhibit 14	Form 12b-25 that UDF IV filed on EDGAR on March 19, 2019
Exhibit 15	Form 12b-25 that UDF V filed on EDGAR on November 14, 2018
Exhibit 16	UDF IV Pre-hearing submission to Nasdaq dated June 17, 2016
Exhibit 17	Transcript from Nasdaq listing qualifications hearing on July 7, 2016
Exhibit 18	UDF IV Power Point Presentation to Nasdaq
Exhibit 19	UDF IV letter to Nasdaq dated July 13, 2016
Exhibit 20	Nasdaq letter to UDF IV dated July 25, 2016
Exhibit 21	UDF IV letter to Nasdaq dated August 29, 2016

- Exhibit 22 Form 8-K that UDF IV filed on EDGAR on October 18, 2016
- Exhibit 23 Form 25 that Nasdaq filed re: UDF IV on EDGAR on May 18, 2017
- Exhibit 24 OTC Markets website printout for UDF IV as of March 26, 2019
- Exhibit 25 *SEC v. United Development Funding III, LP et al.*, Complaint
- Exhibit 26 Consents of Greenlaw, Obert, Etter, Wissink, Hanson, UDF III, and UDF IV in *SEC v. UDF*
- Exhibit 27 Final Judgment entered against Greenlaw, Obert, Etter, and Wissink in *SEC v. UDF*
- Exhibit 28 Final Judgment entered against David Hanson in *SEC v. UDF*
- Exhibit 29 Final Judgment entered against UDF III and UDF IV in *SEC v. UDF*

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18832**

**In the Matter of**

**United Development Funding III, LP,  
United Development Funding IV, and  
United Development Funding Income  
Fund V,**

**Respondents.**

**DECLARATION OF KEEFE M. BERNSTEIN IN SUPPORT OF  
DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION**

I, Keefe M. Bernstein, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct, and that I am competent to testify to the matters stated herein. I have personal knowledge of the matters stated herein, and if called as a witness, could and would testify competently thereto.

1. I am an attorney licensed to practice law in the state of Texas, and I am a Senior Trial Counsel for the Securities and Exchange Commission's ("Commission") Division of Enforcement ("Division") in its Fort Worth Regional Office, and counsel for the Division in the above-captioned administrative proceeding.

2. I submit this Declaration in support of the Division's Motion for Summary Disposition against Respondents United Development Funding III, LP ("UDF III"), United Development Funding IV ("UDF IV"), and United Development Funding Income Fund V ("UDF IV") ("Respondents").

3. Attached hereto as Exhibit 1 is a true and correct copy of a list of all of UDF III's filings printed from EDGAR at approximately 5:00 p.m. on March 26, 2019.
4. Attached hereto as Exhibit 2 is a true and correct copy of a list of all of UDF IV's filings printed from EDGAR at approximately 5:00 p.m. on March 26, 2019.
5. Attached hereto as Exhibit 3 is a true and correct copy of a list of all of UDF V's filings printed from EDGAR at approximately 5:00 p.m. on March 26, 2019.
6. Attached hereto as Exhibit 4 is a true and correct copy of a Form 12b-25 that UDF III filed on EDGAR on March 31, 2016.
7. Attached hereto as Exhibit 5 is a true and correct copy of the Form 12b-25 that UDF IV filed on EDGAR on May 11, 2016.
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11. Attached hereto as Exhibit 9 is a true and correct copy of the Form 8-K that UDF V filed on EDGAR on June 30, 2016.
12. Attached hereto as Exhibit 10 is a true and correct copy of the Form 12b-25 that UDF III filed on EDGAR on August 16, 2016.
13. Attached hereto as Exhibit 11 is a true and correct copy of the Form 12b-25 that UDF IV filed on EDGAR on August 10, 2016.



14. Attached hereto as Exhibit 12 is a true and correct copy of the Form 12b-25 that UDF V filed on EDGAR on August 16, 2016.

15. Attached hereto as Exhibit 13 is a true and correct copy of the Form 12b-25 that UDF III filed on EDGAR on November 14, 2018.

16. Attached hereto as Exhibit 14 is a true and correct copy of the Form 12b-25 that UDF IV filed on EDGAR on March 19, 2019.

17. Attached hereto as Exhibit 15 is a true and correct copy of the Form 12b-25 that UDF V filed on EDGAR on November 14, 2018.

18. Attached hereto as Exhibit 16 is a true and correct copy of pre-hearing submission submitted on behalf of UDF IV to the Nasdaq hearings panel dated June 17, 2016 as produced by Nasdaq.

19. Attached hereto as Exhibit 17 is a true and correct copy of the transcript from UDF IV's hearing before the Nasdaq hearing panel on July 7, 2016 as produced by Nasdaq.

20. Attached hereto as Exhibit 18 is a true and correct copy of UDF IV power point presentation for the Nasdaq hearing panel as produced by Nasdaq.

21. Attached hereto as Exhibit 19 is a true and correct copy of a letter sent on behalf of UDF IV to the Nasdaq hearings panel dated July 13, 2016 as produced by Nasdaq.

22. Attached hereto as Exhibit 20 is a true and correct copy of a letter sent by Nasdaq to UDF IV dated July 25, 2016 as produced by Nasdaq.

23. Attached hereto as Exhibit 21 is a true and correct copy of a letter sent on behalf of UDF IV to the Nasdaq hearings panel dated August 29, 2016 as produced by Nasdaq.

24. Attached hereto as Exhibit 22 is a true and correct copy of the Form 8-K that UDF IV filed on EDGAR on October 18, 2016.

25. Attached hereto as Exhibit 23 is a true and correct copy of the Form 25 that Nasdaq filed relating to UDF IV on EDGAR on May 18, 2017.

26. Attached hereto as Exhibit 24 is a true and correct copy of a printout from the OTC Markets website, [www.OTCMarkets.com](http://www.OTCMarkets.com) for UDF IV's stock symbol UDFI on March 26, 2019.

27. Attached hereto as Exhibit 25 is a true and correct copy of the Complaint filed in *SEC v. United Development Funding III, LP et al.*, Case 3:18-cv-01735 (N.D. Tex. Dallas Division) ("*SEC v. UDF*").

28. Attached hereto as Exhibit 26 is a true and correct copy of the Consents executed by Hollis Greenlaw, Cara Obert, Theodore Etter, Benjamin Wissink, David Hanson, UDF III, and UDF IV in *SEC v. UDF*.


29. Attached hereto as Exhibit 27 is a true and correct copy of the Final Judgment entered against Hollis Greenlaw, Cara Obert, Theodore Etter, and Benjamin Wissink in *SEC v. UDF*.

30. Attached hereto as Exhibit 28 is a true and correct copy of the Final Judgment entered against David Hanson in *SEC v. UDF*.

31. Attached hereto as Exhibit 29 is a true and correct copy of the Final Judgment entered against UDF IV and UDF V in *SEC v. UDF*.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 27, 2019.

  
\_\_\_\_\_  
Keefe M. Bernstein

Quick Query | Create | User | Category | Management | Query | OFIS | Help | Print Web Page | Screen Commands

## Quick Query Results

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(Results as of 03/26/2019 05:10:20 PM)

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 SUITE 100  
 GRAPEVINE TEXAS 76051

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 Owner Org: 07B  
 S&C: Active

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## Quick Query Results

The number of results returned is 249

(Results as of 03/26/2019 05:08:45 PM)

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 SIC: 6798  
 Entity CUSIP: 910187  
 Address: 1301 MUNICIPAL WAY  
 SUITE 100  
 GRAPEVINE TEXAS 76051

Rptg File No.: 001-36472  
 Acts: 1933 Offering, 1934 12G, 1934 12B  
 Owner Org: ORC  
 S&C: Active

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Quick Query | Create | User | Category | Management | Query | OFIS | Help | Print Web Page | Screen Commands

## Quick Query Results

The number of results returned is 83

(Results as of 03/26/2019 05:10:55 PM)

### UNITED DEVELOPMENT FUNDING INCOME FUND V

CIK: 0001591330  
 SIC: 6798  
 Entity CUSIP:  
 Address: 1301 MUNICIPAL WAY  
 STE 200  
 GRAPEVINE TEXAS 76051

Rptg File No.: 000-55612  
 Acts: 1934 12G.1933 Offering  
 Owner Org: ORC  
 S&C: Active

Form Type	File No.	Filing Date	Accession No.
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Exhibit 3

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SEC FILE NUMBER  
000-53159

CUSIP NUMBER  
910186105

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR  Form N-CSR

For Period Ended: December 31, 2015

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

**PART I**  
**REGISTRANT INFORMATION**

**United Development Funding III, L.P.**  
Full Name of Registrant

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**Exhibit 4**

**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

The Registrant is unable to complete its audited financial statements due to the resignation on November 19, 2015 of Whitley Penn LLP, its independent auditing firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015) and the inability thus far to engage a new independent auditing firm. Although the Registrant is in discussions for engagement of a new independent auditing firm, the Registrant cannot provide assurance when a new independent auditing firm will be engaged.

Due to the lack of final audited financials for the year ended December 31, 2015, the Registrant is unable to file its Form 10-K within the prescribed time period. The Registrant intends to file such report as soon as practicable.

**PART IV**  
**OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES    NO

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES    NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding III, L.P.  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 31, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
President and Chief Executive Officer of UMT  
Services, Inc., general partner of UMTH Land  
Development, L.P., general partner of United  
Development Funding III, L.P.

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SEC FILE NUMBER  
001-36472

CUSIP NUMBER  
910187103

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR  Form N-CSR

For Period Ended: March 31, 2016

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

PART I  
REGISTRANT INFORMATION

**United Development Funding IV**  
Full Name of Registrant

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**Exhibit 5**



**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

The Registrant is unable to complete its quarterly financial statements due to the resignation on November 19, 2015 of Whitley Penn LLP, its independent auditing firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015) and the inability thus far to engage a new independent auditing firm. Although the Registrant is in discussions for engagement of a new independent auditing firm, the Registrant cannot provide assurance when a new independent auditing firm will be engaged.

Due to the lack of final financials for the quarter ended March 31, 2016, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

**PART IV**  
**OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw

(Name)

1-800-859-9338

(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding IV  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 11, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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SEC FILE NUMBER  
333-194162 (1933 Act)

CUSIP NUMBER  
91018V100

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR  Form N-CSR

For Period Ended: December 31, 2015

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

**PART I**  
**REGISTRANT INFORMATION**

**United Development Funding Income Fund V**  
Full Name of Registrant

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**Exhibit 6**

**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

The Registrant is unable to complete its audited financial statements due to the resignation on November 19, 2015 of Whitley Penn LLP, its independent auditing firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015) and the inability thus far to engage a new independent auditing firm. Although the Registrant is in discussions for engagement of a new independent auditing firm, the Registrant cannot provide assurance when a new independent auditing firm will be engaged.

Due to the lack of final audited financials for the year ended December 31, 2015, the Registrant is unable to file its Form 10-K within the prescribed time period. The Registrant intends to file such report as soon as practicable.

**PART IV**  
**OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification:

(2)

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code) (Telephone Number)

(3) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES    NO

(4) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES    NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

---

**United Development Funding Income Fund V**  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 31, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 8, 2016

**United Development Funding IV**  
(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or other jurisdiction of incorporation  
or organization)

**001-36472**  
(Commission File Number)

**26-2775282**  
(I.R.S. Employer  
Identification No.)

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
(Address of principal executive offices)  
(Zip Code)

**(214) 370-8960**  
(Registrant's telephone number, including area code)

**None**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
- 

**Exhibit 7**

**Item 4.01 Changes in Registrant's Certifying Accountant.**

On June 8, 2016, United Development Funding IV (the "Trust") engaged EisnerAmper LLP as the Trust's independent registered public accounting firm. During the years ended December 31, 2014 and 2015, and during the subsequent interim period through the date of this Current Report on Form 8-K, the Trust did not consult with EisnerAmper LLP regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of audit opinion that might be rendered on the Trust's financial statements by EisnerAmper LLP, and neither a written report nor oral advice was provided to the Trust that was an important factor considered by the Trust in reaching a decision as to an accounting, auditing or financial reporting issue or (iii) any other matter that was the subject of a disagreement between the Trust and its former independent registered public accounting firm or was a reportable event (as described in Item 304(a)(1)(iv) or Item 304(a)(1)(v) of Regulation S-K, respectively).

The Trust issued a press release regarding the engagement of EisnerAmper LLP, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits**

99.1 Press Release of United Development Funding IV regarding the engagement of EisnerAmper LLP.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**United Development Funding IV**

Dated: June 8, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of United Development Funding IV regarding the engagement of EisnerAmper LLP.

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**United Development Funding IV Appoints EisnerAmper LLP as New Independent Registered Accounting Firm**

GRAPEVINE, Texas, June 8, 2016 – United Development Funding IV (“UDF IV” or the “Trust”) (NASDAQ:UDF) today announced the appointment of EisnerAmper LLP (“EisnerAmper”) as the Trust’s new independent registered public accounting firm.

EisnerAmper is a full-service accounting and advisory firm that is PCAOB-registered and provides audit and non-audit services to more than 200 public companies. EisnerAmper was the 18th largest accounting firm in the United States according to the Accounting Today 2016 Top 100 Firms and Regional Leaders report.

**About United Development Funding IV**

United Development Funding IV is a public Maryland real estate investment trust formed primarily to generate current interest income by investing in secured loans and producing profits from investments in residential real estate. Additional information about UDF IV can be found on its website at [www.udfiv.com](http://www.udfiv.com). UDF IV may disseminate important information regarding its operations, including financial information, through social media platforms such as Twitter, Facebook and LinkedIn.

**Investor Contact:**  
Investor Relations  
1-800-859-9338  
[investorrelations@udfiv.com](mailto:investorrelations@udfiv.com)

**Media Contact:**  
Jeff Eller  
469-916-4883  
[mediarelations@udfiv.com](mailto:mediarelations@udfiv.com)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 28, 2016

**United Development Funding III, L.P.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of incorporation  
or organization)

**000-53159**  
(Commission File Number)

**20-3269195**  
(I.R.S. Employer  
Identification No.)

**1301 Municipal Way, Suite 100, Grapevine, Texas  
76051**

(Address of principal executive offices)  
(Zip Code)

**(214) 370-8960**  
(Registrant's telephone number, including area code)

**None**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
- 

**Exhibit 8**

**Item 4.01 Changes in Registrant's Certifying Accountant.**

On June 28, 2016, United Development Funding III, L.P. (the "Partnership") engaged EisnerAmper LLP as the Partnership's independent registered public accounting firm. During the years ended December 31, 2014 and 2015, and during the subsequent interim period through the date of this Current Report on Form 8-K, the Partnership did not consult with EisnerAmper LLP regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of audit opinion that might be rendered on the Partnership's financial statements by EisnerAmper LLP, and neither a written report nor oral advice was provided to the Partnership that was an important factor considered by the Partnership in reaching a decision as to an accounting, auditing or financial reporting issue or (iii) any other matter that was the subject of a disagreement between the Partnership and its former independent registered public accounting firm or was a reportable event (as described in Item 304(a)(1)(iv) or Item 304(a)(1)(v) of Regulation S-K, respectively).

---

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**United Development Funding III, L.P.**

By: UMTH Land Development, L.P.  
Its General Partner

By: UMT Services, Inc.  
Its General Partner

Dated: June 30, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
President and Chief Executive Officer

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 28, 2016

**Maryland**  
(State or other jurisdiction of incorporation or  
organization)

**United Development Funding Income Fund V**  
(Exact Name of Registrant as Specified in Its Charter)  
**333-194162 (1933 Act)**  
(Commission File Number)

**46-3890365**  
(I.R.S. Employer  
Identification No.)

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
(Address of principal executive offices)  
(Zip Code)

**(214) 370-8960**  
(Registrant's telephone number, including area code)

**None**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 

**Exhibit 9**

**Item 4.01 Changes in Registrant's Certifying Accountant.**

On June 28, 2016, United Development Funding Income Fund V (the "Trust") engaged EisnerAmper LLP as the Trust's independent registered public accounting firm. During the years ended December 31, 2014 and 2015, and during the subsequent interim period through the date of this Current Report on Form 8-K, the Trust did not consult with EisnerAmper LLP regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of audit opinion that might be rendered on the Trust's financial statements by EisnerAmper LLP, and neither a written report nor oral advice was provided to the Trust that was an important factor considered by the Trust in reaching a decision as to an accounting, auditing or financial reporting issue or (iii) any other matter that was the subject of a disagreement between the Trust and its former independent registered public accounting firm or was a reportable event (as described in Item 304(a)(1)(iv) or Item 304(a)(1)(v) of Regulation S-K, respectively).

---

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**United Development Funding Income Fund V**

Dated: June 30, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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SEC FILE NUMBER  
000-53159CUSIP NUMBER  
910186105UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 12b-25

## NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  
 Form N-SAR  Form N-CSRFor Period Ended: June 30, 2016

- Transition Report on Form 10-K  
 Transition Report on Form 20-F  
 Transition Report on Form 11-K  
 Transition Report on Form 10-Q  
 Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

PART I  
REGISTRANT INFORMATIONUnited Development Funding III, L.P.  
Full Name of Registrant1301 Municipal Way, Suite 100, Grapevine, Texas  
76051  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip CodePART II  
RULE 12b-25 (b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

Exhibit 10

**PART III  
NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the quarter ended June 30, 2016, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant recently engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 30, 2016). The Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance when the Registrant will be able to file such periodic reports.

**PART IV  
OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code)(Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding III, L.P.

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 16, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
President and Chief Executive Officer  
of UMT Services, Inc., general partner of UMTH Land Development,  
L.P., general partner of United Development Funding III, L.P.

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SEC FILE NUMBER  
001-36472

CUSIP NUMBER  
910187103

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K     Form 20-F     Form 11-K     Form 10-Q     Form 10-D  
 Form N-SAR     Form N-CSR

For Period Ended: June 30, 2016

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

**PART I**  
**REGISTRANT INFORMATION**

**United Development Funding IV**  
Full Name of Registrant

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the quarter ended June 30, 2016, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant recently engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 8, 2016). The Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance when the Registrant will be able to file such periodic reports.

---

**PART IV  
OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding IV

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 10, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

SEC FILE NUMBER  
000-55612CUSIP NUMBER  
91018V100UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 12b-25

## NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  
 Form N-SAR  Form N-CSRFor Period Ended: June 30, 2016

- Transition Report on Form 10-K  
 Transition Report on Form 20-F  
 Transition Report on Form 11-K  
 Transition Report on Form 10-Q  
 Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

PART I  
REGISTRANT INFORMATIONUnited Development Funding Income Fund V  
Full Name of Registrant1301 Municipal Way, Suite 100, Grapevine, Texas  
76051  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip CodePART II  
RULE 12b-25 (b) AND (c)

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reasons described in detail in Part III of this form could not be eliminated without unreasonable effort or expense;  
 (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and  
 (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**Exhibit 12**

**PART III  
NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the quarter ended June 30, 2016, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant recently engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 30, 2016). The Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance when the Registrant will be able to file such periodic reports.

**PART IV  
OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO



If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding Income Fund V

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 16, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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SEC FILE NUMBER  
000-53159

CUSIP NUMBER  
910186105

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR  Form N-CSR

For Period Ended: September 30, 2018

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates:

PART I  
REGISTRANT INFORMATION

**United Development Funding III, L.P.**  
Full Name of Registrant

**1301 Municipal Way, Suite 200,**  
**Grapevine, Texas 76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**Exhibit 13**

**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the quarter ended September 30, 2018, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 30, 2016). The audit of the Registrant's annual financial statements and review of the Registrant's quarterly financial statements are ongoing, and the Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance as to when the Registrant will be able to file such periodic reports.

---

**PART IV  
OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw	1-800-859-9338
(Name)	(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.  
 Annual Report on Form 10-K for the year ended December 31, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.  
 Annual Report on Form 10-K for the year ended December 31, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

- (3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding III, L.P.  
 (Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 14, 2018

By: /s/ Hollis M. Greenlaw  
 Hollis M. Greenlaw  
 President and Chief Executive Officer of UMT Services, Inc., general partner of UMTH Land Development, L.P., general partner of United Development Funding III, L.P.

SEC FILE NUMBER  
001-36472

CUSIP NUMBER  
910187103

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):       Form 10-K       Form 20-F       Form 11-K       Form 10-Q       Form 10-D  
                          Form N-SAR       Form N-CSR

For Period Ended: December 31, 2018

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates: \_\_\_\_\_

**PART I**  
**REGISTRANT INFORMATION**

**United Development Funding IV**  
Full Name of Registrant

**1301 Municipal Way, Suite 200, Grapevine, Texas**  
**76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code

**PART II**  
**RULES 12b-25(b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the year ended December 31, 2018, the Registrant is unable to file its Form 10-K within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 8, 2016). The audit of the Registrant's annual financial statements and review of the Registrant's quarterly financial statements are ongoing, and the Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance as to when the Registrant will be able to file such periodic reports.

**PART IV**  
**OTHER INFORMATION**

- (1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw  
(Name)

1-800-859-9338  
(Area Code) (Telephone Number)

- (2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.  
Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.  
Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.  
Annual Report on Form 10-K for the year ended December 31, 2016.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.  
Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.  
Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.  
Annual Report on Form 10-K for the year ended December 31, 2017.  
Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.  
Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.  
Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding IV

(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 19, 2019

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

SEC FILE NUMBER  
000-55612

CUSIP NUMBER  
91018V100

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 12b-25

NOTIFICATION OF LATE FILING

(Check One):  Form 10-K  Form 20-F  Form 11-K  Form 10-Q  Form 10-D  Form N-SAR  Form N-CSR

For Period Ended: September 30, 2018

- Transition Report on Form 10-K
- Transition Report on Form 20-F
- Transition Report on Form 11-K
- Transition Report on Form 10-Q
- Transition Report on Form N-SAR

For the Transition Period Ended: \_\_\_\_\_

Nothing in this form shall be construed to imply that the Commission has verified any information contained herein.

If the notification relates to a portion of the filing checked above, identify the item(s) to which the notification relates:

PART I  
REGISTRANT INFORMATION

**United Development Funding Income Fund V**  
Full Name of Registrant

**1301 Municipal Way, Suite 200,**  
**Grapevine, Texas 76051**  
Address of Principal Executive Office (*Street and number*)  
City, State and Zip Code



**PART II**  
**RULE 12b-25 (b) AND (c)**

If the subject report could not be filed without unreasonable effort or expense and the registrant seeks relief pursuant to Rule 12b-25(b), the following should be completed. (Check box if appropriate.)

- (a) The reason described in reasonable detail in Part III of this form could not be eliminated without unreasonable effort or expense;
- (b) The subject annual report, semi-annual report, transition report on Form 10-K, Form 20-F, Form 11-K, Form N-SAR or Form N-CSR, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report or transition report on Form 10-Q or subject distribution report on Form 10-D, or portion thereof, will be filed on or before the fifth calendar day following the prescribed due date; and
- (c) The accountant's statement or other exhibit required by Rule 12b-25(c) has been attached if applicable.

**PART III**  
**NARRATIVE**

State below in reasonable detail why Forms 10-K, 20-F, 11-K, 10-Q, 10-D, N-SAR, N-CSR, or the transition report or portion thereof, could not be filed within the prescribed time period.

Due to the lack of final financials for the quarter ended September 30, 2018, the Registrant is unable to file its Form 10-Q within the prescribed time period. The Registrant intends to file such report as soon as practicable.

On November 19, 2015, Whitley Penn LLP, the Registrant's former independent registered public accounting firm, informed the Registrant that it had declined to stand for reappointment as the Registrant's independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on November 24, 2015). The Registrant engaged EisnerAmper LLP as its new independent registered public accounting firm (previously reported in the Registrant's Current Report on Form 8-K filed on June 30, 2016). The audit of the Registrant's annual financial statements and review of the Registrant's quarterly financial statements are ongoing, and the Registrant is working diligently to complete and file all necessary periodic reports as soon as practicable; however, there can be no assurance as to when the Registrant will be able to file such periodic reports.

---

**PART IV  
OTHER INFORMATION**

(1) Name and telephone number of person to contact in regard to this notification:

Hollis M. Greenlaw  
(Name)

1-800-859-9338  
(Area Code) (Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

YES  NO

Annual Report on Form 10-K for the year ended December 31, 2015.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.  
 Annual Report on Form 10-K for the year ended December 31, 2016.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.  
 Annual Report on Form 10-K for the year ended December 31, 2017.  
 Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.  
 Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

YES  NO

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

United Development Funding Income Fund V  
(Name of Registrant as Specified in Charter)

has caused this notification to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 14, 2018

By: /s/ Hollis M. Greenlaw  
 Hollis M. Greenlaw  
 Chief Executive Officer



9901 Belward Campus Drive  
Suite 175  
Rockville, MD 20850

240.403.4180 phone  
240.314.0751 fax  
www.donohoadvisory.com

**Submitted via Nasdaq's Online Listing Center**

June 17, 2016

Nasdaq Hearings Panel  
c/o Ms. Amy Horton  
Hearings Advisor  
Office of General Counsel  
The NASDAQ Stock Market LLC  
805 King Farm Blvd.  
Rockville, MD 20850

**Re: United Development Fund IV (NGS: UDF)  
Nasdaq Listing Qualifications Hearings; Docket NQ 6154N-16  
Pre-hearing Submission**

Dear Members of the Nasdaq Hearings Panel:

This letter constitutes the formal written submission of United Development Fund IV ("UDF IV" or the "Trust") in response to a determination by the Nasdaq Listing Qualifications Staff (the "Staff") to delist the Company's common stock from The Nasdaq Global Select Market based upon the Company's failure to timely file its periodic reports with the Securities and Exchange Commission (the "SEC"), as required by Nasdaq Listing Rule 5250(c) (the "Filing Requirement"), including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and the quarterly report on Form 10-Q for the quarter ended March 31, 2016 (collectively, the "Delinquent Reports"). As set forth in the June 16, 2016 correspondence from Nasdaq, we understand that the suspension/delisting action referenced in the Staff's letter dated May 26, 2016 has been stayed at least through the completion of the hearing process and the expiration of any extension granted by the Panel.

Below please find an overview of the Company and its plan to evidence compliance with the Filing Requirement. Also, attached as Exhibit A is a list of the Company's Form 8-K filings since the filing of its most recent annual report—on Form 10-K for the fiscal year ended December 31, 2014—with the SEC on March 16, 2015, and, attached as Exhibit B, is a list of and biographies for those individuals who may attend the hearing on behalf of the Company.

**Exhibit 16**

*Company Description*

UDF IV was organized on May 28, 2008 as a Maryland real estate investment trust. UMTI General Services, L.P., a Delaware limited partnership, serves as advisor to the Trust and is responsible for managing the Trust's affairs on a day-to-day basis. UDF IV was formed primarily to generate interest income by investing in secured loans and producing profits from investments in residential real estate.

The Trust originates, purchases, participates in and holds for investment secured loans made directly by the Trust or indirectly through its affiliates to persons and entities for: (i) the acquisition and development of real property as single-family residential lots or mixed-use master planned residential communities; (ii) the acquisition of finished lots; and (iii) the construction of single-family homes and completed model homes. The Trust also provides credit enhancements to real estate developers, home builders, land bankers and other real estate investors; and may purchase participations in, or finance for other real estate investors the purchase of, securitized real estate loan pools and discounted cash flows secured by state, county, municipal or other similar assessments levied on real property. The Trust also may enter into joint ventures with unaffiliated real estate developers, home builders, land bankers and other real estate investors, or with other United Development Funding-sponsored programs, to originate or acquire the same kind of loans or real estate investments the Trust may originate or acquire directly.

As set forth in the Trust's audited financial statements and attendant notes for the fiscal year ended December 31, 2014, as of that date, the Trust had originated or purchased 171 loans (40 of which were repaid in full by the respective borrowers or matured and were not renewed) with maximum loan amounts of approximately \$1.1 billion. As of December 31, 2014, 2013 and 2012, the Trust's total assets were approximately \$682.2 million, \$570.9 million, and \$336.5 million, respectively. For the years ended December 31, 2014, 2013 and 2012, the Trust's total interest and non-interest income was approximately \$87.9 million, \$53.2 million, and \$27.6 million, respectively, and net income was approximately \$50.1 million, \$29.3 million, and \$13.9 million, respectively.

As of September 30, 2015, the Trust's total assets were approximately \$684.1 million, and year-to-date total interest and non-interest income and net income were approximately \$73.8 million and \$42.9 million, respectively. Shareholders' equity at September 30, 2015 was \$510.2 million (\$16.65 per share). Also as of September 30, 2015, lines of credit and notes payable totaled \$170.2 million. Lines of credit and notes payable totaled \$85.0 million at June 2, 2016, a reduction of \$85.2 million since September 30, 2015, resulting from the implementation of the Trust's aggressive debt reduction plan, consistent with the Trust's efforts to protect and enhance shareholder value.

UDF IV began trading on The Nasdaq Global Select Market in June 2014. The Trust has an extremely diverse investor base, with over 19,000 shareholders, approximately 75% of which shares are held in retail rather than institutional accounts. The Trust is included in the Russell 3000, Russell Global and Russell Micro-Cap indices. Since its listing on June 4, 2014 through December 9, 2015 (the day before

the anonymous blog posts discussed below), the Trust's stock closed in a range of \$16.02 to \$19.95 per share. Prior to the initiation of the trading halt on February 19, 2016 (as discussed more fully below), the Trust's common stock closed at \$3.20 per share, resulting in a market capitalization of approximately \$100 million. Other than the filing deficiency, the Trust believes it satisfies all applicable quantitative and qualitative requirements for continued listing on The Nasdaq Global Select Market.

### *Filing Deficiency*

#### *Overview*

The delay in the filing of the Delinquent Reports was precipitated by the November 24, 2015, determination by the Trust's former independent audit firm, Whitley Penn LLP ("Whitley Penn"), to not stand for reappointment as the Trust's auditor and the Trust's need to engage a replacement audit firm to conduct the audit for the fiscal year ended December 31, 2015, which process was immediately commenced. However, shortly thereafter, the Audit Committee of the Trust's Board of Trustees commissioned an independent investigation into certain allegations made via anonymous blog posts in mid-December 2015, the findings of which potential audit firms would need to review prior to entering into any engagement with the Company. The independent investigation has since been substantially completed. Importantly, no evidence of wrongdoing by the Trust, its employees and/or the Trust's affiliates was found. In addition, on June 8, 2016, the Company formally engaged a new independent audit firm, EisnerAmpér LLP ("Eisner"), to conduct audits of the Company's financial statements for the fiscal year ended December 31, 2015 as well as the current fiscal year ending December 31, 2016.

#### *Audit Committee Investigation – Substantially Complete*

As discussed above, following certain anonymous blog posts in mid-December 2015, the Trust's Audit Committee (comprised of three independent members of the Trust's Board of Directors) (the "Audit Committee") commissioned an independent investigation in early December 2015, particularly regarding certain anonymous allegations later determined to have been made by Hayman Capital Management, L.P. ("Hayman"), a Dallas, TX-based hedge fund that held a significant short position in the Trust at the time. Potential audit firms viewed the independent investigation as a positive development, but advised the Company that they would need to review the findings of the independent investigation prior to entering into an engagement.

Importantly, Whitley Penn's audit reports on the Trust's consolidated financial statements for the fiscal years ended December 31, 2013 and 2014 do not contain an adverse opinion or disclaimer of opinion, nor are they qualified or modified as to uncertainty, audit scope or accounting principles. In addition, during the Trust's two most recent fiscal years and the subsequent interim period from January 1, 2015 through September 30, 2015, (i) there were no disagreements between the Trust and Whitley Penn on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Whitley Penn, would have caused

Whitley Penn to make reference to the subject matter of the disagreement in its report on the Trust's consolidated financial statements, and (ii) there were no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

Thereafter, on December 10, 11, 14 and 15, 2015, a then anonymous short-seller published a report on an investing website that claimed the Trust was operating a "Ponzi-like real estate scheme," which report promptly resulted in significant declines in the Trust's stock price and multiple shareholder lawsuits. One of the posts included an anonymous letter sent to Whitley Penn dated December 4, 2015 which included allegations regarding the Trust's financial condition, Whitley Penn's prior audit work, and the accuracy of the Trust's claims and Whitley Penn's acknowledgement that there were not any disagreements between Whitley Penn and the Trust in connection with Whitley Penn's determination to not stand for reappointment. Upon receipt of the letter, Whitley Penn notified the Trust's Audit Committee and the Trust in turn notified the SEC.

In direct response, by public disclosures dated December 11 and 14, 2015, the Trust indicated its belief that a hedge fund or funds was trying to unlawfully profit by manipulating and depressing the price of the Trust's shares in what appeared to be a short-and-distort trading scheme. The Trust also voluntarily disclosed that it had been cooperating with the SEC with respect to a non-public, fact-finding investigation since April 2014, and that the SEC had informed the Company that the investigation was not an indication that any violations of law had occurred or that the SEC had any negative opinion of any person, entity, or security associated with the Trust. The Trust has produced over 800,000 pages of records to the SEC and the SEC is in the process of taking testimony from various UDF-related witnesses.

On February 4, 2016, Hayman published a website with the following five separate posts with essentially the same misleading content as the previous anonymous posts from December 2015:

- *One Example of Many: How the Scheme Works, From One UDF Fund to the Next* (file dated January 28, 2016);
- *One Example of Many: UDF's High Flying Conflicts of Interest* (file dated January 28, 2016);
- *A Rolling Loan Gathers No Loss: Irregular Patterns Related to UDF's Largest Borrower* (file dated January 28, 2016);
- *Anatomy of a Billion Dollar House of Cards: The Case Against UDF IV (Nasdaq: UDF)* (file dated January 28, 2016); and,
- A fact sheet titled *Shareholders in UDF's Public Companies are being victimized by a Ponzi-like real estate scheme to keep the companies afloat* (file dated January 28, 2016).

On February 16, 2016, Hayman published another attack titled *UDF Management Lacks Credibility - How UDF Management Has Not Recognized Realized Losses in a Public Affiliate*. On April 1, 2016, Hayman published yet another attack titled *A UDF residential development project life cycle: Where Did UDF IV Public Shareholder Money Go?*

After the anonymous blog posts and the publishing of the Hayman website, the Federal Bureau of Investigation (the "FBI") executed a search warrant at the corporate office of UDF IV in Grapevine, Texas on February 18, 2016, in conjunction with which, law enforcement officers served executive officers of the Trust and certain other employees of the Trust's advisor and its affiliates with grand jury subpoenas seeking the production of documents related to the operations of the Trust. As publicly disclosed, the Trust does not believe that the Trust, its officers or the employees of its advisor or its affiliates have violated any laws or regulations, and the Trust has and continues to cooperate fully with the government's investigation. As a result of the foregoing, trading in the Company's securities was halted on Nasdaq pending a review by the Staff of certain information regarding the Trust and its business. The trading halt remains in effect.

As publicly disclosed on May 17, 2016, the Audit Committee's investigation, which was led by the law firm of Thompson & Knight LLP, and assisted by independent forensic accountants from PricewaterhouseCoopers, has been substantially completed. The Audit Committee provided the independent investigation team with full and unrestricted access to documents, records, communications and personnel and asked it to pursue every path that the facts warranted. During the course of the independent investigation, the investigation team searched over 1.7 million e-mails and reviewed thousands of documents. The team also performed an in-depth review of the allegations regarding the Trust's business and conducted extensive interviews with key management of the Trust, its advisor and its asset manager. The investigative team thoroughly analyzed the Trust's legal and financial reporting documents and records.

The independent investigation team found:

- No evidence of fraud or misconduct on the part of the Trust, its management, or its advisor.
- No evidence to substantiate allegations levied by Hayman of the operation of a "Ponzi scheme." The business model was reviewed in great detail. The investigative team determined that the classic Ponzi scheme elements, as described by the SEC and relevant case law, were not present.
- No evidence of deception, no evidence that the Company's auditors were misled, and no evidence that efforts were made to defraud investors.
- Nothing that indicated any deficiency in the integrity of the management team of the Trust, its advisor or its asset manager.

The investigation team did, however, identify areas to be considered for remedial action, including minor disclosure enhancements or modifications, as well as the Trust's valuation methodology and process for impaired loans, which the Trust will address with its new audit firm, Eisner.

#### *Management's Efforts to Resolve Filing Deficiency*

Upon notification that Whitley Penn did not intend to stand for reappointment, the Trust immediately began interviewing audit firms. The Trust was in the final stages of the client acceptance process with a Big Six accounting firm prior to the events of February 18, 2016, and pending the completion of the independent investigation. As referenced above, the Audit Committee has completed its independent investigation and absolutely no evidence of wrongdoing was found. Moreover, on June 8, 2016, the Company engaged Eisner as its new independent auditor, and the Trust expects to be in a position to file the Delinquent Reports with the SEC well within the discretionary period available to the Panel.

#### *Open and On-Going Communications with the Investing Public*

Importantly, the Trust has kept the investing public apprised of developments in the investigative and audit-related processes. Below is a list of the Trust's relevant disclosures:

- On November 24, 2015, the Trust filed a Current Report on Form 8-K (Item 4.01, "Changes in Registrant's Certifying Accountant") regarding Whitley Penn's determination not to stand for reappointment as the Trust's auditor.
- On December 10, 2015, the Trust issued a press release responding to the market rumors and indicating that the Trust had been cooperating with the SEC regarding the SEC's non-public, fact-finding investigation.
- On December 14, 2015, the Trust issued a second press release regarding the attacks by short-sellers in the Trust's common stock and filed an 8-K with a detailed response as an exhibit.
- On February 22, 2016, the Trust filed a Current Report on Form 8-K (Item 8.01, "Other Events") regarding the FBI's execution of a search warrant at the Trust's corporate office.
- On March 21, 2016, the Trust filed a Current Report on Form 8-K (Item 3.01, "Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard") regarding its receipt of a deficiency letter from the Staff based on the Trust's failure to timely file the Form 10-K for fiscal 2015.
- On May 17, 2016, the Trust issued a press release regarding the results of the Audit Committee's independent investigation.



- On May 23, 2016, the Trust filed a Current Report on Form 8-K (Item 1.01 "Entry Into a Material Definitive Agreement") disclosing the modification of the Trust's term loan agreement, which was necessitated by defaults on certain covenants contained therein relating to the filing delay.
- On June 2, 2016, the Trust issued a press release indicating that it received a delisting determination from the Staff based on its non-compliance with the Filing Requirement.
- On June 8, 2016, the Trust disclosed the engagement of Eisner as its new independent auditor.

The Trust is committed to continuing to provide the investing public with information regarding its status as new information becomes available.

### *Conclusion*

UDF IV understands the importance to its stockholders, Nasdaq, the investment community, and the capital markets generally of maintaining and making publicly available, at all times, current financial statements. Importantly, UDF IV has engaged a new audit firm, which should enable it to file the Delinquent Reports with the SEC well within the discretionary period available to the Panel and thereby regain full compliance with the Filing Requirement. The Trust has responded appropriately to the issues that led to the filing delay by conducting a thorough independent investigation with the assistance of well-regarded and experienced legal counsel and forensic auditors and by fully cooperating with the government's investigations. We also note that the Trust has a very strong financial profile, which well exceeds the applicable requirements for continued listing on The Nasdaq Global Select Market.

At the hearing, the Company intends to provide the Panel with a detailed timeline for the completion and filing of the Delinquent Reports with the SEC. Based upon that information, the Company intends to request an exception within which to demonstrate compliance with the Filing Requirement and all other applicable requirements for continued listing on The Nasdaq Global Select Market.

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Nasdaq Hearings Panel  
June 17, 2016  
Page 8 of 14

We very much appreciate the Panel's continued consideration of this matter. Please do not hesitate to contact the undersigned via Nasdaq counsel should you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Donohoe, Jr.", with a stylized flourish at the end.

David A. Donohoe, Jr.

cc: Phillip K. Marshall, Chairman of the Audit Committee of UDF IV's Board of Trustees  
Hollis M. Greenlaw, Chief Executive Officer, UDF IV  
Cara D. Obert, Chief Financial Officer, UDF IV  
Stacey H. Dwyer, Chief Operating Officer, UDF IV  
Barrett Howell, Esq., K&L Gates LLP

Exhibits A & B

**Exhibit A: List and Summaries of Current Reports on Form 8-K**

The Trust has filed the following Current Reports on Form 8-K with the SEC since the filing of its most recent Annual Report on Form 10-K (for the fiscal year ended December 31, 2014) on March 16, 2015 (in reverse chronological order as requested):

<b><u>Filing Date</u></b>	<b><u>Summary of Event</u></b>
June 8, 2016	Engagement of Eisner as new auditor.
June 3, 2016	Receipt of Nasdaq delisting notice from the Staff due to non-compliance with the Filing Requirement.
May 23, 2016	Execution of forbearance agreement with lender, Waterfall Finance 4, LLC.
March 21, 2016	Receipt of Nasdaq deficiency notice from the Staff due to non-compliance with the Filing Requirement.
February 22, 2016	Execution of search warrant by FBI; Nasdaq trading halt.
February 11, 2016	Amendment to promissory note with Waterfall Finance 4, LLC.
January 5, 2016	Announcement regarding planned distribution.
December 14, 2015	Issuance of press release in response to anonymous Internet posts.
December 11, 2015	Issuance of press release in response to anonymous Internet posts.
November 24, 2015	Determination by Whitley Penn to not stand for reappointment as the Company's auditor.
November 5, 2015	Issuance of press release announcing financial results for the period ended September 30, 2015; announcement regarding planned distribution.
October 2, 2015	Announcement regarding planned distribution.
August 5, 2015	Issuance of press release announcing financial results for the period ended June 30, 2015.
July 29, 2015	Amendment to promissory note with Waterfall Finance 4, LLC.
July 2, 2015	Announcement regarding planned distribution.

June 26, 2015	Results of 2015 Annual Meeting of Shareholders.
May 6, 2015	Issuance of press release announcing financial results for the period ended March 31, 2015.
April 2, 2015	Announcement regarding planned distribution.

**Exhibit B: Potential Hearing Participants**

Below please find the names and biographies for those individuals who may participate at the hearing on behalf of the Company, either in person or by telephone:

***Hollis M. Greenlaw, Chairman of the Board of Trustees and Chief Executive Officer, UDF IV***

Mr. Greenlaw has served as the Trust's Chief Executive Officer and as the Chairman of the Board of Trustees since UDF IV's formation in May 2008. Mr. Greenlaw is also the co-founder and Chief Executive Officer of United Development Funding, United Development Funding II, United Development Funding III, and United Development Funding V, which are affiliated real estate finance vehicles. As Chief Executive Officer of the United Development Funding family of entities, Mr. Greenlaw has directed the funding of more than \$2 billion in loans and equity investments through United Development Funding products. From March 1997 until June 2003, Mr. Greenlaw served as Chairman, President, and Chief Executive Officer of a multi-family real estate development and management company owned primarily by The Hartnett Group, Ltd., a closely-held private investment company managing more than \$40 million in assets. While with The Hartnett Group, he developed seven multi-family communities in Arizona, Texas, and Louisiana with a portfolio value exceeding \$80 million. Prior to joining The Hartnett Group, Mr. Greenlaw was an attorney with the Washington, D.C. law firm, Williams & Connolly, where he practiced business and tax law. Mr. Greenlaw was a member of Phi Beta Kappa at Bowdoin College and received his Juris Doctorate from the Columbia University School of Law in 1990. Mr. Greenlaw is a member of the Maine, District of Columbia, and Texas bars.

***Phillip K. Marshall, Chairman of the Audit Committee of the Board of Directors, UDF IV***

Mr. Phillip K. Marshall has served as an independent trustee for UDF IV since August 2008 and serves as the chairman of the audit committee. Since May 2007, Mr. Marshall has served as Chief Financial Officer of RCI Hospitality Holdings Inc., a publicly traded restaurant and entertainment company. From February 2007 to May 2007, he was the Controller of Dorado Exploration, Inc., a privately held oil and gas company. From July 2003 to January 2007, he held the office of Chief Financial Officer of CDT Systems, Inc., a publicly held water technology company that was located in Addison, Texas. Mr. Marshall has significant public accounting experience. He was a principal of Whitley Penn LLP, independent certified public accountants, from 2001 to 2003. From 1992 to 2001, Mr. Marshall served as Director of Audit Services at Jackson & Rhodes PC. Mr. Marshall served as an audit partner at Toombs, Hall and Foster from 1991 to 1992, at KPMG Peat Marwick ("KPMG") from 1987 to 1997 and at KMG Main Hurdman ("KMG") from 1980 to 1987. As an audit partner for KPMG and KMG, Mr. Marshall had extensive experience working with a number of mortgage banking clients and savings and loan institutions involved in residential real estate finance. In his capacity as auditor and audit partner for his mortgage banking clients, Mr. Marshall performed reviews and tests of income recognition and reporting, quality of asset testing (including analysis of real estate appraisals), historical loss reserves and comparison to

industry loss reserves. Additionally, Mr. Marshall performed single audit procedures to assess the adequacy of loan servicing services including collections, cash management and reporting procedure testing, and escrow analysis. Mr. Marshall is a Certified Public Accountant in the state of Texas. He received a BBA in Accounting from Texas State University in 1972.

***Timothy R. McCormick, Esq., Thompson & Knight LLP, Counsel to the Audit Committee***

Mr. McCormick is a partner in the Dallas, TX office of Thompson & Knight LLP. Mr. McCormick focuses his complex business litigation practice on corporate and shareholder rights, mergers and acquisitions, director and officer disputes, securities litigation, federal and state antitrust practice, and complex business claims. He has been involved in a number of Sarbanes-Oxley internal investigations, as well as investigations that have addressed issues under the Foreign Corrupt Practices Act. Mr. McCormick has extensive experience before the Securities and Exchange Commission and has also been involved in matters involving the United States Department of Justice, the Federal Trade Commission, and antitrust divisions of the attorneys general of several states. He has tried many major disputes to conclusion. Tim is a frequent speaker and writer on securities litigation, special negotiating and litigation committee issues under Delaware law, director and officer duty and liability updates, internal corporate investigations, antitrust issues relating to mergers and acquisitions, conflict of laws, and other topics on business litigation risks. Mr. McCormick received a B.A. from The University of Texas at Arlington (1973) and a J.D. from Southern Methodist University, Dedman School of Law (1975).

***Stacey H. Dwyer, Chief Operating Officer, UDF IV***

Ms. Dwyer joined UDF IV in February 2014 as its Chief Operating Officer. Prior to joining UDF IV, Ms. Dwyer worked for 22 years at D.R. Horton, Inc., a leading national homebuilder. Her most recent roles at D.R. Horton were Executive Vice President and Treasurer, positions she held from 2000 and 2003, respectively. In those roles, she was responsible for the Company's financial community relations, including banks, investors, rating agencies and analysts. Prior to 2000, Ms. Dwyer held various positions in accounting, treasury and mergers and acquisitions. From 1989 to 1991, she was an auditor with Ernst and Young in Fort Worth. Ms. Dwyer is a Certified Public Accountant in the state of Texas. She holds a Bachelor of Science Degree in Accounting from Southeastern Oklahoma State University and a Master of Science Degree in Accounting from the University of Texas at Arlington.

***Cara D. Obert, Chief Financial Officer and Treasurer, UDF IV***

Ms. Obert has served as the Chief Financial Officer and Treasurer of UDF IV since its formation in 2008. Prior to joining UDF IV, Ms. Obert served as the Chief Financial Officer for UMT Holdings from March 2004 until August 2006 and as Controller for UMT Holdings from October 2003 through March 2004. She has served as the Chief Financial Officer of UMTH LD since August 2006. From 1996 to 2003, Ms. Obert was a self-employed consultant. She assisted clients, including Fortune 500 companies, in creating

and maintaining financial accounting systems. From May 1995 until June 1996, she was the Controller for Value-Added Communications, Inc., a telecommunications company that provided communications systems for the hotel and prison industries. From 1990 to 1993, she was employed with Arthur Andersen LLP, an international accounting and consulting firm. Ms. Obert graduated from Texas Tech University in 1990 with a Bachelor of Arts degree in accounting. She is a Certified Public Accountant in the state of Texas.

***Barrett R. Howell, Esq., K&L Gates LLP, Counsel to Company***

Mr. Howell is a partner in K&L Gates' Dallas and Houston, Texas offices. Mr. Howell specializes in white collar criminal and civil defense and internal investigations. He has represented numerous corporations and individuals in high-stakes government investigations and enforcement actions involving alleged securities and accounting fraud, bribery and corruption, and violations of the Civil False Claims Act. Mr. Howell has represented corporations and individuals before multiple federal and state agencies including the Securities and Exchange Commission, the Department of Justice, the Financial Industry Regulatory Authority, in addition to various state securities and regulatory agencies. Mr. Howell is also a co-founder of the University of Texas Government Enforcement Institute and is a frequent speaker and author on corporate governance and ethical compliance issues. Mr. Howell received a B.A. and B.A.A. from Emory University in 1998 and a J.D. from Southern Methodist University, Dedman School of Law in 2001.

***David A. Donohoe, Jr., President, Donohoe Advisory Associates LLC, Advisor to the Company***

Mr. Donohoe is President of Donohoe Advisory Associates LLC, which provides consulting and advisory services to public companies and law firms with an emphasis on stock exchange listing matters. Since its formation in 2004, Donohoe Advisory has represented over 700 companies in stock exchange listing matters, including up-listings from the OTC market and delisting hearings. In addition, Donohoe Advisory has assisted dozens of issuers in structuring financing and acquisition transactions. Since 2007, Mr. Donohoe has also served as a Managing Director in the Investment Banking Group for ROTH Capital Partners, LLC, a FINRA member firm, where he assists issuers in equity and debt financings. Prior to the formation of Donohoe Advisory in 2004, Mr. Donohoe served as Chief Counsel for the Listing Qualifications Department of The Nasdaq Stock Market where, among other things, he was responsible for the Nasdaq listing hearing process and for developing and implementing listing standards and related policies. Mr. Donohoe was employed by The Nasdaq Stock Market from 1995 through 2004. He received a B.A. in Economics from The University of Texas, Austin (1985) and a J.D. from the Catholic University of America (1988).

***Katherine Roberson Petty, Senior Vice President, Donohoe Advisory Associates LLC, Advisor to the Company***

Since February 2005, Ms. Petty has served as Senior Vice President for Donohoe Advisory Associates LLC, specializing in advising public and private companies on stock market listing matters and related corporate governance issues. Prior to joining Donohoe Advisory, Ms. Petty served as Senior Counsel in the Office of General Counsel for The Nasdaq Stock Market. She began her seven-year tenure with Nasdaq as an attorney within the Office of Listing Qualifications Hearings. Ms. Petty graduated from the University of Missouri, Columbia in 1993 and received a J.D. from The John Marshall Law School in Chicago, Illinois in 1997.



UNITED STATES OF AMERICA

NASDAQ STOCK MARKET

NASDAQ LISTING QUALIFICATIONS HEARING PANEL

UNITED DEVELOPMENT FUNDING IV

Washington, D.C.

Thursday, July 7, 2016

**Exhibit 17**

SEC-NASDAQ-E-0000129

1 PARTICIPANTS:

2 Panel Members:

3 RICHARD CROARKIN

4 APRIL YOUNG

5 Counsel to Panel:

6 AMY HORTON

7 Staff:

8 DARRYL BASS

9 STANLEY HIGGINS

10 ALAN ROWLAND

11 For United Development Funding IV:

12 STACEY H. DWYER

13 HOLLIS M. GREENLAW

14 CARA D. OBERT

15 PHILLIP K. MARSHALL

16 TIMOTHY R. McCORMICK

17 BARRETT R. HOWELL

18 DAVID A. DONOHOE, JR.

19 KATHERINE PETTY

20

21

22

\* \* \* \* \*

## 1 P R O C E E D I N G S

2 (12:32 p.m.)

3 MS. HORTON: We're going to have to get  
4 on the record and get started even though I know  
5 everyone's still settling in. But we've got a big  
6 crowd and lots of things to discuss today, so  
7 we'll get going. We don't have anyone that's  
8 joining by phone, correct? Okay, excellent, then  
9 everybody we need is here.

10 I'm Amy Horton. I serve as counsel to  
11 the panelists and the facilitator of this process  
12 for you and the go-between between you and the  
13 Panel. The panelists are not part of NASDAQ.  
14 They're appointed by our Board for this purpose.  
15 They oversee and issue final decisions, and they  
16 will introduce themselves in just a moment. We  
17 have staff here today from NASDAQ Listing  
18 Qualifications. They sometimes attend hearings,  
19 sometimes don't. Obviously, they've chosen to do  
20 so in this case. So how we're going to proceed is  
21 we're going to let the company make its  
22 presentation first and the Panel may ask questions

1 along the way or at the end. We'll then ask staff  
2 to make its presentation and then there may be  
3 some back and forth questions and such. We want  
4 to make sure that we get out all the information  
5 that's critical and necessary for the decision.  
6 We want to make sure that they don't relay the  
7 same information over and over, so I'll be kind of  
8 keeping watch on that. And if you can make sure  
9 not to talk over each other because we have a  
10 record that needs to be taken. I think that's all  
11 the preliminary stuff. I'll just start to my left  
12 and ask Rick to introduce himself.

13 MR. CROARKIN: Hello. My name is Rick  
14 Croarkin. I'm semi-retired. I'm on the board of  
15 two different pharmaceutical companies, and prior  
16 to that I was CEO of a publically traded  
17 pharmaceutical company.

18 MS. YOUNG: I'm April Young. I'm a  
19 managing director at Hercules Capital. We're a  
20 publically traded venture debt fund. I've been in  
21 the venture debt business for 20 years.

22 MR. BASS: I'm Darryl Bass. I'm the

1 listing analyst for United Development.

2 MR. HIGGINS: Stan Higgins. I'm a  
3 director with NASDAQ Listing Qualifications.

4 MR. ROWLAND: Alan Rowland. I'm also a  
5 director with NASDAQ Listing Qualifications.

6 MR. MARSHALL: I'm Phil Marshall. I'm  
7 CFO for RCI Hospitality Holdings and the chairman  
8 of the audit committee.

9 MR. HOWELL: I'm Barrett Howell. I'm a  
10 partner at K&L Gates, which is counsel to United  
11 Development Funding.

12 MR. McCORMICK: My name is Tim McCormick  
13 with Thompson & Knight, and I represent the audit  
14 committee and conducted the internal investigation  
15 on behalf of the audit committee.

16 MS. DWYER: My name is Stacey Dwyer.  
17 I'm the chief operating officer of United  
18 Development Funding IV.

19 MR. GREENLAW: My name is Hollis  
20 Greenlaw. I'm the chairman of the board of  
21 trustees and chief executive officer of United  
22 Development Funding IV.

1 MS. OBERT: I'm Cara Obert and I'm the  
2 chief financial officer at UDF IV.

3 MR. DONOHOE: And I'm Dave Donohoe. I'm  
4 an advisor to United Development. Let me begin by  
5 thanking the Panel for giving us --

6 MS. PETTY: Please?

7 MR. DONOHOE: Oh, I'm sorry.

8 MS. PETTY: I'm Katherine Petty with  
9 Donohoe Advisory. We serve as an advisor to the  
10 company.

11 MR. DONOHOE: Let me begin by thanking  
12 the Panel for giving us the opportunity to make  
13 our presentation today. As you know the company  
14 is listed on the NASDAQ Global Select Market.  
15 We're here today because the company is not  
16 current in filing. As you know there have been a  
17 couple of government investigations. The company  
18 also late last year launched its own independent  
19 investigation, which is now substantially  
20 complete. The company was not for obvious reasons  
21 able to hire a new auditor until it had completed  
22 the investigation, which it's done, and has now

1 hired EisnerAmper and they are now well into the  
2 audit process. So we are anticipating that the  
3 process will be complete by September 12, that  
4 we'll file the 10K, we'll file the first quarter  
5 10Q and the second quarter 10Q, all on September  
6 12. So we're going to be requesting an exception  
7 through September 12 today.

8 So with that I'm going to turn it over  
9 to Hollis and he's going to walk you through the  
10 first part of the presentation, beginning on slide  
11 4.

12 MR. GREENLAW: Again to all of you,  
13 thank you for your time today. We really  
14 appreciate the opportunity to present to you.

15 I'd like to start by basically giving  
16 you an overview of United Development Funding and  
17 basically who we are. We're a nonbank lender. We  
18 were created to provide capital solutions to  
19 homebuilders and developers. A substantial amount  
20 of development of single-family finished lots that  
21 supplies homebuilding in this country is done by  
22 private developers. And about 70 percent of

1 homebuilding that's conducted in this country is  
2 conducted by private regional homebuilders.

3 We specialize in financing land  
4 development, finished lots, and homebuilding. An  
5 easy way to think about is that basically every  
6 time a home is sold, a homebuilder has to reach  
7 back and acquire a finished lot to start the next  
8 house. And every time a finished lot is sold, a  
9 developer has to develop another finished lot.

10 MS. YOUNG: I ran land development for  
11 NVR.

12 MS. DWYER: I was here working, so yeah.

13 MS. YOUNG: Before I became a banker, so  
14 it was 100 years ago.

15 MR. GREENLAW: So we're filling the void  
16 basically created by the exit of the traditional  
17 banks during the Great Recession.

18 How do we it? We have a seasoned  
19 management team different from a bank. We have  
20 basically an asset management team that has  
21 background in land development and homebuilding.  
22 Stacey, our chief operating officer, joined us;



1 prior to that she had been treasurer for D.R.  
2 Horton. We have a proprietary underwriting model,  
3 if you're familiar in the land development side.  
4 Manageable loan amounts; our average loan is  
5 between \$4 million and \$5 million, developing in  
6 multi-phases. Real-time monitoring of the housing  
7 market and submarket fundamentals -- absorption,  
8 price, what the inventories look like.

9           And where we focus? We focus on the  
10 largest homebuilding markets in the country that  
11 have affordable and stable home prices; strong  
12 demand fundamentals, which is job creation,  
13 population growth, household formation, consumer  
14 sentiment; balanced supplies of land and home  
15 inventories; strong economies. As you might  
16 imagine, we focus primarily in Texas, which has  
17 been an economic juggernaut throughout the Great  
18 Recession and coming out of the Great Recession.  
19 And we followed the housing recovery into other  
20 recovering housing markets, primarily in the  
21 Southeast, which is Florida and the Carolinas.

22           For our business model, we're basically

1 financing entitled land that is developed into  
2 finished lots. We do the finished lots. We do  
3 lot banking for developers. We do lot banking for  
4 homebuilders. And we also provide financing for  
5 vertical construction, primarily for the private  
6 regional homebuilders.

7 Put conceptionally in our underwriting  
8 funnel, it's basically the largest homebuilding  
9 markets in the country because that's where you  
10 have your large presence of your public  
11 homebuilders as well as your regional homebuilders  
12 and your production homebuilding. Affordable  
13 stable home prices, balanced supply, strong  
14 economies, strong demand. And that's the markets  
15 where we present ourselves.

16 We are rather accurate in predicting  
17 what we call an upward sloping L-shaped recovery,  
18 also known as a gradual economic recovery. But  
19 this is in the concept of the V recovery and U  
20 recovery, but it was basically an L. The  
21 destruction in the Great Recession of the  
22 household balance sheet primarily focused in the

1 not-so-fantastic four as we call them, which was  
2 California, Arizona, principally Phoenix, Las  
3 Vegas, and Florida. And as we've recovered, it's  
4 been gradual, but it is upward, safe, and we're in  
5 year eight of what we thought would generally be a  
6 lost decade for the volume that you saw on  
7 housing. This is something that the capital  
8 markets have recognized, so I just point out here.  
9 Bloomberg has pointed out that "Private builders  
10 suffer amid limited access to capital,"  
11 recognizing that the local and the regional banks  
12 are the primary source of funding for private  
13 homebuilders as well as developers.

14 And as a result of this and one of the  
15 things we have pointed out is if you look at Texas  
16 and really the Texaplex -- which is Dallas, Fort  
17 Worth, Austin, San Antonio, and Houston -- what  
18 you have seen is it did not generally participate  
19 in the housing bubble, but it did participate in  
20 the financial crisis. So what you basically had  
21 is in 2008 you had the banks turn off the spigot  
22 and as a result of that, you're seeing in the top

1 markets -- and this will be a continuing story as  
2 the housing recovery takes footing in Florida, the  
3 I-4 corridor, and in the Carolinas -- you're  
4 seeing shortages. You're seeing shortages of  
5 homes and you're seeing shortages of finished  
6 lots.

7 To get a sense of this underwriting  
8 funnel and where we do business, if you look at  
9 the largest homebuilding markets in the country --  
10 this is Census Bureau data from single family  
11 housing permits -- the largest homebuilding  
12 markets in the country are Houston, Dallas, Fort  
13 Worth, other markets, of course. Austin is  
14 significant; it's number eight, and San Antonio is  
15 number 24. So Texas represents a lot of your  
16 housing volume. And then in addition you can see  
17 other markets where we have done transactions --  
18 Orlando, Charlotte, and Tampa.

19 And now I'd like to transition to the  
20 financial presentation and let Stacey address it.

21 MS. DWYER: So on slide 12 you can see  
22 our historical financial performance over the last

1 five years; 2010 was our first year of substantial  
2 operations. We grew from 2010 through 2013 as we  
3 were going through our initial capital raise.  
4 That was completed in May 2013. We ended the  
5 calendar year 2013 with essentially zero net debt.  
6 And 2014 is the year we actually added some  
7 leverage to our balance sheet, which is the driver  
8 of the growth that you see from 2013 to 2014.  
9 Interest income and then our net income followed  
10 the growth in the portfolio. As we added leverage  
11 we were typically borrowing at rates from four and  
12 an eighth up to 5 percent. We typically lend  
13 money at 13 percent. So we had about an 8 percent  
14 spread on any debt that we were bringing in to  
15 grow the portfolio. Cara?

16 MS. OBERT: All right. This next slide  
17 is going to be a historical look at our balance  
18 sheet. You can see we've presented the 9/30/14,  
19 12/31/14, as well as 9/30/15. You can see, as  
20 Stacey was mentioning, you see from Q3/2014 to  
21 Q4/2014 the growth in our credit facilities from  
22 \$142 million to \$170 million and consistent to

1     \$170 million in Q3/2015. And then up above in the  
2     assets you'll see the growth in our portfolio as  
3     we added leverage.

4             MR. CROARKIN: But why did you stop at  
5     September?

6             MS. OBERT: We probably issued our  
7     12/31/15 financials.

8             MR. CROARKIN: So you're just --

9             MS. OBERT: We're prepared to speak  
10    about them. Yes, sir.

11            MR. CROARKIN: You are?

12            MS. OBERT: Yes, yes, absolutely. So  
13    now onto slide 15 and the reasons for the filing  
14    delay. In November 2015 our auditors, Whitley  
15    Penn, notified us that they determined not to  
16    stand for reappointment. A couple of things that  
17    I wanted to point to you regarding our Whitley  
18    Penn relationship: All of our opinions that they  
19    have issued have been unqualified opinions. There  
20    have been no adverse opinions or disclaimers. And  
21    further in 2015, we had no disagreements with  
22    Whitley Penn and no reportable events in our

1 filings. And Whitley Penn has not withdrawn any  
2 of its audit opinions.

3 So in December 2015 there were certain  
4 anonymous allegations made online that were later  
5 found to be from a person with a short interest in  
6 Dallas -- a hedge fund, Hayman Capital. And with  
7 these allegations our audit committee undertook an  
8 independent investigation, which Tim will speak to  
9 in a little bit. So the trust's ability to engage  
10 a new audit firm starting in November was delayed  
11 pending the substantial conclusion of the audit  
12 committee's independent investigation. Phil?

13 MR. MARSHALL: As Cara mentioned, after  
14 those anonymous allegations in December, the audit  
15 committee became committed to determine whether or  
16 not there was a problem with the company. So we  
17 worked with Barrett, our securities counsel, and  
18 looked at several ways to do it. We decided a  
19 special investigation was clearly the best way.  
20 We searched to find the best investigator that we  
21 could find and to that end we hired Tim McCormick  
22 who's here with us from Thompson & Knight. He's

1 done this before and we felt like he was the best  
2 for the job.

3 We gave the special investigator  
4 complete authority to design the scope of the  
5 investigation. He basically had a clean slate to  
6 do whatever he wanted to do. And the audit  
7 committee has worked with Mr. McCormick weekly and  
8 daily during the process. We have meetings and  
9 correspondence and that kind of thing just to  
10 monitor the situation. I think Tim can discuss  
11 the scope and the results of the investigation.

12 MR. McCORMICK: I am Tim McCormick and  
13 my firm has never represented UDF in the past. We  
14 are totally independent of that firm. We are not  
15 in a position here as an advocate, but I want to  
16 give you an overview of kind of what we did and  
17 how we did it and answer any questions, if you  
18 have any questions about that.

19 At the beginning of our retention, we  
20 went ahead and as Phil indicated we were given  
21 complete freedom to define the scope and what the  
22 investigation would look like. So the initial



1 beginning point was to look at the Hayman  
2 allegations and the anonymous allegations raised  
3 and the allegations raised in the Whitley Penn  
4 letter that I think that Stacey may have mentioned  
5 or Cara had mentioned. And then we built a  
6 framework around that with the identification of  
7 the issues that were flagged in the formal order  
8 of investigation by the SEC and we built a written  
9 scope document. And then I know the SEC staff  
10 very well, the ones that were involved in the  
11 investigation, and we went over there before we  
12 really had much other than getting the basics  
13 started. We met with the staff and laid out  
14 exactly what we planned to do and how we planned  
15 to do it, really basically told the staff that we  
16 wanted to do it right and we wanted to do it once  
17 and if there were issues that we were missing, to  
18 let us know about that. After a few days they  
19 called back and said no, we're comfortable with  
20 you going forward here.

21 So we went forward and the beginning  
22 point was we retained Price Waterhouse Coopers.

1 We had a staff of anywhere from four to six  
2 accountants at the company on a daily basis for  
3 the first month or so as we began our document  
4 review and the evaluation of the internal records  
5 of the company. We have gone through almost 2  
6 million emails, about 700,000 electronic documents  
7 on top of that. The SEC gave us access to the  
8 interviews and the exhibits with a few exceptions.  
9 We met with the SEC on an interim basis two  
10 different times.

11 Our search process produced  
12 approximately 35,000 relevant documents, which we  
13 then whittled down and we used during the  
14 interviews that we conducted of company  
15 individuals. We looked at all the due -- not all  
16 -- the due diligence files for the loan  
17 transaction and then we worked in great depth at a  
18 limited number, probably 25 to 30 percent of the  
19 loans, most of which were identified in the  
20 allegations raised by Hayman Capital, and went  
21 through that. We interviewed 16 individuals on  
22 multiple occasions for a total of 22 interviews as

1 part of our process. We were given access to  
2 Whitley Penn's work papers. The Price Waterhouse  
3 Coopers people evaluated the work papers. Part of  
4 what we were trying to do then was to determine  
5 whether or not there was information that was  
6 being withheld from the audit firm because we then  
7 cross-checked that with what we had seen in the  
8 internal records of the company. We concluded  
9 that the company was pretty transparent with the  
10 audit firm and we saw no indication of documents  
11 or information being withheld as part of the audit  
12 committee's process.

13 We also talked with the counsel for  
14 Whitley Penn and basically got the inside firm  
15 lawyers involved for Whitley Penn as to what its  
16 position was. And as I think Cara mentioned,  
17 Whitley Penn has not withdrawn its opinion and has  
18 not indicated any concerns about the prior  
19 opinions involved.

20 MS. YOUNG: Did they ever explain why  
21 they withdrew?

22 MR. McCORMICK: The information I

1 received is that Whitley Penn just got to a point  
2 where the risk profile of the company was higher  
3 than what they were comfortable with. And that's  
4 pretty much what we had heard from them.

5 MR. DONOHOE: Cara, do you want to  
6 explain for a second what the company's present  
7 relationship is with Whitley?

8 MS. OBERT: Sure, absolutely. After the  
9 independent investigation, Phil I believe reached  
10 out to Whitley Penn and said, you know, we welcome  
11 you to go see Tim's presentation. So we were  
12 actually in discussions with Whitley Penn after  
13 the conclusion of the independent investigation to  
14 see if they had interest in reengaging as our  
15 auditors. So we were in that process of those  
16 discussions when we hired EisnerAmper.

17 MR. CROARKIN: The SEC investigation  
18 started in April 2014, but it wasn't disclosed  
19 publically until when, November?

20 MS. OBERT: In December, I think in  
21 December 2015.

22 MR. CROARKIN: Why was the

1 decision-making process to not disclose that  
2 information?

3 MR. HOWELL: If I can address that. Up  
4 until the point at which the FBI conducted -- or  
5 we had the Hayman allegations -- the SEC  
6 investigation was not a disclosable event. All we  
7 were doing was responding to document requests.  
8 We were providing all the information that was  
9 being asked for and there was nothing that  
10 required disclosure. We had conversations with  
11 Whitley Penn's counsel and they agreed that there  
12 was not any disclosable event.

13 MR. CROARKIN: You did disclose it to  
14 your auditor?

15 MR. HOWELL: Absolutely.

16 MR. CROARKIN: And that was not one of  
17 the reasons for that?

18 MR. HOWELL: No.

19 MR. CROARKIN: Okay.

20 MR. McCORMICK: And so to kind of finish  
21 off our process here, we really concluded. The  
22 audit committee authorized us to go ahead and make

1       our presentation or meet with the SEC. We did  
2       meet with the SEC twice and made two fairly  
3       detailed presentations of what we had learned,  
4       what we had gathered, what our views were. And we  
5       also met with the AUSA, both after the FBI raid to  
6       make sure we are not going to interfere with its  
7       investigation. And then second we met with the  
8       AUSA when we finished along with the FBI and made  
9       a presentation to them.

10               MS. YOUNG: I'm sorry. I don't know  
11       what the AUSA is.

12               MR. McCORMICK: Assistant U.S. Attorney  
13       who is running the criminal investigation. I'm  
14       sorry.

15               MS. YOUNG: Obviously, I haven't had  
16       many dealings with them.

17               MR. McCORMICK: I wouldn't recommend it  
18       either. So I guess we mainly had made a fairly  
19       detailed presentation to both groups. And the  
20       investigation is open, which is not unusual in a  
21       case like that because they can do their own due  
22       diligence before they make a decision on what to

1 do.

2 MR. CROARKIN: Is this an appropriate  
3 time to ask is the FBI investigation part of the  
4 SEC investigation? Is it totally separate?

5 MR. McCORMICK: That's what's  
6 interesting because when I met with the DOJ  
7 lawyers, they were not aware that the  
8 investigation had been authorized and that we had  
9 undertaken an investigation on behalf of the audit  
10 committee. The SEC was well aware of that,  
11 though.

12 MR. HOWELL: And in the first  
13 conversation I had with the AUSA following the FBI  
14 raid, there was some surprise that there was an  
15 independent investigation underway at the time the  
16 raid was conducted. In fact, when the FBI agent  
17 showed up, Tim and his team were at the company's  
18 office in the middle of one of the final  
19 interviews for the internal investigation.

20 MR. CROARKIN: But the FBI  
21 investigation, is it 100 percent overlap with the  
22 SEC? Is it 50 percent overlap? Are they

1 coordinated?

2 MR. HOWELL: It's difficult to say. So  
3 the coordination I think will -- the SEC will  
4 provide information to DOJ. DOJ will not provide  
5 information to the SEC generally speaking. So the  
6 testimony transcripts I think will be provided to  
7 DOJ. I don't think the documents that were  
8 provided to the SEC -- the SEC will provide to the  
9 DOJ because they already have them as a result of  
10 the search warrant.

11 MR. CROARKIN: So the SEC did not ask  
12 the FBI to make that. That was an independent  
13 process?

14 MR. HOWELL: That's correct. This is my  
15 opinion, but I think had the AUSA known that there  
16 was an independent investigation underway, then  
17 that would have been a pretty significant  
18 component at least to consider when deciding  
19 whether to execute the search warrant.

20 MR. CROARKIN: I read your press release  
21 following -- I guess it was this June -- about  
22 substantially completed independent investigation.



1 And the wording on the Ponzi allegations that were  
2 made by Hayman was that the audit committee did  
3 not find any evidence of a -- I think the word was  
4 classic Ponzi scheme as defined by blah, blah,  
5 blah. That made me a little uncomfortable. Was  
6 this being excessively lawyered, very narrow? Did  
7 you find anything that was nonclassic Ponzi  
8 scheme?

9 MR. McCORMICK: Those words are mine, so  
10 you can blame me on that one. We went ahead and  
11 looked at former SEC issues. We looked at some of  
12 the Stanford Ponzi scheme issues and the Madoff  
13 case up in New York to kind of lay out the  
14 elements to see if we saw evidence to support any  
15 one of those elements. So that's what I defined  
16 as --

17 MS. YOUNG: Money was being raised today  
18 to pay back loans that have gone bad in the past,  
19 I presume.

20 MR. McCORMICK: Well, it's that, but  
21 there's no question that money was moving from IV,  
22 for example, when it paid down other loans, some

1 of which were in other UDF entities. So that was  
2 there. I mean there's no secret about that. It  
3 was disclosed by the company in its public  
4 filings. What we were trying to determine was  
5 whether or not there was any fraud involved in any  
6 of this, whether any of the investors were being  
7 misled. And we went through the disclosures with  
8 a high level of detail to make sure we understood  
9 exactly what was happening, what the company was  
10 saying it was doing, and did it match up with what  
11 it was doing.

12 MR. HOWELL: One of the things maybe to  
13 finalize the thought that you just mentioned there  
14 is we were not trying to shade the judgment here.  
15 One of the things we looked at was not just the  
16 Ponzi scheme issue, we looked into is there  
17 evidence of accounting fraud. Is there evidence  
18 of information that's being withheld from the  
19 audit firm? Is there evidence that information is  
20 being withheld from other advisors for the  
21 company? That's all part of the scope that we  
22 conducted.

1                   MR. CROARKIN: I looked at the 10K under  
2 related party relationships. There's a real  
3 spaghetti chart. I can't pretend to understand  
4 what it all means. Could you just give a little  
5 summary of people who are in UDF IV who are also  
6 in some of the other UDFs and maybe talk about  
7 some of the major related party agreements or  
8 relationships just to get comfortable that even if  
9 disclosures are there that governance is  
10 functioning well?

11                   MR. McCORMICK: Let me tell you what we  
12 look at with that because we looked at the  
13 internal processes and were they party  
14 transactions as part of our scope also. The  
15 transactions between IV and the other UDF  
16 entities, you have a potential built-in conflict.  
17 And all of those were evaluated and approved from  
18 a governance standpoint by the independent  
19 trustees of UDF IV. That was an issue we looked  
20 at. We then looked at some of the other  
21 transactions between, for example, when UDF IV  
22 would have participation -- they'd buy

1 participation in a loan that UDF III may have  
2 generated. What we learned as part of our  
3 investigation is that when UDF IV had idle cash  
4 that they could put to work and they had an  
5 opportunity to do that, that's what the company  
6 was doing with their money. Typically speaking  
7 there was an outside independent opinion on the  
8 fairness of the terms of the transactions for each  
9 of the related party transaction participation  
10 documents. This was focusing on the basic terms  
11 of the transaction, but I think that opinion also  
12 went to the independent trustees as part of the  
13 process.

14 Some of the allegations included some  
15 other related party transactions, such as the  
16 relationship between Mr. Greenlaw and one of the  
17 major borrowers -- the overlap of ownership of an  
18 airplane. All these issues we did look at as part  
19 of our investigation.

20 MR. CROARKIN: Stacey, I think you're --  
21 you have multiple positions in different UDF  
22 organizations? Am I correct in that?

1 MS. DWYER: No, sir. I am at UDF IV  
2 only.

3 MR. CROARKIN: Only, okay. All right.  
4 Thank you. Sorry. This is a good page to sort of  
5 ask a few questions. I'm sure I totally disrupted  
6 your flow here. I apologize for that.

7 MS. YOUNG: But the investigations are  
8 still ongoing?

9 MR. McCORMICK: Well, we use the term  
10 substantially complete just as a matter of routine  
11 because when a new audit firm steps in or whether  
12 the existing audit firm comes back to work,  
13 typically they will ask us to look at something  
14 else and it's no more complicated than just that.  
15 It's just to reserve the right for the audit firm  
16 to know they can contact us if they need to.

17 MS. YOUNG: But the DOJ and FBI  
18 investigations are still going on?

19 MR. McCORMICK: They are.

20 MS. YOUNG: Well, that's interesting.

21 MR. HOWELL: The point I think we should  
22 add, too, on the status of the investigations is

1 after the FBI executed the search warrant, we  
2 immediately began corresponding with the AUSA.  
3 And one of the priorities was to make sure that we  
4 could get documents back as quickly as possible  
5 that would be necessary for the audit. We have  
6 now received all the documents we need for UDF IV  
7 from the FBI. So they're working with us to get  
8 us documents. It will be a slow process, but at  
9 least we're at a point where we can say we have  
10 UDF IV audit documents.

11 MR. CROARKIN: On a different topic the  
12 balance sheet shows a lot of cash and a lot of  
13 assets, but one of your loans had to be  
14 renegotiated. Can you help me understand the cash  
15 situation and are there any solvency concerns?

16 MS. DWYER: Can we just slip to slide  
17 20?

18 MS. OBERT: Yes.

19 MS. DWYER: One of the things we have  
20 been working to do is deleverage the balance  
21 sheet. As of 9/30, which is the far right-hand  
22 column, we had total debt of about \$171 million.

1 As of 6/30, we were just under \$70 million, so  
2 we've repaid \$100 million of debt. We're down  
3 slightly more to 7/6 to about \$68 million. We had  
4 cash balances at the end of the June quarter of  
5 about \$10.3 million. Currently we have just at \$8  
6 million.

7 Waterfall is the loan that we had  
8 entered into a forbearance agreement on, that we  
9 had filed an 8K about. We modified that loan in  
10 February 2016, pre-FBI, and the scheduled payments  
11 on those through today were \$25 million. The  
12 forbearance agreement supersedes that. The  
13 payments that we've made under the forbearance  
14 agreement actually now exceed the scheduled  
15 payments, so we've repaid Waterfall \$25.6 million.  
16 So in total our debt has been reduced by 60  
17 percent since September 30, and our portfolio  
18 continues to generate liquidity. One of the  
19 things Cara will touch on is we plan to deleverage  
20 further.

21 MR. CROARKIN: So no concerns around  
22 liquidity?

1 MS. DWYER: [Shakes head no.]

2 MR. HOWELL: Just to make it clear for  
3 the record, that was a no.

4 MS. OBERT: So are we on 17?

5 MR. DONOHOE: We skipped 18.

6 MR. CROARKIN: I apologize again.

7 MS. OBERT: I think we're on 18, so  
8 basically our plan for becoming compliant: The  
9 audit committee's investigation was substantially  
10 completed in May 2016 and upon that completion as  
11 soon as possible we were focused on engaging  
12 auditors. We began having discussions with  
13 different accounting firms and going through their  
14 client acceptance process, at which time we  
15 engaged EisnerAmper on June 8. EisnerAmper has  
16 already reviewed Whitley Penn's work papers and we  
17 worked with them. They are confident as well as  
18 we are that we'll be in a position to file and  
19 become compliant by September 12, 2016, and that  
20 would be with the 10K and the Q1 and Q2.

21 Our anticipated timeline on slide 19,  
22 we're currently in the process, as Stacey



1 mentioned, of deleveraging and we will complete  
2 the audits and the 10Qs. The Q4 and forward basis  
3 we'll obviously be filing on a timely basis. With  
4 the completion of the deleveraging, we'll resume  
5 our loan origination activity. And our  
6 expectations for 2017 are to resume our  
7 shareholder distributions and reengage our banks.

8 MS. YOUNG: Is that so you can  
9 releverage?

10 MS. OBERT: Yes.

11 MR. DONOHOE: So I think in sum we're  
12 asking for exception through September 12. We did  
13 note that in the staff's hearing memo that they  
14 suggested that if the Panel were to go ahead that  
15 you keep the trading volume plays. We have no  
16 objection to keeping the trading volume plays.  
17 We're just over 60 days away from being current in  
18 filing. The investigation is essentially  
19 complete. The company is cooperating with the  
20 government investigations and has been from the  
21 outset.

22 MS. HORTON: Perhaps we should have

1 staff make its presentation now and then we can  
2 follow up with questions?

3 MR. ROWLAND: Thank you, Amy. As always  
4 we welcome the opportunity to come to the D.C.  
5 offices where the humidity reaches 90 percent most  
6 of the time.

7 MS. HORTON: In the summer it's not  
8 working.

9 MR. ROWLAND: Exactly. While we can  
10 appreciate the efforts undertaken by the company  
11 to hire new auditors, complete the independent  
12 investigation, and get their financial statements  
13 filed, nothing the company has presented here  
14 today changes our position.

15 There are two separate yet intertwined  
16 matters that the Panel must consider in this case.  
17 The first matter is the company's delinquent  
18 financial statements. The resolution of this  
19 issue is usually pretty straightforward. The  
20 company will be given some amount of time to make  
21 their filings -- either they make them or they  
22 don't. If they make the filings, staff reviews

1 it, case closed. If they don't make the filings,  
2 the company is delisted. It is a very simple  
3 process with regard to the financial statements.

4 However, the second matter in this issue  
5 is much more complicated and much less  
6 straightforward. The second matter in this case  
7 is the trading halt. The trading halt complicates  
8 the issue for both NASDAQ and for the company. As  
9 discussed in our submission to the Panel, in  
10 mid-February the FBI executed a search warrant and  
11 seized certain of the company's property,  
12 including its computers, phones, and a large  
13 number of documents and files pertaining to their  
14 business. Based on the news story pertaining to  
15 the FBI's raid, NASDAQ halted trading in the  
16 company stock and that trade halt remains in place  
17 today.

18 I think we can all agree that an FBI  
19 raid on your office is a pretty serious matter,  
20 and it places a dark cloud over your company's  
21 operations for quite some time. It's pretty rare  
22 for NASDAQ companies to be raided by the FBI.

1 Now, the company's hearing submission and what  
2 we've seen today seems to imply that the FBI raid  
3 was based solely on the anonymous blog postings  
4 and Hayman Capital website and report. Now, maybe  
5 I'm a little bit naove, but I have to believe that  
6 the FBI had more substantial evidence than just a  
7 short seller's website and some anonymous blog  
8 postings to approach a judge and ask that judge to  
9 issue a search warrant. If that were the case,  
10 the FBI would be raiding NASDAQ-listed companies  
11 on a daily basis and we'd be dealing with these on  
12 an almost daily basis, following internet postings  
13 and anonymous websites.

14 It seems reasonable to speculate that  
15 the FBI relied on much more substantial evidence  
16 in its affidavit showing probable cause to search  
17 the company's office and seize the company's  
18 property. But to be fair, we do not know exactly  
19 what information the FBI is relying on and that is  
20 part of the problem. We also know that the SEC is  
21 investigating the company, having collected  
22 hundreds of thousands of pages of documents and

1 taken testimony from several company employees.  
2 Again, this is also a very serious matter for us.

3 Both investigations raise serious  
4 concerns for us. And our review of the company is  
5 hampered by our inability to get more clarity  
6 regarding the investigations from either the FBI  
7 or the SEC, and therein lies the crux of the  
8 problem for the company and for NASDAQ. Neither  
9 has confirmed with any certainty what the FBI is  
10 looking for, nor what the ultimate outcome of the  
11 investigation will be or when or if charges will  
12 be filed against the company's officers or  
13 directors. And the exact same things can be said  
14 for the SEC's investigation as well. These  
15 uncertainties are what make it difficult to rely  
16 on the results of the company's independent  
17 investigation, and it is these uncertainties that  
18 make it problematic for us to allow the company to  
19 remain listed on NASDAQ or even resume trading on  
20 NASDAQ.

21 Unlike the filing delinquency issue,  
22 there is no straightforward resolution to this

1 problem. To the best of our knowledge, there's no  
2 material disclosure that the company can make that  
3 will alleviate our concerns and mitigate the risk  
4 to investors. The primary problem with resuming  
5 trading in the company stock is that it gives the  
6 appearance to investors that we have fully vetted  
7 the FBI's and SEC's investigations into the  
8 company and determined that it is safe to resume  
9 trading. I see that as far from the truth. As I  
10 mentioned previously, we have no insight into  
11 either the investigation's genesis or its outcome.

12 The worst-case scenario for NASDAQ is  
13 that we resume trading in the company stock and  
14 then shortly thereafter charges are filed by the  
15 FBI or the SEC against the company's officers  
16 and/or directors. If you look at an alternative  
17 scenario, maybe we could leave the company in a  
18 trading halt until the FBI and SEC reach a final  
19 resolution. These investigations may take six  
20 weeks. They may take eight months. They may take  
21 two years. Nobody knows when they'll be resolved.  
22 This scenario is also unworkable. While it

1 eliminates the risk to NASDAQ, we are not designed  
2 to be a marketplace for listings that do not trade  
3 over the long term and that solution eliminates  
4 liquidities for current investors in the company.

5           Given all the unknowns surrounding the  
6 investigations when viewed in conjunction with the  
7 filing delinquencies, delisting appears to be the  
8 best solution. A delisting eliminates risk to  
9 NASDAQ and provides access to trading for the  
10 company's investors and allows the company time to  
11 resolve the investigations with the FBI and the  
12 SEC. Should it reach favorable resolutions across  
13 the board, the company would be able to reapply  
14 for listing on NASDAQ at that time as there is no  
15 bar or restriction placed on reapplying.

16           As such, staff continues to believe that  
17 delisting is the appropriate outcome and  
18 respectfully asks the Panel to affirm our  
19 determination.

20           MS. HORTON: If the Panel has questions  
21 or if we want to allow the company -- I mean  
22 certainly the company can respond to that.

1                   MR. HOWELL: I would like to respond to  
2                   that, if it's okay. I understand what Alan's  
3                   saying about it looks like it's a serious  
4                   investigation because you had FBI agents show up  
5                   and take documents out of your office. But if  
6                   what we're saying is the fact that there is  
7                   uncertainty as to what is going to be the outcome  
8                   of the investigation, I don't think that is  
9                   justification for delisting the company. We have  
10                  asked at every turn and offered to both agencies  
11                  to provide any information that would help them  
12                  understand the company or to help us understand  
13                  what it is they're looking at. What we have found  
14                  as company counsel -- and I think what Tim's  
15                  investigation has corroborated -- is we might not  
16                  know what the government is looking at, but we can  
17                  eliminate certain elements and certain of the  
18                  fraud elements I think have clearly been  
19                  eliminated. So the fact that the government's not  
20                  willing to share with us what it is that they  
21                  think is the issue should not be the basis for  
22                  delisting the company.



1 MR. DONOHOE: I would like to add, too,  
2 that that would be a devastating precedent to set,  
3 that the mere existence of an SEC or DOJ  
4 investigation can support a delisting action.  
5 There are hundreds, if not thousands, of NASDAQ  
6 companies that have been subject to these  
7 investigations. Just a few years ago you had a  
8 number of the best and brightest companies on  
9 NASDAQ have problems with stock options backdated.  
10 Nearly all of those companies had SEC  
11 investigations and many of them, particularly the  
12 bigger ones, had DOJ investigations as well.

13 The standard at NASDAQ has never been  
14 the mere existence to support a delisting and  
15 there are many companies that have had charges  
16 filed against officers and directors. What's  
17 important is what does the company do to address a  
18 situation like this. In this case the company  
19 operated appropriately. They set up a special  
20 committee. They did their own investigation. We  
21 now have the benefit of having that special  
22 committee investigation being substantially

1 completed at this point. It was completed to the  
2 point that EisnerAmper, after sitting down with  
3 Tim and his team, was willing to take on the  
4 engagement. There were a number of other auditors  
5 that were in discussions about taking on the  
6 engagement at the same time, but the company chose  
7 EisnerAmper first and it included Whitley Penn as  
8 one of those companies. After all they've been  
9 through they were still back talking to the  
10 company about coming back on. Now, they hadn't  
11 gotten far enough in the process where they had  
12 said we will be reengaged, but that's because  
13 EisnerAmper stepped in front of them and took the  
14 engagement.

15 But to set a precedent like that would  
16 be really devastating, particularly when we sit  
17 here today and we're about 65 days or so from  
18 having current financials for all to see. I mean  
19 even had Whitley Penn stayed on -- when the  
20 company launched their own independent  
21 investigation, Whitley Penn like any other auditor  
22 would have had to put pencils down and they would

1 have had to wait until the investigation was done  
2 before they could resume their audit. That's why  
3 NASDAQ has this automatic 180 day period -- it's  
4 not automatic. You can go to the staff and you  
5 can get the 180 days. We're going to file within  
6 that period. The company's going to file within  
7 September. And NASDAQ has understood that in some  
8 situations where you have investigations like  
9 this, including SEC investigations, it can take  
10 you up to 360 days to get current and many  
11 companies do take the full 360 days to get there.  
12 So here we've got a company that had the  
13 independent investigation, been through it, just  
14 shared the results of that with you. We've got  
15 some unknowns with the SEC and the DOJ, but that  
16 happens all the time and there's nothing that we  
17 can do about that. An unknown like that should  
18 not form the basis for a delisting.

19 MS. HORTON: Anything further from  
20 staff?

21 MR. ROWLAND: No.

22 MS. HORTON: Did you want to respond? I

1 know Dave mentioned -- and I don't want to open a  
2 can of worms here because I know the history and  
3 you know the history so we don't need to -- but  
4 your implication that there are dozens, if not  
5 hundreds of companies on NASDAQ that may have a  
6 similar experience and your statement that an FBI  
7 search warrant event is unique, can you address  
8 that?

9 MR. ROWLAND: Sure. I would say that we  
10 come across very rarely companies that actually  
11 have search warrants executed by the FBI. I  
12 understand what Dave's saying. He's saying that  
13 the DOJ looks at certain companies and they may  
14 look at FCPA violations, things like that. But  
15 the fact that a company is raided by the FBI is a  
16 rare occurrence.

17 However, I guess one point I would make  
18 is the basis for a delisting isn't the existence  
19 of the investigations. The basis for delisting is  
20 the fact that the company is delinquent. What we  
21 are using the investigations for are factors to  
22 consider for not allowing them additional time to

1 reach -- they're already filing delinquent. I  
2 mean that's not the issue. That's a delistable  
3 offense. These are factors you should consider  
4 when not granting the company additional time.  
5 They're not the basis for the delisting. That  
6 would be our one point. But it's true; I mean  
7 it's rare we come across companies that are raided  
8 by the FBI.

9 MR. CROARKIN: Will there be any  
10 restatements of any prior reported results as a  
11 result of any of the audit committee findings?

12 MR. McCORMICK: No. From our standpoint  
13 we do not see -- now in fairness we did not do a  
14 complete audit of the company, so we can't address  
15 those issues. But we were looking for issues of  
16 your classic accounting fraud problems. In other  
17 words, are people managing earnings the wrong way?  
18 Are they doing all kinds of things -- and we just  
19 didn't see evidence to back that up. When we  
20 looked at the Whitley Penn work papers, Whitley  
21 Penn was actively involved with the company in all  
22 of the accounting judgments that were being made

1 as part of its process. In fact, from what we saw  
2 at the end of September, the third quarter of  
3 2015, Whitley Penn had implemented some enhanced  
4 procedures and done a really thorough quarterly  
5 review, which we thought suggests that they were  
6 looking at these issues and came to a conclusion  
7 that the company's accounting and Whitley Penn's  
8 agreement with that was sound.

9 MS. PETTY: And notably Whitley Penn did  
10 not withdraw any of their prior audit opinions.

11 MS. YOUNG: Stacey, the reason you've  
12 gone into this massive deleveraging is simply  
13 because you're not allowed to make new mortgages?  
14 What's the justification -- what was the thinking  
15 behind the deleveraging?

16 MS. DWYER: Well, with Waterfall it was  
17 a very specific forbearance agreement. With  
18 several of our other banks, they have also  
19 notified us that we were in default under their  
20 loan terms. And so we have been working with them  
21 to repay their notes.

22 MS. YOUNG: So the default -- the

1       deleveraging is a byproduct of the investigations,  
2       which put you in default with lots of the lenders.

3               MS. DWYER: Yes.

4               MR. CROARKIN: So the defaults happened  
5       with like I guess with Waterfall because you  
6       couldn't refinance?

7               MS. DWYER: That's correct.

8               MS. YOUNG: It's definitionally an EOD  
9       and if they can't get a bid to take them out,  
10      they're, you know -- it must have been an  
11      interesting time.

12              MS. HORTON: Can you give us also a  
13      little insight in terms of trading halts? The  
14      authority to impose a trading halt belongs to  
15      NASDAQ?

16              MR. ROWLAND: That's correct.

17              MS. HORTON: A decision to lift a  
18      trading halt belongs to NASDAQ?

19              MR. ROWLAND: That's correct, yes.

20              MS. HORTON: And can you give us a lay  
21      of the land in terms of long-term trading halts on  
22      NASDAQ in the last couple of years? What's your

1 policy view on that? What is your practice and  
2 precedent in terms of long and short --

3 MR. ROWLAND: Sure. I mean I'm saying  
4 we don't prefer to put companies in long-term  
5 halts. The company is currently in four and a  
6 half months. That's outside the norm for us. I  
7 mean most trade halts on NASDAQ are very short in  
8 nature, I mean from a few minutes to a few hours  
9 to a few days. That would be more normal. A  
10 long-term trading halt for us -- anything that  
11 exceeds a couple of weeks, would be a long-term  
12 trading halt and those are very rare. I mean we  
13 have maybe I think two currently, two current  
14 trading halts that are longer than a week.

15 MS. HORTON: And what in your mind would  
16 justify a lifting of the trading halt in this  
17 case?

18 MR. ROWLAND: That's where the problem  
19 lies. I guess it would have to be something that  
20 would inform investors enough about the  
21 investigations -- I guess one piece of it would be  
22 -- filing the financial statements would be an



1 important piece of it obviously. That would give  
2 prospective investors and any current investors  
3 up-to- date financial information. That's very  
4 important obviously, so that's one piece of it.

5 The other piece would be, at least in  
6 our mind, you need some kind of information  
7 regarding the SEC and FBI investigations, whatever  
8 that may be, that gives investors enough  
9 information to make informed investment decisions.  
10 In realty I guess our responsibility is to the  
11 next guy purchasing the stock first. So the  
12 person who's going to buy -- when it resumes  
13 trading, the next person to buy the stock is our  
14 primary responsibility. So they need to have  
15 enough information to make an informed decision  
16 whether to buy this stock or not.

17 So it would need to be the financial  
18 information as well as anything that they could  
19 about the FBI and SEC investigations.

20 MS. YOUNG: How closely held is the  
21 stock?

22 MR. HOWELL: It's basically broadly

1 held.

2 MS. YOUNG: It is broadly held.

3 MR. HOWELL: Only retail investors and I  
4 think in our presentation we mentioned 17,000.

5 MR. DONOHOE: 17,000.

6 MS. YOUNG: 17,000, okay. So there are  
7 people out there who are kind of stuck holding it  
8 while all this goes on?

9 MR. ROWLAND: That's correct, yes.  
10 There's no liquidity for investors holding this  
11 stock.

12 MR. DONOHOE: Well, we agree with the  
13 staff.

14 MS. YOUNG: No, I understand.

15 MR. DONOHOE: We don't want investors to  
16 trade until they've seen the financial  
17 information. We're now at 60 something days away  
18 from that and if the stock is delisted, they would  
19 convert the trading halt to a suspension. It  
20 would start trading over the counter. It would  
21 start trading in the gray market because it  
22 wouldn't be eligible because of the trading halt

1 that it's just been in to have market makers start  
2 trading it. So they wouldn't even be posted, bid,  
3 and asked. There would be a free-for-all with no  
4 offers or bids up.

5 So we think that's obviously a bad  
6 result. Certainly the company wouldn't have any  
7 problem when they've filed and that information  
8 has been disseminated. You're putting out a  
9 release stating that this does not mean that the  
10 SEC and DOJ investigations have concluded and  
11 people can see that and they can take it for what  
12 it's worth. But again, to say that if we're  
13 current filing and the information is out there  
14 that the mere existence of these investigations  
15 supports delisting and not resuming, I think  
16 that's difficult. I think NASDAQ would have a  
17 hard time policing companies that way.

18 MS. HORTON: Thank you.

19 MR. DONOHOE: Can I ask Barrett to make  
20 one comment?

21 MR. HOWELL: Sure.

22 MR. DONOHOE: Because obviously you

1 represent companies for a living not before the  
2 SEC and FBI investigations. What has your  
3 experience been with companies facing  
4 investigations as far as the outcome?

5 MR. HOWELL: I'd be happy to. My  
6 experience has been -- and I think this is  
7 reflective of the statistics overall -- that the  
8 majority of SEC investigations wind up not going  
9 to enforcement. So they open an investigation.  
10 They conduct their fact-finding part of it, which  
11 can take up to two to three years. The majority  
12 of them at that point are closed. There are  
13 obviously some that go to enforcement, but I think  
14 that is the minority. And in my experience that's  
15 been an extreme minority.

16 MR. DONOHOE: And is there always a  
17 closing letter?

18 MR. HOWELL: Again in my experience,  
19 I've always received a closing letter from the  
20 SEC.

21 MS. YOUNG: So one other question just  
22 to get staff's view. I'm not clear from what you

1 said whether -- say the company filed tomorrow.

2 Would the trading halt be lifted?

3 MR. ROWLAND: Well, after some period of  
4 review, we'd have to consider it based on whatever  
5 disclosures were made with regard to the  
6 investigations.

7 MS. YOUNG: It's not automatic?

8 MR. ROWLAND: No, it's not automatic as  
9 soon as you file.

10 MS. YOUNG: At some point would be  
11 enough necessarily --

12 MR. ROWLAND: Right. We would  
13 definitely consider it. I mean we would look at  
14 the disclosures in full based on the filings and  
15 make a determination at that point.

16 MS. HORTON: Anything further? Okay,  
17 thank you. We appreciate your time and  
18 information, and we'll be in touch.

19 (Whereupon, at 1:27 p.m., the  
20 HEARING was adjourned.)

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CERTIFICATE OF NOTARY PUBLIC  
DISTRICT OF COLUMBIA

I, Carleton J. Anderson, III, notary public in and for the District of Columbia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

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Notary Public, in and for the District of Columbia  
My Commission Expires: March 31, 2017



September 12th

*Capital Solutions for Homebuilders and Developers*



Presentation to the Nasdaq Hearings Panel

July 7, 2016

## Attendees

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- **Hollis M. Greenlaw**, Chairman of the Board of Trustees and Chief Executive Officer, UDF IV
- **Phillip K. Marshall**, Chairman of the Audit Committee of the Board of Directors, UDF IV
- **Timothy R. McCormick, Esq.**, Thompson & Knight LLP, Counsel to the Audit Committee
- **Stacey H. Dwyer**, Chief Operating Officer, UDF IV
- **Cara D. Obert**, Chief Financial Officer and Treasurer, UDF IV
- **Barrett R. Howell, Esq.**, K&L Gates LLP, Counsel to the Company
- **David A. Donohoe, Jr.**, President, Donohoe Advisory Associates LLC, Advisor to the Company
- **Katherine Roberson Petty**, Senior Vice President, Donohoe Advisory Associates LLC, Advisor to the Company



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## UDF IV Overview

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## Company Overview

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### Who We Are

- Non-bank lender
- Provide capital solutions to homebuilders and developers
- Specialize in financing land development, finished lot and homebuilding transactions
- Fill the financing void created by the exit of traditional banks

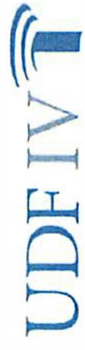
### How We Do It

- Seasoned management team
- Proprietary underwriting model
- Manageable loan amounts
- Real time monitoring of housing market and submarket fundamentals

### Where We Focus

- Largest homebuilding markets in the country
- Markets with affordable housing and stable home prices, strong demand fundamentals, balanced supply and strong economies
- Primarily in Texas
- Additional operations in Florida, North Carolina, South Carolina

# Business Model



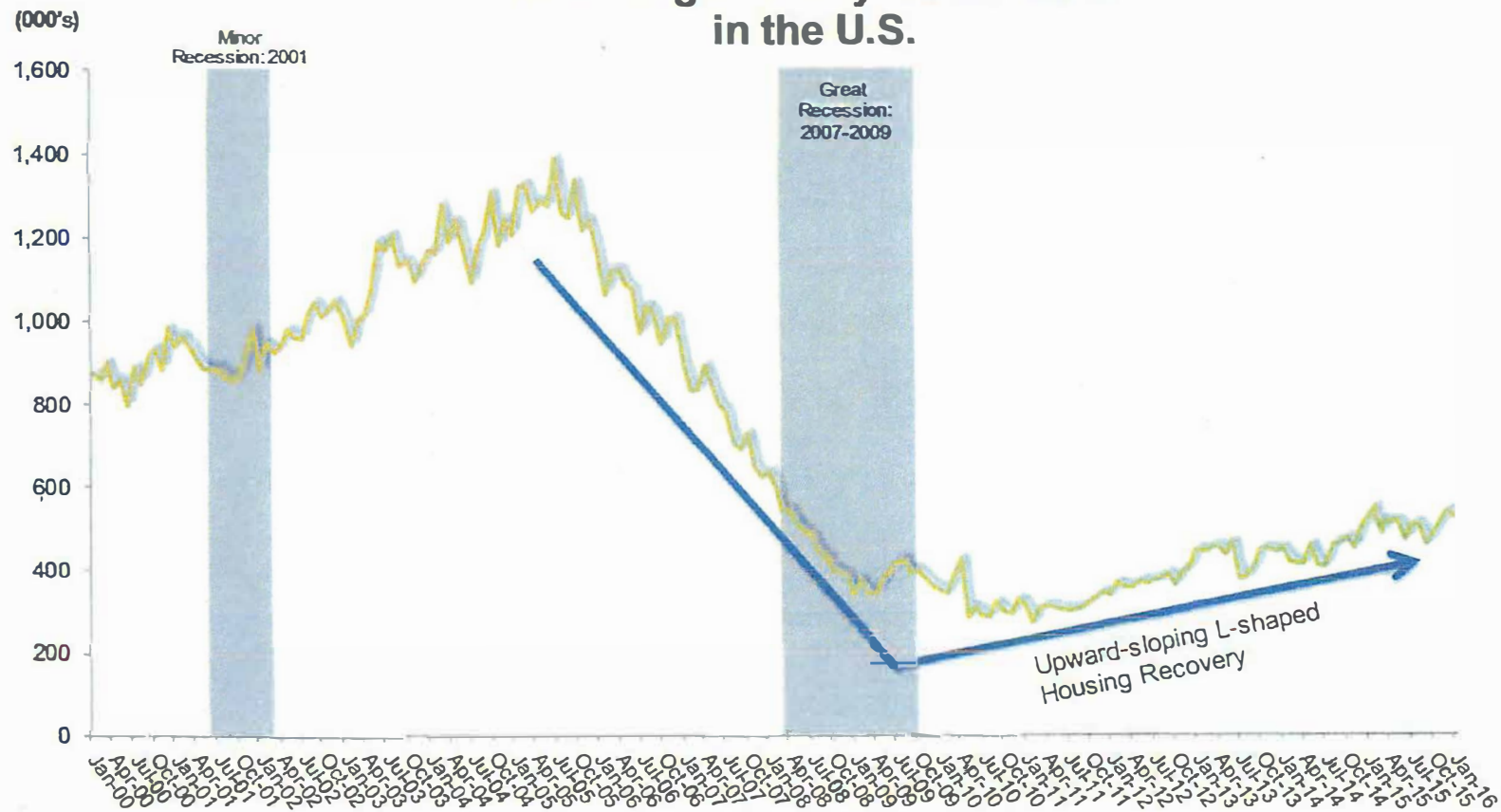
# Underwriting Funnel

Since inception, UDF IV has focused its lending in markets and submarkets that display solid homebuilding and demand fundamentals that meet defined underwriting criteria



# Upward Sloping "L" Shaped Recovery

## New Single Family Home Sales in the U.S.

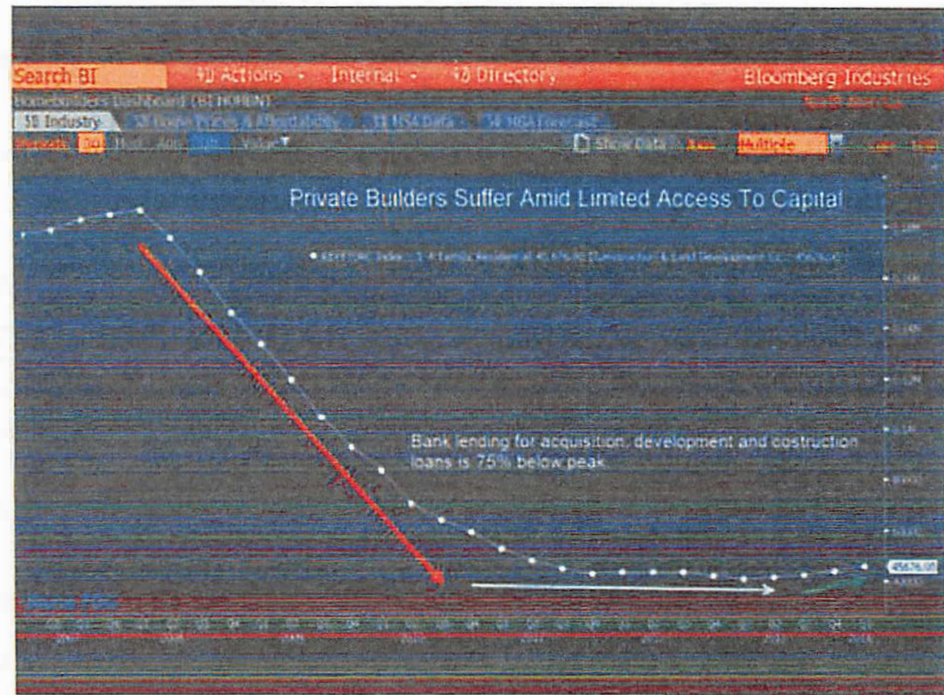


Source: U.S. Census Bureau, March 2016

# Private Builders Suffer Amid Limited Access to Capital

Analyst: Drew Reading  
Jun 17, 2014

Local and regional banks are a primary source of funding for small private homebuilders. Because of the housing collapse, banks have been reluctant to issue construction loans to builders during the last several years. The inability of builders to secure financing has been a significant impediment to growth and has forced some to sell out to larger, well-financed builders. Lending has improved somewhat recently and typically heats up through the cycle.



Source: Bloomberg

Homebuilders Team  
Bloomberg Industries

# The Tightest Home Supplies

## The Dallas Morning News

### Housing shortage puts the pinch on Dallas-area homebuyers

By STEVE BROWN, Real Estate Editor  
Published: 09 April 2015 (Updated: 10 April 2015)

In some Dallas neighborhoods, buying a house is as frenzied as shopping the day after Thanksgiving. To get a deal, you often have to be in line when the doors open. That's what Jake and Jessica Simpson found this spring when they were house-hunting.

"A house we were interested in would go on the market at 7:30 in the morning and by noon it's under contract," Jessica Simpson said. "We had trouble getting in to view a house before we could even put an offer." "At one house, we made an appointment for 1:30 in the afternoon and they already had 40 offers on the table when we got there." The number of preowned homes for sale in the Dallas area this spring is at a more-than-20-year low. And supplies of new houses on the market are a fourth of what they were before the recession.

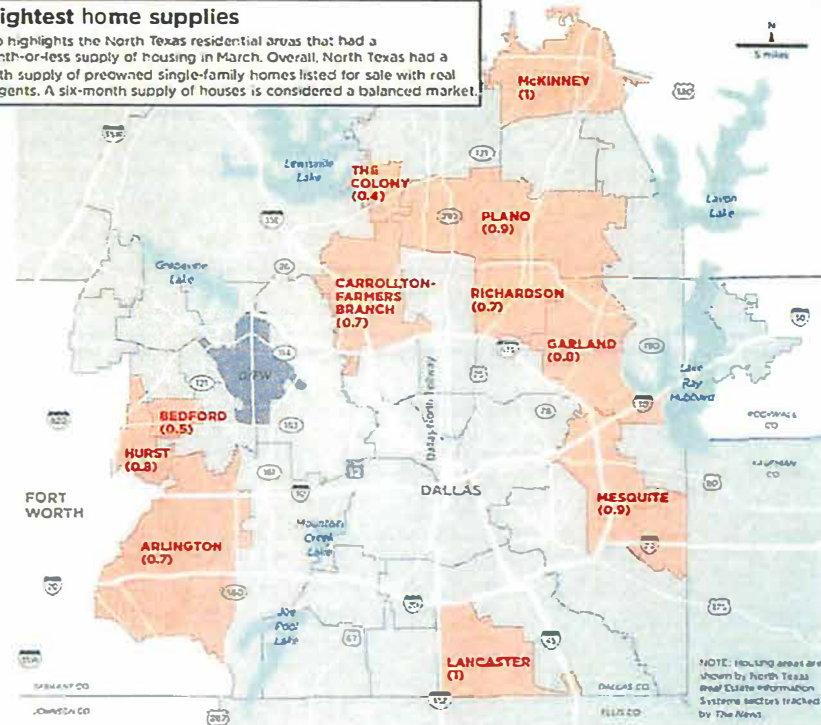
In many Dallas-area neighborhoods, there is less than a two-month supply of houses available to purchase. A normal "balanced" market is considered to be about six months of inventory.

With thousands of people coming to North Texas to take jobs for major companies including Toyota, State Farm and Liberty Mutual Insurance, getting here won't be as difficult as finding someplace to live when they arrive. ...

Source: Dallas Morning News, 4/10/2015

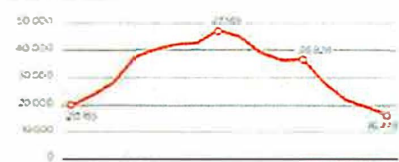
#### The tightest home supplies

The map highlights the North Texas residential areas that had a one-month-or-less supply of housing in March. Overall, North Texas had a 2.7-month supply of preowned single-family homes listed for sale with real estate agents. A six-month supply of houses is considered a balanced market.



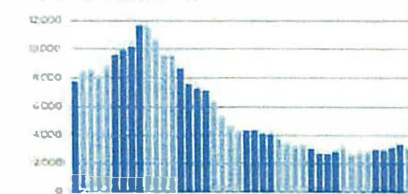
#### Preowned home inventory

This shows the number of preowned single-family houses listed for sale in North Texas with real estate agents in March of each year. The last time we had a yearly increase in supply was 2011.



#### New home supply

This shows the number of finished, vacant new homes in North Texas at the end of each quarter.



UDF IV's Real Estate Center at Texas A&M University has compiled this data using data from the Dallas Morning News research. From Sitzer/UDF IV AHSI

# Target Markets



**UDF IV Target Markets Are Among the Most Active in the U.S.**  
Based on Single-Family Permits

CBSA	2015		2014		2013	
	Units	Rank	Units	Rank	Units	Rank
Houston	36,662	1	38,315	1	34,542	1
Dallas-Fort Worth	28,363	2	22,550	2	21,224	2
Atlanta	19,885	3	16,984	3	14,824	3
Phoenix	16,940	4	11,557	6	12,959	5
Washington D.C.	12,418	5	12,411	4	13,274	4
Orlando	12,328	6	9,806	9	9,222	7
Charlotte	11,742	7	11,306	8	8,792	9
Austin	11,574	8	11,515	7	8,941	8
Nashville	10,813	9	9,075	10	7,020	17
New York	10,749	10	11,799	5	10,139	6
Denver	9,288	11	8,064	13	6,965	18
Tampa	9,046	12	7,267	16	7,314	13
Raleigh	8,681	13	7,680	15	8,034	11
Seattle	8,587	14	8,665	11	8,773	10
Los Angeles	8,458	15	8,300	12	7,509	12
Las Vegas	7,798	16	6,809	18	7,067	16
Chicago	7,577	17	7,723	14	7,261	14
Jacksonville	7,242	18	6,299	21	6,281	22
Riverside	7,222	19	7,222	17	6,472	19
Portland	7,128	20	5,462	25	5,717	25
Miami	7,102	21	5,791	24	6,369	20
San Antonio	6,446	24	6,220	22	5,827	24

Source: U.S. Census Bureau



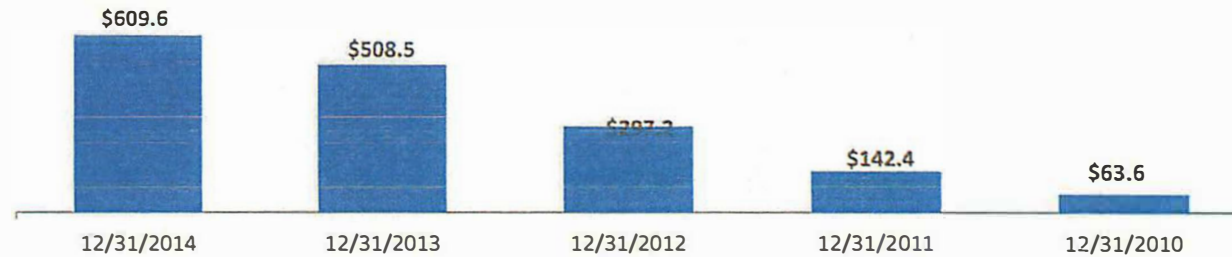
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**Financial Data**

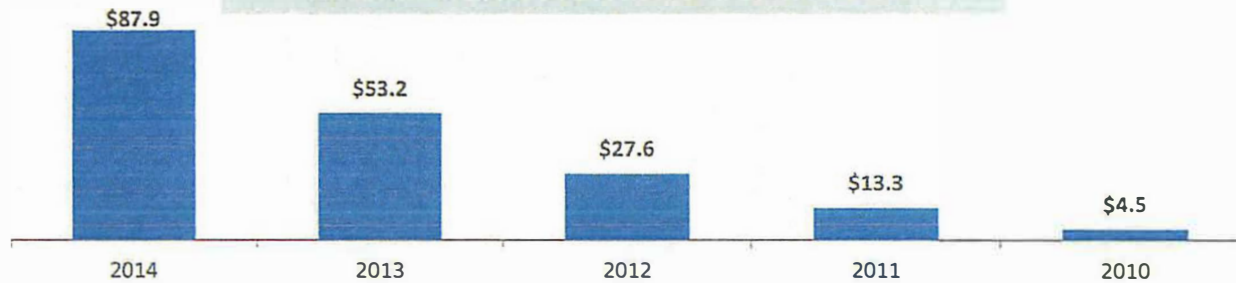
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# Historical Performance

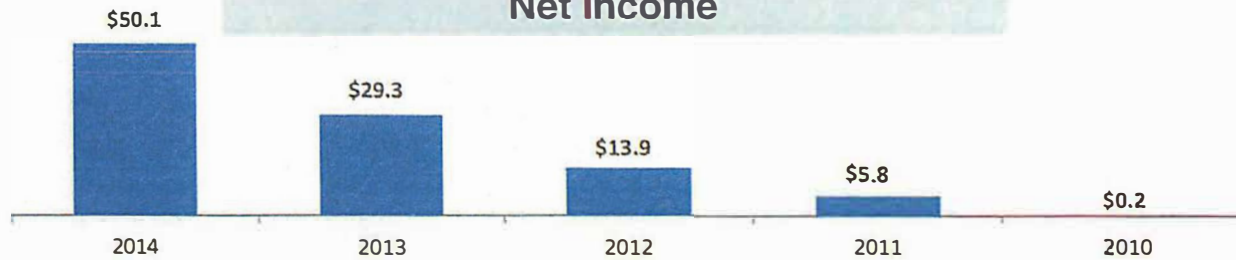
## Net Investments



## Interest and Non-Interest Income



## Net Income



(\$ in Millions)  
Source: UDF IV 2014 10-K

# UDF IV Balance Sheet



	<u>9/30/2015</u>	<u>12/31/2014</u>	<u>9/30/2014</u>
<b>Assets</b>			
Cash	\$ 18,979,309	\$ 30,481,912	\$ 12,016,005
Restricted Cash	8,762,368	7,048,976	8,153,116
Interest and other receivables	36,025,595	21,442,843	24,403,636
Net investments <sup>1</sup>	618,077,387	609,591,632	593,394,912
Lot inventory	-	10,621,316	13,590,316
Other assets	2,214,647	2,966,105	3,004,896
Total assets	<u>\$ 684,059,306</u>	<u>\$ 682,152,784</u>	<u>\$ 654,562,881</u>
<b>Liabilities and Shareholders' Equity</b>			
Accrued liabilities	\$ 2,994,542	\$ 6,746,889	\$ 8,355,739
Distribution payable	-	1,224,956	-
Lines of credit/notes payable	170,906,488	170,238,340	142,348,486
Total liabilities	<u>173,901,030</u>	<u>178,210,185</u>	<u>150,704,225</u>
Shareholders' equity	510,158,276	503,942,599	503,858,656
Total liabilities and shareholders' equity	<u>\$ 684,059,306</u>	<u>\$ 682,152,784</u>	<u>\$ 654,562,881</u>
Gross debt to total capitalization <sup>2</sup>	<u>25.1%</u>	<u>25.3%</u>	<u>22.0%</u>
Net debt to total capitalization <sup>3</sup>	<u>22.9%</u>	<u>21.7%</u>	<u>20.6%</u>

<sup>1</sup> Total of net loan participations and notes receivable, including related parties

<sup>2</sup> Calculated as lines of credit/notes payable divided by lines of credit/notes payable and shareholders' equity

<sup>3</sup> Calculated as lines of credit/notes payable net of cash divided by lines of credit/notes payable net of cash and shareholders' equity

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## Nasdaq Compliance Plan

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## Reasons for Filing Delay

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- In late November 2015, the Trust's former auditor, Whitley Penn LLP, determined not to stand for re-appointment
  - Importantly, Whitley Penn's audit reports on the Trust's consolidated financial statements for the fiscal years ended December 31, 2013 and 2014 do not contain an adverse opinion or disclaimer of opinion, nor are they qualified or modified as to uncertainty, audit scope or accounting principles
  - In addition, during the Trust's two most recent fiscal years and the subsequent interim period from January 1, 2015 through September 30, 2015 (i) there were no disagreements between the Trust and Whitley Penn on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Whitley Penn, would have caused Whitley Penn to make reference to the subject matter of the disagreement in its report on the Trust's consolidated financial statements, and (ii) there were no "reportable events" as that term is defined in Item 304(a)(1)(v) of Regulation S-K
  - Whitley Penn did not withdraw its audit opinion for 2014
- Shortly thereafter, in December 2015, the Audit Committee of the Trust's Board of Directors undertook an independent investigation into certain anonymous allegations made online, which were later claimed by a hedge fund with a short interest in the Trust, Hayman Capital Management, L.P. ("Hayman")
- The Trust's ability to engage a new audit firm was delayed pending the substantial conclusion of the Audit Committee's investigation

## Audit Committee Investigation

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- The Audit Committee was assisted by independent legal counsel from Thompson & Knight LLP and forensic accountants from PricewaterhouseCoopers LLP
  - Multiple interviews with key management, the Trust's advisor and its asset manager
  - Millions of emails searched and thousands of documents reviewed over the course of the investigation
- Importantly, the investigation found:
  - No evidence of fraud or misconduct on the part of the Trust or its management
  - No evidence to substantiate allegations levied by Hayman of the operation of a "Ponzi scheme"
    - The business model was reviewed in great detail
    - The investigative team determined that the classic Ponzi scheme elements, as described by the SEC and relevant case law, were not present
  - No evidence of deception, no evidence that the Company's auditors were misled, and no evidence that efforts were made to defraud investors
  - Nothing that indicated any deficiency in the integrity of the management team of the Trust

## Attendant Inquiries

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- Following Hayman's unsubstantiated allegations, in February 2016, the FBI executed a search warrant at the Trust's headquarters
- The Trust has since been in regular communication with the U.S. Department of Justice as well as the SEC, has submitted responsive materials and is cooperating with the authorities
  - Importantly, the FBI has provided access to various documents needed by the Trust to complete its financial statements and the audit and/or review of same
- Again, nothing has come to the attention of the Audit Committee or the Trust that suggests any wrongdoing – intentional or otherwise – with respect to the Trust

## Filing Compliance

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- The Audit Committee's investigation was substantially complete in May 2016
- On June 8, 2016, the Trust retained a new auditor, EisnerAmper LLP ("Eisner")
- Based upon its ongoing discussions with Eisner, the Trust is confident it will be in a position to evidence full compliance with Nasdaq's filing requirement by no later than September 12, 2016



## Anticipated Timeline

Q2 2016	Q3 2016 Current	Q4 2016	Q1-Q2 2017
<ul style="list-style-type: none"><li>• Independent Investigation Completed</li><li>• Eisner Appointed as New Auditor</li><li>• Regulators Provide Access to Documents to Complete Audit</li><li>• Audit Work Started</li></ul>	<ul style="list-style-type: none"><li>• NASDAQ Hearings Panel</li><li>• Complete Deleveraging</li><li>• Complete UDF IV Audit</li><li>• File 2015 10K and 2016 Q1-Q2 10Qs with SEC</li></ul>	<ul style="list-style-type: none"><li>• Source Additional Capital</li><li>• Resume Loan Origination Activity</li><li>• File 2016 Q3 10Q with SEC</li></ul>	<ul style="list-style-type: none"><li>• Resume Shareholder Distributions</li><li>• Re-engage Banks</li><li>• File 2016 10K and 2017 Q1 10Q with SEC</li></ul>

# Bank De-leveraging: Before and After Progress



	<u>As of 7/6/2016</u>	<u>% Reduction Since 9/30/2015</u>	<u>As of 6/30/2016</u>	<u>% Reduction Since 9/30/2015</u>	<u>As of 9/30/2015</u>
Regional Bank Credit Facilities	\$ 42,990,551	-64.4%	\$ 43,004,154	-64.4%	\$ 120,906,488
Waterfall Notes	<u>24,747,740</u>	-50.5%	<u>26,945,869</u>	-46.1%	<u>50,000,000</u>
Total Debt	<u>\$ 67,738,291</u>	-60.4%	<u>\$ 69,950,023</u>	-59.1%	<u>\$ 170,906,488</u>
Unrestricted Cash Balances	<u>\$ 7,998,925</u>		<u>\$ 10,338,590</u>		<u>\$ 18,979,309</u>

	<u>2/5/2016 to 7/6/2016</u>	<u>2/5/2016 to 6/30/2016</u>
Waterfall scheduled principal payments*	\$ 25,000,000	\$ 20,833,333
Waterfall principal payments made	\$ 25,643,333	\$ 23,443,333

\*Scheduled payments per the loan modifications dated 2/5/2016

Sources: UDF IV 9/30/2015 10-Q, UDF IV 8-K dated 2/5/2016 and Trust records

## Request for Relief

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Based on the foregoing, United Development Funding IV respectfully requests an exception through September 12, 2016, by which date the Trust will evidence full compliance with Nasdaq's filing requirement and its continued compliance with all other requirements for continued listing on The Nasdaq Global Select Market.

# UDF IV

UNITED DEVELOPMENT FUNDING IV



*Capital Solutions for Homebuilders and Developers*

**NASDAQ: UDF**



**Submitted via Electronic Mail and Nasdaq's Online Listing Center**

July 13, 2016

Nasdaq Hearings Panel  
c/o Ms. Amy Horton  
Hearings Advisor  
Office of General Counsel  
The NASDAQ Stock Market LLC  
805 King Farm Blvd.  
Rockville, MD 20850

**Re: United Development Fund IV (NGS: UDF)  
Response to Panel Request for Additional Information**

Dear Members of the Nasdaq Hearings Panel:

On behalf of United Development Fund IV (the "Trust"), below please find the Trust's responses to the questions set forth in that certain electronic mail from Ms. Amy Horton on behalf of the Nasdaq Hearings Panel (the "Panel") dated July 7, 2016. For your ease of reference, we have reiterated the Panel's questions in italics below, with each of the Company's responses following immediately thereafter.

- 1. Please provide unaudited financial statements for the fiscal year ended December 31, 2015, the quarter ended March 31, 2016, and (if and when available) the quarter ended June 30, 2016, and (when available) projections for Q3.*

As requested, attached please find unaudited financial statements for the fiscal year ended December 31, 2015 and quarter ended March 31, 2016 as well as projections for the quarterly periods ending June 30, September 30, and December 31, 2016.

- 2. Please provide a schedule of timing and amount of principle due on all outstanding debt. What conditions would enable you to access new debt?*

As requested, attached please find a detailed schedule setting forth the timing and principal due on all of the Trust's outstanding debt. The Trust believes it will be in a position to access new debt via additional bank lines upon the completion of its audited financial statements. Importantly however, and as we noted

**Exhibit 19**

at the hearing, UDF has operated profitably without significant leverage in the past and expects to be able to do so again.

- 3. Please clarify whether and why, in the Company's view, an extended trading halt (which might extend until the company is current in its financial statement filings, or beyond, until uncertainties relating to the FBI investigation are resolved) would better protect investors from than would a suspension of trading.*

Based on the Trust's ongoing discussions with its auditor, EisnerAmper LLP ("Eisner"), the Trust believes it will file its audited financial statements and delinquent periodic reports with the Securities and Exchange Commission (the "SEC") by no later than September 12, 2016.<sup>1</sup> These filings will return the Trust to full compliance with all applicable requirements for continued listing on The Nasdaq Global Select Market. During the interim two-month period, the Trust will continue to publicly disclose all material developments within the Trust. The Trust will also advise the Panel on an ongoing basis of any developments that may impact the Trust's ability to regain and maintain compliance with the requirements for continued listing on Nasdaq.

Suspending/delisting the Trust's shares prior to September 12, 2016 would have a significant negative impact on the Trust's approximately 19,000 current shareholders. Since trading in the Trust's common stock has been halted on Nasdaq for a period in excess of four trading days, suspension/delisting would relegate trading in the Trust's securities in the over-the-counter ("OTC") market to the "grey market" where broker-dealers cannot publicly quote OTC securities and transparency and liquidity are significantly impaired.

Since the Trust's shares are currently halted, prospective shareholders are fully protected. Once the audited financial statements and delinquent periodic reports are filed, the investing public – whether current or prospective investors in the Trust – will have access to all material financial and operational information upon which to make a fully informed investment decision. It is at this point that we believe it would be appropriate to remove the trading halt and allow the Trust – then a fully compliant, Nasdaq-listed company – to resume trading on The Nasdaq Global Select Market.

We acknowledge the Staff's concerns relating to possible outcomes of the ongoing SEC and DOJ investigations. We, however, do not believe that the mere element of uncertainty, in the absence of any

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<sup>1</sup> In accordance with Nasdaq Listing Rule 5815(e)(1)(F), the Panel has the discretion to grant the Trust an exception to the filing requirement through March 10, 2017.

evidence of misconduct or wrongdoing, is a basis upon which a fully compliant issuer should be delisted.<sup>2</sup> While there may be uncertainty relating to the government investigations, the facts we do know are the following: the independent investigation has been substantially completed since May and found no evidence of wrongdoing or misconduct; the Trust's former auditor firm, Whitley Pemm, has not withdrawn its previously issued audit opinions and has fully cooperated with the Trust's new audit firm by making its work papers available; and, the new auditors, Eisner, accepted the audit engagement after reviewing the results of the investigation and completing its own due diligence, and is now within an estimated 60 days of completing the audit.

As discussed during the hearing, the Trust's Audit Committee commissioned an independent investigation, which was conducted by extremely seasoned and experienced independent legal counsel from Thompson & Knight LLP and forensic accountants from PricewaterhouseCoopers LLP. The independent investigation team was provided unrestricted access to Trust documents, information, employees, and executives, as well as access to nearly all of the SEC's testimony transcripts and exhibits. The independent investigation team found (and presented the following findings in more detail to the SEC and DOJ):

- No evidence of fraud or misconduct on the part of the Trust or management;
- No evidence to substantiate allegations levied by Hayman of the operation of a "Ponzi scheme;"
- No evidence of deception, no evidence that the Trust's auditors were misled, and no evidence that efforts were made to defraud investors; and,
- No indication of any deficiency in the integrity of the management team of the Trust, its advisor or its asset manager.

In sum, the Trust's response to the government investigations demonstrates an unwavering commitment to being transparent and doing the right thing.

We also ask the Panel to consider the Trust's strong financial position, which is reflected in the attached unaudited interim financial statements. The Trust is expecting to report shareholders' equity of approximately \$446.9 million and a book value per share of approximately \$14.56 as of June 30, 2016, as compared to the \$3.20 per share price at the time of the implementation of the trading halt.<sup>3</sup> Since the initiation of the trading halt, the Trust has reduced its outstanding debt from \$139.7 million, as of February 18, 2016, to \$67.3 million today, further demonstrating the Trust's ability to operate profitably following

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<sup>2</sup> Courts have found that allegations in a complaint are not probative because they are not adjudicated facts. See, e.g., *In Re H.J. Meyers & Co.*, Release No. 211 (SEC Aug. 9, 2002) (holding that allegations in a complaint "hold no weight" because they are not adjudicated facts); and, *In Re Weeks*, Release No. 199 (SEC Feb. 4, 2002) (stating that it is inappropriate for the SEC's Division of Enforcement to assert allegations as if they were adjudicated facts).

<sup>3</sup> The price of the Company's common stock on December 9, 2015, the day preceding the release of the anonymous short seller blog, was \$17.20 per share.

the completion of the deleveraging process this fall. Indeed, upon regaining Nasdaq listing compliance, investors will have access to information that is adequate to assess the potential uncertainty relating to the short seller allegations that served as a catalyst for the situation the Company now faces and the government investigations.<sup>4</sup>

An example of the benefit that can be provided to investors, and the market in general, if the trading halt is allowed to remain in effect for another 60 days is in the listing proceeding of Vitacost.com. In December 2010, Vitacost.com announced that it had undertaken an internal review into certain financial statement issues. On December 7, 2010, the company issued a press release detailing certain discoveries made during the course of the internal review, including that it had uncovered "potential defects" in foundational elements of the company's structure affecting stock splits, stock issuances and option issuances that may not have been enacted in a manner consistent with Delaware law and that raised questions about the validity of these issuances and the potential impact on the company's equity capitalization. As a result, the company indicated that the financial statements for all periods dating back to 1994 could no longer be relied upon.

In response, the Nasdaq Staff halted trading in the company's common stock prior to the opening of trading on December 8, 2010. The stock price at the time was \$5.68 per share. Staff ultimately issued a delisting letter based on public interest concerns, pursuant to Listing Rule 5101, and Vitacost.com's non-compliance with the filing, proxy solicitation, annual meeting and audit committee requirements. The company attended a hearing on February 3, 2011 and was granted an exception by the Panel, pursuant to which, among other things, the company was required to become current in filing on or before June 20, 2011. The trading halt was left in place.<sup>5</sup> The company was able to successfully return to compliance with

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<sup>4</sup> The firm behind the attack, Hayman Capital Management, L.P., is a Dallas-based hedge fund operated by Kyle Bass. Recently, Bass engaged in a practice of short selling pharmaceutical stocks and then publicly challenging such shorted company drug patents. Nasdaq-listed companies targeted by Bass include Celgene Corporation (Nasdaq: CELG), Biogen, Inc. (Nasdaq: BIIB), Amgen, Inc. (Nasdaq: AMGN), Acorda Therapeutics, Inc. (Nasdaq: ACOR), and Shire PLC (Nasdaq: SHPG). When his Biogen patent challenges were denied, Bass publicly stated "It appears to me, after the Biogen ruling, that Michelle Lee and the US Patent and Trademark Office are running a kangaroo court." See, <http://www.businessinsider.com/kyle-bass-calls-uspto-a-kangaroo-court-2015-9>. Bass and Hayman Capital are publicly reported as returning money invested in his pharmaceutical stock short fund after such defeats. See, <http://www.ft.com/intl/cms/s/0/0ffc05d2-d97e-11e5-98fd-06d75973fe09.html#axzz4BhOLAGUW>. We note, also, that Nasdaq has recently petitioned the SEC to adopt rules to require investors to publicly disclose their short positions in exact parity with the mandatory disclosures applicable to long investors. Nasdaq has stated that it believes that the inequality between the reporting of long and short positions is out of balance with today's transparent markets, leaving public companies and their investors without important information necessary to ensure fair and efficient markets. The Trust agrees with this position of Nasdaq and further believes that the Trust's stock price may have been illegally manipulated by Hayman; and, the filing of the Trust's financials will provide the public markets with post-attack transparency to ensure fair and efficient markets. As set forth in this submission, the Trust has the operational and financial capabilities to withstand this attack and comply with the Nasdaq filing requirement and all other applicable continued listing requirements.

<sup>5</sup> Nasdaq has posted an FAQ in the Listing Center which states that "[t]he length of a trading halt can vary and there are no prescribed rules that limit how long trading may be halted."



Nasdaq Hearings Panel  
July 13, 2016  
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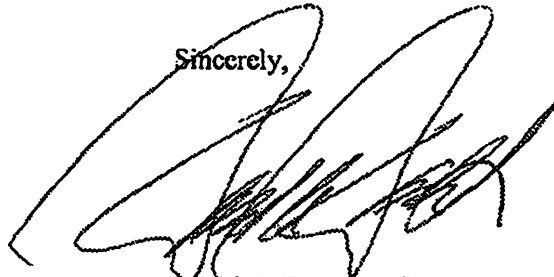
the filing requirement and the trading halt was released. After holding its annual meeting on July 5, 2011, the company was deemed to have satisfied all applicable listing requirements and the matter was closed. The stock price at that time was \$5.07 per share, down just \$0.61 per share from the price at the time of the initiation of the halt seven months earlier. Clearly, this was a far better outcome for shareholders than having been cast into the "grey market," with limited transparency and liquidity and no financial information on the company.

In sum, the Trust believes it will be fully compliant with the Nasdaq listing requirements by September 12, 2016, at which time the Trust's securities should be allowed to resume trading on Nasdaq. The delisting of the Trust's securities based on uncertainty and speculation relating to the government investigations would: (1) be harmful to current shareholders; (2) serve no protection purpose for prospective, future investors in light of the trading halt; and, (3) set a precedent that the mere existence of a government investigation, in the absence of evidence of wrongdoing, may serve as a basis for delisting.

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We very much appreciate the Panel's continued consideration of this matter. Please do not hesitate to contact the undersigned through Nasdaq counsel should you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Donohoe, Jr.", written over a large, stylized flourish.

David A. Donohoe, Jr.

cc: Barrett Howell, Esq., K&L Gates LLP

**UNITED DEVELOPMENT FUNDING IV  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)**

	<b>December 31,</b>	<b>March 31,</b>
	<b>2015</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,838,233	\$ 9,610,834
Restricted cash	2,529,358	2,118,278
Accrued interest receivable	18,213,702	20,029,310
Accrued receivable - related party	5,290,709	5,436,417
Loan participation interest - related party, net of reserve for loan losses	21,932,797	21,582,782
Notes receivable, net of reserve for loan losses	473,500,481	459,963,151
Notes receivable - related party, net of reserve for loan losses	62,698,352	61,573,781
Other assets	1,710,526	1,519,048
<b>Total assets</b>	<b>\$ 597,714,158</b>	<b>\$ 581,833,601</b>
 <b>Liabilities and Shareholders' Equity</b>		
Accounts payable	\$ 89,824	\$ 1,516,318
Accrued interest payable	745,552	772,594
Accrued liabilities	1,239,630	2,171,490
Accrued liabilities - related party	752,286	696,159
Distributions payable	1,687,172	-
Lines of credit	78,858,326	66,345,472
Note payable	67,440,101	64,403,251
<b>Total liabilities</b>	<b>150,812,891</b>	<b>135,905,284</b>
 <b>Commitments and contingencies</b>	-	-
 <b>Shareholders' equity:</b>		
Shares of beneficial interest; \$.01 par value;		
400,000,000 shares authorized; 32,716,368 shares issued and 30,685,914		
outstanding at March 31, 2016 and 32,710,630 shares issued and		
30,680,176 outstanding at December 31, 2015, respectively	327,106	327,164
Additional paid-in-capital	573,395,269	573,553,339
Retained earnings	(85,419,322)	(86,550,400)
	488,303,053	487,330,103
Less treasury stock of 2,030,453 shares at March 31, 2016, at cost	(41,401,786)	(41,401,786)
<b>Total shareholders' equity</b>	<b>446,901,267</b>	<b>445,928,317</b>
 <b>Total liabilities and shareholders' equity</b>	<b>\$ 597,714,158</b>	<b>\$ 581,833,601</b>

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**UNITED DEVELOPMENT FUNDING IV**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

	<u>For the Twelve Months Ended December 31, 2015</u>	<u>For the Three Months Ended March 31, 2016</u>
<b>Interest income:</b>		
Interest income	\$ 62,354,942	\$ 9,252,900
Interest income - related parties	<u>13,025,238</u>	<u>1,480,963</u>
Total interest income	<u>75,380,180</u>	<u>10,733,863</u>
<b>Interest expense:</b>		
Interest expense	<u>10,404,838</u>	<u>2,421,529</u>
Net interest income	64,975,342	8,312,334
Provision for loan losses	<u>56,938,853</u>	<u>(462,861)</u>
Net interest income after provision for loan losses	<u>8,036,489</u>	<u>8,775,195</u>
<b>Noninterest income:</b>		
Commitment fee income	1,793,513	265,456
Commitment fee income - related parties	430,729	88,347
Lot inventory sales income	<u>10,621,316</u>	<u>-</u>
Total noninterest income	<u>12,845,558</u>	<u>353,803</u>
<b>Noninterest expense:</b>		
Advisory fee - related party	9,417,982	1,943,241
Lot inventory sales cost	10,621,316	-
General and administrative	5,645,491	3,873,843
General and administrative - related party	<u>1,587,701</u>	<u>249,007</u>
Total noninterest expense	<u>27,272,490</u>	<u>6,066,091</u>
Net income (loss)	<u>\$ (6,390,443)</u>	<u>\$ 3,062,907</u>
Net income (loss) per share of beneficial interest	<u>\$ (0.21)</u>	<u>\$ 0.10</u>
Weighted average shares of beneficial interest outstanding	<u>30,652,968</u>	<u>30,684,402</u>
Distributions per weighted average shares of beneficial interest outstanding	<u>\$ 1.70</u>	<u>\$ 0.14</u>

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**UNITED DEVELOPMENT FUNDING IV  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)**

	<u>March 31, 2016 (Preliminary)</u>	<u>June 30, 2016 (Projection)</u>	<u>September 30, 2016 (Projection)</u>	<u>December 31, 2016 (Projection)</u>
<b>Assets</b>				
Cash and cash equivalents (including restricted)	\$ 11,729,112	\$ 12,456,872	\$ 15,086,029	\$ 15,629,982
Accrued receivable ( including related parties)	25,465,727	22,831,725	23,778,152	17,800,289
participation interest - related parties, net	543,119,713	487,445,020	437,141,197	424,971,752
Other assets	<u>1,519,049</u>	<u>1,259,049</u>	<u>999,048</u>	<u>739,050</u>
<b>Total assets</b>	<u>\$ 581,833,601</u>	<u>\$ 523,992,666</u>	<u>\$ 477,004,426</u>	<u>\$ 459,141,073</u>
<b>Liabilities and Shareholders' Equity</b>				
<b>Liabilities:</b>				
Accrued liabilities (including related parties)	5,156,560	7,337,060	5,888,500	2,009,440
Notes payable	<u>130,748,723</u>	<u>69,950,023</u>	<u>22,955,789</u>	<u>4,969,964</u>
<b>Total liabilities</b>	135,905,283	77,287,083	28,844,289	6,979,404
<b>Shareholders' equity:</b>				
<b>Total shareholders' equity</b>	445,928,318	446,705,583	448,160,137	452,161,669
<b>Total liabilities and shareholders' equity</b>	<u>\$ 581,833,601</u>	<u>\$ 523,992,666</u>	<u>\$ 477,004,426</u>	<u>\$ 459,141,073</u>

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**UNITED DEVELOPMENT FUNDING IV  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)**

	<u>Preliminary Three Months Ended March 31, 2016</u>	<u>Projected Three Months Ended June 30, 2016</u>	<u>Projected Three Months Ended September 30, 2016</u>	<u>Projected Three Months Ended December 31, 2016</u>	<u>Projected Twelve Months Ended December 31, 2016</u>
<b>Interest income:</b>					
Interest income	\$ 10,733,863	\$ 9,542,812	\$ 9,774,498	\$ 9,628,022	\$ 39,679,195
<b>Interest expense:</b>					
Interest expense	2,421,529	1,942,709	833,279	174,536	5,372,053
Net interest income	8,312,334	7,600,103	8,941,219	9,453,486	34,307,142
Provision for loan losses	(462,861)	-	1,838,837	42,485	1,418,461
Net interest income after provision for loan losses	8,775,195	7,600,103	7,102,382	9,411,001	32,888,681
<b>Noninterest income:</b>					
Noninterest income	353,803	283,042	226,434	181,147	1,044,426
<b>Noninterest expense:</b>					
Management fees - related party	1,943,241	1,915,380	1,906,262	1,872,617	7,637,500
General and administrative	1,583,324	945,500	1,018,000	1,018,000	4,564,824
Legal and consulting fees (*)	2,539,525	4,245,000	2,950,000	2,700,000	12,434,525
Total noninterest expense	6,066,090	7,105,880	5,874,262	5,590,617	24,636,849
<b>Net income</b>	<u>\$ 3,062,908</u>	<u>\$ 777,265</u>	<u>\$ 1,454,554</u>	<u>\$ 4,001,531</u>	<u>\$ 9,296,258</u>
<b>Net income per share</b>	<u>\$ 0.10</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.13</u>	<u>\$ 0.30</u>

(\*) Legal fees are subject to a maximum D&O reimbursement of \$3 million, which is not reflected; historical legal fees were approximately \$1.1 million and \$770,000 for 2015 and 2014, respectively

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## UDF IV Debt Summary

### Active:

UDF or Subsidiary	Bank	9/30/2015	12/31/2015	7/8/2016	Maturity Date	Status	Notes
UDF IV	Waterfall	\$ 50,000,000	\$ 50,000,000	\$ 24,747,740	1/5/2017	Under a forbearance agreement until August 4, 2016	Expect to repay in full in August 2016
UDF IV Finance III	Legacy Texas Bank	4,833,991	4,833,991	1,373,523	1/12/2017	No default called	Expect to repay in Q3 2016
UDF IV Finance VI	Origin Bank	13,743,880	6,761,272	2,876,008	7/30/2016	Under a forbearance agreement until July 15, 2016 (rolling 30-day forbearance)	Expect to repay by end of Q4 2016
UDF IV Finance VII	Legacy Texas Bank	9,299,124	7,245,798	5,371,481	8/5/2017	No default called	
UDF IV Finance IX	Capital Bank	8,000,000	8,000,000	2,580,000	12/11/2018	No default called	Expect to repay by end of Q4 2016
UDF IV Finance X	American Momentum Bank	3,174,632	3,174,632	3,114,701	6/24/2018	In default	In process of selling UDF note receivable which will repay AMB in Q3 2016
UDF IV Finance XI	Bank SNB	-	10,000,000	10,000,000	12/2/2019	No default called	
UDF IV Acquisitions	Origin Bank	21,659,133	17,440,101	17,240,179	7/15/2016	Under a forbearance agreement until July 15, 2016 (rolling 30-day forbearance)	Expect to repay to under \$5,000,000 by Q4 2016
<b>Total - Active</b>		<b>\$ 110,710,760</b>	<b>\$ 107,455,794</b>	<b>\$ 67,303,632</b>			

### Paid in Full:

UDF or Subsidiary	Bank	9/30/2015	12/31/2015	7/8/2016	Status
UDF IV HF	Origin Bank	\$ 16,848,442	\$ 12,993,568	\$ -	Paid in Full
UDF IV Finance II	Prosperity Bank	11,756,962	11,927,924	-	Paid in Full
UDF IV Finance IV	Veritex Bank	10,274,158	5,116,059	-	Paid in Full
UDF IV Finance V	Affiliated Bank	7,500,000	7,500,000	-	Paid in Full
UDF IV Finance VIII	Independent Bank	13,816,165	1,305,080	-	Paid in Full
<b>Total - Paid in Full</b>		<b>\$ 60,195,727</b>	<b>\$ 38,842,631</b>	<b>\$ -</b>	

**TOTAL - ALL**                      **\$ 170,906,487**    **\$ 146,298,425**    **\$ 67,303,632**



**Sent via electronic delivery**

July 25, 2016

Ms. Katherine Roberson Petty  
Donohoe Advisory Associates LLC  
9901 Belward Campus Drive, Suite 175  
Rockville, MD 20850

RE: United Development Funding IV (Symbol: UDF)  
Nasdaq Listing Qualifications Hearings  
Docket No. NQ 6154N-16

Dear Ms. Petty:

The Nasdaq Hearings Panel has determined to grant the request of United Development Funding IV (the Company) to remain listed on The Nasdaq Stock Market, subject to the conditions described below.

***Company Background and Financial Information.*** The Company was organized as a Maryland real estate investment trust. The Trust primarily originates, purchases, participates in and holds for investment secured loans made directly by the Trust or indirectly through its affiliates to persons and entities for the acquisition and development of parcels of real property as single-family residential lots or mixed-use master planned residential communities, for the construction of single-family homes and for completed model homes. The Company's Form 10-Q for the fiscal quarter ended September 30, 2015, reported total assets of \$684,059,306 and stockholders' equity of \$510,158,276. For the nine-month period ended September 30, 2015, the Company reported revenue of \$61,325,164 and net income from continuing operations of \$42,875,533. As of March 31, 2016, the Company reported 30,685,915 common shares outstanding, and there were approximately 30,480,659 publicly held shares. The closing bid price for the Company's shares of beneficial interest on February 17, 2016 was \$7.03 per share; consequently, the market values for the Company's total listed securities and publicly held shares were \$216,295,248 and \$215,721,982, respectively.

***Procedural History.*** On September 14, 2015 and December 14, 2015, Staff notified the Company that it did not comply with Nasdaq's filing requirements in Listing Rule 5250(c)(1) because it had not timely filed its Form 10-K for the year ended December 31, 2015 and its 10-Q for the periods ended March 31, 2016. Staff granted the Company an exception to regain compliance; however, the Company did not regain compliance. On May 26, 2016, Staff informed the Company that unless it requested a hearing, it would be delisted.

On June 2, 2016, the Company appealed the delisting determination to the Nasdaq Hearings Panel. That request, by operation of the Listing Rule 5815(a)(1)(B), stayed delisting action for a period of 15 days from the deadline for requesting a hearing, or, as applied in this case, until June 17, 2016. The Company included in its submission a request that the Panel extend the stay

805 King Farm Boulevard / Rockville, Maryland 20850 USA / Nasdaq.com

Exhibit 20

SEC-NASDAQ-E-0000122

of delisting pending the hearing, scheduled for July 7, 2016. After review of the submission, the Panel issued a decision dated June 16, 2016, granting an extension of the delisting stay, pending a hearing and Panel decision on the merits. The Company's hearing was held on July 7, 2016.

***Listing Standards at Issue.*** The Company was before the Panel for failing to timely file its Form 10-K for the year ended December 31, 2015 and its Form 10-Q for the quarter ended March 31, 2016, in violation of Nasdaq Listing Rule 5250(c)(1).

***Findings of Fact.*** The Panel considered the entire record, which is incorporated by reference into this decision. Relevant documents include the Company's submissions, the memorandum prepared by the Nasdaq Listing Qualifications Staff, the hearings transcript and the Company's public filings.

The Company is late in filing its periodic reports due to the decision of its former independent auditor, in November 2015, not to stand for reappointment, as well as an investigation undertaken by the Audit Committee in December 2015 into allegations that the Company operated a Ponzi-like scheme. The Company informed the Panel that the auditor's decision was not based on any disagreement with the Company on accounting principles or disclosure, and that the former auditor did not issue any report that was qualified or contained an adverse opinion or disclaimer. The allegations that were the subject of the Audit Committee's investigation were initially anonymous and posted on the internet, and later amplified in a report issued in February 2016 by a hedge fund with a short position in the stock.

On February 18, 2016, the Federal Bureau of Investigation executed a search warrant at the Company's headquarters. The FBI seized many items from the Company, including its computers, cell phone, and thousands of documents related to its core business. As a result of news reports describing the FBI's actions, Staff halted trading in the Company's common stock. The trading halt remains in place.

The Audit Committee's investigation was "substantially complete" in May. Independent legal counsel, who attended the hearing, worked with forensic accountants and told the Panel they were given "free reign" with respect to designing the investigation and establishing its scope. The investigation found, according to counsel and the Company, no evidence of fraud or misconduct on the part of the Company or its management; no evidence to substantiate allegations of the operation of a Ponzi scheme; and nothing that indicated any deficiency in the integrity of the management team.

The Company has presented the results of the independent investigation to the FBI and the SEC, which has also opened an investigation. The Company indicates that it is cooperating fully with these agencies' investigations and notes that the FBI has provided it with copies of seized documents needed in order to conduct the Company's investigation and audit.

The Company has entered into a forbearance agreement as a result of defaults occurring with respect to certain loans. The Company agreed to suspend distributions to its shareholders during the forbearance period; it also cannot originate any new mortgage loans, incur additional debt,



grant additional or substitute collateral to any other lender, or dispose of assets without consent of the parties to the agreement. The Company has aggressively deleveraged, reducing its debt by approximately 60 percent – from \$170 million to \$67 million – since September 2015.

On June 8, 2016, the Company retained a new auditor, EisnerAmper LLP. Based on discussions with Eisner, the Company represents that it will be able to evidence full compliance with the filing requirement by no later than September 12, 2016. The Company asked the Panel to extend its listing through that date, by which time it will have filed its delinquent reports. The Company did not object to a trading halt remaining in place until its delinquent periodic reports are filed. A halt, the Company noted, should allay concerns regarding the FBI investigation, while a delisting would result in the trading of the shares on the “grey” market, to the detriment of current shareholders and potential investors. The Company is not currently eligible for the over-the-counter market trading due to the trading halt.

Listing Qualifications Staff attended the hearing in support of its position that the Company should be delisted. Staff acknowledged that the Company took appropriate action in undertaking an independent audit committee investigation. However, Staff finds the unusual event of a search warrant executed by the FBI on a listed Company and the fact that the investigation is not yet concluded to be of concern. Staff has no confidence that the scope of the investigation conducted by the Audit Committee is commensurate with those of the FBI or the SEC. Staff argued that, based on the uncertainty with respect to the FBI’s findings and potential charges that might be levied, as well as questions regarding the Company’s ability to meet its financial obligations to lenders, the Company’s request for continued listing should be denied.

After the hearing, the Panel sought additional information from the parties. It queried Staff on its position with respect to the basis of its delisting determination. It asked, specifically, whether in staff’s view the uncertainties and concerns related to the FBI seizure and investigation warrant a delisting based on public interest concerns pursuant to Listing Rule 5101, and if not, why not? Staff responded that it does not have “sufficient factual evidence to support a conclusion” to substantiate delisting under that rule. Nonetheless, Staff noted, “the serious nature of and uncertainties raised by these investigations” support a determination that the Company does not merit an extension of time from the Panel within which to regain compliance with the filing requirement.

The Panel also queried Staff on the impact, in terms of investor protection, of a delisting versus a continued trading halt; and the precedent, if any, of extended trading halts of Nasdaq listed companies. Staff conceded that there are no rule-based limitations on the length of a trading halt, but stated that extended halts are not common, in part because an extended halt runs counter to the purpose of an exchange as a venue for liquidity.

Staff stated, “To be clear, it is not Staff’s position that a suspension of trading would better protect prospective investors from the uncertainties surrounding the FBI raid and investigation. Rather, it is our position that a suspension of trading is the appropriate outcome when taking into account all circumstances, including the need for liquidity for current shareholders.” A long-term trading halt, Staff went on, “can disadvantage certain prospective shareholders in that it

denies investors informed about the risks surrounding the Company the ability to purchase shares.” In circumstances when the timeline for resolution is unknown, “we believe a company should not remain listed and halted for an extended period while investors are deprived of liquidity.” Better to delist the Company, allow trading to resume and provide existing shareholders with liquidity on another marketplace, “one that does not carry with it the expectations of prospective investors that would accompany a Nasdaq listing.”

The Panel sought from the Company additional financial metrics: a schedule of timing and amount of principle due on outstanding debt; and unaudited financial statements for the fiscal year ended December 31, 2015, and the quarters ended March 31, 2016, and June 30, 2016, as well as projections for Q3. In response to Panel questions, the Company also opined that a trading halt until the Company regained compliance with the filing requirements would protect prospective investors, but should be lifted once the financial statements were current, as potential investors would be fully informed at that time. A delisting in advance of filing compliance, on the other hand, it argued, would disadvantage the Company’s shareholders due to the illiquid and un-transparent grey market in which the shares would then trade.

***Panel Analysis and Decision.*** The Panel does not view lightly the fact that the Company is the subject of an on-going FBI investigation that commenced with execution of a search warrant and seizure of Company assets. However, Staff, which is better positioned than the Panel to investigate and evaluate the Company’s circumstances than is the Panel – and has done so, through a series of requests for information from the Company – has declined to raise a public interest concern pursuant to its authority under Listing Rule 5100. The Panel is not inclined to delist the Company for a filing delinquency that appears to be capable of resolution by September 12, 2016, when the underlying basis for delisting would seem to be, in Staff’s view, the FBI investigation. If the pending investigation and the uncertainty it creates warrant a delisting pursuant to discretionary authority as a public interest concern – a position the Panel would seriously consider – that basis for a delisting should be named and defended.

The Company has taken appropriate steps in undertaking an investigation of the allegations contained in the hedge fund report. The independent counsel’s report of the investigation did not raise red flags of the sort that would cause the Panel to doubt the integrity of the process or its findings. The time period sought within which to regain compliance is not excessive. The former auditor has not withdrawn previously issued audit reports and has cooperated with the current auditor, which has itself presumably performed due diligence before accepting the appointment. The financial information provided to the Panel does not suggest that the Company will be unable to meet the quantitative listing standards upon filing its delinquent reports. In short, the Company in all of these respects compares favorably with numerous other companies to which the Panel has granted short extensions of time to regain compliance with the filing requirement.

The fact of the trading halt does distinguish this Company from others; it signals a concern on the part of the Exchange that would seem to be commensurate with the public interest concern. But such a concern has not been raised, and the imposition and lifting of trading halts is outside this Panel’s purview and authority. The Panel would not object to the continuation of the

trading halt until Staff is satisfied that it is no longer warranted, based on either the conclusion of the FBI and SEC investigations or Staff's review of the disclosure contained in the filings regarding risks of the remaining related to those investigations.

**Accordingly, the Panel determined to continue the listing of the Company's shares on The Nasdaq Stock Market, subject to the following:**

- 1. On or before September 12, 2016, the Company shall inform the Panel that it is current in its periodic filings with the Securities and Exchange Commission.**

**In order to fully comply with the terms of this exception, the Company must be able to demonstrate compliance with all requirements for continued listing on The Nasdaq Stock Market. In the event the Company is unable to do so, its securities may be delisted from The Nasdaq Stock Market.**

It is a requirement during the exception period that the Company provide prompt notification of any significant events that occur during this time. This includes, but is not limited to, any event that may call into question the Company's historical financial information or that may impact the Company's ability to maintain compliance with any Nasdaq listing requirement or exception deadline. The Panel reserves the right to reconsider the terms of this exception based on any event, condition or circumstance that exists or develops that would, in the opinion of the Panel, make continued listing of the Company's securities on The Nasdaq Stock Market inadvisable or unwarranted. In addition, any compliance document will be subject to review by the Panel, which may, in its discretion, request additional information before determining that the Company has complied with the terms of the exception. The Company should assess its disclosure obligations with respect to the materiality of the Panel's decision, and determine what public disclosures of the decision and its terms are appropriate.

The Company may request that the Nasdaq Listing and Hearing Review Council review this decision. A written request for review must be received within 15 days from the date of this decision, and should be sent by e-mail to the Office of Appeals and Review at [appeals@nasdaqomx.com](mailto:appeals@nasdaqomx.com). Pursuant to Nasdaq Listing Rule 5820(a), the Company must submit a fee of \$10,000.00 to The Nasdaq Stock Market LLC to cover the cost of the review. Instructions for submitting the fee are on the enclosed *Appeals Payment Form*. Please include evidence of this payment with the e-mailed request for review by attaching a PDF copy of the wire instructions or check.

The Company should be aware that the Nasdaq Listing and Hearing Review Council may, on its own motion, determine to review any Panel decision within 45 calendar days after issuance of the written decision. If the Listing Council determines to review this decision, it may affirm, modify, reverse, dismiss or remand the decision to the Panel. The Company will be immediately notified in the event the Listing Council determines that this matter will be called for review.

Should you have any questions, please do not hesitate to contact me at (240) 417-2528.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Horton", with a long horizontal flourish extending to the right.

Amy Horton  
Hearings Advisor  
Nasdaq Office of General Counsel

# Check Payment Form

If paying by check, please complete this form and include it along with your payment. If paying by wire, please [click here](#) for instructions.

All checks should be made payable to The Nasdaq Stock Market LLC at the following address:

**For payments sent by regular mail:**

The Nasdaq Stock Market LLC  
c/o Wells Fargo Bank, N.A.  
Lockbox 90200  
PO Box 8500  
Philadelphia, PA 19178-0200

**For payments sent by overnight mail:**

The Nasdaq Stock Market LLC  
c/o Wells Fargo Bank, N.A.  
Lockbox 90200  
401 Market Street  
Philadelphia, PA 19106

COMPANY NAME \_\_\_\_\_ SYMBOL \_\_\_\_\_

ADDRESS \_\_\_\_\_

ADDRESS \_\_\_\_\_

REMITTER NAME (if different than Company Name) \_\_\_\_\_

AMOUNT \_\_\_\_\_ CHECK NO \_\_\_\_\_

PLEASE INDICATE REASON FOR PAYMENT BY CHECKING ONE OF THE FOLLOWING BOXES:

- New Company Application and Entry:** The application fee is \$25,000 for the Global or Global Select Market, \$5,000 for the Capital Market, and \$1,000 for companies applying to list Closed End Funds, Exchange Traded Funds, Index Fund Shares or other structured products. The remainder of the entry fee is due prior to the first day of trading. If the Company does not list within 12 months of submitting its application, it will be assessed an additional non-refundable \$5,000 application fee each 12 months thereafter to keep its application open. Nasdaq will credit all application fees paid by the Company in connection with an application that has not been closed towards the Entry Fee payable upon listing.
- Interpretation Request:** The fee in connection with such a request is \$5,000 for a regular request, where a company generally requires a response within four weeks, and \$15,000 for an expedited request, where a company requires a response in more than one week but less than four weeks.
- Hearing or Appeal Request:** The fee in connection with a hearing or an appeal of a Hearing Panel decision to the Nasdaq Listing and Hearing Review Council is \$10,000.
- Substitution Listings and Changes in the Company Record:** The fee in connection with a change in the company record is \$7,500; the fee in connection with a substitution listing is \$15,000. These changes are report using the Company Event Form.
- SPAC Substitution Listing Fee:** There is a \$15,000 substitution listing fee in connection with a SPAC that completes a business combination.
- Transfer Application:** The fee for companies transferring from the Global or Global Select Market to the Capital Market is \$5,000.
- Compliance Plan Review:** There is a \$5,000 fee in connection with the review of a compliance plan.





9201 Belward Campus Drive  
Suite 175  
Rockville, MD 20850

240.403.4180 phone  
240.314.0751 fax  
www.donohoeadvisory.com

**Submitted Online via the Nasdaq Listing Center and Sent via Electronic Mail**  
**(Amy.Horton@nasdaq.com; hearings@nasdaq.com)**

August 29, 2016

The Nasdaq Hearings Panel  
c/o Ms. Amy Horton  
Hearings Advisor  
Office of General Counsel  
The NASDAQ Stock Market LLC  
805 King Farm Boulevard  
Rockville, MD 20850

Re: United Development Funding IV (NGS: UDF)  
Response to Staff Notice of Additional Delinquency and Request for Extension

Dear Members of the Nasdaq Hearings Panel:

On behalf of United Development Funding IV (“UDF” or the “Trust”) and following receipt of the Listing Qualifications Staff’s August 22, 2016 notice relating to the Trust’s failure to timely file the Form 10-Q for the quarter ended June 30, 2016 with the Securities and Exchange Commission (the “SEC”), this submission serves as UDF’s formal response to such notice and provides an update regarding the Company’s compliance efforts. Based on the status of those efforts and the discussion that follows, the Company hereby requests an extension of the September 12, 2016 term of the Panel’s decision in this matter, through October 17, 2016.

*Audit and Filing Status*

As previously discussed and until very recently, the Trust anticipated evidencing full compliance with Nasdaq’s filing requirement – upon the filing of the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Forms 10-Q for the quarterly periods ended March 31 and June 30, 2016 – by September 12, 2016. However, on Thursday, August 25, 2016, the Trust’s independent registered public accounting firm, Eisner Amper LLP (“Eisner”), first notified the Trust that it no longer believed the September 12<sup>th</sup> date was achievable. Rather, Eisner indicated that it required an additional 3 to 5 weeks (from the August 25, 2016 notification date) to complete its audit work, or until approximately October 3, 2016. More specifically, Eisner indicated that the audit team has approximately 2 to 3 weeks of audit work remaining, with an additional 1 to 2 weeks required thereafter to complete its review processes. Because this is Eisner’s first audit of UDF’s financial statements and to ensure that UDF does

**Exhibit 21**

**SEC-NASDAQ-E-0000191**

not miss any extended deadline granted by the Panel, the Trust is requesting that the Panel grant it an extension through October 17, 2016.

Eisner's audit work commenced promptly following engagement by UDF and has significantly progressed. However, Eisner has indicated to the Trust that it requires additional time due to the fact that this is their first audit of the Company and that they are auditing both the Company's internal controls and financial statements. Eisner has also indicated that it believes UDF should file all periodic reports at the same time, rather than sequentially, to ensure that all information is appropriately reflected in each report and can be read together. Notably, UDF continues to expect that it will timely file the Form 10-Q for the quarter ending September 30, 2016 with the SEC.

Based on the foregoing, UDF respectfully requests an extension through October 17, 2016, by which date it will evidence full compliance with the filing requirement as well as all other applicable requirements for continued listing on Nasdaq.

*Additional Information*

By way of update, UDF has continued to deleverage its balance sheet. The Trust's total debt has been reduced further to \$54.8 million as of August 26, 2016, compared to \$67.7 million as of July 6, 2016. In addition, UDF continues to expect to completely repay the Waterfall notes by September 30, 2016. A summary of current notes and lines of credit balances is attached.

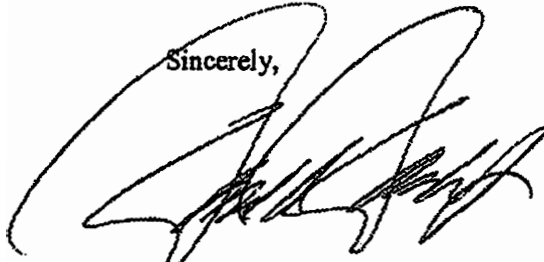
Although the following did not serve as a stated basis for Eisner's need for additional time to complete its audit work, in an effort to keep the Panel fully apprised of developments at UDF, please note that on August 11, 2016, Hayman Capital ("Hayman") posted yet another blog entry entitled "*Is UDF IV a Legitimate Real Estate Investment Trust?*" As with all of the prior misleading posts, Hayman's most recent post contains some factual information, but erroneous conclusions. Notwithstanding, the Audit Committee of UDF's Board of Directors asked that its independent legal counsel review the material set forth in the blog post, which independent counsel in turn reviewed. UDF is expected to qualify as a REIT upon the conclusion of the audit. As is the case in the normal course of the audit of any REIT, Eisner reviews the REIT's testing and evaluates the appropriateness of the REIT's asset and income classifications. Management has also reviewed the information set forth in the blog post, and has separately determined that UDF continues to satisfy the requirements to maintain its REIT status. Importantly, Eisner has not asked that the Audit Committee's independent counsel review the information contained within Hayman's most recent post nor has it suggested that the investigation should be expanded to cover any other topics.

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Nasdaq Hearings Panel  
August 29, 2016  
Page 3 of 3

We very much appreciate your ongoing consideration of the Company's compliance plan. Please do not hesitate to contact me at (240) 403-4180 or at [ddonohoe@donohoeadvisory.com](mailto:ddonohoe@donohoeadvisory.com) should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Donohoe, Jr.", written over a large, stylized flourish that loops back to the left.

David A. Donohoe, Jr.

cc: Barrett Howell, Esq., K&L Gates LLP



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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 17, 2016

**United Development Funding IV**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or other jurisdiction of incorporation or  
organization)

**001-36472**  
(Commission File Number)

**26-2775282**  
(I.R.S. Employer  
Identification No.)

**1301 Municipal Way, Suite 100, Grapevine, Texas**  
**76051**  
(Address of principal executive offices)  
(Zip Code)

**(214) 370-8960**  
(Registrant's telephone number, including area code)

**None**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
- 

**Exhibit 22**

**Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.**

On October 17, 2016, United Development Funding IV (the "Trust") received written notice from the staff of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Trust that because the Trust has not filed its Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 Form 10-K") and its Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2016 (the "2016 Forms 10-Q" and collectively with the 2015 Form 10-K, the "Reports") by October 17, 2016, the deadline by which the Trust was to file all Reports in order to regain compliance with Nasdaq Listing Rule 5250(c)(1), Nasdaq will convert the trading halt in the Trust's common shares that has been in place since February 2016 to a trading suspension effective at the open of business on October 19, 2016. As provided in the notice from Nasdaq, following this suspension, the Trust's securities may trade on the over-the-counter market. Nasdaq also informed the Trust that it will ultimately file a Form 25-NSE Notification of Delisting with the U.S. Securities and Exchange Commission (the "SEC"), removing the Trust's securities from listing and registration on The Nasdaq Stock Market. While the trading suspension will be effective at the open of business on October 19, 2016, the Trust currently plans to appeal Nasdaq's determination to delist the Trust's securities. No assurance can be given regarding whether Nasdaq will grant this appeal or whether the appeal will ultimately be successful in preventing the delisting of the Trust's securities.

As previously disclosed, the Trust received notice on March 17, 2016 from the Nasdaq Listing Qualifications Department stating that because the Trust had not yet filed its 2015 Form 10-K with the SEC, it was not in compliance with the continued listing requirement set forth in Nasdaq Listing Rule 5250(c)(1). In response to such notice, the Trust appealed to the Nasdaq Hearings Panel (the "Panel"). As previously disclosed in a Current Report on Form 8-K filed with the SEC on July 26, 2016, the Trust received written notice on July 25, 2016 that the Panel had determined to continue the listing of the Trust's securities on Nasdaq subject to the condition that, on or before September 12, 2016, the Trust evidenced compliance with Nasdaq Listing Rule 5250(c)(1) by filing all necessary periodic reports with the SEC. The Trust subsequently requested an extension of such September 12, 2016 filing deadline, and the Panel granted an extension of the deadline to October 17, 2016.

On October 13, 2016, the Trust informed Nasdaq that it would be unable to meet the previously granted extended deadline of October 17, 2016 for filing the 2015 Form 10-K and the 2016 Forms 10-Q, as a result of the Trust's auditors requiring more time to complete the audit. In addition, the Trust informed Nasdaq that the Trust has received a "Wells Notice" from the staff (the "Staff") of the SEC's Division of Enforcement stating that the Staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Trust alleging violations of certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Certain individuals associated with the Trust and its advisor also received similar Wells Notices.

A Wells Notice is not a formal allegation or a finding of wrongdoing, but is a preliminary determination by the Staff that it may recommend to the SEC that a civil enforcement action or administrative proceeding be brought against the recipient. The Trust has an opportunity to respond to issues raised by the SEC staff and offer its perspective prior to any SEC decision on whether to authorize the commencement of an enforcement proceeding. Under SEC procedures, a recipient of a Wells Notice has an opportunity to respond in the form of a "Wells submission" that seeks to persuade the SEC that such an action should not be brought. The Trust intends to provide to the Staff a Wells submission to further explain the Trust's views and its belief that no enforcement action is warranted against the Trust or any individuals associated with the Trust and its advisor. The receipt of the Wells Notice does not change the Trust's belief that it has complied with all laws and regulations, and therefore, the Trust intends to contest any charges that may be brought. The Trust is unable to predict how long the SEC process will last, the outcome of the SEC's investigation or any action that the SEC may decide to pursue, or any other impact on the Trust as a result of the proposed or any actual enforcement action.

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On October 17, 2016, the Panel determined that, in light of the Trust's missed exception dates for filing the Reports and the uncertainty about the Trust's ability to timely file the Reports that has been created by the Wells Notices, the Panel believes that it is highly improbable that the Trust can regain compliance with the filing requirements for listing within the discretionary time period available to the Panel. For this reason, Nasdaq has determined to suspend trading in the Trust's shares on The Nasdaq Stock Market at the open of business on October 19, 2016. As previously disclosed, trading in the Trust's securities on The Nasdaq Stock Market has been halted since February 2016.

**Item 8.01 Other Events.**

While the Trust is unable to provide audited financial statements at this time, the total owed under lines of credit and notes payable has been reduced from approximately \$170.9 million at September 30, 2015 to approximately \$26.9 million as of October 17, 2016.

*Press Release*

On October 18, 2016, the Trust issued a press release regarding the notice received from Nasdaq, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press Release of United Development Funding IV, dated October 18, 2016.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**United Development Funding IV**

Dated: October 18, 2016

By: /s/ Hollis M. Greenlaw  
Hollis M. Greenlaw  
Chief Executive Officer

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EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of United Development Funding IV, dated October 18, 2016.

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## United Development Funding IV Receives Delisting Notice From Nasdaq

GRAPEVINE, Texas, Oct. 18, 2016 (GLOBE NEWSWIRE) – United Development Funding IV (“UDF IV” or the “Trust”) announced that it received a written notification letter from The NASDAQ Stock Market LLC (“Nasdaq”) indicating that the Nasdaq Hearings Panel (“Panel”) had determined to delist the shares of the Trust from Nasdaq because the Trust has not filed its Annual Report on Form 10-K for the year ended December 31, 2015 (the “2015 Form 10-K”) and its Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2016 (the “2016 Forms 10-Q” and collectively with the 2015 Form 10-K, the “Reports”) by October 17, 2016, the deadline by which the Trust was to file all Reports in order to regain compliance with Nasdaq Listing Rule 5250 (c)(1).

Accordingly, the trade halt that has been in place since February 2016 will be converted to a trading suspension effective at the open of business on October 19, 2016. While this suspension will occur at the open of business on October 19, 2016, the Trust currently plans to appeal the Panel’s determination to delist the Trust’s shares, although no assurance can be given regarding whether the Panel will grant the appeal or whether the appeal will ultimately be successful in preventing the delisting of the Trust’s shares. As stated in the notification letter from Nasdaq, following the suspension of trading of the Trust’s shares on Nasdaq, the Trust’s shares may trade on the over-the-counter market.

On October 13, 2016, the Trust informed Nasdaq that it would be unable to meet the previously granted extended deadline of October 17, 2016 for filing the 2015 Form 10-K and the 2016 Forms 10-Q, as a result of the Trust’s auditors requiring more time to complete the audit. In addition, the Trust informed Nasdaq that the Trust has received a “Wells Notice” from the staff (the “Staff”) of the U.S. Securities and Exchange Commission’s (“SEC”) Division of Enforcement stating that the Staff has made a preliminary determination to recommend that the SEC file an enforcement action against the Trust alleging violations of certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Certain individuals associated with the Trust and its advisor also received similar Wells Notices.

A Wells Notice is not a formal allegation or a finding of wrongdoing, but is a preliminary determination by the Staff that it may recommend to the SEC that a civil enforcement action or administrative proceeding be brought against the recipient. Under SEC procedures, a recipient of a Wells Notice has an opportunity to respond in the form of a “Wells submission” that seeks to persuade the SEC that such an action should not be brought. The Trust intends to provide to the Staff a Wells submission to further explain the Trust’s views and its belief that no enforcement action is warranted against the Trust or any individuals associated with the Trust and its advisor. The receipt of the Wells Notice does not change the Trust’s belief that it has complied with all laws and regulations. The Trust is unable to predict how long the SEC process will last, the outcome of the SEC’s investigation or any action that the SEC may decide to pursue, or any other impact on the Trust as a result of the proposed or any actual enforcement action.

While the Trust is unable to provide audited financial statements at this time, the total owed under lines of credit and notes payable has been reduced from approximately \$170.9 million at September 30, 2015 to approximately \$26.9 million as of October 17, 2016.

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**About United Development Funding IV**

United Development Funding IV is a public Maryland real estate investment trust formed primarily to generate current interest income by investing in secured loans and producing profits from investments in residential real estate. Additional information about UDF IV can be found on its website at [www.udfiv.com](http://www.udfiv.com). UDF IV may disseminate important information regarding its operations, including financial information, through social media platforms such as Twitter, Facebook and LinkedIn.

**Cautionary Note Regarding Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may relate to anticipated financial performance, business prospects, outcome of regulatory proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements included in this press release that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. These forward-looking statements are based on management's current intents, beliefs, expectations and assumptions and on information currently available to management that are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in these forward-looking statements. Words such as "may," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "would," "could," "should" and variations of these words and similar expressions are intended to identify forward-looking statements. Investors should read the cautionary statements set forth in our periodic filings with the U.S. Securities and Exchange Commission.

Investor Contact:  
Investor Relations  
1-800-859-9338  
[investorrelations@udfiv.com](mailto:investorrelations@udfiv.com)

Media Contact:  
Jeff Eller  
469-916-4883  
[mediarelations@udfiv.com](mailto:mediarelations@udfiv.com)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 25**  
**NOTIFICATION OF REMOVAL FROM LISTING AND/OR**  
**REGISTRATION UNDER SECTION 12(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934.**

Commission File Number 000-54383

Issuer: United Development Funding IV  
Exchange: NASDAQ Stock Market LLC

(Exact name of Issuer as specified in its charter, and name of Exchange where security is listed and/or registered)

Address: 1301 Municipal Way Suite 200  
Grapevine,  
TEXAS  
76051

Telephone number: (214) 370-8960

(Address, including zip code, and telephone number, including area code, of Issuer's principal executive offices)

Common Shares of Beneficial Interest

(Description of class of securities)

Please place an X in the box to designate the rule provision relied upon to strike the class of securities from listing and registration:

17 CFR 240.12d2-2(a)(1)

17 CFR 240.12d2-2(a)(2)

17 CFR 240.12d2-2(a)(3)

17 CFR 240.12d2-2(a)(4)

Pursuant to 17 CFR 240.12d2-2(b), the Exchange has complied with its rules to strike the class of securities from listing and/or withdraw registration on the Exchange.<sup>1</sup>

Pursuant to 17 CFR 240.12d2-2(c), the Issuer has complied with its rules of the Exchange and the requirements of 17 CFR 240.12d-2(c) governing the voluntary withdrawal of the class of securities from listing and registration on the Exchange.

Pursuant to the requirements for the Securities Exchange Act of 1934, NASDAQ Stock Market LLC certifies that it has reasonable grounds to believe that it meets all of the requirements for filing the Form 25 and has caused this notification to be signed on its behalf by the undersigned duly authorized person.

Date 2017-05-18 Name By Amy Horton Title Hearings Advisor  
Date Name Title

<sup>1</sup> Form 25 and attached Notice will be considered compliance with the provisions of 17 CFR 240.19d-1 as applicable. [See](#) General Instructions.



On May 26, 2016, NASDAQ Listing Qualifications staff (Staff) notified United Development Funding IV (Company) that it determined to delist the Company based on Rule 5250(c) (1). On June 2, 2016, the Company exercised its right to appeal the Staff's determination to the Listing Qualifications Hearings Panel (Panel) pursuant to Rule 5815. A Panel hearing was held on July 7, 2016. On July 25, 2016, the Panel issued a decision that granted the Company through September 12, 2016 to regain compliance. The Company requested a further extension to October 17, 2016. On September 14, 2016, the Panel granted this request. However, after the Company informed the Panel that it would not meet the October 17 deadline, the Panel issued a delisting decision on October 17, 2016. On October 28, 2016, the Company exercised its right to appeal the Panel decision to the Nasdaq Listing and Hearing Review Council (Council) pursuant to Rule 5820(a). On January 20, 2017, the Council issued a decision that affirmed the Panel decision to delist the Company's securities. On April 27, 2017, the Company was provided notice that the Nasdaq Board of Directors declined to call the Council decision for review pursuant to Rule 5825(a).

Markets

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Quote

Stock Screener

OTC MARKETS  
TOTAL MARKET CAP  
\$1.6B

Market Activity / Stock / UDFI / Quote

# UDFI

## United Development Funding IV

Common Stock - Shares of Beneficial Interest

4.75 ↑ 0.53  
12.56%

4.75 / 4.85 (1 x 1)

Real-Time Best Bid & Ask (14:11am 03/26/2019)  
Delayed (15 Min) Trade Data (3:56am 03/26/2019)

Overview	Quote	Company Profile	Delinquent SEC Reporting	News	Financials	Disclosure
		Pink No Information	Delinquent SEC Reporting		<a href="#">ACN</a> 4.03 % <a href="#">SILX</a> 23.26 % <a href="#">ICIV</a> 19.16 % <a href="#">OMEM</a> 2.50 % <a href="#">EMGC</a> 12.50 %	
OPEN	4.35				DA - RANGE	4.15 - 4.85
VOLUME	61,238				DIVIDEND	N/A
PREV CLOSE	4.22				52WK RANGE	2.98 - 5.75
AVERAGE VOL (10D)	25,303				NET DIVIDEND YIELD	N/A

REAL-TIME LEVEL 2 QUOTE

BID	ASK

Subscribe Our Newsletter

Stay up to date on the latest company news, industry trends and regulatory changes that affect our markets and I about membership our community

Enter [SIGN](#)

Exhibit 24

MPID	BID PRICE	ASK PRICE	SIZE
ETRF	24.90		
CDEL	21.92		
MACM	18.95		
NITE	18.95		
CSTI	18.55		
MAXM	18.22		
CANT	17.20		
ARXS	U		
MPID	ASK PRICE	BID PRICE	SIZE
INTL	19.40		
NITE	19.40		
MACM	19.43		
MAXM	20.11		
CANT	22.05		
ETRF	25.65		
CDEL	27.51		
ARXS	U		

**TRADE DATA**

DATE	TIME	PRICE	VOLUME	TICK DIRECTION	CHA
03/26/2019	15:56:37	4.75	500	▼	
03/26/2019	15:52:40	4.85	500	▲	
03/26/2019	15:44:38	4.75	1,162		
03/26/2019	15:44:36	4.75	500		
03/26/2019	15:31:38	4.75	246	▲	
03/26/2019	15:30:36	4.7495	225	▼	
03/26/2019	15:29:46	4.75	18,475		
03/26/2019	15:28:50	4.75	500		
03/26/2019	15:28:37	4.75	100		
03/26/2019	15:28:37	4.75	100		

Regular/odd lot trades which are not considered for the Open, High, Low or Closing prices, are not shown in trade data table.



[QUOTE](#)

SYMBOL	LAST	CHANGE	BID	ASK	VOLUME	TIME
OTCM	33.50	-0.07 (-0.21%)	32.57	33.50	1209	15:15



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- [Careers](#)
- [Market Hours](#)
- [Glossary](#)

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Securities and Exchange Commission (the “Commission”) files this Complaint against Defendants United Development Funding III, LP (“UDF III”), United Development Funding IV (“UDF IV”), Hollis M. Greenlaw (“Greenlaw”), Benjamin L. Wissink (“Wissink”), Theodore F. Etter (“Etter”), Cara D. Obert (“Obert”), and David A. Hanson (“Hanson”) (collectively, “Defendants”) and alleges as follows:

**SUMMARY OF THE ACTION**

1. The United Development Funding family of investment funds (“UDF”) deploys investor capital towards the financing of homebuilders and land developers through private and publicly-traded investment funds. From at least January 2011 through December 2015 (the “Relevant Period”), UDF used money from a newer fund to pay distributions to investors in an

older fund, without adequately disclosing the use of funds and the nature and status of loans made to developers.

2. More specifically, UDF solicited investments in a series of investment funds (UDF III, UDF IV) by stating its ability to generate 8% to 9.75% annualized returns and to pay investors regular distributions from loans for property development. UDF III began offering limited partnership interests in 2006 and raised approximately \$350 million from private investors. Building on its track record of paying regular distributions to UDF III investors, UDF launched UDF IV in 2008 and raised over \$610 million from investors through May 2013. UDF IV listed on the NASDAQ in June 2014.

3. By 2009, UDF III had made substantial loans to developers and was making monthly distributions to investors in amounts that at times exceeded developer interest payments during the same period. In 2011, UDF IV began loaning money to developers of UDF IV projects who had also borrowed money from UDF III. Unbeknownst to investors, however, UDF directed the developers to use the UDF IV money to pay down separate UDF III loans, instead of using the funds loaned from UDF IV to develop UDF IV projects. In most of these cases, the developers never actually received the borrowed funds at all, and UDF simply transferred the money from UDF IV to UDF III. UDF III then used the loan payments—which were comprised of funds from UDF IV—to, in part, make distributions to UDF III investors. Using these transactions, which were not adequately disclosed to investors, UDF was able to cause UDF III to pay its investors at least \$67 million of distributions using funds from UDF IV.

4. UDF IV also failed to adequately disclose the nature of multi-phase projects in its loan portfolio. UDF IV told investors that none of its loans were invested in unimproved real property. This gave the impression that all of the loans in UDF IV's portfolio were funding real

estate projects that were under construction. In truth, UDF IV had loaned money for acquisition of unimproved properties designated for multi-phase development. In some cases, the properties remained in the entitlement phase even after they had been in UDF IV's portfolio for years.

5. In addition, Generally Accepted Accounting Principles ("GAAP") required UDF III to report if any of its significant outstanding loans became "impaired"—meaning UDF III believed it was unlikely to fully collect on the loan. UDF III knew or should have known before it filed its 2013 Form 10-K that it was unlikely to fully collect on an approximately \$80 million loan to its second largest borrower. Although UDF III's financial statements reflected general reserves, UDF III took no specific impairment on the loan and told investors that full collectability was probable.

6. This misconduct violated Sections 17(a)(2) and (3) of the Securities Act of 1933 (the "Securities Act") and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 12b-20, 13a-1, 13a-13, and 13a-14 thereunder. As a result, Defendants should be enjoined from violating the securities laws they violated as alleged herein, Defendants Greenlaw, Wissink, Etter, and Obert should be required to disgorge all ill-gotten gains with prejudgment interest, and Defendants Greenlaw, Wissink, Etter, Obert, and Hanson should be ordered to pay appropriate civil penalties.

#### **JURISDICTION AND VENUE**

7. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Defendants directly or indirectly made use of means or



instrumentalities of interstate commerce or the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

8. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Defendants reside or have their principal place of business in this district. In addition, certain of the transactions, acts, practices, and courses of business constituting alleged violations of the federal securities laws occurred within this district. Among other things, Defendants offered and sold the securities at issue in this district.

#### **DEFENDANTS**

9. Defendant United Development Funding III, LP (“UDF III”) is a Delaware limited partnership headquartered in Grapevine, Texas. UDF III limited partnership units are registered with the Commission pursuant to Section 12(g) of the Exchange Act and are not listed on any exchange. UDF III files periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder. UDF III has not filed a Form 10-Q or 10-K for periods ended after September 30, 2015.

10. Defendant United Development Funding IV (“UDF IV”) is a Maryland real estate investment trust headquartered in Grapevine, Texas. UDF IV’s common shares are registered with the Commission pursuant to Section 12(g) of the Exchange Act. UDF IV’s common shares traded on the NASDAQ Global Select Market under the symbol “UDF” beginning on June 4, 2014. NASDAQ halted trading in UDF IV on February 18, 2016, suspended trading on October 19, 2016 for failing to timely file audited financial statements, and filed a Form 25 with the Commission to delist UDF IV on May 18, 2017. As of the date of the Complaint, UDF IV’s common shares were quoted on OTC Markets Inc. under the symbol “UDFI.” UDF IV files

periodic reports with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder. UDF IV has not filed a Form 10-Q or 10-K for periods ended after September 30, 2015.

11. Defendant Hollis M. Greenlaw (“Greenlaw”) is a resident of Colleyville, Texas. Greenlaw is the Chief Executive Officer of UMTH Land Development, L.P. (“UMTH LD”), which is the general partner of UDF III and asset manager of UDF IV. Greenlaw also serves as the Chief Executive Officer and Chairman of the Board of Trustees for UDF IV, and serves as one of three voting Investment Committee members for UMTH LD. Greenlaw is a licensed attorney and member of the Maine (inactive), District of Columbia, and Texas bars.

12. Benjamin L. Wissink (“Wissink”) is a resident of Dallas, Texas. Wissink is the President of UMTH LD. He also serves as one of three voting Investment Committee members for UMTH LD.

13. Theodore F. Etter (“Etter”) is a resident of Dallas, Texas. Etter is the Executive Vice President of UMTH LD. He also serves as one of three voting Investment Committee members for UMTH LD.

14. Cara D. Obert (“Obert”) is a resident of Dallas, Texas. Obert is the Chief Financial Officer of UMTH LD, UDF IV, and UDF V. From May 2008 through April 10, 2017, she served as UDF III’s principal financial officer and principal accounting officer. Obert is a licensed CPA in the state of Texas.

15. David A. Hanson (“Hanson”) is a resident of Coppell, Texas. Hanson is the Chief Accounting Officer for UDF IV. From May 2008 until February 2014, Hanson also served as UDF IV’s Chief Operating Officer. Hanson is a licensed CPA in the state of Texas.

**FACTUAL ALLEGATIONS**

**A. The UDF Funds**

16. Greenlaw and Etter founded UDF in 2003 with the aim of starting one or more investment funds to loan money to developers of residential real estate, with rates above those offered by commercial lenders. Over time, UDF established a family of investment funds (*i.e.*, UDF I, II, III, and IV) that each raised money from investors. UDF III and UDF IV each said that the fund would strive to make a 8% to 9.75% annualized return for investors based on the ability of the fund's borrowers to successfully develop real estate and repay their loans.

17. During 2003 and 2004, UDF sold limited partnership interests in its first two funds, United Development Funding LP ("UDF I") and United Development Funding II LP ("UDF II"). UDF I and UDF II were private investment funds offered through a select number of broker-dealers and required a minimum investment of \$25,000. The funds raised a total of approximately \$33 million, and were formed to make equity investments and lend money to real estate developers, including first lien and subordinate loans secured by residential real estate designated for single-family lot development.

18. In August 2005, UDF filed a Form S-11 with the Commission to offer investments in a third fund, UDF III. UDF III was formed to originate and invest in loans for the acquisition of real property to be developed as single-family residential lots that would be sold to home builders. UDF III is a publicly-reporting, non-traded fund. The minimum investment for UDF III, however, was only \$3,000, and the fund was offered by a much broader network of broker-dealers than the prior funds. UDF III concluded its primary offering in April 2009, raising approximately \$350 million, which was 10 times the amount raised in its two prior funds combined.

19. UDF explained UDF III as being appropriate for investors seeking “current interest income.” In an era of low investment yields, UDF III was an attractive investment because it offered to pay distributions (a/k/a investment returns) at an 8% to 9.75% annualized rate.

20. UDF III explained that it expected to earn investment returns by originating and purchasing loans as well as charging fees for providing credit enhancements to developers (*e.g.*, loan guarantees to third-party lenders). It would make short to medium-term loans to real estate developers at interest rates of 15% and above, which was higher than traditional bank financing. The developers would pledge existing real estate projects as collateral, and agree to pledge future projects as additional collateral, when needed. UDF III generally structured its loans as notes with interest payments and reductions to principal or “balloon payments” tied to cash received by the developer from the sale of a lot or parcel of land, municipal reimbursements, and refinancings. From inception of the note until a revenue or sale event, interest on the notes would accrue and then be rolled into the principal owed by the developer on a monthly or annual basis with the accrued interest amount being recognized by UDF III as income.

21. However, if and when developers made principal repayments, UDF III disclosed that its intent was to redeploy those funds “to create or invest in new loans during the term of the partnership” and that “[a]ny capital not reinvested will be used first to return to [investors’] capital contributions and then to pay distributions to [investors].” Instead, if UDF III wanted to make an investor distribution, it could borrow funds, use net proceeds from the offering, or use “cash available for distribution,” which UDF III defined to include funds received from operations but *not* principal repayments. In sum, this meant that: (1) UDF III planned to loan investor funds to real estate developers; (2) when those developers repaid principal on their

loans, UDF III would reinvest those funds by creating or investing in new loans; and (3) UDF III was not obligated to make investor distributions, but if it did, that money would come from cash flow from operations, borrowings, or net proceeds of offerings, but not principal repayments.

22. The problem for investors under this scenario, given the nature of the limited partnership structure, is that they might find themselves responsible to pay taxes on “phantom income”—a situation where the partnership reports accrued interest as income to the IRS during a tax year, but no cash is received by the limited partners, because no distributions are paid out. As a result, UDF III disclosed in its prospectus that from time to time it “may borrow funds or use net proceeds from this offering... if we do not have cash available for distribution sufficient to cover taxes on any ‘phantom income’ to our limited partners.” UDF III also disclosed that “we may fund our distributions from borrowings and the amount of distributions paid at any time may not reflect current cash flow from our investments.” But nowhere did UDF III state that it could use funds from an affiliated fund (*e.g.*, UDF I, UDF IV) to pay distributions to UDF III investors.

23. In August 2008, UDF filed a Form S-11 with the Commission to offer investments in a new fund, UDF IV, with a plan to raise up to \$500 million. UDF IV’s initial registration statement, which went effective in 2009, offered common stock at \$20 per share without listing on a public exchange. UDF IV concluded its primary offering in May 2013 after raising at least \$610 million. In June 2014, UDF IV listed its stock on the NASDAQ under the symbol “UDF,” becoming UDF’s first publicly-traded fund.

24. Once funded, UDF IV issued loans at rates of 13% and above, which was again higher than rates offered by commercial lending banks. UDF IV built on the story of UDF III, and the prospectus described UDF IV being involved with investments similar to UDF III. For

example, UDF IV claimed that it would employ an “actively managed portfolio approach” to “make, originate or acquire interest in secured loans . . . for the acquisition of land and development of single-family lots” and related construction. The UDF IV prospectus section exclusively discussing UDF III also stated, “UDF III has investment objectives similar to ours and concentrates on making development loans to single-family lot developers. . . . UDF III reinvests the proceeds from loan repayments . . . [and] [p]roceeds from the repayment of loans are reinvested in new loans.”

**B. UDF III Pays Distributions Using Undisclosed Transfers**

25. UDF III’s and IV’s offering model was predicated on an expectation that it would make regular distributions to investors. UDF III began making distributions to investors in September 2006, before the offering had even closed. By 2009, the offering was complete and substantially all of its capital was deployed, because UDF III had made numerous loans to developers. At times, UDF III’s monthly distributions to investors exceeded the payments UDF III received from its developer borrowers during the same period. As a result, UDF III borrowed \$15 million from a third-party lender so it could continue to fund investor distributions, which it previously disclosed to investors that it might do. UDF III also sold interests (*a/k/a* participations) in its loans to other UDF funds to raise cash, and disclosed these related-party transactions to its investors in its periodic reports.

26. By 2011, UDF III, at times, did not have sufficient monthly cash flow to cover its distributions. UDF III investors had come to expect regular monthly income from distributions and did not want to have to pay taxes on phantom income. Also, UDF had begun offering interests in its newest fund, UDF IV. Because UDF emphasized UDF III’s regular distributions in its prior performance disclosures to prospective investors in UDF IV, any suspension or

stoppage in distributions could harm its ability to raise investor funds. UDF IV was raising money in its offering that it needed to put to work; not only to generate interest income to fund distributions to its investors, but also to generate origination and asset management fees for UDF operations—a portion of which were ultimately distributed to principals of the fund’s advisor—and were tied to when money was loaned out on projects.

27. At times, UDF funded UDF III distributions in part by having UDF IV make secured real estate loans to UDF IV developers who used the proceeds to pay down their previous loans from UDF III. Those developers did not use the new UDF IV money to advance the underlying UDF IV development projects, but instead—at *UDF’s direction*—used it to pay down interest and principal on the developers’ outstanding loans from UDF III. UDF III then used the funds it received from the borrowers to make distributions to UDF III investors.

28. The developers involved did not object because their total outstanding indebtedness to “UDF” remained the same, and in many instances their cost of borrowing went down, because UDF IV loaned funds at a lower rate than UDF III. In fact, many times the borrower never touched the money from UDF IV.

29. Furthermore, UDF’s reporting of these transfers created the appearance that UDF III was receiving enough money from operations on a monthly basis to support its ongoing distributions, and that UDF IV had sufficient borrower demand for its money to justify continuing to raise more. Money advanced by UDF IV was reflected in UDF IV’s disclosures as an increase in a specific loan’s carrying balance, but at times was not used to advance the construction of the project. And the pay down of UDF III loans with UDF IV money reduced the carrying amount of UDF III’s loan portfolio. UDF III’s disclosures reflected the repayment of loans, recognized income, and the timely payment of distributions; while UDF IV’s

disclosures showed developers borrowing increasing amounts related to specific real estate projects.

30. The amounts involved were substantial. From at least January 2011 through December 31, 2015, UDF III received at least \$225 million in cash inflows from various sources, including approximately \$80 million from UDF IV. During this time period, UDF III paid its investors at least \$133 million in monthly distribution payments, of which at least \$67 million came from UDF IV.

31. Each of the UDF IV-to-UDF III transfers exhibited similar characteristics. Each month UDF received an email from an outside vendor detailing how much money was needed to make distributions to investors. UDF, which monitored daily cash flows and bank balances among all UDF entities, then determined the UDF III cash requirements to fund the investor distributions. When UDF III had insufficient cash on hand, UDF sent an internal email directing a transfer of funds available from UDF IV to UDF III. Once the transfer from UDF IV to UDF III was complete, instructions were sent to the accounting department directing a distribution to UDF III investors. Further, although UDF eventually obtained approval from the borrower for these transactions, and the transfer from UDF IV was permitted pursuant to certain transaction agreements, it was the lender (*i.e.*, UDF) and not the borrower that initiated the transactions. As discussed above, in many instances, the borrower never even touched the money from UDF IV.

32. UDF did not disclose the true nature of the transactions giving rise to the distributions to its investors, either internally or externally. To the contrary, UDF III investors were led to believe that their distributions were being paid from the operations of their fund, while UDF IV investors were led to believe that their investments were being deployed towards active real estate projects. Relying in part on these UDF IV-to-UDF III transfers, UDF III made



a monthly distribution payment to UDF III investors each month until February 2016.

Thereafter, all distributions stopped.

33. UDF III's and UDF IV's annual reports on Forms 10-K, for at least the periods ended December 31, 2011 through December 31, 2014, and quarterly filings on Forms 10-Q for the periods ended December 31, 2011 through December 31, 2015, failed to adequately disclose the source of funds for UDF III's distributions to investors, and UDF III and UDF IV failed to adequately disclose the use of UDF IV funds to pay down UDF III loans and to make distributions to UDF III investors.

34. UDF IV investors would have considered this information important when making an investment decision that a portion of their invested funds were being used, not for the development of residential lots, but instead to pay down UDF III loans and to make distributions to UDF III investors. Likewise, UDF III investors would have considered it important when making an investment decision that the true source of a portion of their received distributions were not actually coming from funds from operations as disclosed in UDF III's filings with the Commission, but instead were the result of transfers from UDF IV. Further, in early 2016, UDF III and UDF IV ceased making dividend payments, causing investors' income to dry up and jeopardizing their investment returns. UDF IV shares plummeted from approximately \$17 per share on the NASDAQ in late 2015 to consistently less than \$3.50 per share on the OTC market.

**C. UDF III Fails to Impair Loans in Violation of GAAP**

35. UDF III was required to file financial statements with the Commission that complied with Generally Accepted Accounting Principles ("GAAP"). Among other things, this meant that UDF III had to disclose certain information about the loans it had made to developers

and inform investors if any significant outstanding loans became “impaired”—*i.e.*, UDF III believed it was unlikely to be able to collect on the loan.

37. In its 2012 Form 10-K, filed on March 31, 2013, UDF III identified several loans totaling \$111,749,000 that had matured but had not been repaid or extended as of December 31, 2012 and impaired eight of those loans. The largest of these loans, which was not impaired as the note was amended during March 2013, was a 2008 loan to an Austin-based developer (the “Austin Borrower”) that reflected an outstanding principal balance of \$76,999,000. The 2013 10-K, filed on March 31, 2014 disclosed that the loan to the Austin Borrower was extended in March 2013 to a new maturity date of March 31, 2014, and increased to a new commitment amount of approximately \$85 million. The disclosures further stated that full collectability for this loan was considered probable. But, UDF knew or should have known that full collectability from the Austin Borrower was not probable and, at best, highly uncertain.

38. In early March 2014, UDF’s outside auditors met with UDF in connection with the 2013 audit to discuss any impairment issues related to UDF’s loans. The outside auditors requested cash flow (*i.e.*, collectability) projections for selected loans, including the loan to the Austin Borrower. UDF had previously requested the Austin Borrower to prepare a cash flow projection (the “Borrower Projection”) for its loan, which the Austin Borrower sent to UDF on March 18, 2014. The Borrower Projection showed an ever-increasing loan balance and that Austin Borrower would be unable to repay the loan with cash from current projects. UDF did not provide the Borrower Projection to its outside auditors. UDF created its own cash flow projection (the “UDF Projection”) that used different assumptions and included the addition of eleven new projects that were projected to provide the Austin Borrower additional cash flow to pay off the loan. But the Austin Borrower had not vetted or agreed to undertake these eleven

new projects. The UDF Projection showed the Austin Borrower paying off the loan in full. The UDF Projection also used undiscounted cash flows. GAAP requires a company like UDF to measure impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate. On March 25, 2014, UDF advised its auditors that it had completed its cash flow analysis and sent them the UDF Projection without providing the Borrower Projection or the nature of the assumptions UDF used.

39. UDF III violated GAAP because it recognized no specific impairment on its loan to the Austin Borrower in UDF III's 2013 Form 10-K filed on March 31, 2014, and in all subsequent periodic reports. Had UDF III properly complied with applicable GAAP, it would have recognized a specific loan loss allowance in addition to its general reserve balance and put the loan on non-accrual status with suspended income recognition at least as early as UDF III's 2013 Form 10-K. Impairment of the loan to the Austin Borrower was material to investors because it affected the status of the loan for UDF III's second-largest borrower.

40. Thereafter, UDF and the Austin Borrower engaged in protracted negotiations to unwind the failing relationship. Ultimately, UDF was unable to consummate the transfer of the Austin Borrower's loan portfolio to another developer. On January 6, 2017, UDF III filed a Form 8-K announcing certain agreements involving the Austin Borrower, including UDF III's forgiveness of more than \$122 million of indebtedness.

**D. UDF IV Does Not Adequately Disclose Status of Real Property**

41. UDF IV disclosed to investors in its risk disclosures that "0%" of its loans were invested in "unimproved real property" for the periods ended December 31, 2012 through December 31, 2014. For example, UDF IV's 2014 Form 10-K states:

We may invest in loans to purchase unimproved real property. As of December 31, 2014, we have invested 0% of our assets in such loans. Unimproved real property is generally defined as real property which has the following three characteristics: (a) an equity interest in real property which was not acquired for the purpose of producing rental or other income; (b) has no development or construction in process on such land; and (c) no development or construction on such land is planned in good faith to commence within one year.

42. These disclosures were important, because it led investors to believe that *all* the loans in UDF IV's portfolio, particularly those with large, multi-million dollar balances, were funding real estate projects that were actually under construction. The disclosures, however, did not adequately differentiate between loans under development versus actual construction. Several significant UDF IV properties were in entitlement and planning, but not being constructed. In some cases, there was no development at all on the properties, even after they had been in UDF IV's portfolio for years.

43. Nevertheless, UDF IV underwrote several loans that were disclosed in its 2014 Form 10-K that were for unimproved real property, including one where a UDF asset manager specifically requested property that would not need development for a period of years.

45. In November 2015, UDF's outside auditor declined to stand for reappointment and, since then, no UDF fund has released audited financial statements or periodic reports. Further, UDF III has now forgiven more than \$100 million in debt on real estate in some of the fastest appreciating markets in the United States, but the exact write-offs by UDF III and UDF IV are unknown because no audited financials have been released.

**E. The Roles of Greenlaw, Etter, Wissink, and Obert**

46. Throughout the Relevant Period, Greenlaw, Etter, and Wissink were the only three voting members of UDF's Investment Committee, which made all of the investment, loan underwriting and impairment decisions for UDF III and IV. Obert was a regular attendee of and

participant in the Investment Committee meetings and knew the nature and status of these decisions. Greenlaw, Etter, Wissink, and Obert each knew, or should have known, about the transactions between UDF IV and UDF III giving rise to the distributions at issue, the payment of the distributions to UDF III investors using UDF IV funds, the collectability of UDF III's loan to the Austin Borrower, and UDF IV's loans to purchase unimproved real property.

47. Greenlaw and Obert signed every UDF III and UDF IV Forms 10-K and 10-Q filed with the Commission during the Relevant Period, and Etter signed every UDF III Form 10-K filed with the Commission during the Relevant Period. Greenlaw and Obert also, as required under Section 302 of the Sarbanes-Oxley Act, certified each of UDF III's and UDF IV's periodic filings during the Relevant Period. In addition, Greenlaw and Obert signed several UDF IV registration statements and amendments thereto filed with the Commission during the Relevant Period and through which UDF IV offered and sold securities. Greenlaw, Obert, and Wissink signed management representation letters to UDF's outside auditor during the Relevant Period.

48. As a result, Greenlaw, Obert, Wissink, and Etter knew, or should have known, that the disclosures and statements discussed above were false and misleading. UDF IV's capital raising activities also provided a portion of the fees paid to the funds' advisor. Greenlaw, Etter, Obert, and Wissink collectively received millions of dollars in compensation from the advisor during the Relevant Period in the form of distributions, guaranteed payments, salary, dividends, and miscellaneous income.

**F. The Role of Hanson**

49. During the Relevant Period, Hanson did not hold a position at UDF III and did not serve on the UDF Investment Committee or participate in its investment, loan underwriting, and impairment decisions. Hanson was, however, the Chief Accounting Officer of UDF IV, and in

that capacity signed every UDF IV Form 10-K, several UDF IV registration statements and amendments thereto through which UDF IV offered and sold securities, and numerous management representation letters to UDF IV's outside auditor. Hanson placed undue reliance on other UDF personnel and did not take sufficient actions to ensure the accuracy of or a sufficient basis for many of the representations contained therein, including representations related to loan losses, cash flows, disclosures, and internal controls.

**FIRST CLAIM FOR RELIEF**

**Violations of Section 17(a)(2) of the Securities Act  
(against UDF III, UDF IV, Greenlaw, Etter, and Obert)**

50. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

51. By engaging in the conduct described herein, UDF III, UDF IV, Greenlaw, Etter, and Obert, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce and/or by use of the mails obtained money or property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

52. By reason of the foregoing, UDF III, UDF IV, Greenlaw, Etter, and Obert have violated and, unless enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

**SECOND CLAIM FOR RELIEF**

**Aiding and Abetting Violations of Sections 17(a)(2)  
(against Wissink and Hanson)**

53. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

54. By engaging in the conduct described herein, Wissink and Hanson knowingly or recklessly gave substantial assistance to UDF III, UDF IV, Greenlaw, Etter, and Obert in their violations of Sections 17(a)(2) of the Exchange Act [15 U.S.C. § 77q(a)(2)].

55. By reason of the foregoing, Wissink and Hanson aided and abetted UDF III's, UDF IV's, Greenlaw's, Etter's, and Obert's violations of Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)], and unless enjoined, will continue to aid and abet violations thereof.

**THIRD CLAIM FOR RELIEF**

**Violations of Section 17(a)(3) of the Securities Act  
(against UDF III, UDF IV, Greenlaw, Wissink, Etter, Obert, and Hanson)**

56. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

57. By engaging in the conduct described herein, UDF III, UDF IV, Greenlaw, Wissink, Etter, Obert, and Hanson, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce and/or by use of the mails have engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

58. By reason of the foregoing, UDF III, UDF IV, Greenlaw, Wissink, Etter, Obert, and Hanson have violated and, unless enjoined, will continue to violate Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

**FOURTH CLAIM FOR RELIEF**

**Violations of Section 13(a) of the Exchange Act and  
Exchange Act Rules 12b-20, 13a-1, and 13a-13  
(against UDF III and UDF IV)**

59. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

60. By engaging in the conduct described herein, UDF III and UDF IV, whose securities are registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78]), failed to file annual and quarterly reports (on Forms 10-K, 10-KSB, 10-Q, and 10-QSB) with the Commission that were true and correct, and failed to include material information in its required statements and reports as was necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

61. By reason of the foregoing, UDF III and UDF IV violated, and unless enjoined, will continue to violate, Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

**FIFTH CLAIM FOR RELIEF**

**Violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act  
(against UDF III and UDF IV)**

62. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

63. By engaging in the conduct described herein, UDF III and UDF IV, whose securities are registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l]: (a) failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets; and (b) failed to devise and maintain a system of internal controls sufficient to provide reasonable assurances that: (i) transactions were  
*SEC v. United Development Funding III, LP, et al.*



recorded as necessary to permit preparation of financial statements in conformity with GAAP or any other criteria applicable to such statements, and (ii) to maintain accountability of assets.

64. By reason of the foregoing, UDF III and UDF IV violated, and unless enjoined, will continue to violate, Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

#### **SIXTH CLAIM FOR RELIEF**

##### **Aiding and Abetting Violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Exchange Act Rules 12b-20, 13a-1, and 13a-13 (against Greenlaw, Wissink, Etter, Obert, and Hanson)**

65. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

66. By engaging in the conduct described herein, Greenlaw, Wissink, Etter, Obert, and Hanson knowingly or recklessly gave substantial assistance to UDF III and UDF IV in their violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

67. By reason of the foregoing, Greenlaw, Wissink, Etter, Obert, and Hanson aided and abetted UDF III's and UDF IV's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13], and unless enjoined, will continue to aid and abet violations thereof.

**SEVENTH CLAIM FOR RELIEF**

**Violations of Exchange Act Rule 13a-14  
(against Greenlaw and Obert)**

68. The Commission realleges and incorporates by reference each and every allegation contained in the paragraphs above.

69. Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14] requires quarterly and annual reports on Forms 10-Q and 10-K to include certifications of the issuer's principal executive and principal financial officers in the form set forth under Section 302 of the Sarbanes-Oxley Act [15 U.S.C. § 721].

70. Pursuant to Section 302 of the Sarbanes-Oxley Act [15 U.S.C. § 721], Greenlaw and Obert certified that, based upon their knowledge, UDF III's and UDF IV's quarterly and annual reports did not contain any material misstatements or omissions, disclosed all significant deficiencies in internal controls, and fairly presented in all material respects the issuer's financial condition and results of operations. Greenlaw and Obert knew, or should have known, these certifications were false.

71. By reason of the foregoing, Greenlaw and Obert violated Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14].

**RELIEF REQUESTED**

The Commission respectfully requests that the Court enter a final judgment:

- a. permanently enjoining all Defendants from, directly or indirectly, violating Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)] and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13];
- b. permanently enjoining Defendants Greenlaw and Obert from, directly or indirectly, violating Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14];
- c. ordering Defendants Greenlaw, Wissink, Etter, and Obert to disgorge all ill-gotten gains, with prejudgment interest;
- d. ordering Defendants Greenlaw, Wissink, Etter, Obert, and Hanson to pay civil penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78uA]; and
- e. granting such other and further relief as the Court may deem just and appropriate.

Dated: July 3, 2018

Respectfully submitted,

/s/ Keefe M. Bernstein

Keefe M. Bernstein

Lead Attorney

Texas Bar No. 24006839

B. David Fraser

Texas Bar No. 24012654

Securities and Exchange Commission

801 Cherry Street, Suite 1900

Fort Worth, TX 76102

(817) 900-2607 (phone)

(817) 978-4927 (facsimile)

bernsteink@sec.gov

*Attorneys for Plaintiff*

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, L.P.,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF HOLLIS M. GREENLAW**

1. Defendant Hollis M. Greenlaw ("Defendant") waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)], aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the

“Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13], and violation of Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14];

- (b) orders Defendant to pay disgorgement, on a joint and several basis with Benjamin L. Wissink, Theodore F. Etter, and Cara D. Obert, in the amount of \$6,809,282, plus prejudgment interest thereon in the amount of \$390,718; and
- (c) orders Defendant to pay a civil penalty in the amount of \$250,000.00 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United

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States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment

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with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this

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action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) Defendant stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment



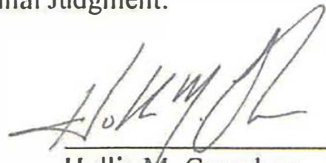
and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

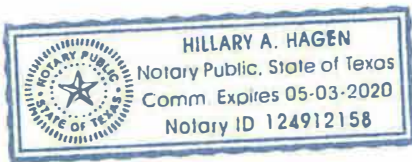
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 6/28/2018


  
\_\_\_\_\_  
Hollis M. Greenlaw

On June 28, 2018, Hollis M. Greenlaw, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



  
\_\_\_\_\_  
Hillary A. Hagen  
Notary Public  
Commission expires:

Approved as to form:



Michael P. Gibson, Esq.  
Bureleson, Pate & Gibson, L.L.P.  
900 Jackson Street, Suite 330  
Dallas, Texas 75202

Attorney for Defendant

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF CARA D. OBERT**

1. Defendant Cara D. Obert (“Defendant”) waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over Defendant and over the subject matter of this action.
2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:
  - (a) permanently restrains and enjoins Defendant from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)], aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the

“Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13], and violation of Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14];

- (b) orders Defendant to pay disgorgement, on a joint and several basis with Hollis M. Greenlaw, Theodore F. Etter, and Benjamin L. Wissink, in the amount of \$6,809,282, plus prejudgment interest thereon in the amount of \$390,718; and
- (d) orders Defendant to pay a civil penalty in the amount of \$250,000.00 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that she shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that she is entitled to, nor shall she further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that she shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset

to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that she shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that she shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment

with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this

action, Defendant understands that she shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that she neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) Defendant stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment

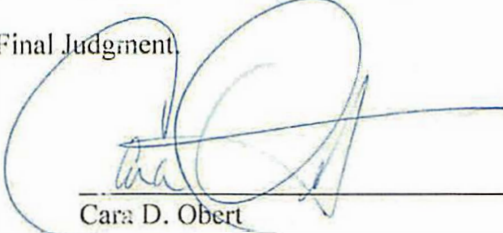
and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

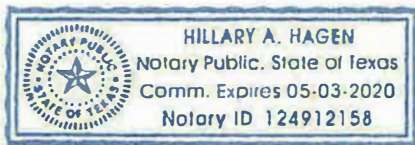
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 6-5-18

  
\_\_\_\_\_  
Cara D. Obert

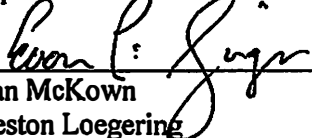
On June 5, 2018, Cara Obert, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



Hillary A Hagen  
\_\_\_\_\_  
Notary Public  
Commission expires:



Approved as to form:

  
\_\_\_\_\_

Joan McKown

Weston Loegering

Evan Singer

JONES DAY

2727 North Harwood Street

Dallas, Texas 75201

Attorneys for Defendant

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF THEODORE F. ETTER**

1. Defendant Theodore F. Etter (“Defendant”) waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the

“Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13];

- (b) orders Defendant to pay disgorgement, on a joint and several basis with Hollis M. Greenlaw, Benjamin L. Wissink, and Cara D. Obert, in the amount of \$6,809,282, plus prejudgment interest thereon in the amount of \$390,718; and
- (c) orders Defendant to pay a civil penalty in the amount of \$250,000.00 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be

deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of

the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) Defendant stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i)

testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

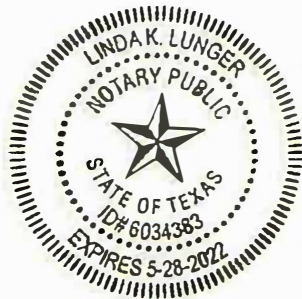
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.


15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 6/5/18

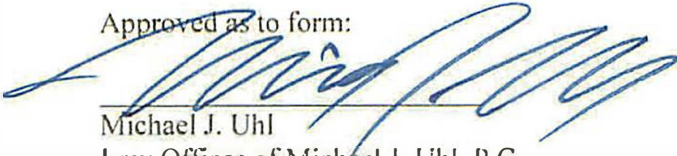
  
Theodore F. Etter

On June 5, 2018, Theodore F. Etter, Jr. a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



  
Notary Public  
Commission expires: MAY 28, 2022

Approved as to form:

A handwritten signature in blue ink, appearing to read "Michael J. Uhl", written over a horizontal line.

Michael J. Uhl  
Law Offices of Michael J. Uhl, P.C.  
500 North Akard, Suite 2150  
Dallas, Texas 75201

Attorney for Defendant



UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF BENJAMIN L. WISSINK**

1. Defendant Benjamin L. Wissink ("Defendant") waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)], aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the

“Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13];

- (b) orders Defendant to pay disgorgement, on a joint and several basis with Hollis M. Greenlaw, Theodore F. Etter, and Cara D. Obert, in the amount of \$6,809,282, plus prejudgment interest thereon in the amount of \$390,718; and
- (c) orders Defendant to pay a civil penalty in the amount of \$250,000.00 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be

deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of

the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) Defendant stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i)

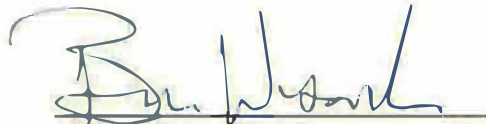
testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

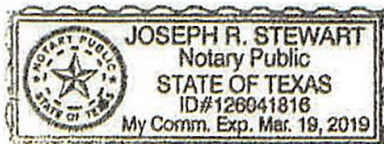
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 6-27-18

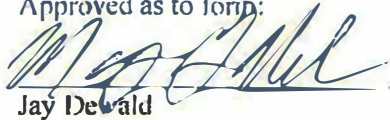
  
Benjamin L. Wissink

On 6-27-, 2018, Ben Wissink, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



  
Notary Public  
Commission expires:

Approved as to form:



Jay DeWald

Jackson Walker LLP  
2323 Ross Avenue, Suite 600  
Dallas, TX 75201

and

Matthew G. Nielson  
Stanton LLP  
Comerica Bank Tower  
1717 Main Street, Suite 3800  
Dallas, Texas 75201

Attorney for Defendant

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF DAVID A. HANSON**

1. Defendant David A. Hanson ("Defendant") waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of the Final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the



“Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13]; and

- (b) orders Defendant to pay a civil penalty in the amount of \$75,000.00 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

3. Defendant acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant’s payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Defendant agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Final Judgment and agrees that entry of the Final

Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the

allegations in the complaint or order for proceedings,” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) Defendant stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant’s: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to

seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

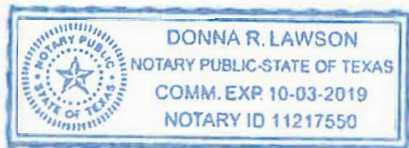
14. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.


15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: June 15, 2018

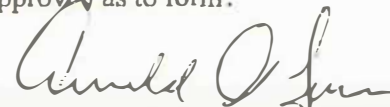
  
\_\_\_\_\_  
David A. Hanson

On June 15, 2018, David A. Hanson, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



  
\_\_\_\_\_  
Notary Public  
Commission expires:

Approved as to form:

  
\_\_\_\_\_  
Arnold A. Spencer  
Spencer and Associates  
201 Main Street, Suite 1375  
Fort Worth, Texas 76102

Attorney for Defendant

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

UNITED DEVELOPMENT FUNDING III, LP,  
UNITED DEVELOPMENT FUNDING IV,  
HOLLIS M. GREENLAW,  
BENJAMIN L. WISSINK, THEODORE F. ETTER,  
CARA D. OBERT, and DAVID A. HANSON

Defendants.

C.A. No. 3:18-cv-01735

**CONSENT OF UNITED DEVELOPMENT FUNDING III, LP  
AND UNITED DEVELOPMENT FUNDING IV**

1. Defendants United Development Funding III, LP and United Development Funding IV (“Defendants”) waive service of a summons and the complaint in this action, enter a general appearance, and admit the Court’s jurisdiction over Defendants and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 10 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendants hereby consents to the entry of the Final Judgment in the form attached hereto (the “Final Judgment”) and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendants from violation of Sections 17(a)(2) and (3) of the Securities Act of 1933 (the “Securities Act”) [15

U.S.C. § 77q(a)] and Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

3. Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

4. Defendants waive the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

5. Defendants enter into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendants to enter into this Consent.

6. Defendants agree that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

7. Defendants will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

8. Defendants waive service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendants of its terms and conditions. Defendants further agree to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendants have received and read a copy of the Final Judgment.

9. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted

against Defendants in this civil proceeding. Defendants acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendants further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendants understand that they shall not be permitted to contest the factual allegations of the complaint in this action.

10. Defendants understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that it neither admits nor denies the allegations." As part of Defendants' agreement to comply with the terms of Section 202.5(e), Defendants each: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the



complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; and (iii) upon the filing of this Consent, each Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If either Defendants breach this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendants': (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

11. Defendants hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendants to defend against this action. For these purposes, Defendants agrees that Defendants are not the prevailing party in this action since the parties have reached a good faith settlement.

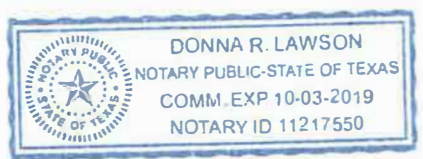
12. Defendants agree that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

13. Defendants agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 6/28/18

United Development Funding III, LP  
By: [Signature]  
Name: Todd Ether  
Title: Chairman of the Board

On June 28, 2018, Todd Ether, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of UDF III as its Chairman of the Board.

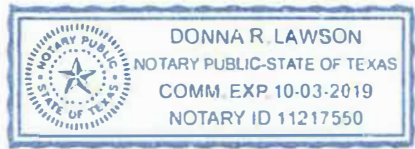


[Signature]  
Notary Public  
Commission expires: 10/3/2019

Dated: 6/28/18

United Development Funding IV  
By: [Signature]  
Name: Hollis M. Greenlaw  
Title: Chief Executive Officer

On June 28, 2018, Hollis M. Greenlaw, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of UDF IV as its Chief Executive Officer.



[Signature]  
Notary Public  
Commission expires: 10/3/2019

Approved as to form:  
[Signature]  
Barrett R. Howell  
Katten Muchin Rosenman LLP  
1717 Main Street, Suite 3750  
Dallas, TX 75201-7301

Attorney for Defendants



in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

## II.

It is further **ordered, adjudged, and decreed** that Defendants Greenlaw, Wissink, Etter, and Obert are permanently restrained and enjoined from aiding and abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly or recklessly providing substantial assistance to an issuer that files with the Commission any periodic report pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] that contains any untrue statement of material fact, or which omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of Section 13(a) [15 U.S.C. § 78m(a)] or Rules 12b-20, 13a-1, or 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants,

employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

III.

It is further **ordered, adjudged, and decreed** that Defendants Greenlaw, Wissink, Etter, and Obert are permanently restrained and enjoined from aiding or abetting any violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by knowingly or recklessly providing substantial assistance to an issuer that fails to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

IV.

It is further **ordered, adjudged, and decreed** that Defendants Greenlaw, Wissink, Etter, and Obert are permanently restrained and enjoined from aiding or abetting any violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by knowingly or recklessly providing substantial assistance to an issuer that fails to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain

accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

V.

It is further **ordered, adjudged, and decreed** that Defendants Greenlaw and Obert are permanently restrained and enjoined from violating Rule 13a-14 of the Exchange Act [17 C.F.R. § 13a-14] by signing a certification of a Form 10-K or 10-Q filed with the Commission falsely confirming that the Form 10-K or 10-Q does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants Greenlaw's and Obert's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants Greenlaw or Obert or with anyone described in (a).

VI.

It is further **ordered, adjudged, and decreed** that:

Defendants Greenlaw, Wissink, Etter, and Obert are jointly and severally liable for disgorgement of \$6,809,282, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$390,718.

Defendant Greenlaw is liable for a civil penalty in the amount of \$250,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Defendant Wissink is liable for a civil penalty in the amount of \$250,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Defendant Etter is liable for a civil penalty in the amount of \$250,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Defendant Obert is liable for a civil penalty in the amount of \$250,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Defendants shall satisfy these obligations by paying the amounts stated above to the Securities and Exchange Commission within 180 days after entry of this Final Judgment.

Defendants may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank

cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this court; the name of the Defendant making payment; and specifying that payment is made pursuant to this Final Judgment.

Defendants shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making the payment, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendants.

The Commission may enforce the court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 180 days following entry of this Final Judgment. Defendants shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the court.

The Commission may propose a plan to distribute the Fund subject to the court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.



Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendants shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on a Defendant's payment of disgorgement in this action, argue that a Defendant is entitled to, nor shall a Defendant further benefit by, offset or reduction of such compensatory damages award by the amount of any part of a Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, the Defendant receiving the benefit of the offset shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Final Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against a Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

VII.

It is further **ordered, adjudged, and decreed** that Defendants' Consents are incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

VIII.

It is further **ordered, adjudged, and decreed** that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the

complaint are true and admitted by Defendants Greenlaw, Wissink, Etter, and Obert, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants Greenlaw, Wissink, Etter, or Obert under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendants of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

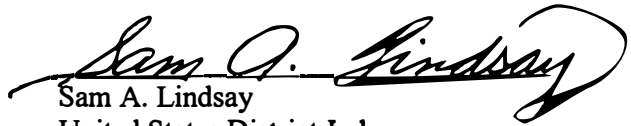
IX.

It is further **ordered, adjudged, and decreed** that this court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the court **directs** the clerk of court to enter this Final Judgment forthwith and without further notice.

Signed this 31st day of July, 2018.

  
Sam A. Lindsay  
United States District Judge



(ii) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

It is further **ordered, adjudged, and decreed** that Defendant is permanently restrained and enjoined from aiding and abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly or recklessly providing substantial assistance to an issuer that files with the Commission any periodic report pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] that contains any untrue statement of material fact, or which omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of Section 13(a) [15 U.S.C. § 78m(a)] or Rules 12b-20, 13a-1, or 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

III.

It is further **ordered, adjudged, and decreed** that Defendant is permanently restrained and enjoined from aiding or abetting any violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by knowingly or recklessly providing substantial assistance to an issuer that fails to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

IV.

It is further **ordered, adjudged, and decreed** that Defendant is permanently restrained and enjoined from aiding or abetting any violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by knowingly or recklessly providing substantial assistance to an issuer that fails to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

V.

It is further **ordered, adjudged, and decreed** that Defendant is liable for a civil penalty in the amount of \$75,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this obligation by paying \$75,000 to the Securities and Exchange Commission within 180 days after entry of this Final Judgment.

Defendant may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this court; Defendant's name; and specifying that payment is made pursuant to this Final Judgment.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making the payment,

Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant.

The Commission may enforce the court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 180 days following entry of this Final Judgment. Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the court.

The Commission may propose a plan to distribute the Fund subject to the court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that Defendant is entitled to, nor shall Defendant further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting the Penalty Offset,

notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Final Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

VI.

It is further **ordered, adjudged, and decreed** that Defendant's Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VII.

It is further **ordered, adjudged, and decreed** that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VIII.

It is further **ordered, adjudged, and decreed** that this court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.




IX.

It is further **ordered, adjudged, and decreed** that Defendant has waived any right to appeal from this Final Judgment.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the court **directs** the clerk of court to enter this Final Judgment forthwith and without further notice.

Signed this 31st day of July, 2018.

  
Sam A. Lindsay  
United States District Judge



make the statements made, in light of the circumstances under which they were made, not misleading; or (ii) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

II.

It is further **ordered, adjudged, and decreed** that Defendants UDF III and UDF IV are permanently restrained and enjoined from filing with the Commission any periodic report pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] which contains any untrue statement of material fact, or which omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or which fails to comply in any material respect with the requirements of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] or Rules 12b-20, 13a-1, or 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

III.

It is further **ordered, adjudged, and decreed** that Defendants UDF III and UDF IV are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

IV.

It is further **ordered, adjudged, and decreed** that Defendants UDF III and UDF IV are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

It is further **ordered, adjudged, and decreed** that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraphs also bind the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

V.

It is further **ordered, adjudged, and decreed** that Defendants' Consents are incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

VI.

It is further **ordered, adjudged, and decreed** that this court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.


VII.

It is further **ordered, adjudged, and decreed** that Defendants have waived any right to appeal from this Final Judgment.

VIII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the court **directs** the clerk of court to enter this Final Judgment forthwith and without further notice.

Signed this 31st day of July, 2018.

  
Sam A. Lindsay  
United States District Judge