



## **UDF Lawsuit Against Kyle Bass and Hayman Capital Will Proceed**

### **Court Rules UDF Established a Prima Facie Case for Its Claims of Business Disparagement and Tortious Interference With Contract**

**GRAPEVINE, Texas, June 12, 2018** - After six months of litigation between United Development Funding (“UDF,” as described below) and defendants J. Kyle Bass (“Bass”) and Hayman Capital (“Hayman,” as described below, and together with Bass, “Defendants”), a Dallas County Court (the “Court”) denied the Defendants’ bid to dismiss UDF’s lawsuit under the Texas Citizen’s Participation Act (the “TCPA”).

UDF filed a lawsuit last November claiming Bass and Hayman made false statements that disparaged UDF’s business and interfered with its contracts and business relations, and that those statements were made with malice and caused extensive damage to UDF’s business. The Defendants then filed a motion under the TCPA, known as an anti-SLAPP motion, and argued that the Defendants were exercising rights of free speech in publishing negative material concerning UDF’s business—first anonymously and then on a proprietary website—and that the speech was made without actual malice. In March, the Court authorized limited discovery, including the production of some documentary evidence. After an extended evidentiary hearing, the Court ruled in favor of UDF, and has allowed the lawsuit to proceed to trial.

“We are very pleased with the Court’s ruling and the Court’s allowance of limited discovery prior to the ruling,” said UDF’s Hollis Greenlaw. “The limited discovery granted by the Court allowed us to see this coordinated plan documented in the emails and texts of Bass and Hayman. We intend to pursue the lawsuit to trial as expeditiously as possible, and we look forward to our day in court.”

Ellen Cirangle, counsel for UDF, stated, “In all the cases that I have done, I have never seen such extensive dissemination of negative information about a company, including through anonymous postings.”

As part of UDF’s opposition to Defendants’ motion, UDF submitted eleven affidavits that included testimony in support from developers, a banker, brokers, investors, executives and a forensic accounting expert who was formerly Ernst & Young’s fraud investigations practice leader in the Americas.

Today's Court ruling removes the stay of discovery that was automatically imposed by Defendants' filing of the TCPA motion and enables UDF to move beyond the initial, limited discovery into full discovery on the merits of the case. However, Defendants have the ability to further delay discovery by appealing the Court's ruling, if they are unwilling to proceed with the trial court case at this time. No assurances can be given that UDF will receive any damages as a result of the lawsuit, nor can any assurances be given regarding a timeframe for a resolution of the lawsuit.

Public documents filed with the court, including discovery and UDF's filings, can be found at [www.udfonline.com/litigation](http://www.udfonline.com/litigation). The case is styled *United Development Funding, L.P. et al. v. J. Kyle Bass et al.*, Case No. CC-17-06253-C in Dallas County Court at Law No. 3. Counsel for UDF are Ellen Cirangle, Jonathan Sommer and Kyle Withers of Lubin Olson & Niewiadomski LLP in San Francisco, California, and Joe Cox and Andrea Broyles at Bracewell LLP in Dallas.

"UDF" refers to plaintiffs United Development Funding, L.P., United Development Funding II, L.P., United Development Funding III, L.P., United Development Funding IV, United Development Funding Income Fund V, United Mortgage Trust, United Development Funding Land Opportunity Fund, L.P., and United Development Funding Land Opportunity Fund Investors, L.L.C.

"Hayman" refers to defendants Hayman Capital Management, L.P., Hayman Offshore Management, Inc., Hayman Capital Master Fund, L.P., Hayman Capital Partners, L.P., Hayman Capital Offshore Partners, L.P. and Hayman Investments, LLC.

#### **About United Development Funding IV**

United Development Funding IV is a public Maryland real estate investment trust. UDF IV was 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 business prospects, outcome of litigation 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.*

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