



HAYMAN
CAPITAL MANAGEMENT, L.P.

ONE EXAMPLE OF MANY:

UDF's High Flying Conflicts of Interest

January 2016

"Only when the tide goes out do you discover who's been swimming naked."

– Warren Buffet

CONFLICTS OF INTEREST EXIST BETWEEN UDF AND ITS LARGEST BORROWER

In a Form 8-K filed with the SEC, UDF claims that it is “not aware of any material conflicts of interest between our executives and our largest group of related borrowers or its principal.”

- **Despite this claim, there are number of material outside business relationships between UDF and its largest borrower which would appear to create a material conflict of interest.**
 - The CEO of UDF, Hollis Greenlaw, and the CEO of Centurion American, Mehrdad Moayedi co-own currently or recently owned a private jet together.
 - Centurion American and a private UDF affiliate co-own a Dallas high-rise condo building.
 - Centurion American and a private subsidiary of UDF I shared a 50/50 partnership to purchase and sell residential lots near Austin, Texas.
 - UDF IV over-lent to Centurion American, which redirected excess funds to UDF I without any apparent economic reason to do so.
- **None of these business relationships are disclosed to the public shareholders of UDF III, UDF IV or UDF V; management must have a different definition of “material” than most investors.**
- **The following analysis highlights one of these outside business relationship, specifically that the CEO of UDF and the CEO of UDF’s largest borrower co-own currently or recently owned a private jet together.**

EXHIBIT A: MOJO AIR (TAIL NUMBER: N77BT)

This is the private jet that is alleged to be co-owned by Hollis Greenlaw and Mehrdad Moayed



EXHIBIT B: AIRCRAFT SECURITY AGREEMENT

This aircraft security agreement establishes that Hollis M. Greenlaw is a “Member” of the entity “G-III N77BT, LLC.”

Note the tail number from the prior page was N77BT.

**AIRCRAFT SECURITY AGREEMENT
(Continued)**

Loan No: 3770177001 Page 7

Grantor. The word “Grantor” means G-III N77BT, LLC, a Delaware limited liability company.

Guarantor. The word “Guarantor” means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word “Guaranty” means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word “Indebtedness” means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word “Lender” means Mutual of Omaha Bank, its successors and assigns.

Note. The word “Note” means the Note executed by G-III N77BT, LLC, a Delaware limited liability company in the principal amount of \$1,275,000.00 dated August 8, 2012, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Related Documents. The words “Related Documents” mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AIRCRAFT SECURITY AGREEMENT AND GRANTOR AGREES TO ITS TERMS. THIS AIRCRAFT SECURITY AGREEMENT IS DATED AUGUST 8, 2012.

GRANTOR:

G-III N77BT, LLC, A DELAWARE LIMITED LIABILITY COMPANY

CHRISMAC COMPANY, LLC, A TEXAS LIMITED LIABILITY COMPANY, Member of G-III N77BT, LLC, a Delaware limited liability company

By: Hollis M. Greenlaw, Managing Member of CHRISMAC COMPANY, LLC, a Texas limited liability company

LENDER:

MUTUAL OF OMAHA BANK

By: Roger B. Wright
Authorized Signer

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EXHIBIT D: STATE OF TEXAS, TAXABLE ENTITY SEARCH

A search for the entity “G-III N77BT, LLC” on the taxable entity search for the state of Texas shows that Hollis Greenlaw was listed under “Officers and Directors” for the 2015 report year.

Officers and Directors

G-III N77BT, LLC
Report Year: 2015

[Return to Taxable Entity Search Results](#)

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Public Information Report from open.records@cpa.state.tx.us or Comptroller of Public Accounts, Open Government Division, PO Box 13528, Austin, Texas 78711.

Title	Name and Address
<i>DIRECTOR</i>	HOLLIS GREENLAW 1301 MUNICIPAL WAY STE 200 GRAPEVINE, TX 76051
<i>MANAGER</i>	HOLLIS GREENLAW 1301 MUNICIPAL WAY STE 200 GRAPEVINE, TX 76051

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HOW EXACTLY DOES MANAGEMENT DEFINE A “MATERIAL CONFLICT OF INTEREST”

While it is clear that the business relationship between Hollis Greenlaw and Mehrdad Moayedı goes beyond that of a lender (UDF) and borrower (Centurion American), it is not clear why this relationship is not disclosed to public shareholders; UDF management may not believe that a conflict of interest is created by the economics of a private jet between two CEOs. Or, does management just not believe the relationship to be material?

