

UNITED DEVELOPMENT FUNDING IV (UDF IV) SHAREHOLDERS,  
BEFORE YOU VOTE...

# Count the **Red Flags!**

UDF IV is asking shareholders to re-elect the four incumbent independent trustees: *Lawrence Jones*, *Philip Marshall*, *J. Heath Malone*, and *Steven Finkle*.

**Before casting your vote, consider what these trustees have done for you:**

- For **seven years**, the Company failed to file quarterly and annual reports, resulting in the stock getting **delisted by Nasdaq** and **deregistered by the SEC**.
- For **eight years**, the Company **failed to hold a shareholders' meeting**, only doing so after NexPoint challenged them in court;
- On the board's watch, the management team engaged in **wire and securities fraud for YEARS—defrauding YOU**, their shareholders;
- The board then authorized the use of millions of dollars of **YOUR** money to **defend the management team at their criminal trial**;
- The board authorized the use of **YOUR** money to pay the management team's **\$7.2 million SEC disgorgement**; and
- Even after the management team was sentenced to prison, the board maintained the status quo, **allowing the advisor to continue to collect millions of dollars of YOUR money** in advisory fees—while making no effort through offset or otherwise to recover advanced fees from the advisor and its management team.



**BEFORE YOU VOTE, REVIEW THE TRUSTEES'  
TRACK RECORD AND COUNT THE **RED FLAGS**:**



## TRACK RECORD OF FRAUD AND VALUE DESTRUCTION

The current trustees' track record on the UDF IV board includes presiding over massive loss of value and fraud against shareholders

### SUMMARY OF CURRENT TRUSTEES' TRACK RECORD

- AUG 2008** Philip Marshall, J. Heath Malone, and Steven Finkle join the board.
- 2011-2015** CEO Hollis Greenlaw and other executives “engaged in a scheme to defraud using investment fund entities UDF III, UDF IV, and UDF V.”<sup>1</sup>
- APR 2014** SEC investigates use of UDF IV funds—YOUR funds—to pay distributions to investors of other UDF affiliate entities. The board takes no action.
- NOV 2015** UDF IV files last public filing. Auditor Whitley Penn declines to stand for reappointment days after filing (and is later sanctioned by the Public Company Accounting Oversight Board).
- FEB 2016** FBI raids UDF IV offices. The board takes no action.
- OCT 2016** Nasdaq delists UDF IV shares due to not filing required reports. Shareholders lose important access to liquidity. The board takes no action.
- JUL 2018** SEC settles enforcement action against UDF IV and several executives, ordering certain executives to pay over \$8.2 million in disgorgement, prejudgment interest, and civil penalties. The trustees authorize the use of YOUR money to pay \$7.2 million of the disgorgement and prejudgment interest that was to be paid by the individuals on the management team (Obert, Wissink, Etter, and Greenlaw).
  
- AUG 2019** Lawrence Jones joins the board.
- JUL 2020** The board amends bylaws to change election policies, adopting a staggered board, enabling trustees to avoid standing for election and stripping shareholders of voting rights.
- AUG 2020** SEC revokes the registration of all classes of registered securities of UDF IV for violations of their reporting obligations that “are serious, recurrent, and show a high degree of culpability.”<sup>2</sup> The board takes no action.
- JAN 2022** A federal jury convicts Hollis Greenlaw and three other UDF IV executives on multiple counts of fraud. *FBI Special Agent in Charge: “These executives conspired to commit multiple fraud schemes in order to mislead investors and the SEC, with multi-million dollar losses.”*<sup>3</sup> The board takes no action.
- MAY 2022** The four convicted UDF IV executives are sentenced to a combined 20 years in federal prison.
- AUG 2023** The Fifth Circuit Court of Appeals upholds the criminal convictions of the former UDF IV executives, citing an “avalanche of evidence.”<sup>4</sup>
- MAY 2024** U.S. Supreme Court denies review of UDF IV case, upholding the appellate court ruling.

## CONSIDER THE **RED FLAGS** BEFORE YOU VOTE FOR THESE TRUSTEES

(MORE AT [UDFACCOUNTABILITY.COM/RED-FLAGS](http://UDFACCOUNTABILITY.COM/RED-FLAGS))



**Lawrence Jones**

Current UDF IV Trustee



**Philip Marshall**

Current UDF IV Trustee



**J. Heath Malone**

Current UDF IV Trustee



**Steven Finkle**

Current UDF IV Trustee

These individuals have had years to show a commitment to doing the right thing for shareholders. Instead, their actions as trustees show they are more interested in entrenching themselves and enriching former executives than fulfilling their fiduciary duties and protecting shareholders' interests.

**Shareholders should be concerned about the state of UDF IV. This vote may be the one opportunity to enact critical change and recover value.**

After years of mismanagement, lack of transparency, and governance failures, the task of turning UDF IV around is a significant and urgent undertaking. All recent distributions have been a return of capital. Recent financials raise their own set of red flags and indicate the need to enact change *now* to prevent further erosion of value.

### NEXPOINT'S NOMINEES

## HIGHLY QUALIFIED CANDIDATES TO REPLACE THE CURRENT TRUSTEES

As one of the largest shareholders, NexPoint has nominated four candidates to the UDF IV Board. (You can read more about NexPoint's nominees and their relevant professional backgrounds and experience at: [udfaccountability.com/nominees/](http://udfaccountability.com/nominees/))



**Paul Broaddus**



**Edward Constantino**



**John Good**



**Julie Silcock**

➤ To enact change and replace the current trustees, disregard UDF IV's white proxy materials and vote **FOR** NexPoint's nominees using the **GREEN** proxy card.

**See next page for voting instructions and other important information.**

## VOTING INFORMATION

**For detailed voting instructions, visit:**

[www.udfaccountability.com/voting-information/](http://www.udfaccountability.com/voting-information/)

While UDF IV has not announced an Annual Meeting date, shareholders can vote TODAY to replace the current Trustees. See below for information on how to vote FOR NexPoint's nominees using the GREEN proxy materials.

### IF SHARES HELD DIRECTLY THROUGH THE COMPANY'S TRANSFER AGENT:

**VOTE ONLINE** [www.okapivote.com/UDFIV2024](http://www.okapivote.com/UDFIV2024)

**VOTE BY PHONE** (866) 763-6519

### QUESTIONS/VOTING ASSISTANCE

For assistance submitting your vote, locating your control number, or voting through your brokerage account, contact Okapi Partners at:

[info@okapipartners.com](mailto:info@okapipartners.com) or **(877) 869-0171**

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### SOURCES

- (1) U.S. Attorney's Office, Northern District of Texas. "U.S. Attorney Seeking Investors Defrauded by United Development Funding," Jan. 22, 2022.
- (2) Securities and Exchange Commission, Aug. 12, 2020.
- (3) U.S. Attorney's Office, Northern District of Texas. "United Development Funding Executives Convicted of Fraud," Jan. 22, 2022.
- (4) United States v. Greenlaw, 76 F.4th 304 (5th Cir. 2023)

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### IMPORTANT INFORMATION

NexPoint Real Estate Opportunities, LLC ("NexPoint") has delivered a proxy statement with respect to its solicitation of proxies for nominees to be elected to the United Development Funding IV ("UDF IV") Board of Trustees at the Annual Meeting of Shareholders of UDF IV. The date for the Annual Meeting has not yet been set at this time.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE NEXPOINT PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) IN ITS ENTIRETY AS IT CONTAINS IMPORTANT INFORMATION ABOUT THE PROXY SOLICITATION.

Copies of the documents are available free of charge from NexPoint by accessing the website [www.udfaccountability.com](http://www.udfaccountability.com).

NexPoint, its affiliates, their directors and executive officers and other members of management and employees may be participants (collectively "Participants") in the solicitation of proxies by NexPoint. Information about NexPoint's nominees to the UDF IV Board of Trustees and information regarding the direct or indirect interests in UDF IV, by security holdings or otherwise, of NexPoint, the other Participants and NexPoint's nominees will be available in the proxy statement. NexPoint's disclosure of any security holdings will be based on information made available to NexPoint by such Participants and nominees. UDF IV is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Consequently, NexPoint's knowledge of significant security holders of UDF IV and as to UDF IV itself is limited.