

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

STEPHEN N. FOX & NORA FOX JTWR0S,
individually and on behalf of all others similarly
situated,

Plaintiffs,

vs.

UNITED DEVELOPMENT FUNDING III,
UMT SERVICES, INC., UMT GENERAL
SERVICES, L.P., UMT LAND
DEVELOPMENT, L.P., UMT HOLDINGS, L.P.,
HOLLIS M. GREENLAW, TODD ETTER,
CARA D. OBERT, BEN L. WISSINK,

Defendants.

Civil Action No. 4:20-cv-00150-O

Honorable Reed O'Connor

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS
HEARING; AND (III) MOTION FOR AN AWARD OF
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED UNITS OF INTEREST IN UNITED DEVELOPMENT FUNDING III, L.P. ("UDF III") PURSUANT TO THE DIVIDEND REINVESTMENT PROGRAM ("DRIP") BETWEEN NOVEMBER 21, 2013 AND NOVEMBER 21, 2018, INCLUSIVE (THE "CLASS PERIOD").

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW.

1. **CLASS RECOVERY:** This Notice has been sent to you pursuant to an Order of the United States District Court, Northern District of Texas (the "Court") in the above-captioned action (the "Action"). One of the purposes of this Notice is to inform you of the proposed Settlement¹ of the Action for \$2,350,000. Lead Plaintiffs estimate there were approximately one million units of limited partnership interests in UDF III granted pursuant to the DRIP during the Class Period to 2,668 unique account participants. Pursuant to the Plan of Allocation, if all affected units elect to participate in the

¹ All capitalized terms not defined herein shall have the same meaning ascribed to them in the Stipulation and Agreement of Settlement dated January 5, 2021 (the "Stipulation").

Settlement, the average recovery per unit could be \$2.35 before deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

2. **POTENTIAL OUTCOME OF THE CASE:** Lead Plaintiffs and Defendants disagree on both liability and damages and do not agree on the average amount of damages per unit, if any, that would be recoverable if the Class prevailed on any claim alleged. Lead Plaintiffs and Defendants disagree on, among other things, whether Defendants engaged in conduct that would give rise to any liability to the Class under Texas state securities laws, whether Defendants have valid defenses to any such claims of liability, and the amount of damages per unit, if any, Lead Plaintiffs would be able to prove at trial, the methodology used to determine any such damages, and whether there were any mitigating circumstances which would reduce any or all of the damages alleged by Lead Plaintiffs.

3. **REASONS FOR SETTLEMENT:** Lead Plaintiffs believe that the proposed Settlement is fair, reasonable, and adequate to, and in the best interests of, the Class. Lead Plaintiffs and counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Lead Plaintiffs' claims against Defendants, including the Defendants' contentions that the Class's claims are without merit, the uncertainties of this complex litigation, and the concrete benefits provided by the Settlement to the members of the Class. The Defendants are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation, which is not in the best interests of UDF III or its limited partners. Defendants deny all claims and contentions alleged by Lead Plaintiffs in the Action, and maintain that they have meritorious defenses. Defendants deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action. The Defendants expressly deny that Lead Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. The Defendants also deny, among other things, that they have engaged in any conduct that violated state or federal laws, including but not limited to securities laws, that Lead Plaintiffs or the Settlement Class suffered damages, and that Lead Plaintiffs and the members of the Settlement Class were harmed by the conduct alleged in the Action. The Defendants recognize, however, the time and expense of continued proceedings, and uncertainty and risks inherent in litigation, especially in complex cases like the Action. By agreeing to the contemplated Settlement, Defendants do not admit or concede the accuracy or sufficiency of any of the allegations in the Complaint in the Action or any other action, or any wrongdoing, liability or violations of any law.

4. **ATTORNEYS' FEES AND COSTS SOUGHT:** Lead Counsel has not received any payment for its services in conducting this litigation on behalf of Lead Plaintiffs and the members of the Class, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, and if all of the terms of the Stipulation are completed, Lead Counsel will apply to the Court for attorneys' fees not to exceed 30% of the Settlement Amount, reimbursement of expenses not to exceed \$50,000, and an award to Lead Plaintiffs of up to \$5,000. If the amount requested by Lead Counsel is approved by the Court, the average cost would be \$0.76 per UDF III DRIP unit.

5. **IDENTIFICATION OF CLASS COUNSEL:** For further information regarding this Settlement please contact Lead Counsel: Matthew M. Guiney, Wolf Haldenstein Adler Freeman & Herz LLP, 270 Madison Avenue, New York, New York 10016, guiney@whafh.com.

I. THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

The proposed Settlement affects the rights of the members of the Class. The Class consists of:

all Persons who or which purchased units of interest in UDF III pursuant to the DRIP between November 21, 2013 through November 21, 2018, inclusive (the “Class Period”), and allegedly were damaged thereby.

The sending of this Notice should not be construed as any indication of the Court’s view as to the merits of any claims or defenses asserted by any party to this Action.

II. THE LITIGATION

Summary of the Litigation

The Court handling this Action is the United States District Court for the Northern District of Texas and the case is known as *Steven N. Fox & Nora Fox JTWROS v. United Development Funding III, et al.*, cause number 4:20-cv-00150-O (the “Action”). The Court appointed Lead Plaintiffs to represent the putative Class. The Defendants in this Action are UDF III, UMT Services, Inc., UMTH General Services, L.P., UMTH Land Development, L.P., UMT Holdings, L.P. (collectively, the “UDF Entity Defendants”), Hollis M. Greenlaw, Todd Etter, Cara D. Obert, and Ben L. Wissink (collectively, and together with the UDF Entity Defendants, the “Defendants” and, together with Lead Plaintiffs, the “Parties”).

This Action alleges violations of Texas state securities laws in connection with the purchase of units of UDF III limited partnership interests through the DRIP, offered for sale by means of documents that allegedly contained untrue statements and material omissions.

More specifically, in the Amended Complaint, Plaintiffs contend that, beginning in 2011, the UDF Defendants, aided and abetted by their accountant, through false and misleading public filings, duped them and proposed class members into foregoing receipt of cash distributions and instead using those distributions to purchase additional UDF III units in the DRIP. Plaintiffs allege UDF III concealed it was using money from other UDF entities to pay distributions to investors in UDF III without disclosing the source of the funds, thereby creating the appearance that UDF III was a successful investment, and inducing Plaintiffs and proposed class members to reinvest; failed to disclose that from 2010 to 2015 it was exceeding loan limit restrictions set forth in the “Second Amended and Restated Agreement of Limited Partnership of United Development Funding III, L.P.” (the “Partnership Agreement”); failed to disclose its loans were invested in unimproved real property and falsely implied that all UDF III loans were funding projects under construction; and failed to disclose that, by the end of 2013, approximately \$80 million in loans to one of UDF III’s largest borrowers was impaired. Plaintiffs alleged that, through this “Ponzi-like scheme,” UDF was able to funnel cash to the UDF Entity Defendants while giving Plaintiffs and class members overvalued units in place of cash dividends.

On April 4, 2020, the Court denied, in part, the Defendants’ motion to dismiss the Action. The Lead Plaintiffs subsequently filed their opening memorandum of law in support of class certification and stayed the litigation to pursue a potential settlement thereafter.

Investigation and Research Conducted by Lead Counsel

Before agreeing to the Settlement, Lead Counsel conducted extensive investigation and research into the merits of the Action. This investigation has detailed reviews of UDF’s public filings, SEC filings, press releases, various regulatory actions commenced against the Defendants, and confirmatory discovery concerning UDF’s financial condition.

Proposed Settlement

Lead Counsel and Defendants’ respective counsel participated in protracted negotiations over the course of many months. During these negotiations, the Parties discussed, among other things, the

respective claims and defenses, damage analyses, legal analyses, evidence to be offered by the Parties at trial, and other important factual and legal issues.

These negotiations resulted in the agreement to settle all claims of the Class against the Defendants, *i.e.*, the Stipulation, entered into on January 5, 2021.

The Settlement Amount is \$2,350,000 to be funded in five installments as follows. The first installment, in the amount of \$350,000, shall be paid into the Settlement Fund within seven calendar days after entry of the Preliminary Approval Order. The second installment, in the amount of \$350,000, shall be paid within seven calendar days after entry of the Judgment. The final three installments shall each be in the amount of \$550,000 and shall be paid in eight month intervals, commencing eight months after entry of the Preliminary Approval Order.

Lead Counsel believes that the claims asserted in the Action have merit and that the evidence developed to date in the Action supports the claims asserted therein. Lead Counsel asserts and believes the Class would present supporting evidence at trial establishing liability against the Defendants under Texas securities laws.

Lead Counsel, however, recognizes and acknowledges the expense and length of continued proceedings, trial, and appeals, and has taken into account the uncertain outcome and the risk of any litigation, especially complex actions such as here. They are also mindful of the inherent problems of proof under, as well as the defenses to, both class certification and the Texas state securities laws violations asserted in this Action, including the defenses asserted by Defendants.

In light of the foregoing, Lead Counsel believes that the Settlement set forth in the Stipulation confers a meaningful benefit upon the Class. Based on their evaluation, Lead Counsel has determined that the Settlement is in the best interests of the Class.

The Release

In return for the payment of the Settlement Amount, Settlement Class Members who do not file for exclusion from the Class will release, discharge, and dismiss with prejudice all Plaintiffs' Released Claims as against each and all of the Defendants' Released Persons, without costs to any Party except as provided herein, upon the Effective Date. Lead Plaintiffs and all Settlement Class Members, whether or not any such person or entity submits a Proof of Claim / Statement of Eligible Units Form or units in the Net Settlement Fund, on behalf of themselves and each of their predecessors, successors, parents, subsidiaries, affiliates, custodians, agents, assigns, representatives, heirs, executors, trustees, and administrators, will be deemed by this Settlement on the Effective date to release and forever discharge the Defendants' Released Persons from any and all of the Plaintiffs' Released Claims, including Unknown Claims.

On the Effective Date, all Settlement Class Members and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any action or other proceedings in any court of law or equity, arbitration tribunal, or administrative forum, asserting the Plaintiffs' Released Claims against any of the Defendants' Released Persons.

As set forth more fully in the Stipulation of Settlement, "Unknown Claims" means any Released Claims which any Plaintiff, any other Settlement Class Member, or each of the Defendants or any of the other Releasees, does not know or suspect to exist in his, her or its favor at the time of the release of each or any of the other Releasees, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and each of the Defendants expressly waive, and each of the other Settlement Class Members and each of the other

Releasees shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Plaintiffs, any other Settlement Class Member, the Defendants, and their respective Releasees may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the parties stipulate and agree that, upon the Effective Date of the Settlement, each of the Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and Releasees shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts. Each of the Plaintiffs and each of the Defendants acknowledge, and each of the other Settlement Class Members and each of the other Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and is a material term of the Settlement.

Upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Defendants' Released Claim against Plaintiffs and their respective attorneys and the other Plaintiffs' Released Persons, and shall forever be barred and enjoined from prosecuting any or all of the Defendants' Released Claims against any of the Plaintiffs' Released Persons. This release shall not apply to any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court. "Defendants' Released Claims" means all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Defendants, except for Defendants' Carved Out Claims, which are not settled, waived, released, discharged, or limited or affected in any way, and are expressly reserved. Defendants' Carved Out Claims consist of any and all claims by or on behalf of any Defendant: (i) relating to the enforcement of the Stipulation of Settlement or its terms or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court; (ii) arising from or relating to the claims set forth in *United Development Funding, L.P. et al. v. J. Kyle Bass et al.*, Dallas County Court No. CC-17-06253-B (filed November 28, 2017) as such claims currently exist, or as they may be amended; (iii) against NexPoint Advisors, L.P. and its affiliates, including but not limited to NexPoint Strategic Opportunities Fund; and (iv) arising from or relating to the claims set forth in *Greenlaw et. al. v. Klimek, et. al.*, Case 4:20-cv-00311 (E.D. Tx. 2020) as such claims currently exist, or as they may be amended; and (v) any and all claims, suits, or actions brought pursuant to the Federal Tort Claims Act by or on behalf of any Defendant.

III. PROPOSED PLAN OF ALLOCATION

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications

agreed to among the Parties, or another plan of allocation, without further notice to Settlement Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Claims Administrator's website, www.strategicclaims.net/UDFIIDRIP.

The Claims Administrator shall determine each Claimant's *pro rata* share of the Net Settlement Fund based upon each Claimant's Eligible Units. **Please Note:** The formula, set forth below, is not intended to be an estimate of the amount that a Settlement Class Member might have been able to recover after a trial. The formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Claimants. Each Claimant shall be paid the percentage of the Net Settlement Fund that each Claimant's Eligible Units bears to the total Eligible Units of all Claimants and subject to the provisions in the preceding paragraph (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Claimants. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Claimants; (ii) second, to pay any additional Administration Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to the Consumer Federation of America. See www.consumerfed.org.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Claimants. No person shall have any claim against Defendants, Defendants' Counsel, Lead Plaintiffs, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Proof of Claim / Statement of Eligible Units Form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Settlement Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

IV. REQUESTING EXCLUSION FROM THE CLASS

IF YOU ARE A MEMBER OF THE CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.

Each Settlement Class Member shall be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Settlement Class Member shall mail, by first class mail, sufficient postage prepaid, a written request for exclusion from the Class, **received no later than April 22, 2021**, addressed to the Claims Administrator at: United Development Funding III DRIP Litigation, c/o Strategic Claims Services, 600 N. Jackson St., Suite 205, P.O. Box 230, Media, PA 19063. Each request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity “requests exclusion from the Class in *Steven N. Fox & Nora Fox JTWROS v. United Development Funding III, et al.*”; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion shall not be effective unless submitted within the time and in the form and manner provided for herein. **You cannot exclude yourself by telephone, email, or fax.**

If a person or entity who is a Settlement Class Member duly requests to be excluded from the Class, such person or entity will not be bound by any orders or judgments entered in respect of the Settlement and shall not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court.

Under the Stipulation, Lead Counsel may seek retraction of any request for exclusion until an agreed-upon deadline passes. Defendants have the right to terminate the Settlement if valid and non-retracted requests for exclusion are received from persons and entities entitled to be members of the Settlement Classes representing shares in an amount that exceeds an amount agreed to by Plaintiffs and Defendants.

If a judgment approving the Settlement provided for in the Stipulation is finally entered, all Settlement Class Members who have not requested exclusion shall conclusively be deemed to have released and shall thereafter be barred from asserting any of the Plaintiffs’ Released Claims against the Defendants’ Released Persons.

V. STATEMENT OF ATTORNEYS’ FEES AND COSTS SOUGHT

Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys’ fees in an amount not to exceed 30% of the Settlement Fund, plus interest. Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed \$50,000, plus interest, as well as an award to the Lead Plaintiffs of up to \$5,000. Lead Counsel believes its intended fee request to be fair and reasonable. Lead Counsel has litigated this case on a wholly contingent basis and has received no compensation during the period the case has been pending. Lead Counsel expended considerable time and expense during the Action. Had the case not been successful, Lead Counsel would have sustained a considerable financial loss.

VI. THE SETTLEMENT FAIRNESS HEARING

The Settlement Fairness Hearing shall be held before Honorable Reed O’Connor at 9:00 a.m. on May 13, 2021, at the United States District Courthouse, 501 West 10th Street, Room 201, Fort Worth, TX 76102-3673, for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Class and should be finally approved by the Court; (b) to determine whether, for purposes of the proposed Settlement only, the Action should be certified as a class action on behalf of the Class, Lead Plaintiffs should be certified as class representatives for the Class, and Lead Counsel should be appointed as class counsel for the Class; (c) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (e) to determine whether the motion by Lead Counsel for an award

of attorneys' fees and reimbursement of Litigation Expenses should be approved; and (f) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

The Settlement Fairness Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Settlement Fairness Hearing or at any adjournment or continuance thereof.

Any Settlement Class Member who does not timely and validly request exclusion from the Class and who objects to the Settlement, the proposed Plan of Allocation of the Net Settlement Fund, the Judgment contemplated by the Stipulation, and/or the application for attorneys' fees and reimbursement of expenses, or who otherwise wishes to be heard with respect to any of the foregoing, may appear in person or by attorney at the Settlement Fairness Hearing, at their own expense, and present any evidence or argument that may be proper and relevant. However, no person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such person shall be considered by the Court unless, no later than April 22, 2021, (1) a notice of the person's intention to appear; (2) a letter providing name, address, and telephone number of the person or entity objecting and must be signed by the objector; (3) a statement of such person's objections to any matter before the Court; (4) a copy of the Proof of Claim / Statement of Eligible Units Form issued to such person in connection with the Settlement; and (5) the grounds for such objections or the reason for such person's request to appear and to be heard, as well as any information requested herein and all other documents and writings which such person desires the Court to consider, shall be filed by such person with the Clerk of the Court at the address below, and, on or before such filing, shall be delivered by hand, overnight mail, or by certified mail, return-receipt requested, sufficient postage prepaid, upon each of the following counsel of record:

<p style="text-align: center;">Clerk of the Court United States District Courthouse 501 West 10th Street, Room 201 Fort Worth, TX 76102-3673</p>	<p style="text-align: center;">Lead Counsel Wolf Haldenstein Adler Freeman & Herz LLP Attn: Matthew M. Guiney 270 Madison Avenue New York, New York 10016</p>	<p style="text-align: center;">Defendants' Counsel K&L Gates LLP Attn: Paul J. Walsen 70 West Madison Street, Suite 3300 Chicago, Illinois 60602-4207 <i>(Counsel for the UDF Entity Defendants)</i></p> <p style="text-align: center;">Burlison, Pate & Gibson LLP Attn: Michael P. Gibson 900 Jackson Street, Suite 330 Dallas, Texas 75202 <i>(Counsel for Hollis M. Greenlaw)</i></p> <p style="text-align: center;">Law Offices of Michael J. Uhl Attn: Michael J. Uhl 500 North Akard Street, Suite 2150 Dallas, Texas 75201 and Law Offices of R. Ritch Roberts Attn: R. Ritch Roberts 500 North Akard Street, Suite 2150 Dallas, Texas 75201 <i>(Counsel for Todd Etter)</i></p>
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		<p style="text-align: center;">Jones Day Attn: Evan P. Singer 2727 North Harwood Street, Suite 500 Dallas, Texas 75201 <i>(Counsel for Cara D. Obert)</i></p> <p style="text-align: center;">Bracewell LLP Attn: Matthew G. Nielsen 1445 Ross Avenue, Suite 3800 Dallas, Texas 75202 <i>(Counsel for Ben L. Wissink)</i></p>
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Any person or entity who fails to object in the manner prescribed in the paragraph immediately above shall be deemed to have waived any objections that person may have and shall be barred from raising such objections in this or any other action or proceeding. Objections directed solely to the proposed Plan of Allocation or attorneys' fees and expenses will not affect the finality of either the Settlement or the Judgment to be entered thereto, if the Settlement is approved by the Court.

All members of the Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Lead Counsel in connection with the Settlement, but they may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

VII. PROOF OF CLAIM/STATEMENT OF ELIGIBLE UNITS FORM

To be eligible to receive a cash distribution from the Settlement Fund, you need not take any steps whatsoever. A Proof of Claim / Statement of Eligible Units Form is annexed to this Notice and has been filled out to reflect the number of UDF III DRIP units that you received during the Class Period based upon Defendants' records.

Your portion of the settlement will be determined using the number of eligible units listed above. We obtained this number from the records of UDF III. You can review the Plan of Allocation set forth in this Notice for additional details on how the amount of the payment per unit will be determined. If you **AGREE** with number of shares indicated on the Proof of Claim/Statement of Eligible Units Form, no action is needed. If the Court approves the Settlement, then you will automatically receive your portion of the Settlement Fund.

If you **DISAGREE** with the number of eligible units set forth in the Proof of Claim/Statement of Eligible Units Form, but you still want to participate in the Settlement, then you must contact our office using the contact information below no later than April 22, 2021. You will be required to provide us with documentation supporting your claim as to the number of UDF III DRIP units you purchased during the Class Period if that number differs from the number set forth above.

IF YOU DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT, THAT IS, IF YOU WANT TO OPT-OUT OF THE SETTLEMENT, YOU MUST FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE.

IF YOU OPT OUT OF THE SETTLEMENT, YOU WILL NOT RECEIVE ANY SETTLEMENT PAYMENT.

IF YOU TAKE NO STEPS AT ALL, YOU WILL RELEASE ALL CLAIMS AND WILL BE DEEMED TO HAVE AGREED WITH THE NUMBER OF UNITS INDICATED ON THE PROOF OF CLAIM/STATEMENT OF ELIGIBLE UNITS FORM AND DEEMED TO HAVE SUBMITTED THE PROOF OF CLAIM FORM.

If any of your contact or mailing information changes, please contact the Claims Administrator's office toll-free at 866-274-4004 or via email at info@strategicclaims.net.

IX. FURTHER INFORMATION

This Notice merely provides a brief summary of the litigation and the proposed Settlement and is qualified by and subject in all respects to the full terms and conditions in the Stipulation. For a more detailed statement of the matters involved in the litigation, you should refer to the pleadings, the Stipulation, and the orders entered by the Court and to the other papers filed in the Action. These papers may be inspected at the Office of the Clerk of the United States District Courthouse, 501 West 10th Street, Room 201, Fort Worth, TX 76102-3673. If you have any questions regarding the information contained in this Notice, you may contact Lead Counsel in writing at the addresses specified in Section VI, above.

You may also visit the Claims Administrator's website at www.strategicclaims.net/UDFIIIDRIP to find the Stipulation and/or download copies of the Notice and Proof of Claim / Statement of Eligible Units Form. In addition, you may request additional copies of the Notice and Proof of Claim / Statement of Eligible Units Form by contacting the Claims Administrator at:

United Development Funding III DRIP Litigation
Strategic Claims Services
600 N. Jackson St., Suite 205
P.O. Box 230
Media, PA 19063
Toll-Free: (866) 274-4004
Fax: (610) 565-7985
info@strategicclaims.net

INQUIRIES SHOULD NOT BE DIRECTED TO THE COURT, THE CLERK'S OFFICE, DEFENDANTS, OR DEFENDANTS' COUNSEL

Dated: January 25, 2021

By Order of the Court
United States District Court
Northern District of Texas