

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

STEPHEN N. FOX & NORA FOX JTWROS,
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

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement, dated as of January 5, 2021, which is entered into by and among: Steven N. Fox and Nora Fox JTWROS, Plaintiffs in the above-captioned putative class action litigation, on behalf of themselves and Settlement Class Members in the action, and United Development Funding III, L.P. (“UDF III”), UMT Services, Inc. (“UMTS”), UMT General Services, L.P. (“UMTH GS”), UMT Land Development, L.P. (“UMTH LD”), and UMT Holdings, L.P. (“UMTH” and together with UDF III, UMTS, UMTH GS, UMTH LD, the “UDF Entity Defendants”), Hollis M. Greenlaw, Todd Etter, Cara D. Obert, and Ben L. Wissink (the “Individual Defendants,” and together with the UDF Entity Defendants, the “Defendants,” and collectively with Plaintiffs, the “Parties”), each a Defendant in the action, by and through their respective undersigned attorneys, sets forth all of the terms of a settlement

of the action and embodies the terms and conditions of the settlement.¹ Subject to the approval of the Court and the terms and conditions expressly provided herein, this Stipulation is intended to fully, finally and forever compromise, settle, release, remise, resolve, and dismiss with prejudice the action and all claims that were, or could have been, asserted herein against Defendants and other Released Parties (as defined herein) related to or by reason of Settlement Class Members' purchases of shares in the Dividend Reinvestment Plan ("DRIP") of UDF III ("DRIP"), from November 21, 2013 through November 21, 2018, inclusive.

WHEREAS:

A. On November 21, 2018, Scharlene Brooks ("Brooks") filed a putative class action complaint against the Defendants and Whitley Penn LLP ("Whitley Penn") on behalf of participants in the DRIP in the United States District Court for the Northern District of Texas, purporting to allege: violations of the Texas Securities Act (the "TSA") pursuant to Tex. Rev. Stat. Arts. 581-33-A against UDF III, 581-33-F(1) against all Defendants except for UDF III, 581-33-F(2) against Whitley Penn and all Defendants except UDF III; and claims for negligence against Whitley Penn, breach of fiduciary duties against UDF III and UMTH LD, and aiding and abetting breach of fiduciary duties against Whitley Penn and all Defendants except UDF III and UMTH LD. The action was styled *Brooks v. United Development Funding III, et al.*, No. 3:18-cv-03097-M (the "*Brooks* Action") and was assigned to the docket of the Honorable Judge Barbara M.G. Lynn.

B. On February 4, 2019, Plaintiffs filed a putative class action complaint against the Defendants and Whitley Penn on behalf of participants in the DRIP in the United States District

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1.

Court for the Northern District of Texas, purporting to allege: violations of the TSA pursuant to Tex. Rev. Stat. Arts. 581-33-A against UDF III, 581-33-F(1) against all Defendants except for UDF III, 581-33-F(2) against Whitley Penn and all Defendants except UDF III; and claims for negligence against Whitley Penn, breach of fiduciary duties against UDF III and UMTH LD, and aiding and abetting breach of fiduciary duties against Whitley Penn and all Defendants except UDF III and UMTH LD. The action, styled *Steven N. Fox & Nora Fox JTWROS v. United Development Funding III, et al.*, No. 3:19-cv-274-L (the “Fox Action”), was assigned to the docket of the Honorable Judge Sam A. Lindsay.

C. On March 4, 2019, the Court transferred the *Fox* Action to the docket of the Honorable Judge Barbara M.G. Lynn and ordered that the *Fox* Action would henceforth carry the suffix letter “M.” (*Fox* Action Dkt. No. 8)

D. On April 11, 2019, pursuant to an agreed motion, the Court entered an Order consolidating the *Brooks* Action and the *Fox* Action under cause no. 3:18-cv-03097-M (the “Action”). (Dkt. No. 48)

E. On May 9, 2019, Brooks and Plaintiffs filed their Amended Class Action Complaint in the Action, purporting to allege: violations of the TSA pursuant to Tex. Rev. Stat. Arts. 581-33-A against UDF III, 581-33-F(1) against all Defendants except for UDF III, 581-33-F(2) against Whitley Penn and all Defendants except UDF III; and claims for negligence against Whitley Penn, breach of fiduciary duties against UDF III and UMTH LD, and aiding and abetting breach of fiduciary duties against Whitley Penn and all Defendants except UDF III and UMTH LD. (Dkt. No. 50)

F. On June 10, 2019, Defendants and Whitley Penn filed their respective motions to dismiss the Amended Class Action Complaint in the Action.

G. On September 3, 2019, the Court transferred the Action to the docket of the Honorable Judge Brantley Starr and ordered that the Action would henceforth carry the suffix letter “X.”

H. On February 5, 2020, the Court transferred the Action to the Fort Worth Division, where it was ultimately assigned to the docket of the Honorable Judge Reed C. O’Connor under cause no. 4:20-cv-00150-O.

I. On April 15, 2020, the Court entered an Order granting in part and denying in part the motions to dismiss filed by the Defendants and granting the motion to dismiss filed by Whitley Penn. (Dkt. No. 89) In its Order, the Court limited the Class Period to November 21, 2013 through November 21, 2018, inclusive.

J. On April 29, 2020, Brooks and Plaintiffs filed their Second Amended Class Action Complaint in the Action, alleging: violations of the TSA pursuant to Tex. Rev. Stat. Arts. 581-33-A against UDF III, 581-33-F(1) against all Defendants except for UDF III, 581-33-F(2) against Whitley Penn and all Defendants except UDF III; and claims for breach of fiduciary duties against UMTH LD, and aiding and abetting breach of fiduciary duties against Whitley Penn and all Defendants except UMTH LD. (Dkt. No. 92)

K. Following motion practice, on May 28, 2020, Brooks and Plaintiffs filed their Corrected Second Amended Class Action Complaint (the “Complaint”) in the Action, alleging: violations of the TSA pursuant to Tex. Rev. Stat. Arts. 581-33-A against UDF III, 581-33-F(1) against all Defendants except for UDF III, and 581-33-F(2) against all UDF Entity Defendants except UDF III. (Dkt. No. 109)

L. On May 29, 2020, the Court entered a final judgment dismissing all claims against Whitley Penn with prejudice. (Dkt. No. 113)

M. On June 1, 2020, the Court entered an Order requiring, *inter alia*: (a) Plaintiffs to file their Motion for Class Certification on or before July 31, 2020; (b) Defendants to file their response and brief in opposition to the Motion for Class Certification on or before August 21, 2020; (c); Plaintiffs to file their reply in support of the Motion for Class Certification on or before September 7, 2020; and (d) the Parties to complete fact discovery by December 24, 2020. (Dkt. No. 114)

N. On June 5, 2020, Defendants filed a motion to dismiss the Complaint, which the Court denied on June 18, 2020 after expedited briefing. (Dkt. No. 124)

O. On July 1, 2020, the Parties executed a stipulation dismissing with prejudice all claims alleged in the Action by Brooks, which was filed with the Court that day. (Dkt. No. 125)

P. The Defendants filed their respective answers to the Complaint on July 2, 2020.

Q. Plaintiffs filed their Motion for Class Certification on July 31, 2020. (Dkt. No. 135)

R. On August 7, 2020, the Parties filed a Joint Motion to Stay requesting a stay of this Action for the purpose of engaging in settlement discussions. (Dkt. No. 138) The Court granted the Parties' Joint Motion by Order dated August 7, 2020. (Dkt. No. 139)

S. Although the Parties made progress toward a potential settlement during the term of the stay imposed on August 7, 2020, they did not reach an agreement in principle. The Parties accordingly filed additional Joint Motions to Stay for the purpose of discussing settlement, which the Court granted on September 22, 2020 and October 7, 2020. (Dkt. Nos. 141, 143)

T. On October 23, 2020, the Parties notified the Court that they had reached agreement on settlement in principle (subject to further agreement on mutually acceptable comprehensive documentation and Court approval) which, if ultimately approved by the Court,

would resolve the claims alleged against the Defendants in the Action, and they were working on a Memorandum of Understanding (“MOU”) to memorialize the essential terms of their agreement. (Dkt. No. 144) The Parties requested that the Court stay the Action until December 7, 2020, to afford them time to agree upon and execute the MOU.

U. The Court denied the Parties’ request for a stay but allowed the Parties through November 6, 2020 to notify the Court that they had agreed upon a MOU. (Dkt. No. 145)

V. On November 6, 2020, the Parties filed a Joint Notice of Settlement and Proposed Schedule for Filing of Preliminary Approval advising the Court that they had executed a MOU and requesting a stay of proceedings in order to permit the Parties to complete confirmatory discovery and submit a motion for preliminary approval of their proposed settlement. (Dkt. No. 146)

W. The Court granted the Parties’ request for a stay until January 5, 2021 by Order dated November 9, 2020. (Dkt. No. 147) In the same Order, the Court directed the Parties to file a motion for preliminary approval of their settlement on or before January 5, 2020.

X. Each of the Parties recognizes and acknowledges that the Action is being voluntarily settled with the advice of counsel, and that the terms of the Settlement are fair, adequate, and reasonable.

Y. This Stipulation (together with the exhibits hereto) embodies the final and binding agreement between the Parties. This Stipulation constitutes a compromise of matters that are in dispute between the Parties. Neither this Stipulation nor any act performed or document executed pursuant to or in furtherance of this Stipulation or the Settlement shall constitute an admission or finding of any wrongful conduct, act, or omission.

**DEFENDANTS’ RESPONSE TO PLAINTIFFS’ ALLEGATIONS
AND DENIALS OF WRONGDOING AND LIABILITY**

Defendants believe that Plaintiffs' claims are without merit and deny any liability or wrongdoing of any kind whatsoever in connection with the action and the claims asserted by Plaintiffs in the Complaint. Defendants further deny that they engaged in any conduct which caused damages or harm of any kind to UDF III or its limited partners.

Many of the events alleged in the Complaint resulted from the illegal "short and distort" scheme conducted by Hayman Capital Management L.P. and Kyle Bass ("Hayman/Bass"). Hayman/Bass amassed an enormous short position in shares of UDF IV, and orchestrated a carefully-choreographed campaign to falsely portray the UDF entities as a Ponzi scheme, with the objective of destroying the share price of UDF IV, in order to realize massive profits from its short position, as well as forcing UDF IV into bankruptcy so that Hayman/Bass could purchase UDF IV's valuable loans at a steep discount with Hayman/Bass' pre-planned Distressed Debt Fund. This campaign included efforts to use false and misleading information about UDF in order to prompt the SEC and Department of Justice to take action, and to foment civil litigation, against the UDF entities. Hayman/Bass' scheme wrought great harm on UDF and investors in all of the UDF programs. As part of this campaign, on February 4, 2016, Bass instructed an employee to do a "massive push" and "[m]ake sure each and every plaintiffs [*sic*] attorney gets the website" which had been published (at first, anonymously) by Hayman/Bass and contained false and misleading statements about the Defendants. The majority of Plaintiffs' allegations are parroted from the false and misleading statements made by Bass throughout his scheme and represent no independent investigation on the part of the Plaintiffs.

On November 28, 2017, several UDF programs, including UDF III, filed suit against Hayman/Bass, alleging business disparagement, tortious interference with contract and business relationship, and civil conspiracy. *See generally* Plaintiffs' Original Petition, *United*

Development Funding, L.P., et al. v. Hayman Capital Management, L.P., et al., Case No. CC-17-06253-B (County Court at Law No. 2, Dallas County, Texas) (Nov. 28, 2017)(the “Hayman Litigation”). On August 21, 2019, the Court of Appeals for the Fifth District of Texas issued a Memorandum Opinion affirming the trial court’s denial of Hayman/Bass’ motion to dismiss in the Hayman Litigation and concluding that UDF has asserted a prima facie case against Hayman/Bass. *Bass v. United Dev. Funding, L.P.*, No. 05-18-00752-CV, 2019 WL 3940976 (Tex. Ct. App. Aug. 21, 2019). The Court of Appeals found “clear and specific fact allegations in UDF’s petition refut[ing] Hayman [Bass]’s incriminations about the non-existence of development on UDF-funded real estate projects.” *Id.* at *9. The Court of Appeals noted that “[t]he prodigious quantity of details and specific fact allegations in UDF’s pleadings and affidavits . . . is much like a restaurant menu with too many offerings—the difficulty lies in choosing which examples, and what level of detail, to include in our opinion.” *Id.* at 2. The Court of Appeals also found that:

UDF’s petition and affidavits and documents attached to its response to Hayman [Capital]’s motion to dismiss provide detailed fact allegations and evidence supporting a rational inference that Hayman [Bass]’s false and disparaging statements proximately caused actual damages to UDF in the form of loss of current and future lines of credit, loss of investors, loss of its stock value, loss of business partners and customers, loss of present and future business agreements and transactions, and out-of-pocket costs incurred to stem and contain the damage caused by Hayman’s statements, including UDF’s ability to continue as an ongoing business enterprise.

* * *

UDF also adduced clear and specific evidence that Hayman [Bass]’s disparaging statements about UDF’s business were false; UDF was a viable, legitimate business, with real earnings and gains; and UDF was engaged in growing real estate investments that were paying real dividends

* * *

UDF adduced clear and specific evidence that public information, including information Hayman [Bass] claims to have researched and reviewed, contradicted

many of Hayman's statements and was inconsistent with Hayman [Bass]'s overall narrative that UDF was a Ponzi scheme and an illegitimate, worthless business that was colluding with Centurion to bilk gullible investors.

Id. at *10, 20, 23. The Texas Supreme Court declined to entertain Hayman/Bass's appeal. Discovery adduced to date in the Hayman Litigation has served to confirm the allegations of intentional misconduct by Hayman/Bass which have been alleged in that action. As Hayman/Bass described their scheme internally in March 2015, the goal was to "annihilate" UDF's investors' investments, and disparage UDF's business to the point UDF was destroyed. Without regard to the resulting damage to investors in UDF (including Plaintiffs and the putative class in this action), Bass/Hayman intended "to kill off UDF" by driving UDF into bankruptcy and then profiting from shorting UDF's publicly-traded securities and acquiring UDF's "distressed" assets.

The Defendants have obtained evidence from Hayman/Bass and third party discovery in the Hayman/Bass Litigation that a former Buffington principal was involved in the Hayman/Bass illegal "short and distort" fraud scheme. Of further significance is the Defendants also obtained an email from Hayman/Bass, dated October 17, 2016, the eve of Hayman/Bass closing its short position in UDF, in which Bass brags to all of his employees, "Damn, it feels good to be a Gangsta."

In December 2020, following the return of the Hayman Litigation to the trial court, the court granted the UDF Plaintiffs' Motion to Obtain Documents Improperly Designated as Privileged Pursuant to the Crime-Fraud Exception under Texas Rule of Evidence 503, which applies "[i]f the services of the lawyer were sought or obtained to enable or aid anyone to commit or plan to commit which the client knew or reasonably should have known to be a crime or fraud." In so ruling, the court found "that [the UDF] Plaintiffs have made a *prima facie*

showing of a contemplated crime or fraud by [Hayman/Bass], which [Hayman/Bass] knew or reasonably should have known to be a crime or fraud.”

Moreover, as reported by the Wall Street Journal on June 14, 2020 (Dave Michaels & Aruna Viswanatha, *Investor’s Attack on Texas Real-Estate Lender Boomerangs*, WALL ST. J., June 14, 2020, <https://www.wsj.com/articles/investors-attack-on-texas-real-estate-lender-boomerangs-11592157950>), Hayman Capital and its principal Kyle Bass are now under investigation by the SEC, which is “looking at whether Mr. Bass’s relentless criticism of UDF -- including his allegations of widespread undisclosed problems in its loan portfolio -- conveyed false or misleading statements that amounted to market manipulation.”

In short, Defendants believe that Hayman’s allegations are false, Defendants deny all claims and contentions alleged now or in the past by 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. Defendants expressly deny that Plaintiffs have asserted any valid claims as to any of them, but concede that those allegations survived vigorously contested motions to dismiss. Defendants expressly deny any and all allegations of fault, liability, wrongdoing or damages whatsoever. Defendants also deny, *inter alia*, that they have engaged in any conduct that violated state or federal laws, including but not limited to securities laws, that Plaintiffs suffered damages, that the misrepresentations or non-disclosures occurred, and that Plaintiffs and the members of the Settlement Class were harmed by the conduct alleged in the Action. 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. Defendants are entering into this Stipulation solely to end management distraction and eliminate the uncertainty, burden and expense of further protracted litigation.

* * *

NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among Plaintiffs (individually and on behalf of all other members of the Settlement Class) and Defendants, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties from the Settlement, all Plaintiffs' Released Claims as against the Defendants' Released Persons and all Defendants' Released Claims as against the Plaintiffs' Released Persons shall be settled and released, upon and subject to the terms and conditions set forth below.

DEFINITIONS

1. As used in this Stipulation and any exhibits attached hereto and made a part hereof, the following capitalized terms shall have the following meanings:

(a) "Action" means the proceeding pending in the United States District Court for the Northern District of Texas styled *Steven N. Fox & Nora Fox JTWROS v. United Development Funding III, et al.*, and bearing cause number 4:20-cv-00150-O.

(b) "Authorized Claimant" and "Claimant" mean any Settlement Class Member who has not requested exclusion from the Settlement and has not timely objected to the Statement of Eligible Units form in such form and manner, and within such time, as the Court shall permit.

(c) “Claim” means a the Statement of Eligible Units form filled out by the Claims Administrator and sent to each Class Member.

(d) “Claims Administrator” means Strategic Claims Services, which shall administer the Settlement, including distributing the Net Settlement Fund to Settlement Class Members and performing such other administrative functions as are required under this Stipulation.

(e) “Class Counsel” means counsel appointed pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

(f) “Class Distribution Order” means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to Class Members.

(g) “Class Member” means any Person who or which falls within the definition of the Settlement Class.

(h) “Complaint” means the May 28, 2020 Corrected Second Amended Class Action Complaint (Dkt. No. 109).

(i) “Court” means the United States District Court for the Northern District of Texas.

(j) “Defendants” means UDF III, UMTS, UMTH GS, UMTH LD, UMTH, Hollis M. Greenlaw, Todd Etter, Cara D. Obert, and Ben L. Wissink.

(k) “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.

(l) “Defendants’ Counsel” means K&L Gates, LLP (counsel to UDF III, UMTS, UMTH GS, UMTH LD, and UMTH), Burleson, Pate & Gibson, LLP (counsel to Hollis M. Greenlaw), Law offices of Michael J. Uhl, P.C. and Law Offices of R. Ritch Roberts PLLC (counsel to Todd Etter), Jones Day (counsel to Cara D. Obert), and Bracewell LLP (counsel to Ben L. Wissink).

(m) “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 alleged in this Action against the Defendants, except for claims relating to the enforcement of the Settlement. Defendants’ Released Claims do not include Defendants’ Carved Out Claims. Notwithstanding anything to the contrary elsewhere in this Stipulation, nothing herein shall be interpreted as limiting or affecting Defendants’ Carved Out Claims in any way.

(n) “Defendants’ Released Persons” means each Defendant and their past, present or future trustees, directors, officers, employees, partners, members, principals, agents, insurers, reinsurers, attorneys, accountants, legal representatives, predecessors, successors,

parents, subsidiaries, divisions, assigns, related or affiliated entities, spouses, heirs, any member of his or her Immediate Family, any trust of which that person is a settlor or which is for the benefit of that person and/or member(s) of that person's family, and any person or entity who or which, either together with any of the foregoing or separately, is or may be liable to a Class Member for any of Plaintiffs' Released Claims.

(o) "DRIP" means the Dividend Reinvestment Plan of UDF III.

(p) "Effective Date" shall have the meaning set forth in ¶ 39 of this Stipulation.

(q) "Escrow Account" means an account maintained at Signature Bank wherein the Settlement Amount shall be deposited and held in escrow under the direction of Class Counsel.

(r) "Escrow Agent" means Signature Bank.

(s) "Escrow Agreement" means the agreement between Plaintiff's Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(t) "Final," with respect to the Judgment or, if applicable, the Alternate Judgment (both defined below), or any other court order, means: (i) if no appeal is filed, the expiration date of the time provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, *i.e.*, thirty (30) days after entry of the judgment or order; or (ii) if there is an appeal from the judgment or order, (a) the date of final dismissal of all such appeals, or the final dismissal of any proceeding on certiorari or otherwise, whichever is later, or (b) the date the judgment or order is finally affirmed on an appeal, the expiration of the time to file a petition for a writ of certiorari or other form of review, or the denial of a writ of certiorari or

other form of review, and, if certiorari or other form of review is granted, the date of final affirmance following review pursuant to that grant. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys' fees, costs or expenses, or (ii) the plan of allocation of Settlement proceeds (as submitted or subsequently modified), shall not in any way delay or preclude a judgment from becoming Final for purposes of this Settlement.

(u) "Immediate Family" means children, grandchildren, stepchildren, parents, grandparents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

(v) "Judgment" means the final judgment, substantially in the form attached hereto as Exhibit B, or in such other form as the Court may adopt ("Alternate Judgment"), to be entered by the Court approving the Settlement.

(w) "Litigation Expenses" means costs and expenses incurred in connection with commencing, prosecuting and settling the Action (which may include the costs and expenses of Plaintiffs directly related to their representation of the Settlement Class), for which Plaintiffs' Counsel intends to apply to the Court for reimbursement from the Settlement Fund.

(x) "Net Settlement Fund" means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys' fees or plaintiffs' service awards awarded by the Court.

(y) "Notice" means the "Notice of Pendency and Proposed Settlement of Class Action, Motion for Attorneys' Fees and Expenses, and Notice of Settlement Fairness

Hearing,” substantially in the form attached hereto as Exhibit A-1, and subject to the approval of the Court in light of the circumstances present at the time of its Preliminary Approval Order, which shall be mailed to Settlement Class Members by the Claims Administrator.

(z) “Notice and Administration Costs” means the costs, fees and expenses that are incurred by the Claims Administrator and/or Class Counsel in connection with: (i) providing notices to the Settlement Class; and (ii) administering the Settlement, including but not limited to the Claims process, as well as the costs, fees and expenses incurred in connection with the Escrow Account.

(aa) “Officer” means any officer as that term is defined in Securities and Exchange Act Rule 16a-1(f).

(bb) “Opt-Out” means any Person who or which otherwise would be a Settlement Class Member and who or which has timely and validly requested exclusion from the Settlement Class of which he, she or it is a member in accordance with the provisions of the Preliminary Approval Order and the Notice given pursuant thereto, or who or which are otherwise permitted by the Court to exclude themselves from the Settlement Class.

(cc) “Parties” means Defendants and Plaintiffs, on behalf of themselves and the Settlement Class.

(dd) “Person” means an individual, corporation, fund, limited liability company, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assigns.

(ee) “Plaintiffs” means Steven N. Fox and Nora Fox JTWROS.

(ff) “Plaintiffs’ Counsel” means the law firms of Wolf Haldenstein Adler Freeman & Herz LLP, Squitieri & Fearon LLP and Kendall Law Group, and any other attorneys appearing for Plaintiffs in the Action.

(gg) “Plaintiffs’ Released Claims” means any and all claims, actions, causes of action, controversies, demands, duties, debts, damages, obligations, contracts, agreements, promises, issues, judgments, liabilities, losses, sums of money, matters, suits, proceedings, and rights of every nature and description, whether known claims or Unknown Claims, suspected or unsuspected, concealed or unconcealed, foreseen or unforeseen, fixed or contingent, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether based on federal, state, local or foreign statutory law, rule, regulation, common law, or equity, and whether direct, representative, class, or individual, to the fullest extent permitted by law, that: (i) plaintiffs or any other member of the Class asserted in the Fox Action; (ii) could have asserted in the Fox Action on behalf of any unitholder concerning UDF III units purchased in the UDF III DRIP during the Class Period, including but not limited to the claims that were made or could have been made in the Fox Action; or (iii) is related to any Class Member’s purchase or sale of, or investment decision concerning, UDF III units purchased in the UDF III DRIP during the Class Period. Plaintiffs’ Released Claims does not include any claims: (a) relating to the enforcement of the Stipulation of Settlement or its terms; (b) against anyone who is not a Defendants’ Released Person; and (c) of any person or entity who or which submits a request for exclusion that is accepted by the Court.

(hh) “Plaintiffs’ Released Persons” means Plaintiffs and all other Class Members, Plaintiffs’ counsel, and each of their respective present and former parents, subsidiaries, divisions and affiliates and their respective present and former employees,

members, partners, principals, officers, directors, attorneys, advisors, accountants, auditors, and insurers (but only in such insurers' capacity as insurers of the foregoing); and the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, agents, fiduciaries, consultants, representatives and assigns of each of them. Plaintiffs' Released Persons does not include any person or entity who or which submits a request for exclusion that is accepted by the Court.

(ii) "Plan of Allocation" means a plan described in the Notice or any other plan or formula for allocating the Net Settlement Fund to Authorized Claimants as the Court may approve.

(jj) "Preliminary Approval Order" means the proposed order preliminarily approving the Settlement and directing notice thereof to the Settlement Class substantially in the form attached hereto as Exhibit A.

(kk) "Proof of Claim" means the Statement of Eligible Units form to be mailed to Claimants, substantially in the form attached hereto as Exhibit A-2.

(ll) "Released Claims" means Plaintiffs' Released Claims and Defendants' Released Claims. Released Claims include, but are not limited to, Unknown Claims.

(mm) "Releasees" means Plaintiffs' Released Persons and Defendants' Released Persons.

(nn) "Releases" means the releases set forth in ¶¶ 4-10 of this Stipulation.

(oo) "Settlement" means the settlement contemplated by this Stipulation.

(pp) "Settlement Amount" mean: the sum of two million three hundred fifty thousand dollars (\$2,350,000) funded in five installments. 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.

(qq) “Settlement Class” means all Persons who or which purchased units of interest in UDF III pursuant to the DRIP during the Settlement Class Period, excluding (i) Defendants, their officers and directors as applicable, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest; and (ii) those Persons who are found by the Court to have timely and validly requested exclusion from the Settlement Class.

(rr) “Settlement Class Member” means any Person who or which falls within the definition of the Settlement Class.

(ss) “Settlement Class Period” means the period from November 21, 2013 through November 21, 2018, inclusive.

(tt) “Settlement Fund” means the Settlement Amount transferred to the Escrow Account pursuant to this Stipulation and any interest or other income earned thereon.

(uu) “Settlement Fairness Hearing” means the hearing at or after which the Court will make a final decision pursuant to Rule 23 of the Federal Rules of Civil Procedure as to whether the Settlement contained in the Stipulation is fair, reasonable and adequate, and therefore, should receive final approval from the Court.

(vv) “Settling Party” means any one of, and “Settling Parties” means all of, the Parties to the Stipulation, namely the Defendants and Plaintiffs (on behalf of themselves and the Settlement Class).

(ww) “Taxes” mean (i) all federal, state, and/or local taxes of any kind on any income earned by the Settlement Fund; and (ii) the reasonable and necessary costs and expenses incurred in connection with determining the amount of, and paying, any taxes owed by the Net Settlement Fund (including, without limitation, the reasonable and necessary costs and expenses of tax attorneys and accountants).

(xx) “UDF Entity Defendants” means UDF III, UMTS, UMTH GS, UMTH LD, and UMTH.

(yy) “UDF Entity Defendants’ Counsel” means K&L Gates, LLP.

(zz) “UDF III” means United Development Funding III, L.P.

(aaa) “UMTS” means UMT Services, Inc..

(bbb) “UMTH GS” means UMTH General Services, L.P.

(ccc) “UMTH LD” means UMTH Land Development, L.P.

(ddd) “UMTH” means UMT Holdings, L.P.

(eee) (“UMTH” and together with UDF III, UMTS, UMTH GS, UMTH LD, the “UDF Entity Defendants”), Hollis M. Greenlaw, Todd Etter, Cara D. Obert, and Ben L. Wissink (the “Individual Defendants,” and together with the UDF Entity Defendants, the “Defendants,” and collectively with Plaintiffs, the “Parties”)

(fff) “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 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 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.

(ggg) “Qualified Settlement Fund” means a qualified settlement fund within the meaning of Treasury Regulation § 1.458B-1.

CLASS CERTIFICATION

2. Solely for purposes of the Settlement and for no other purpose, Defendants stipulate and agree to: (a) certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class; (b) certification of Plaintiffs as Class Representatives for the Settlement Class; and (c) appointment of Plaintiffs' Counsel as Class Counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

PRELIMINARY APPROVAL OF SETTLEMENT

3. Promptly upon execution of this Stipulation, Plaintiffs will move for preliminary approval of the Settlement, certification of the Settlement Class for settlement purposes only, and the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall be unopposed by Defendants. Concurrently with the motion for preliminary approval, Plaintiffs shall apply to the Court for, and Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

RELEASE OF CLAIMS

4. The obligations incurred pursuant to this Stipulation are in consideration of: (i) the full and final disposition of the Action as against Defendants; and (ii) the Releases provided for herein.

5. Pursuant to the Judgment, without further action by anyone, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and on behalf of each of their respective present and former parent entities, subsidiaries, divisions, related or affiliated entities, partners, limited partners, general partners, the present and former members, owners, investors, principals, employees, officers, directors,

executive directors, managing directors, advisors of any kind, attorneys, partners, agents, servants, subrogees, indemnitors, and insurers, and the heirs, executors, estates, administrators, personal or legal representatives, trusts, family members, predecessors, successors and assigns of each of them, and anyone claiming through or on behalf of any of them, shall release, and be deemed to have, and by operation of the Judgment to be entered in connection with the Settlement, shall have, fully, finally and forever released, waived, relinquished, dismissed, and discharged each and every one of Plaintiffs' Released Claims as against all Defendants' Released Persons, whether or not such Settlement Class Member executes and delivers a Proof of Claim or receives any portion of the settlement consideration, and will be forever barred and enjoined, without the necessity of posting a bond, from commencing, instituting, intervening in or participating in, prosecuting, or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind or character (whether brought directly, in a representative capacity, derivatively, or in any other capacity), asserting any of the Plaintiffs' Released Claims against any of the Defendants' 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.

6. Pursuant to the Judgment, without further action by anyone, 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. Notwithstanding anything to the contrary elsewhere in this Stipulation, nothing herein shall be interpreted as limiting or affecting Defendants' Carved Out Claims in any way.*

7. The Plaintiffs and Defendants and each of them do hereby assume the risks and agree that this agreement shall apply to all known and anticipated results of the transactions and occurrences alleged in the Complaint or stemming from the filing or settlement of the Action, as well as all Unknown Claims, and upon the advice of counsel, each party does hereby knowingly waive any and all rights and protections under California Civil Code § 1542, which section has been duly explained and read as follows: **"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"**

8. Notwithstanding ¶¶ 5-7 above, nothing in the Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of this Stipulation or the Judgment, or Alternate Judgment, if applicable.

9. Notwithstanding anything stated anywhere herein, the Defendants are not by the Settlement contemplated herein releasing Defendants' Carved Out Claims. Nothing herein shall be interpreted as limiting or affecting Defendants' Carved Out Claims in any way.

10. The Plaintiffs and Class Members are not by the Settlement contemplated herein releasing any rights they may have as UDF III unitholders to share in any distribution to such unitholders of any proceeds or recovery that may be obtained by UDF III in the Hayman Action, nor are they by the Settlement contemplated herein releasing any claims that they may have by virtue of their ownership of (i) UDF III units which were not acquired in the UDF III DRIP during the Class Period, or (ii) interests in other UDF entities.

THE SETTLEMENT CONSIDERATION

11. In consideration of the settlement of the Plaintiffs' Released Claims against Defendants and the other Defendants' Released Persons, Defendants shall cause the Settlement Amount to be transferred into the Escrow Account.

12. In consideration of the settlement of the Plaintiffs' Released Claims against Defendants and the other Defendants' Released Persons, the UDF Entity Defendants shall pay or cause to be paid into the Escrow Account, cash in the amount of two million three hundred fifty thousand dollars (\$2,350,000). The UDF Entity Defendants shall transfer or cause to be transferred the funds into the Escrow Account in five installments.

13. The UDF Entity Defendants shall cause the first installment, in the amount of \$350,000, to be paid into the Escrow Account by wire transfer within seven calendar days after

the later of: (i) entry of the Preliminary Approval Order preliminarily approving this Settlement; or (ii) the UDF Entity Defendants' Counsel's receipt from Class Counsel of the information necessary to effectuate a transfer of funds to the Escrow Account, including wiring instructions that include the bank name and ABA routing number, account name and number, and a signed W-9 reflecting a valid taxpayer identification number for the qualified settlement fund in which the first installment of the Settlement Amount is to be deposited. The UDF Entity Defendants shall cause the second installment, in the amount of \$350,000, to be paid within seven calendar days after entry of the Judgment. The UDF Entity Defendants shall cause the final three installments, each be in the amount of \$550,000, to be paid in eight month intervals, commencing eight months after entry of the Preliminary Approval Order. Notwithstanding any other terms herein, upon the failure of the UDF Entity Defendants to timely cause the payment of any of the five installments to the Escrow Account, Plaintiffs shall have the right to either: (i) immediately enforce the terms of the Settlement as set forth herein; or (ii) subject to the obligation under ¶ 41(d) hereof to refund amounts paid into the Settlement Fund, reinstate the litigation and the parties shall revert to their respective positions in the Action as of the date of execution of this Stipulation.

USE OF SETTLEMENT FUND

14. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and Administration Costs; (c) any Litigation Expenses awarded by the Court; and (d) any attorneys' fees and Plaintiffs' service awards awarded by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided in ¶¶ 32-34 below.

15. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow Account exclusively in short term United States Treasury Bills (or a mutual fund invested solely in such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances up to the amount that is insured by the FDIC may be deposited in any account that is fully insured by the FDIC. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States. Additionally, if short-term placement of the funds is necessary, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States.

16. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Class Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Class Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund. The Defendants' Released Persons shall not have any liability or

responsibility for any such Taxes. Upon written request, Defendants will provide to Class Counsel the statement described in Treasury Regulation § 1.468B-3(e). Class Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a “relation back election,” as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

17. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without further order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. The Defendants’ Released Persons shall have no responsibility or liability for the acts or omissions of Counsel or its agents with respect to the payment of Taxes, as described herein.

18. The Settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, no Defendant, Defendants’ Released Person, or any other Person who or which paid any portion of the Settlement Amount shall have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including without limitation, the number of Proof of Claim forms submitted, the collective amount of Recognized Claims of Authorized Claimants, the percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

19. Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Class Counsel may pay from the Settlement Fund, without further approval from Defendants or further order of the Court, all reasonable Notice and Administration Costs actually incurred and paid or payable. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Notice, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice, administering the Settlement, and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to Defendants, any of the other Defendants' Released Persons, or any other person or entity who or which paid any portion of the Settlement Amounts.

ATTORNEYS' FEES AND LITIGATION EXPENSES

20. The procedure for and the allowance or disallowance by the Court of any applications by Class Counsel for attorneys' fees and Litigation Expenses to be paid out of the Settlement Fund shall be the subject of a separate motion and any award will be set forth in an order separate from any order ruling upon the fairness, reasonableness and adequacy of the Settlement.

21. Class Counsel will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel to be paid from (and out of) the Settlement Fund. Class Counsel also will apply to the Court for reimbursement of Litigation Expenses, which may include a request for reimbursement of Plaintiffs' costs and expenses directly related to their representation of the Settlement Class, to be paid from (and out of) the Settlement Fund. Defendants will take no position with respect to Class Counsel's request for an award of attorneys' fees and

reimbursement of Litigation Expenses. Class Counsel's application for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Defendants and Plaintiffs other than what is set forth in this Stipulation.

22. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Class Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Plaintiffs' Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed and such order reducing or reversing the award has become Final. Plaintiffs' Counsel shall make the appropriate refund or repayment in full no later than thirty (30) days after: (a) receiving from Defendants' Counsel notice of the termination of the Settlement; or (b) any order reducing or reversing the award of attorneys' fees and/or Litigation Expenses has become Final. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of the Settlement embodied herein. Neither Plaintiffs nor Class Counsel may cancel or terminate the Settlement based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses.

23. Class Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which it, in good faith, believes reflects the contributions of such counsel to the institution, prosecution, and settlement of the Action. Defendants' Released Persons shall have no responsibility for or liability whatsoever with respect to the allocation or award of

attorneys' fees or Litigation Expenses. The attorneys' fees and Litigation Expenses that are awarded to Plaintiffs' Counsel shall be payable solely from the Escrow Account.

NOTICE AND SETTLEMENT ADMINISTRATION

24. As part of the Preliminary Approval Order, Plaintiffs shall seek appointment of a Claims Administrator. The Claims Administrator shall administer the Settlement, including but not limited to the process of receiving, reviewing and approving or denying Claims, under Plaintiffs' Counsel's supervision and subject to the jurisdiction of the Court. Other than the UDF Entity Defendants' obligation to provide securities holders records as provided in ¶ 25 below, none of the Defendants, nor any other Defendants' Released Persons, shall have any involvement in or any responsibility, authority or liability whatsoever for the selection of the Claims Administrator, the Plan of Allocation, the administration of the Settlement, the Claims process, or disbursement of the Net Settlement Fund, and shall have no liability whatsoever to any person or entity, including, but not limited to, Plaintiffs, any other Settlement Class Members, or Plaintiffs' Counsel in connection with the foregoing. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

25. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, Class Counsel shall cause the Claims Administrator to mail the Notice to those members of the Settlement Class as may be identified through reasonable effort. For the purposes of identifying and providing notice to the Settlement Class, within ten (10) business days of the date of entry of the Preliminary Approval Order, the UDF Entity Defendants shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the Settlement Fund, Counsel or the Claims Administrator) a list of persons identified as Settlement Class Members, as well as all available contact information for each Settlement Class

Member including mailing address, email address if any and information concerning the number and dates of DRIP units acquired during the Class Period. The UDF Entity Defendants make no representation as to the accuracy of the information they provide.

26. The Claims Administrator shall complete a Statement of Eligible Units form for each Class Member based upon information received from the Defendants and subsequently mail such forms to each Class Member. The Claims Administrator will subsequently consider claims from all Authorized Claimants who have not timely opted-out of the Settlement and determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim compared to the total Recognized Claims of all Authorized Claimants (as set forth in the Plan of Allocation described in the Notice attached hereto as Exhibit A-1, or in such other plan of allocation as the Court approves).

27. The Plan of Allocation proposed in the Notice is not a necessary term of the Settlement or of this Stipulation and approval thereof is not a condition of the Settlement or of this Stipulation that any particular plan of allocation be approved by the Court. Plaintiffs and Class Counsel may not cancel or terminate the Settlement (or this Stipulation) based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any other plan of allocation in this Action. Defendants and the other Defendants' Released Persons shall not object in any way to the Plan of Allocation or any other plan of allocation in this Action. No Defendant, nor any other Defendants' Released Persons, shall have any involvement with or liability, obligation or responsibility whatsoever for the application of the Court-approved plan of allocation.

28. Any Settlement Class Member who opts-out of the Settlement will not be entitled to receive any distribution from the Net Settlement Fund, and will not be bound by all of the terms of this Stipulation and Settlement.

29. Class Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. No Defendant, or any other Defendants' Released Person, shall be permitted to review, contest, or object to any Proof of Claim, or any decision of the Claims Administrator or Counsel with respect to accepting or rejecting any Claim for payment by a Settlement Class Member. Class Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Proof of Claim submitted in the interests of achieving substantial justice.

30. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) A Settlement Class Member will be deemed to have indicated his, her, or its intention to become a Claimant by not opting out of the Settlement or objecting to the Statement of Eligible Units form, substantially in the form attached hereto as Exhibit A-2, which form shall be pre-populated with each Class Member's DRIP unit purchases as provided by the Defendants as set forth herein;

(b) All Statement of Eligible Units forms as to which there is no objection will be deemed submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice.

31. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided, however, that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or of the Settlement in connection with the processing of Proof of Claim forms.

32. Class Counsel will apply to the Court, on notice to Defendants' Counsel, for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any administration fees and expenses associated with the administration of the Settlement from the Escrow Account; and (c) if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account.

33. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Settlement Class Members. All Settlement Class Members whose Claims are not approved by the Court for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in this Action and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action against any and all Defendants' Released Persons with respect to any and all of the Plaintiffs' Released Claims.

34. No person or entity shall have any claim against Plaintiffs, Class Counsel, Plaintiffs' Counsel, the Claims Administrator, or any other agent designated by Plaintiffs' Counsel, or the Defendants' Released Persons and/or their respective counsel, arising from

distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the Court. Plaintiffs and Defendants, and their respective counsel, and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim by or the nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

35. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court. All Settlement Class Members and Parties to this Settlement expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

36. Defendants shall be responsible for sending any notices required by the Class Action Fairness Act and for all costs and expenses related thereto.

TERMS OF THE JUDGMENT

37. If the Settlement contemplated by this Stipulation is approved by the Court, Class Counsel and Defendants' Counsel shall request that the Court enter a Judgment substantially in the form attached hereto as Exhibit B.

38. The Judgment shall provide that all statutory or common law claims, including claims for indemnity or contribution, by any Person against any of the Releasees, arising from the Settlement, shall be permanently barred, extinguished, discharged and satisfied. The Judgment shall further provide that it shall not bar any contribution claim by a Defendant against

any Releasee whose liability for the Released Claims has been extinguished by the Settlement. Any final verdict or judgment that might be obtained by or on behalf of the Settlement Class or a Settlement Class Member against any Person based upon or arising out of any Released Claim shall be reduced, prior to entry of judgment, by the greater of (i) the amount that corresponds to the percentage of responsibility for the damages caused to the Settlement Class or the Settlement Class Member assigned to any Releasee; or (ii) the amount paid to the Settlement Class by or on behalf of each such Releasee.

**CONDITIONS OF SETTLEMENT AND EFFECT OF
DISAPPROVAL, CANCELLATION, OR TERMINATION**

39. The Effective Date of the Settlement shall be deemed to occur on the occurrence or waiver of all of the following events:

(a) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A attached hereto, as required by ¶ 3 above;

(b) the Settlement Amount has been deposited into the Escrow Account in accordance with the provisions of ¶ 10 above;

(c) Defendants have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation (including the Supplemental Agreement described in ¶ 43 below);

(d) Plaintiffs have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation; and

(e) the Court has approved the Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and the Judgment has been entered and has become Final, or the Court has

entered an alternate judgment and none of the Parties seek to terminate the Settlement and the alternate judgment has become Final.

40. Upon the occurrence of all of the events referenced in ¶ 39 above, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the Releases herein shall be effective.

41. If (i) Defendants exercise their right to terminate the Settlement as provided in this Stipulation; (ii) Plaintiffs exercise their right to terminate the Settlement as provided in this Stipulation; (iii) the Court disapproves the Settlement; or (iv) the Effective Date as to the Settlement otherwise fails to occur, then:

(a) The Settlement and the relevant portions of this Stipulation shall be canceled and terminated.

(b) Plaintiffs and Defendants shall revert to their respective positions in the Action as of the date of execution of this Stipulation, and the Parties shall confer regarding the submission of a proposed schedule to the Court for the completion of briefing on Plaintiffs' motion for class certification.

(c) the terms and provisions of this Stipulation, with the exception of this ¶ 41 and ¶¶ 19, 22 and 44, shall have no further force and effect with respect to the Parties and shall not be used in the Action or in any other proceeding for any purpose, and any Judgment, or alternate judgment, if applicable, or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*.

(d) Within five (5) business days after joint written notification of termination is sent by Defendants' Counsel and Class Counsel to the Escrow Agent, the Settlement Fund (including accrued interest thereon and any funds received by Class Counsel consistent with ¶ 22

above), less any Notice and Administration Costs actually incurred, paid or payable and less any Taxes paid, due or owing, shall be refunded by the Escrow Agent to the UDF Entity Defendants (or such other persons or entities as the UDF Entity Defendants may direct). In the event that the funds received by Class Counsel consistent with ¶ 22 above have not been refunded to the UDF Entity Defendants within the five (5) business days specified in this paragraph, those funds shall be refunded by the Escrow Agent to the UDF Entity Defendants (or such other persons or entities as the UDF Entity Defendants may direct) immediately upon their deposit into the Escrow Account consistent with ¶ 22 above.

42. It is further stipulated and agreed that Plaintiffs, provided they unanimously agree, and Defendants, provided they unanimously agree, shall each have the right to terminate the Settlement and this Stipulation, by providing written notice of their election to do so (“Termination Notice”) to the other Parties to this Stipulation within thirty (30) days of: (a) the Court’s final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court’s final refusal to approve the Settlement or any material part thereof; (c) the Court’s final refusal to enter the Judgment in any material respect as to the Settlement; (d) the date upon which the Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Fifth Circuit or the United States Supreme Court; or (e) the date upon which an alternate judgment is modified or reversed in any material respect by the United States Court of Appeals for the Fifth Circuit or the United States Supreme Court, and in such event the provisions of ¶ 41(b) above shall apply. However, any decision or proceeding, whether in this Court or any appellate court, with respect to an application for attorneys’ fees or reimbursement of Litigation Expenses or with respect to any plan of allocation shall not be considered material

to the Settlement, shall not affect the finality of any Judgment or alternate judgment, if applicable, and shall not be grounds for termination of the Settlement.

43. In addition to the grounds set forth in ¶ 41 above, each Defendant shall have, in his, her or its sole and absolute discretion, the option to terminate the Settlement in the event that Settlement Class Members timely and validly requesting exclusion from the Settlement Class meet the conditions set forth in the Defendants' confidential supplemental agreement with Plaintiffs (the "Supplemental Agreement"), in accordance with the terms of that agreement. The Supplemental Agreement, which is being executed concurrently herewith, shall be filed under seal or in redacted form and non-public terms shall not be disclosed in any other manner (other than the statements herein and in the Notice, to the extent necessary, or as otherwise provided in the Supplemental Agreement) unless and until the Court otherwise directs or a dispute arises between Plaintiffs and the Defendants concerning its interpretation or application, in which event the Parties shall submit the Supplemental Agreement to the Court *in camera* and request that the Court afford it confidential treatment. Plaintiffs' Counsel shall have the opportunity to seek retraction of any request for exclusion until the deadline for such retractions as set forth in the Supplemental Agreement. Any Defendant may request from time to time summaries or copies of any and all requests for exclusion received, together with any written retractions of requests for exclusion, which shall be delivered to all Defendants promptly upon request. A listing of Opt-Outs shall be provided to the Defendants and the Court in connection with and before or at the time of the Settlement Hearing.

NO ADMISSION OF WRONGDOING

44. Neither the memorandum of understanding ("MOU"), other documents evidencing settlements in principle, this Stipulation (whether or not consummated), including the

exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the MOU, this Stipulation, nor any proceedings taken pursuant to or in connection with the MOU, this Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith) shall be:

(a) offered against any of the Defendants' Released Persons as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants' Released Persons with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in the Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind by any of the Defendants' Released Persons, or in any way referred to for any other reason as against any of the Defendants' Released Persons, in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(b) offered against any of the Plaintiffs' Released Persons, as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Plaintiffs' Released Persons that any of their claims are without merit, that any of the Defendants' Released Persons had meritorious defenses, or that damages recoverable under the Complaints would not have exceeded the Settlement Amounts, or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Released Persons, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(c) construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; *provided, however*, that if this Stipulation is approved by the Court, the Parties, and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement.

MISCELLANEOUS PROVISIONS

45. All of the exhibits attached hereto are material and integral parts hereof and are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the terms of the Stipulation shall prevail.

46. Defendants warrant that, as to the payments made or to be made by or on behalf of them, at the time of entering into this Stipulation and at the time of such payment they, or to their knowledge any persons or entities contributing to the payment of the Settlement Amounts, were not insolvent, nor will the payment required to be made by or on behalf of them render them insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Defendants and not by their counsel.

47. In the event of the entry of a final order of a court of competent jurisdiction determining that the transfer of money to the Settlement Fund or any portion thereof by or on behalf of Defendants constituted a preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is required to be returned, and such amount is not promptly replaced and deposited into the Settlement Fund by others, then, at the election of Plaintiffs, the

Parties shall jointly move the Court to vacate and set aside the Releases given and the Judgment or alternate judgment, if applicable, entered in favor of Defendants and the other Releasees pursuant to this Stipulation, in which event the releases and Judgment, or alternate judgment, if applicable, shall be null and void, and the Parties shall be restored to their respective positions in the litigation as provided in ¶ 41(b) above and any cash amounts in the Settlement Fund (less any Taxes paid, due or owing with respect to the Settlement Fund and less any Notice and Administration Costs actually incurred, paid or payable) shall be returned as provided in ¶ 41(d).

48. The Parties intend this Stipulation and the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Plaintiffs and any other Settlement Class Members against the Defendants' Released Persons with respect to the Plaintiffs' Released Claims. The Parties agree that the amounts paid and the other terms of the Settlement were negotiated at arm's-length and in good faith by the Parties, and reflect the Settlement that was reached voluntarily after extensive negotiations and consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

49. Any Releasee may file the Stipulation and/or the Judgment in any action or other proceeding that may be brought against them in order to support a defense, argument, or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense, argument or counterclaim.

50. The terms of the Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a writing signed on behalf of both Plaintiffs and Defendants (or their successors-in-interest).

51. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

52. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation, including the Plan of Allocation (or such other plan of allocation as may be approved by the Court) and the distribution of the Net Settlement Fund to Settlement Class Members. The Parties agree that any action based on this Stipulation or to enforce any of its terms shall be brought in this Court.

53. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

54. This Stipulation and its exhibits and the Supplemental Agreement constitute the entire agreement among Plaintiffs and Defendants concerning the Settlement and this Stipulation and its exhibits. All Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by any Party hereto concerning this Stipulation, its exhibits, or the Supplemental Agreement other than those contained and memorialized in such documents. It is understood by the Parties that, except for matters expressly represented herein, the facts or law with respect to which this Stipulation is entered into may turn out to be other than or different from the facts now known to each party or believed by such party to be true; each party therefore expressly assumes the risk of the facts or law turning out to be so different, and agrees that this Stipulation shall be in all respects effective and not subject to termination by reason of such different facts or law.

55. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument.

56. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the Parties, including any and all Releasees and any corporation, partnership, or other entity into or with which any Party hereto may merge, consolidate or reorganize.

57. The construction, interpretation, operation, effect and validity of this Stipulation, the Supplemental Agreement and all documents necessary to effectuate it shall be governed by the substantive laws of the State of Texas without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

58. Any action arising under or to enforce this Stipulation or any portion thereof, shall be commenced and maintained only in the Court.

59. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

60. Class Counsel, on behalf of their respective Settlement Class, are expressly authorized by their respective clients to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to this Stipulation to effectuate its terms and also are authorized to enter into any modifications or amendments to the Stipulation on behalf of the Settlement Class which they deem to be appropriate. Class Counsel, and Plaintiffs represent and warrant that none of Plaintiffs' claims or causes of action referred to herein or that could have

been alleged in the Action have been assigned, encumbered or in any manner transferred in whole or in part.

61. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

62. Class Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Settlement, as embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

63. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or email transmission, with confirmation of receipt. Notice shall be provided as follows:

If to Plaintiffs or Plaintiffs' Counsel:

Wolf Haldenstein Adler Freeman & Herz LLP
Attn: Matthew M. Guiney
270 Madison Avenue
New York, New York 10016
Telephone: (212) 545-4600
Facsimile: (212) 686-0114
Email: guiney@whafh.com

Squitieri & Fearon, LLP
Attn: Lee Squitieri

32 East 57th Street
12th Floor
New York, New York 10022

Telephone: (212) 421-6492
Facsimile: (212) 421-6553
Email: lee@sfclasslaw.com

Kendal Law Group
Attn: Joe Kendall
State Bar No. 11260700
3811 Turtle Creek Blvd., Suite 1450
Dallas, Texas 75219
Telephone: (214) 744-3000
Facsimile: (214) 744-3015
Email: jkendall@kendallawgroup.com

Counsel for the Plaintiffs

If to Defendants or Defendants'
Counsel:

K&L Gates LLP
Attn: Paul J. Walsen*
70 West Madison Street, Suite 3300
Chicago, Illinois 60602-4207
Telephone: (312) 372-1121
Facsimile: (312) 827-8000
Email: paul.walsen@klgates.com

**Pro Hac Vice*

*Counsel for United Development Funding III L.P.,
UMT Services, Inc., UMT General Services, L.P.,
UMTH Land Development, L.P., and UMT
Holdings, L.P.*

Burleson, Pate & Gibson LLP
Attn: Michael P. Gibson
Texas Bar No. 7871500
Email: mgibson@bp-g.com
Attn: Camille M. Knight, Of Counsel
Texas State Bar No. 24027124
Email: cknight@bp-g.com
900 Jackson Street Suite 330
Dallas, Texas 75202
Telephone: (214) 871-4900
Facsimile: (214) 871-7543

Counsel for Hollis M. Greenlaw

Law Offices of Michael J. Uhl P.C.
Attn: Michael J. Uhl
Texas Bar No. 20371050
500 North Akard Street, Suite 2150
Dallas, Texas 75201
Telephone: (214) 237-0900
Email: mike@mikeuhllaw.com

and

Law Offices of R. Ritch Roberts PLLC
Attn: R. Ritch Roberts
Texas Bar No. 24041794
500 North Akard Street, Suite 2150
Dallas, Texas 75201
Telephone: (214) 237-0900
Email: roberts@rrobertslaw.com

Counsel for Todd Etter

Jones Day
Attn: Evan P. Singer
Texas Bar No. 24037501
Email: epsinger@jonesday.com
Weston C. Loegering
Texas State Bar No. 1281550
Email: wcloegering@jonesday.com
2727 North Harwood Street
Dallas, Texas 75201
Telephone: (214) 969-5264
Facsimile: (214) 969-5100

Counsel for Cara D. Obert

Bracewell LLP
Matthew G. Nielson
Texas Bar No. 2403279
1445 Ross Avenue, Suite 3800
Dallas, Texas 75202
Telephone: (214) 758-1039
Facsimile: (800) 404-3970
Email: matthew.nielsen@bracewell.com

Counsel for Ben L. Wissink

64. Except as otherwise provided herein, each Party shall bear its own costs.

65. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the Parties and their counsel shall use their best efforts to keep all negotiations, discussions, acts performed, agreements, drafts, documents signed and proceedings in connection with the Stipulation confidential, except as otherwise provided herein.

66. All agreements made and orders entered during the course of the Action relating to the confidentiality of information shall survive this Settlement.

67. Unless otherwise stated herein, any breach of any provision of this Stipulation by any Party hereto shall not constitute grounds for rescission of this Stipulation, but shall constitute grounds only for specific performance of this Stipulation.

68. No opinion or advice concerning the tax consequences of the proposed Settlement to individual Settlement Class Members is being given or will be given by the Parties or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Settlement Class Member.

IN WITNESS WHEREOF, the Settling Parties have executed this Stipulation by their undersigned counsel effective as of the date set forth below.

Dated: January 5, 2021



MATTHEW M. GUINEY
WOLF HALDENSTEIN ADLER FREEMAN
& HERZ LLP
270 Madison Avenue
New York, New York 10016
Telephone: (212) 545-4600
Facsimile: (212) 686-0114
guiney@whafh.com

LEE SQUITIERI
SQUITIERI & FEARON, LLP
32 East 57th Street
12th Floor
New York, New York 10022
Telephone: (212) 421-6492
Facsimile: (212) 421-6553
lee@sfclasslaw.com

JOE KENDALL
State Bar No. 11260700
jkendall@kendallawgroup.com
3811 Turtle Creek Blvd., Suite 1450
Dallas, Texas 75219
Telephone: (214) 744-3000
Facsimile: (214) 744-3015

Counsel for the Plaintiffs

PAUL J. WALSEN*
paul.walsen@klgates.com
K&L GATES LLP
70 West Madison Street, Suite 3300
Chicago, Illinois 60602-4207
Telephone: (312) 372-1121
Facsimile: (312) 827-8000

**Pro Hac Vice*
Counsel for United Development Funding III L.P.,
UMT Services, Inc., UMT General Services, L.P.,
UMTH Land Development, L.P., and UMT
Holdings, L.P.

MICHAEL P. GIBSON
Texas Bar No. 7871500
mgibson@bp-g.com
Camille M. Knight, Of Counsel
Texas State Bar No. 24027124
cknight@bp-g.com
BURLESON, PATE & GIBSON LLP
900 Jackson Street Suite 330
Dallas, Texas 75202
Telephone: (214) 871-4900
Facsimile: (214) 871-7543

Counsel for Hollis M. Greenlaw

MICHAEL J. UHL
Texas Bar No. 20371050
mike@mikeuhllaw.com
LAW OFFICES OF MICHAEL J. UHL P.C.
500 North Akard Street, Suite 2150
Dallas, Texas 75201
Telephone: (214) 237-0900

R. Ritch Roberts
Texas Bar No. 24041794
roberts@rrobertslaw.com
**LAW OFFICES OF R. RITCH ROBERTS
PLLC**
500 North Akard Street, Suite 2150
Dallas, Texas 75201
Telephone: (214) 237-0900

Counsel for Todd Etter

EVAN P. SINGER
Texas Bar No. 24037501
epsinger@jonesday.com
Weston C. Loegering
Texas State Bar No. 1281550
wcloegering@jonesday.com
JONES DAY
2727 North Harwood Street
Dallas, Texas 75201
Telephone: (214) 969-5264
Facsimile: (214) 969-5100

Counsel for Cara D. Obert

MATTHEW G. NIELSON
Texas Bar No. 2403279
matthew.nielsen@bracewell.com
BRACEWELL LLP
1445 Ross Avenue, Suite 3800
Dallas, Texas 75202
Telephone: (214) 758-1039
Facsimile: (800) 404-3970

Counsel for Ben L. Wissink